South Sudan: A Study on Competitiveness and Cross Border Trade With Neighbouring Countries
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Acronyms and Abbreviations

ACR Africa Competitiveness Report
BoSS Bank of South Sudan
CAR Central Africa Republic
CASA Conflict Affected States in Africa Initiative
CET Common External Tariff
CPA Comprehensive Peace Agreement
COMESA Common Market for East and Southern Africa
DFID Department for International Development
DRC Democratic Republic of Congo
EAC East African Community
FAO Food and Agriculture Organization
FT Foot
GCI Global Competitiveness Index
GDP Gross Domestic Product
GNI Gross National Income
GOSS Government of South Sudan
GOU Government of Uganda
HS Harmonized System Code
ICD Inland Container Depots
IFC International Finance Corporation
ILO International Labour Organization
IMF International Monetary Fund
Kshs Kenya Shillings
LRA Lord’s Resistance Army
MFI Micro-Finance Institute
MEM Ministry of Energy and Mining
The African Development Bank Group (AfDB) is privileged for the support provided in undertaking this study on South Sudan’s Competitiveness and Cross-Border Trade with neighbouring countries. The study was conducted on the heels of South Sudan's independence in July 2011, and took cognizance of the important role cross border trade plays in the development of a country.

South Sudan, the world's newest nation, is a landlocked country in its nascent stages of development, with a very limited number of formal export-oriented firms. Despite decades of civil war and a dilapidated infrastructure base, the South Sudanese economy is very open with high volumes of trade with neighbouring countries. South Sudan is a significant player in external trade in the region. However, the trade situation is economically imbalanced. South Sudan exports mainly oil, while importing substantial amounts of food and manufactured products from the region and beyond.

The study assessed the competitiveness of the South Sudanese economy in terms of export performance. The goal is to provide an analytical foundation for the development of policy recommendations with a view to enhancing the export competitiveness of the country and the overall regional benefit of trade. It is envisaged that as the country develops, the structure of its trade with neighbouring countries will change in a manner that will benefit the whole region.

The study examines the current state of South Sudan's trade with its regional trading partners, including Ethiopia, Kenya, Sudan, Uganda, and to an extent the Central Africa Republic (CAR) and the Democratic Republic of Congo (DRC). It provides an overview of the structure of both formal and informal trade between South Sudan and its major trading partners; constraints on cross border trade; concrete measures undertaken to facilitate cross-border trade; existing trade related regulatory frameworks, and the capacity of the Government of South Sudan to monitor, evaluate and enforce trade policies and laws.

The study has made a number of recommendations which, if implemented, will to a great extent balance the current trade pattern between South Sudan and its neighbours while promoting greater intra-regional trade and economic growth. South Sudan has great export potential in certain commodities, including cereals, timber, live animals, fish, gold, silver, zinc, copper, uranium and iron. The study has highlighted the importance of developing domestic and international transport corridors, the network of rural market infrastructure and storage facilities, as well as empowering the farmers through capacity building and the provision of improved access to high quality inputs and planting materials. Trade-related regulatory frameworks and the capacities of the Government will also need enhancement.
We believe these measures, if implemented, will go a long way in improving the competitiveness of the South Sudanese economy and enhancing its export and growth potentials. They will also increase the participation of the private sector in value addition activities and investment. This study is timely and appropriate and it will most certainly give the government and the development partners the opportunity to engage in meaningful policy dialogue in trade and trade related policies.

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survivalist informal workers into the economic and social mainstream through the development of cooperatives and business organisations from which they can access credit, technology, education and training as well as facilitate group purchasing and marketing. In addition, the short to medium-term growth and export potentials of the key sectors (agriculture and mining) can be unlocked by putting in place adequate institutional structures and systems within the responsible Ministries that are optimally configured to achieve impact. Efforts should also be undertaken to institute measures that will enhance market access and value addition within these key sectors.

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The report was prepared by Mr. Duncan Kayiira (Manager – Consulting Department; DCDM Advisory Services (U) Ltd), Mr. Isaac Sekitoleko (Business Analyst-DCDM Advisory Services (U) Ltd), and Mr. Kenyi Spencer (Private Sector Development Consultant; World Bank- South Sudan), under the guidance and supervision of staff of the African Development Bank, in particular Mr. Darbo Suwareh, Task Manager and Principal Country Economist (OREB) and Mr. Solomane Kone, Lead Economist and Officer-in-Charge (OREB). The study benefitted from the general direction and support provided by Mr. Steve Kayizzi-Mugerwa, former Director of OREB. Upon taking up their respective duties in the newly-established South Sudan Field Office (SSFO), Mr. Jeremiah Mutonga (Resident Representative), Mr. Dejene Demissie (Principal Country Program Officer), and Ms. Arek Majak, Consultant/Assistant (SSFO) have been instrumental in the final stages of finalizing the report, especially during the preparation of the Stakeholder Workshop held in Juba July 2012. Valuable comments were received from Peer Reviewers, including Mr. Gerald Ajumbo, Principal Trade Expert, Regional Integration Department (ONRI), Ms. Nana-Edia Spio Garbrah, Young Professional (ORVP), Mr. Calvin Manduna, Principal Trade Expert (ONRI), Ms. Habiba Ben Barka, Senior Planning Economist (Office of the Chief Economist - ECON), Mr. Mbekeani Kennedy, Regional Economist (SARC), Ms. Moomo Mupotola, Manager (ONRI) and Mr. Nyande Magidu, Senior Country Economist (OREB). Mr. Wasswa Timothy (Consultant) edited and coordinated the production of the final report.

The report benefited from strategic and technical discussions with several officials from the Government of South Sudan including Mr. Steven Matatia (Director General of Trade, Ministry of Commerce, Industry and Investment); Mr. Daniel Ggwagwe (Research Department, Central Bank of South Sudan); Mr. Charles Anyama (Executive Director, South Sudan Chamber of Commerce, Industry and Agriculture); Ms. Mary Akech (Private Sector Development, Ministry
The purpose of the study is to examine the current state of South Sudan’s trade with its regional trading partners; Sudan, Uganda, Ethiopia, Kenya and to an extent the Democratic Republic of Congo (DRC) and the Central African Republic (CAR). It provides an overview of the structure of both formal and informal trade between South Sudan and its major trading partners; constraints on cross border trade; concrete measures undertaken to facilitate cross-border trade; existing trade related regulatory frameworks and the capacity of the Government of South Sudan to monitor, evaluate and implement trade policies and enforce trade laws.

The report also evaluates the competitiveness of the South Sudan to ascertain its contribution to the growth and performance of the export sector. The ultimate objective is to provide an analytical foundation for the development of policy recommendations with a view to enhance the export competitiveness of the country.

THE PRIVATE SECTOR

Overview of the Private Sector in South Sudan

The Formal Private Sector

A review of the Juba business register showed that the number of formal businesses grew sharply from 471 businesses in 2006 to 8,894 in 2010. Survey responses indicated that over 90 percent of all formal businesses in the country were Small and Medium Enterprises (SMEs). These SMEs dominated most of the sectors of the economy, including the retail and wholesale trade, construction, hotels and restaurants, transport and communication sectors. The SMEs were also highly diversified by type of ownership, number of employees and stage of development.

The major constraints that were faced by formal businesses in South Sudan included inter alia, acute power shortages, high energy costs, high labour costs, limited access to foreign exchange and credit facilities, poor transport infrastructure, and high rental costs for office space.

The Formal Private Sector Characteristics

- Most (90 percent) of the formal businesses were less than 5 years old.
- Majoriy of the firms (over 85 percent) rely on internal resources. On average, they use owners’ savings to finance 80 percent of their start-up capital.
- Majority (90 percent) of formal establishments employed less than 20 employees.
- Majority (70 percent) of the firms were engaged in wholesale and retail trade. Manufacturing and agro-processing firms only constituted 2.7 percent of the total number of businesses in the country.
The Informal Private Sector

There is lack of data on the size of the informal sector in South Sudan. However, the World Bank Poverty Profile for South Sudan (March 2011), estimates that about 76 percent of households survive on subsistence activities. On the overall, the country's informal sector comprised SMEs and most of these were characterised by self-employed labour, low capital, low technology and high labour-intensity.

A tour of Juba city and major border posts, including Nimule and Kaya showed that informal trade is more prevalent than formal trade in South Sudan. The survey results indicated that this was largely because of the high regulatory compliance costs and the numerous bureaucratic administrative steps required to register a business in the country.

The Informal Private Sector Characteristics

- Many informal businesses were entrepreneurial in character.
- Majority of the businesses were operated by the owners.
- Most informal businesses were permanent establishments—not temporary or transitional entities.
- Most of the informal businesses spanned multiple activities making it difficult for local authorities to classify and categorise them for purposes of issuing appropriate local licenses.
- Majority of the informal establishments avoided paying license fees and once caught by authorities these firms reported to have faced requests for informal payments or bribes.
- There is a rough dichotomy between survivalist enterprises who were content with their status quo that provided them with livelihood income, and entrepreneurs who wished to expand their operations but faced constraints including lack of access to finance. It is therefore important for policy makers to disaggregate the informal sector in order to design policies which will foster growth and formalisation.
- Many informal businesses lacked sufficient information on formalisation. Survivalist businesses especially often had little or no conception of regulatory requirements beyond the basic trading licence.

CROSS BORDER TRADE WITH NEIGHBOURING COUNTRIES

South Sudan Cross-Border Trade with Uganda

The current trade pattern between South Sudan and Uganda is highly asymmetrical. Ugandan Exports to South Sudan increased from US$ 60 million in 2005 to US$ 635 million in 2008. However, this rapid growth stagnated and further declined in 2009 and 2010 respectively. Findings revealed that 2009 was a challenging year for Ugandan exporters because of the following reasons; (i) insincerity and harassment of Ugandan traders in South Sudan; (ii) creation of local industries to produce previously imported Ugandan commodities—such as beer, mineral water and soda, and (iii) intense competition from other neighbouring countries (Kenya, Sudan and Ethiopia) for the South Sudan market.

In sharp contrast exports from South Sudan to Uganda were much lower over the same period, accounting for less than 10 percent of the value of the Ugandan exports to South Sudan. The trade between the two countries is both formal and informal, with the latter being more dominant. For example in 2008, formal exports and informal exports from Uganda to South Sudan were worth US$ 246 million and US$ 389 million respectively. It is worth noting that this domination remained in the subsequent years.

Formal Exports from Uganda to South Sudan

From 2006 to 2011, the main formal exports from Uganda to South Sudan were, coffee, cement, vehicles, iron and steel products, palm olein, mineral water and aerated water, soap, beer, beans, vegetable fats and oils, sweet biscuits, wheat flour, broken rice, sugar for industrial use, motorcycles, sorghum and maize.

During this period, coffee was Uganda’s highest export earner with revenues increasing from US$ 35.3 million in 2006 to US$ 52.5 million in 2008. However, in 2009, the coffee revenues declined to US$ 42.7 million, picking up again to reach US$ 49.9 million and US$ 51.1 million in 2010 and 2011 respectively. Coffee was followed by iron and steel products and vehicles. With regards to the growth trends, all major formal exports recorded similar movements.

Informal Exports from Uganda to South Sudan

Industrial products accounted for the largest share of Uganda’s informal exports to South Sudan, representing 30.1 percent and 24.6 percent in 2010 and 2009 respectively. These exports included; shoes, clothes, maize flour, beer, human medicines and soda.

Ugandan agricultural products were also significant, accounting for 24.2 percent and 16 percent of informal exports to South Sudan in 2010 and 2009 respectively. These products included; fish, beans, maize grain, cattle, bananas, milk and eggs.

Main Formal Exports from South Sudan to Uganda

South Sudan predominantly re-exported commodities to Uganda. These commodities included; self propelled bulldozers, dredgers, stainless steel scrap, warm clothing, motor spirit, machinery and printed books. The only recorded locally produced exports from South Sudan to Uganda were gum Arabica/Africa and virolal mahogany which contributed US$ 0.0066 million and US$ 0.0076 million to the 2007 exports respectively, wood coniferous which contributed US$ 0.0026 million to the 2006 exports and meranti wood which contributed US$ 0.230 million to the 2010 exports.

South Sudan Cross-Border Trade with Kenya

The value of Kenyan exports to South Sudan increased from US$ 57.6 million in 2005 to US$ 144.5 million in 2008 and declined to US$ 137.5 million in 2009 and rose again sharply to US$ 207.3 million in 2010.

Between 2006 and 2010, the growth of exports from South Sudan to Kenya was uneven, and much lower in value than exports from Kenya to South Sudan ranging from US$ 0.13 million to US$ 2.6 million.

Main Commodities
Republic (CAR) is mostly indirect and difficult to quantify. Direct cross border transactions with the DRC at Bazi border post were limited and mainly informal due to the insecurity because that of the presence of the Lord’s Resistance Army (LRA). It was also a common occurrence for some goods from DRC to end up in South Sudan, through Uganda via Nimule border post as re-exports. However, there was no available data on the volumes and values traded.

In the case of CAR, there was a poor road network between the country and South Sudan. Traders in CAR instead trek the longer route through the DRC to Uganda to access the South Sudan market.

South Sudan Cross-Border Trade with Sudan

This study also established that a substantial amount of trade between South Sudan and Sudan, originated at Juba Dry Port, along the River Nile, through Kosti border post. Available data at Kosti, on incoming goods into South Sudan from Sudan showed that agricultural items dominated trade between the two countries. From January-December 2011, 27,082 tons of wheat flour, 25,809 tons of maize flour, 52,891 tons of maize grain, 27,929 tons of sugar and 37,310 tons of groundnuts were imported into South Sudan from Sudan.

However, in January, 2012, the tension over oil pipeline transit fees between South Sudan and Sudan escalated, significantly reducing the trade between the two countries. Specifically, the Government of Sudan declared a state of emergency along its borders with South Sudan, in a move that imposed a trade embargo on South Sudan. South Sudan also shut down its oil output; both actions severely affected the cross border trade and negatively impacted the economies of the two countries.

CONSTRAINTS AND MEASURES UNDERTAKEN TO ENHANCE COMPETITIVENESS

Economic Infrastructure

South Sudan faces a host of infrastructure challenges which were largely exacerbated by the decades of the long conflict. The infrastructure deficit remains a major impediment to economic growth and private investment in the country.

Examples of infrastructure challenges include:
- Heavy dependence on Kenya and Uganda for trade facilitation services and access to the sea;
- Poor customs infrastructure (hardware and software) - the lack of modern data management and communication system impairs customs administration efficiency;
- Under developed logistics industry in the country; and
- Inadequate and unreliable power supply – only three towns (Juba, Malakal and Wau) have partial access to diesel stations for electricity.

Regulatory Environment

A legal framework for investors has been established to encourage the growth of nascent private sector and in the medium term substantially attract Foreign Direct Investments into South Sudan. Selected accomplishments so far include;
- Enacted six laws, including an investment promotions act which covers business contracts, limited partnerships, and business entry;
- Finalized the process of formulating the Trade Policy;
- Created the South Sudan Investment Authority (SSIA) to offer clear business guidelines for investing in the country;
- Strengthened existing business registry by streamlining procedures to enable businesses incorporate within one day;
- With the support of the development partners, the Government is in the process of implementing additional investment climate reforms, intensifying capacity building and improving access to finance;
- Undertook efforts to bring all customs operations under the administration of the national customs department; however a lot still remains to be done including significant investments in staffing, training, and equipping customs administration to ensure that customs operations are integrated throughout the country; and
- With regard to the tax regulatory reform, the GoS, the states and their legislative assemblies have collectively initiated measures to:
  - Establish a single and central revenue collection authority;
  - Revise the tax structures to promote fairness;
  - Restructure staffing at collection centres;
  - Introduce transparent collection and accountability methodologies through computerized receiving and direct banking; and
  - Set up a tax information dissemination mechanism that will increase awareness on tax matters.

Human Resource

According to the 2008 population census, South Sudan has an estimated population of 8.3 million people. Of this population, only 10 percent were skilled and officially employed. The semi-skilled and unskilled constituted the balance. Several staff lacked the necessary work experience and had low levels of proficiency in English - the country's official language. Numerous contractors operating in the country had repeatedly encountered difficulties in finding workers with the required skills and in turn, this has resulted in foreign workers dominating the semi-skilled segment of the labour market.

To confront this, the Ministry of Labour and Public Service has introduced programmes which are consistent with the International Labour Organisation (ILO) track strategies to encourage the promotion of job creation in the country. One of the initiatives is the Stabilization of Income Generation and Emergency Employment programme which supports emergency temporary jobs by providing cash-for-work and immediate public employment services. Another programme is the Local Recovery for Employment Opportunities and Reintegration aimed at expanding the private sector and direct employment support services such as financial management and micro-finance.

Institutional Capacity

Institutional conditions in South Sudan were characterised by fragility, weak delivery capacities, and inadequate supply of professionals which has largely undermined the nations’ confidence in public service delivery. For example, the Ministry of Energy & Mining review in 2010, by Adam Smith International established that few of the professional staff had the necessary experience which greatly affected the operational efficiency of the institution.

In the short to medium term, the Ministry of Human Resource Development (MoHRD) has embarked on some measures that will address the capacity gap in the country. The MoHRD has set up a Ministerial Committee, headed by the Minister for Cabinet Affairs to critically examine both the structure and staff requirements to deliver public service reforms.

SECTORS WITH HIGH EXPORT POTENTIAL

Agriculture Sector

Agricultural development is viewed as an alternative engine of growth, which will not only allow South Sudan to diversify its economy away from oil dependence, in the medium term, but also to directly reduce poverty and food insecurity.

The SSDP (2011 – 2013) emphasizes the need to diversify the economy. Given that nearly 80 percent of the population is engaged in smallholder agriculture, livestock keeping and fishing, the SSDP underscores the need to focus on the growth of the agricultural sector.

Presently, the food requirements for the 8.3 million people of South Sudan are estimated at 1.04 million tons of cereal. Assuming that 96 percent of the current unused farm land is brought under cultivation, the country's cereal production can potentially reach a maximum of 2.5 million tons. This would produce a surplus of 1.5 million tons for export to regional markets.
Executive Summary

Mining Sector

South Sudan is still virgin in terms of geological survey and mineral exploration. Below are some of the minerals identified and their locations:

- Gold was found in near Kapoeta, Eastern Equatorial state;
- Diamonds were located in Namatinina, Western Bahr el Ghazal, close to the border with Central African Republic;
- The iron stone plateau, which stretches across the states of Northern Bahr el Ghazal, Western Bahr el Ghazal, Western Equatorial, Warrap and Lakes, was the source of iron before colonization. This abundant iron ore could sustain many iron smelting factories for several years;
- Limestone deposits exist in sufficient quantities to sustain cement and glass making factories in Kapoeta, Eastern Equatorial, and Raga, Western Equatorial.

POLICY RECOMMENDATIONS

- Design and implement sound macro-economic policy reforms, and strengthen macro-economic management in relevant institutions;
- Provide business education at all levels with a view to nurturing a business culture at all levels society;
- Enhance the role of the private sector, particularly SMEs in defining and implementing the nation's competitiveness agenda;
- Develop cooperatives and business organisations which can access credit and technology, and facilitate group purchasing and marketing;
- Improve communication channels between the informal business community and the government through strengthening information management and dissemination;
- Enhance institutional capacity for policy design and implementation; and
- Undertake further research on how to unlock the export readiness for sectors with high export potential.

South Sudan's current and foreseeable future trading partners in the region include Sudan, Uganda, Ethiopia, Kenya and to an extent the Democratic Republic of Congo (DRC) and the Central African Republic (CAR). With an open economy, a predominantly consumer society and a potential to diversify its goods and services, South Sudan is, and likely to remain, a formidable player in external trade in the region.

This however, depends on the country's efforts to improve its physical infrastructure, as a means of enhancing competitiveness, address other challenges including insecurity and criminality along major transport corridors, simplify a complex taxation system, strengthen trade related institutions and regulatory systems and uphold and enforce the rule of law.

Presently, the Government of South Sudan and its development partners are determined to offset the country's trade imbalance by diversifying the economy away from oil, which currently accounts for about 90 percent of all exports and 98 percent of public revenue. The Government will mainly focus on agriculture, mining and services sectors as the new engines of growth, with a view of making South Sudan one of the most vibrant and diverse exporters in the region.

This study aims at providing an analytical foundation for the development of policy recommendations to enhance the export competitiveness of South Sudan, and includes proposals on how to revitalize its non-oil exports, and support the promising sectors that will drive the country's social and economic development.

In order to gauge South Sudan's export competitiveness, it is necessary to first understand the country's overall competitiveness, and ascertain its contribution to the growth and performance of the export sector. This Report therefore evaluates the "building blocks" necessary to establish a healthy competitive environment in South Sudan and identifies the factors that will enhance the capacity of the private sector to produce and provide quality goods and services in foreign markets at prices that will ensure long-term economic viability and sustainable development of the country.

Overview of South Sudan's Competitiveness

The idea of competitiveness encompasses institutions, policies and factors that determine the level of productivity of a country or region. Taking a national perspective, competitiveness can be viewed as a comparative concept that relates to the ability and capacity of a country to achieve enhanced levels of productivity that can sustain rising standards of living. It is however, important to recognize that successful enterprises and economic subsectors remain the core drivers for national competitiveness.

1.0 Background and Context
Background and Context

One of the most authoritative assessments of national economic competitiveness is the Global Competitiveness Index (GCI) which bases its evaluation on a set of 12 pillars. (World Economic Forum, et al, ACR, 2010) These pillars are categorized under three different types of economies: (i) Factor Driven Economies; (ii) Efficiency Driven Economies and (iii) Innovation Driven Economies (See Figure 1). Given South Sudan’s level of development, it qualifies as a factor driven economy similar to most of its peers in Sub-Saharan Africa, including Uganda, Kenya, Ethiopia and DRC.

And in a factor driven economy, the competitiveness of the country is predicated on factor endowments – primarily unskilled labour and natural resources. The productivity of enterprises in such an economy is low and the enterprises mainly compete on the basis of the price of products or commodities, the majority of which are of low value and non-competitive. The firms’ productivity is also reflected in low wages.

Maintaining competitiveness in a factor driven economy hinges on well functioning public and private institutions, developed infrastructure, a stable macroeconomic framework and a healthy and literate workforce. Chapter 6 of this report discusses these factors in detail, outlining how the prevailing challenges have constrained South Sudan’s competitiveness, and the preliminary measures undertaken to address these obstacles.

The remainder of the report is presented as follows; Chapter 2 provides an overview of the political economy of South Sudan. Chapter 3 discusses the macro-economy and Chapter 4 presents an overview of the private sector, including the characteristics of the formal and informal private sector. Chapter 5 delineates the role of cross-border trade in the economy, including the characteristics of trade, and the main products traded between South Sudan and its neighbouring countries. Chapter 7 provides key strategic economic activities and products in which South Sudan could potentially have a comparative advantage over its regional trading partners. Chapter 8 outlines the recommendations to address South Sudan’s key constraints that are hindering the country’s competitiveness.

Overview of the Political Economy

South Sudan is the world’s newest country. It attained independence on 9th July 2011, thereby fulfilling a major element of the Comprehensive Peace Agreement (CPA) signed in 2005 between the Government of Sudan and the Sudan People’s Liberation Army (SPLA).

At independence in 1956, Sudan inherited from the colonial rule a viable civil service, an independent judiciary, a well-functioning railway network, the largest irrigated agricultural scheme in Africa, a well-disciplined army and police force and a reputable educational system. However, much of this was left in a commendable state at independence. This dualism which originated from colonialism led to the protracted conflict with the North from which South Sudan is now recovering.

The signing of the CPA and subsequently, the adequate implementation of some of its provisions, played a key role in bringing an end to decades of conflict (1955-72, and 1983-2005), between the North and the South.

The effects of the conflict on the southern part were severe and profound, both socially and economically. Over the period 1983-2005, the conflict relentlessly impaired competitiveness of the south, and hence undermined the potential contribution of agriculture and other economic activities to the growth of the region.

Box 1: Key Facts about South Sudan

- Capital City: Juba, located in Central Equatorial State
- Political Geography: 10 States in three Regions, Upper Nile, Equatoria and Bahe el Gahazal
- Area (‘000 km²): 644
- Estimated Population (in millions): 8.3
  - Rural Population (%): 83
  - Age Group > 18 (%): 49
  - Population Density: 13/km²
  - Annual Population Growth Rate (%): 2.8
- Main Languages: English, Nuer, Zande, Bari, Shilluk
- Main Ethnic Groups: Dinka and Nuer
- Currency: South Sudanese Pound (SSP)
- Average Household Size: 7
- Literacy Rate of 15 years and above (%): 27
- Net enrolment rate at Primary School (%): 48

1 Africa Competitiveness Report(ACR), 2010, is a joint publication of the World Bank Group, Africa Development Bank, and the World Economic Forum

2 See Kamarir, E. (2011)
South Sudan is a fragile post-conflict country with a marked neglect of infrastructure development, this has largely discouraged the expansion of the agricultural production and the other key sectors of the economy. Furthermore, the country is characterised by weak institutional capacity, limited private sector ability to comply with regulations, low firm productivity and shortage of skilled labour. To address these challenges, the Government of South Sudan designed the South Sudan Development Plan (SSDP) 2011 – 2013. The SSDP provides a roadmap for establishing capacities that will be essential in supporting the development of the country’s state-building strategies and development goals during the three years of its implementation.

The SSDP (2011 – 2013) sets out the vision for broad based economic growth, and in the medium term, it will guide and contribute towards creating adequate employment and changing the livelihoods of South Sudanese. With regards to private sector development, the strategy proposes that the Government will create an enabling environment and address major obstacles to private sector investments.

The plan also identifies priority areas for public sector action which include; security provision, infrastructure development, economic diversification, human resource development and simplification of the tax system. These priority areas are based on four pillars that encapsulate the development objectives of the country. Table 1 delineates the pillars and the corresponding noteworthy developments, during its first year of implementation.

### Table 1: The Four Pillars of the SSDP and the Corresponding Noteworthy Developments

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<th>Pillar</th>
<th>Objective of the Pillar</th>
<th>Selected Noteworthy Developments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>Promote transparency and accountability by building a democratic, transparent, and accountable government, managed by a professional and committed public service, with an effective balance of power among the executive, legislative and judicial branches of government.</td>
<td>The South Sudan Legislative Assembly (SSLA), judiciary, police force, and a human rights commission have been established. The President of GoSS, ten state governors, SSLA, and state legislative councils, were all elected. To enhance the capacity of the Central Bank and other financial institutions, including the Ministry of Finance and Economic Planning, in macroeconomic management, two important budgetary allocations were made in the 2011 budget; • First, an amount of SSP 1.7 million was allocated to the formulation of the Government of South Sudan’s Economic Policy for 2011, and for the development of a sound macroeconomic strategy. • Second, SSP 10 million was allocated for initial establishment of customs administration. The Ministry of Finance and Economic Planning is also leading the development and implementation of a Non-Oil Revenue Action Plan.</td>
</tr>
<tr>
<td>Economic Development</td>
<td>Increase prosperity by promoting private sector-led economic growth and investing in infrastructure.</td>
<td>• Private sector stakeholder-mapping and assessment frame work on the status of physical markets was developed • The formulation of several private sector Development policies and programmes was embarked upon • Classification and categorization of SMEs in South Sudan’s context is underway • Development &amp; Promotion of Sustainable Industries including the Anzara Agro-industrial Complex was commenced</td>
</tr>
<tr>
<td>Social and Human Development</td>
<td>Enhancing the quality of life thus promoting the well-being and dignity of all the people of South Sudan by improving access to education, health, social protection and culture.</td>
<td>• South Sudanese student population in East Africa and the Diaspora was verified and documented. Scholarship policy and guidelines were developed • The basic minimum quality standards for schools and National Institutions in South Sudan were developed. • With the support of United Nations International Children’s Emergency Fund (UNICEF), the government developed health education and promotion materials/messages on Reproductive Health, Child Health and Nutrition.</td>
</tr>
<tr>
<td>Conflict Prevention, Rule of Law and Security</td>
<td>Defend the sovereignty and territorial integrity of South Sudan, prevent the resurgence of conflict and uphold the constitution by providing equitable access to, justice and maintaining law and order through institutions which are transparent, accountable and respect human rights and fundamental freedoms.</td>
<td>For 2011, an amount of SSP 1.6 billion was budgeted to enable the SPLA to continue to perform its role as guarantor of the CPA, and to provide security to the people of South Sudan throughout the challenges of 2011</td>
</tr>
</tbody>
</table>
In the first half of the 1990s, Uganda implemented bold economic reforms which restored macroeconomic stability to lay a foundation for recovery of the exports and tax revenues with the aim of reducing poverty in the country. These reforms led to 20 years of sustained growth— at an annual average of 7 percent. Furthermore, the population below the national poverty line declined from 56.4 percent to 24.5 percent between 1992 and 2009.

With regard to economic diversification, the government designed and implemented the Rehabilitation and Development Plan (1987/88 and 1990/91). The plan included initiatives to increase the production of traditional cash crops such coffee, cotton, tea, and tobacco as well as promote the production of non-traditional agricultural export crops including maize, beans, groundnuts, soybeans, sesame, and a variety of fruits and fruit products.

Non-traditional export commodities were introduced to restore the imbalance in external payments by increasing total export earnings and reducing fluctuations in export revenues (Uganda, Ministry of Finance and Economic Planning, 1984). Furthermore, these commodities were to provide income to rural households which in turn would contribute towards poverty reduction and food security (Dijkstra, 2001).

Following the implementation of these initiatives, the total harvested area of non-traditional crops increased by more than 80 percent between 1985 and 2007—from 3.59 million hectares in 1985 to 6.61 million hectares in 2007. Of particular importance was the floriculture sub-sector, which emerged as an important non-traditional export earner, contributing over US$ 30 million in foreign exchange earnings in 2007, down from US$ 14.6 million in 2000. The sector has attracted investment, both local and foreign, in excess of US$ 60 million and employed over 6,500 Ugandans. Starting with a single 2 hectare farm in 1992, the sector now comprises over 20 firms covering approximately 200 hectares and producing over 40 varieties.

In spite of the above positive developments, Uganda’s present economic outlook raises several concerns. Recently, the performance of the economy has steadily deteriorated, with inflation in double digits, from 30.5 percent in mid-2011 to 25.7 percent in January 2012. Also in 2011, the Ugandan shilling greatly depreciated against US dollar—from an exchange rate UGX. 1,700 per dollar in 2008 to UGX. 2800 per dollar in 2011. Corruption is also rampant among public institutions and remains a constraint to doing business in the country.

Rwanda’s Post Conflict Recovery

Rwanda has achieved impressive progress. In the aftermath of the 1994 genocide, the country embarked on a massive programme to rehabilitate its dilapidated infrastructure and today, Rwanda is pursuing an ambitious development strategy aimed at transforming the country from a low-income agriculture based economy, to a knowledge-based service economy by 2020. Below is a selection of key achievements since 1994,

- Substantial progress has been made in stabilizing and rehabilitating the economy. Between 2004 and 2009, the country’s annual average growth rate was 8.8 percent. (Rwanda Development Board; 2009). Most notably, in 2008, the economy registered its first double-digit growth rate of 11.2 percent, the highest in the East African region since 2002. This was mainly as result of the government’s prudent economic and social policies and structural reforms,
- The country is politically stable and peaceful. It has made good progress towards resettlement, national reconciliation and re-integration of ex-combats,
- Rwanda has successfully pursued business environment reforms and according to the World Bank Doing Business 2010 Report, it was reported as the best reformer in the world, and
- The country’s Public Financial Management has been strengthened, and is generally transparent

In spite of the above developments, Rwanda still faces challenges, including infrastructure deficiencies— particularly energy shortages and inadequate road network.

Valuable Lessons for South Sudan from Uganda and Rwanda’s Experience

In light of the enormous developmental challenges of post-conflict countries, the Government of South Sudan must take the lead in crafting a post-conflict reconstruction plan. Cognizant of this, the government developed the SSDP (2011-2013). However, adequate and successful realization of the four pillars of the SSDP will greatly depend on good political and economic governance, based on transparency and a common vision of national unity.

Furthermore, South Sudan should provide the broad framework within which all actors (public and private sectors, and the civil society) will operate as well as define the general developmental thrusts of the country.

Basing on Uganda and Rwanda case studies, the critical elements required for post-conflict reconstruction are; sound economic reforms and a conducive business environment that will promote private sector development as well as other key actors in the economy.
3.0 Overview of the Macroeconomic Environment

South Sudan’s economy is still fragile, weak and underdeveloped. There is no available data on the structure of the economy; however it is clear that the oil sector constitutes the greatest share of GDP - over 70 percent.

Economic indicators have only been tracked since 2010. Examples include the GDP, GNI, Exchange Rates and Consumer Inflation. Below is a summary of these indicators.

3.1 Key Facts on the Macroeconomic Environment

3.1.1 GDP Growth Rates

South Sudan has experienced uneven GDP growth during the last three years. Between 2008 and 2009, GDP growth declined by 14 percent, from SSP 28.6 billion (US$ 10.6 billion) to SSP 24.9 billion (US$ 9.3 billion).

In 2010, there was a substantial recovery; GDP was estimated at SSP 30.5 billion (US$ 11.4 billion) representing a 25 percent growth increase from 2009.

In 2010, South Sudan’s GDP ranked 4th out of the eight East African countries; ahead of Burundi, Rwanda, the Democratic Republic of Congo and the Central African Republic.

(See Fig. 2)

3 South Sudan National Bureau of Statistics, 2011
The oil sector is the largest GDP contributor, both in terms of exports and the associated investments in the services industry. Oil exports accounted for 71 percent of the total GDP in 2010. Table 2 indicates that on average oil revenues accounted for almost 98 percent of public revenue with the figure almost hitting 100 percent in 2005. The over reliance on oil led to volatility in revenues, this coupled with the lack of buffer savings throughout the CPA period resulted in the government expenditure being relatively unstable.

According to the International Monetary Fund (IMF), South Sudan will exhaust its oil resources and be forced to rely on other sectors. Prior to the oil production shutdown in January 2012, analysts were estimating that production had peaked and revenues would drop sharply in the next decade.

Recognising this, the country’s current economic policy dialogue is focusing on the need for a balanced growth and the strengthening of the non-oil sectors, which are critical in fostering sustainable inclusive growth. This policy dialogue is a positive development which will require commitment of the top leadership and the nascent private sector, particularly in the wake of the recent breakdown of talks on the sharing of oil revenues with Sudan. (See Box 2)

Box 2: Oil shutdown threatens the fragile economy of South Sudan

The Comprehensive Peace Agreement 2005 – Oil Sharing Agreements

The CPA made provisions for Khartoum and Juba to agree on a number of important matters before a referendum could be held. However, several issues including border demarcation, the status of the oil-rich border region of Abyei, oil revenue and debt sharing, were not resolved before the referendum was held in January 2011. To avoid further delay and risk renewed conflict, both parties (Khartoum and Juba) agreed to proceed with the referendum, and later the independence of South Sudan, despite the lack of a comprehensive plan on how to resolve the above matters.

What have been the Implications of not resolving the Oil Sharing Agreement before the Referendum?

During the post-CPA period from 2005 to 2011, revenue from oil produced in South Sudan was shared equally with Khartoum. Following independence, and after the demarcation of the borders between Sudan and South Sudan, South Sudan acquired about 75 percent of the former Sudan’s oil output — although it continued to rely on pipelines running north to Port Sudan to export the oil. As a result, final settlement on oil revenues has been the bone of contention in negotiations between the two countries.

There was agreement that South Sudan would pay Sudan a fee for usage of its pipelines, however, both parties have had very different views of what the fee rate should be. In absence of an agreement, both sides have taken unilateral steps.

On 6th December 2011, the Ministry of Finance in Sudan informed South Sudan’s Ministry of Petroleum and Mines that based on Sudan’s Petroleum Transit and Service Act (2011), all export of oil shipments would only be allowed to leave Port Sudan after paying transit fees amounting to US$ 32.2 per barrel. Comparative fees elsewhere in the world are less than US$ 0.5 per barrel.

In addition, Sudan announced that it would pay itself US$ 1 billion, which it was owed by South Sudan for usage of its oil pipelines in 2011, in kind. Allegedly, the in kind payment was effected by siphoning off oil (quantities not known).

In the weeks that followed, up to 13th January 2012, Khartoum proceeded to block 3.5 million barrels of crude oil from sailing out of Port Sudan and prevented four ships from docking at the Port to pick up another 2.8 million barrels, unless the level of fees demanded was paid by South Sudan.

On 20th January, the Government of South Sudan retaliated, and warned that it would stop the flow of oil through the Sudanese pipelines and halt oil operations with immediate effect. Later Cabinet resolved to stop production of crude oil from all its 329 operational oil wells in the States of Unity and Upper Nile.

In the week that followed, South Sudan and Kenya signed a Memorandum of Understanding to build a pipeline between the two countries, as an alternative route to transport oil, by-passing any need to deal with neighbouring Khartoum. However, the construction of the pipeline would take several years and cost billions of dollars.

Given that oil accounted for 98 percent of government income, the Government of South Sudan introduced and approved austerity measures, to help deal with the void created by the shutdown of oil production. The austerity measures include a 50 percent reduction in non-salary expenditure, elimination of unconditional block grants to State Governments and Improvement of tax collection.

The decision to halt oil production has also had major economic consequences for both South Sudan and Sudan and as a result, there has been a rise in humanitarian needs in both countries. Several donors have expressed deep concern over the shutdown of oil production. Some have viewed this decision as reckless. Currently, the budgets of several donor-support programmes (ongoing and planned) have been revised downwards, because of Government’s inappropriate decision to shutdown oil production. The donors are concerned that without oil
production, the government will deplete its financial reserves, and as a result, it will be unable to carry out core services functions adequately. Further, donors have warned of possible emergence of uncontrolled deprecation of the South Sudanese Pound, which would result in spiralling inflation and a rapid increase in poverty. In this scenario, many of the gains made since the signing of the CPA in 2005 could be wiped out.

Efforts from the donor community are now geared away from the government’s longer term development agenda towards supporting the most vulnerable and addressing life saving needs. If the current shutdown persists, this will entail a substantial reallocation of resources away from the longer-term priorities set out in the South Sudan Development Plan (2011 – 2013).

3.1.2 GDP per capita

GDP per capita in 2010 was SSP 3,654 (US$ 1,352), down from SSP 3,541 (US$ 1,310) in 2008 (South Sudan National Bureau of Statistics, 2011). A comparison with countries in the East African region shows that South Sudan’s GDP per capita ranked 1st out of the eight countries in 2010. (See Fig. 3).

Revenues from oil production have greatly contributed to a high GDP per capita in South Sudan, in fact it is significantly higher than its neighbours in the East African Community. On the contrary, the country performed poorly in other development indicators such as education and health. Over 50 percent of the population live below the poverty line, meaning that one out of two South Sudanese does not have the necessary resources to purchase the value of a minimum food and non-food bundle. Furthermore, there is evidence of inequality among the citizens of South Sudan, particularly the big gap in poverty levels between classes and across the ten States of the country.

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3.1.3 GNI and GNI per capita

Gross National Income (GNI) in 2010 was significantly lower than GDP at SSP 19 billion (US$ 7 billion). The GNI per capita in the same year was SSP 2,267 (US$ 839). A comparison with countries in the East African region shows that South Sudan’s GNI per capita ranked 1st out of the eight countries in 2010. Similar to its GDP per capita, oil production explains the country’s GNI per capita being higher than its neighbours.

3.1.4 Exchange Rate

Exchange Rate System in South Sudan

As an independent country, South Sudan introduced its own currency – the South Sudanese Pound (SSP) – which is being managed by the Bank of South Sudan (BoSS). The exchange rate system is a “managed float”. This means that market forces determine the exchange rates, while the Central Bank occasionally intervenes to prevent large fluctuations from the desired level, with respect to the US$ and other convertible currencies. In effect, BoSS sets a band within which the currency is allowed to freely fluctuate, intervening only when market forces are likely to push the value of the currency outside this band.

Factors fuelling the Foreign Exchange Parallel Market in South Sudan

The scarcity of foreign exchange and poor governance have significantly contributed to the vibrancy of the parallel market is South Sudan, borne largely from the recent Government’s decision to shut down the production of oil and corruption by public officials.

Cases were cited where part of foreign currency denominated funds set aside to facilitate the continuous importation of essential goods...
Overview of the Macroeconomic Environment

and fuel were embezzled by government officials and traded on the black market. It was also alleged foreign currency denominated funds allocated for medical treatment abroad are diverted by some government officials and sold on the black market to take advantage of the high spread between the official and parallel market rates. By May 2012, 1 US$ sold for SSP 4.7 on the parallel market and yet, the official exchange rate was around SSP 2.9 per dollar.

On a related note, interviews with Ugandan Traders in Konyokony Market in Juba revealed that it was difficult to access dollars at licensed foreign exchange bureaus which left them exposed to the wide margins between the two markets. To circumvent this problem, Ethiopian traders set up a bank whichavalves them with the much needed foreign exchange to assist the importation of their goods into South Sudan.

The divergence between the official and the parallel market6 exchange rate in South Sudan has further increased in recent months, and in mid 2012, it was estimated that the market value of the SSP in Juba is around 20 percent lower than the official rate. As at end of July 2012, the official exchange rate was SSP 4.0 to US$ 1, and yet on the parallel market the rate was estimated at SSP 5.0 to US$ 1.

Recent Exchange rate Trends of South Sudanese Pound against the US Dollar

By and large, prior to January 2011, the South Sudanese Pound (SSP) was stable against the US$, officially trading between SSP 2 and 2.5 per US$ for a period of three years – January 2008 to November 2010. From January 2011 onwards, the SSP started to depreciate and reached an all time low of SSP 4.25 to the US$ in September, 2011.

It was also reported that other significant causes of inflation in South Sudan were (i) the poor physical infrastructure that raised the cost of transportation of the products, (ii) the exorbitant taxes and fees and poor transit conditions which also raised the cost of the products. For instance, the price of a 100 kilogram (kg) bag of beans costs an equivalent of SSP 675 in Uganda, by the time all the additional costs and fees were added, the selling price in Juba had gone up to nearly 3 times the wholesale price in Uganda (See Table 3).

Table 3: Impact of border taxes and conditions on the cost of importing 100 kg bag of beans from Uganda

<table>
<thead>
<tr>
<th>Item</th>
<th>Price (SSP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase price of a bag of beans in Uganda</td>
<td>675</td>
</tr>
<tr>
<td>Cost (en-route) + warehousing, loading &amp; unloading, VAT, transportation</td>
<td>398.3</td>
</tr>
<tr>
<td>Mark-up</td>
<td>585</td>
</tr>
<tr>
<td>Selling Price in Juba</td>
<td>1,658.3</td>
</tr>
</tbody>
</table>

Note: Cascading taxes add 53 percent - 85 percent to the cost of goods. In the example above, we take the average at 59 percent. Speculated profit levels range from 50 to 59 percent. In the example above, we take the average at 54.55 percent.

3.1.5 Inflation

South Sudan is a new country, measuring and recording of inflation rates only began June in 2008 in Juba and the same exercise recently commenced in Wau and Malakal states in June 2011.

As illustrated in Figure 6, the inflation rate decreased from 25.8 percent in 2008 to 1.5 percent in early 2009. It was maintained at a single digit figure until June, 2009 and in the subsequent months, until November 2010, prices of food and other non-food item fell sharply resulting in a further decline in the inflation rate of less than 5 percent. During 2010, there was deflation in the months of January 2010 (-1.14 percent), July 2010 (-0.07 per cent), September 2010 (-1.96 percent), October 2010 (-3.09 percent), and November 2010 (-3.46 per cent).

As the global food and fuel prices rose markedly in 2011, South Sudan’s consumer price index averaged at 34 percent in 2011 and as at end of March 2012, inflation stood at 50.9 percent. The exceptionally high inflation rates in 2011 and early 2012 were largely attributed to the increase in prices of imported consumer goods (particularly food items), from neighbouring Uganda, Kenya and Sudan.

Figure 6: Inflation Rate Trends in South Sudan

Figure 5: Recent Exchange Rate Trends (South Sudanese Pound: US$)
Table 4 shows other costs that are not easily quantifiable but have a profound effect on the selling price of commodities in South Sudan.

<table>
<thead>
<tr>
<th>Cost</th>
<th>Impact on price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bad roads</td>
<td>Raise price per ton</td>
</tr>
<tr>
<td>Harassment of foreigners scares away drivers, or in retaliation, escalates the mark-up percent</td>
<td>Raises cost of hiring drivers</td>
</tr>
<tr>
<td>Long time on the road and at check points adds to the high mark-up per cent</td>
<td>Capital is idle for long periods</td>
</tr>
<tr>
<td>No security certainty on full or partial loss of goods</td>
<td>No insurance</td>
</tr>
<tr>
<td>High risk – physical insecurity</td>
<td>Raises cost of doing business</td>
</tr>
</tbody>
</table>


3.1.6 External Debt

Since the 1960s, former Sudan was borrowing on non concessional terms to finance large industrial projects. By 2010, IMF estimated Sudan’s external debt at US$ 35.7 billion and was expected to reach US$ 37.8 billion in 2011. According to the Sudan Tribunal, dated April 17th, 2011, following the independence of South Sudan, Sudan proposed to retain the former Sudan’s entire external debt in exchange for inclusion in the Heavily Indebted Poor Countries (HIPC) programme – which provides insolvent countries with debt relief. Specifically, the countries agreed on a Zero Option which obliges Sudan to take on all the debt with the proviso that there is joint outreach by the two countries and that debt relief will be provided within two years.

4.0 Overview of the Private Sector

There is generally a lack of history of the private sector and business culture in South Sudan. The private sector has been dominated by foreign businessmen, mainly Greeks, Syrians, Lebanese, Italians and British (Kameir; 2011).

In the post-CPA period, businesses in South Sudan have been generally taken over by the nationals of neighbouring EAC countries including Uganda, Kenya, Ethiopia, Eritrea and Somalia. These businesses are engaged in retail and wholesale trade of general merchandise, household items, hotel and restaurant management and provision of construction services, among others. Majority of the businesses employ foreigners because most South Sudanese lack the impetus and requisite skills to take up the jobs in these businesses.

South Sudanese business fraternity is still small, however substantial efforts have been made to encourage the nationals to engage in meaningful entrepreneurial activities. For example South Sudan Chamber of Commerce, Industry and Agriculture (SSCIA) organized several workshops on various private sector development topics, including the role of the business community in the liberation struggle and development of South Sudan targeting entrepreneurs in country. The SSCIA has also succeeded in lobbying the Government to channel tenders through the organisation in order to give its members the opportunity to compete and provide these services to the state.

Development partners have also played a key role in assisting the South Sudanese entrepreneurs. The World Bank’s International Finance Corporation (IFC) is supporting private sector development through the Conflict Affected States in Africa Initiative (CASA). The main focus of CASA is to help South Sudan formalize and diversify its economy by promoting business competitiveness and attracting investment. Through IFC CASA, a market study on small businesses was conducted to identify challenges facing entrepreneurs and the same initiative supported the training of local banks in credit risk management.

The IFC also runs a series of other private sector development programmes, for example it supports the designing of agriculture and trade financing products to promote the development and growth of small businesses. Again, through the IFC’s business registry programme in South Sudan, over 12,500 businesses have been registered, several of which are benefiting from Business Edge Programme which offers managerial and other forms of training.

However, basing on the interviews with trade officials most South Sudanese mindsets are yet to be predisposed towards entrepreneurship and also need to change their poor attitudes towards work. Nonetheless, findings of this study also indicated that some South Sudanese were keen businessmen, making reasonable returns on their investments. A good number of local
companies were reported to be part of one of the business conglomerates of the South Sudanese "tycoons" who have successfully targeted the most promising segments. A prominent example is the ALOK Group of Companies, which has invested substantially in diverse economic activities, including water purification and bottling, air transportation, stone crushing, building and road construction and hotel management (AfrikaDit, 2011). Other South Sudanese have also embarked on cross-border trade, though are facing numerous challenges (See Box 3).

According to the Republic of South Sudan (ROSS) Vision 2040 and the SSDP 2011 - 2013, the component on private sector development underscores the need to encourage and nurture local entrepreneurship with a view of promoting growth and employment opportunities for South Sudan citizens.

Box 3: A South Sudanese Businessman’s Cross Border Trade Experience in Uganda

In late 2011, Mr. John Wani (not real name), from one of the villages along the River Nile in South Sudan; decided to use his two year savings to import commodities from Uganda. Before he travelled to Uganda, Mr. Wani consulted colleagues in South Sudan to find out the most highly demanded commodities in the country, sources, estimated prices and profit margins on imports from Uganda. He then left for Uganda and upon arrival; Mr. Wani revalidated this information with Ugandan traders in Kikuubo and Nakasero markets. Convinced that trading in these commodities was profitable, he purchased goods that filled a 15 ton truck.

To get the best transport deal, Mr. Wani negotiated with several middlemen and finally engaged Mr. Kinalwa (not real name) who offered the lowest transport fees to Juba. The rules of engagement were as follows: Mr. Wani makes an initial deposit of 50 percent and would pay another 25 percent and remaining 25 percent at the Nimule border post and upon receipt of the goods in Juba respectively.

As agreed, Mr. Wani paid the initial 50 percent. However, prior to proceeding to Juba, Mr. Kinalwa informed Mr. Wani that his truck could only comfortably seat three people (the driver – Mr. Kinalwa, and his two turn-boys). As it was a “common” practice, Mr. Kinalwa proposed and Mr. Wani agreed to travel by bus and would meet him at Nimule the following day.

Mr. Wani arrived at Nimule as arranged, surprisingly ten days later Mr. Kinalwa and the truck were not in sight. Massively disappointed and frustrated, Mr. Wani left for Juba and reported the matter to the police, the SCCIA and Ministry of Commerce, Investment and Industry. A return trip to Uganda was organized with representatives from the South Sudanese police, the SCCIA and Ministry of Commerce, Investment and Industry. This team partnered with detectives from the Uganda Police Force to track Mr. Kinalwa – the truck owner. Unfortunately, after a week of investigating the team was unsuccessful.

However, Mr. Wani and his South Sudanese counterparts were still hopeful and determined to recover the goods; so they returned to Juba, mobilized additional resources and hired Ugandan private detectives to follow up the matter. After a month of investigations, it was alleged that Mr. Kinalwa was “ambushed, killed and merchandise stolen” along the Gulu highway. Contrary to this, Mr. Wani strongly believes that this story was falsely relayed to close off the case.

Regrettably, such cases of robbery are a common occurrence, and the Government of Uganda and South Sudan have established a forum that meets periodically to significantly reduce such incidences.

Source: Interview a South Sudanese Trader; 2012

4.1 Formal Private Sector in South Sudan

For the purpose of this study, we define formal businesses as those that are registered and/or incorporated with the Registrar of Companies7.

A review of the Juba Business Register showed that the levels of formality were on an upward trend, with the number of formal businesses rapidly growing from 471 businesses in 2006 to 8,894 in 2010. Figure 7 illustrates a substantial increase in the number of businesses registered in 2008 which was attributed to more companies formalizing to take advantage of increasing number of government bids (World Bank Doing Business in Juba, 2010). The decline in the number of companies registered in 2009 and 2010 was credited to a fall in oil prices and the increase political uncertainty in the wake of the national elections and referendum in January, 2011.

To regain momentum and support the business formalisation efforts, the IFC funded South Sudan Investment Climate Programme is planning to digitize and computerize the business registry in Juba, decentralize business registration to the towns of Wau, Malakal and Bentiu; enhance registration compliance through an annual returns system as well as share international experiences of best practices through peer to peer events and study tours.

Figure 7: Number of Business Registered Annually in Juba, (2006-2010)

Source: “Doing Business in Juba; 2010). The decline in the number of companies registered in 2009 and 2010 was credited to a fall in oil prices and the increase political uncertainty in the wake of the national elections and referendum in January, 2011.

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7 The business registry in Juba became functional one year after the signing of the CPA, and replaced business registration that was hitherto being done at Khartoum’s Companies Registrar (Masinde and Kobina 2008).

8 As of December 2010, 10,746 businesses had been registered, of which 8,983 had obtained a certificate of incorporation.
Overview of the Private Sector

Nearly all formal businesses in the country are small and medium sized enterprises (SMEs). Figure 8 provides estimates on the number of business activities and size in South Sudan. Formal SMEs in the country were extensive – dominating most of sectors of the economy, including the retail and wholesale trade, construction, hotels and restaurants, and transport and communication sectors. The SMEs were also highly diversified by ownership, type of enterprise, number of employees and stage of development.

Anecdotal evidence estimates SMEs at over 80 percent of the total number of businesses in the country. This situation is similar in South Sudan’s neighbouring countries (Kenya, Uganda, Ethiopia and Rwanda). For example in Uganda, SMEs contribute about 80 percent of total non-farm employment to the economy and grow at an annual rate of 20 percent (Draft SME Policy; 2010). Given their diversity and spread, the Government of Uganda recognized their role in poverty eradication, particularly employment and income generation and as such, instituted several reforms to address the constraints they are facing including, improving access to micro finance, providing support for the establishment of SME industrial parks, improving access to commercial justice, and improving business registration and licensing.

4.1.2 Formal Private Sector Characteristics

Most (90 percent) of formally registered businesses were less than 5 years old. Due to the limited access to finance in South Sudan, majority (over 85 percent) of these firms financed more than 80 percent of their start-up capital using owners’ savings. Clearly, it was evident that financial intermediation is low; playing a limited role in the provision of funds for development finance and is dominated by commercial banks. According to the SSDP (2011-2013), financial intermediation is generally weak, with only 10 percent of credit as a percentage of GDP directed to the private sector, compared to 14-30 percent for its neighbours. Box 4 provides an overview of the access to finance in South Sudan.

The firms surveyed were typically SMEs, with less than 20 employees, except for a few large ones that employed close to 400 personnel. Majority (70 percent) of the firms surveyed were engaged in wholesale and retail trade. The wholesale and retail shops surveyed had similar products, most of which were imported.
Overview of the Private Sector

The similarity of the goods stocked by wholesale and retail shops was largely as a result of the Government’s commitment to facilitate the adequate supply of foreign exchange through the Central Bank to the extent possible enable the continuous importation and availability of essential items (such as food, construction materials and medicines) in the country (See Details in Box 5).

Box 5: Central Bank’s Measures to Facilitate Foreign Trade

The Central Bank partnered with nine commercial banks10 to channel foreign exchange these banks to facilitate the importation essential goods (food, construction materials and medicine) and ensure these items are available on the market all year round. The central bank issues US$ 4 million to each of the commercial banks on a weekly basis for purposes of on lending it to the various importers of essential goods.

To ensure the success of the initiative, the central banks designed Import Forms, which are issued to the nine commercial banks. The Import Forms capture data on the volume and value of the imports, and particulars of the importers. The forms are issued in triplicate, and after they are filled in by the importers, one copy is sent to the central bank, another is sent to the customs authority, and the last one is retained by the commercial bank. The customs authority is then mandated to inform the central bank when the goods have entered the country and the banks then provide loans denominated in foreign currency to the importers.

By and large, this initiative has registered success in stock the local market with essential goods; however, the demand for the goods far outstrips the supply. As a result, the price of the imports is excessive which is further exacerbated by the high cost of importing the goods into the country. Studies such as the “The Cost to Market Survey (2011)” established that when all taxes and charges on imported goods are accumulated, the effective tax rate on imported goods can be as high as 85 percent on building materials and 30 percent on food items.

Trucks transporting imported goods can be stopped as many as 32 times. The cost of time lost through delays is high, adding at least a full day to a 5 day journey: This adds at least SSP 100 (US$ 37.3) in incremental costs and as much as SSP 500 (US$ 186.7) per day in capital costs. Efforts to reduce the cost of importing goods into the country have been undertaken. In this regard, on 1st May 2011, the Ministerial Austerity Committee issued a directive to curb the multiple taxes charged at the Border Post: “Rather than have multiple agencies collecting different taxes, customs should collect all revenues at border posts. Therefore, the Directorate of Taxation and Customs Department will sign a Memorandum of Understanding under which the Customs will collect excise tax and sales tax on behalf of the Directorate of Taxation at the point of import”

Manufacturing and agro-processing firms were few in the country, and only constituted 2.7 percent of the total number of businesses surveyed. Generally, the productivity capacity in South Sudan is limited, which explains the significant import volumes from neighbouring countries, particularly Uganda. There were a few beverage companies in the country. Efforts are underway to revive several agro-processing industries which were operating before the war. Examples include:

• Saw mills, fruit canning factory and brewery in Wau, Western Bahr el Ghazal state;
• Kenaf project for making and packaging Hessian cloth in Tonj, Warrap State;
• Nizar Agro Industrial Complex, Western Equatorial State;
• Mongalla Cotton Spinning and Weaving factory, Central Equatorial state.
• Paper making project from papyrus that grows in the Sudd or swamps of the states of Warrap, Unity, Upper Nile, Jonglei and Lakes;
• Shea Butter project in greater Bahr el Ghazal, and
• Palm Oil project in Western Equatorial.

The survey also elicited several factors that impeded the growth in productivity of the firms. The major constraints faced, which had a direct bearing on their local competitiveness and future export potential, included inter alia, acute power shortages and high energy costs, high labour costs, limited access to foreign exchange, poor transport infrastructure, difficulty in securing credit facilities, and high rental costs for office space.

Most of the challenges were linked to weak institutional capacity of South Sudan’s public sector. The weak institutional delivery capacities were brought about by a myriad of factors, including the lack of both hard and soft infrastructure and low skills base among others. A review of the East African neighbours revealed that these countries have registered significant improvements in enhancing the institutional capacities of their public sectors and implemented sound regulatory reforms which in turn have improved the business environment. However, challenges similar to those of South Sudan still exist, including corruption, limited access to finance and inadequate infrastructure. Table 5 outlines the three most critical constraints to doing business in Ethiopia, Kenya and Uganda.

Table 5: Three major constraints to Doing Business in selected East African Countries

<table>
<thead>
<tr>
<th>Member State</th>
<th>3 major constraints to Doing Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethiopia</td>
<td>Corruption, Inefficient government bureaucracy, high inflation</td>
</tr>
<tr>
<td>Kenya</td>
<td>Corruption, limited access to finance inadequate supply of infrastructure</td>
</tr>
<tr>
<td>Uganda</td>
<td>Limited access to finance, corruption, inadequate supply of infrastructure</td>
</tr>
</tbody>
</table>

Overview of the Private Sector

South Sudan: A Study On Competitiveness And Cross Border Trade With Neighbouring Countries

South Sudan Beverages Limited, a subsidiary of SAB Miller Group, is one of the largest companies in South Sudan and employs over 400 people, of whom 96 percent are South Sudanese. The company produces beers and soft drinks for local consumption. The overwhelming local demand in the South Sudan market which is yet to be satisfied means the firm does not have any long-term plans to export its products to neighbouring countries.

The firm, like several other formal firms in the country, is more focused on import substitution rather than export promotion, as the growth of local demand for their products has outweighed their supply capabilities. South Sudan Beverages Limited intends to invest an additional US$ 18 million to enhance its production capacity to enable it cope with increasing local demand for its products.

Presently, the firm has embarked on a cassava growing project, which involves out-growers from Juba, Yi, and other small towns within a 150km radius from the factory. In the above towns, the firm offers agricultural extension services to about 2,000 farmers to grow cassava. This initiative is funded by The Africa Enterprise Challenge Fund, South Sudan Competition. South Sudan Beverages Limited was awarded close to US$ 1 million funding from the Challenge Fund.

Cassava is a major ingredient in most of the beverages produced by the firm, and yet it is not extensively grown, because of the perceived low demand. Currently, the firm imports cassava from Uganda and Kenya. It is envisaged that in three years, only locally produced cassava will be milled for beverage production.

Through such investments in agriculture, South Sudan can enhance its development both through the creation of employment opportunities as well as food security. Further to this, strengthening private sector investment in agriculture will increase pro-poor growth through increased provision of services like financing and the creation of avenues for innovative solutions across the agricultural value chain for an emerging economy.

Source: Interview with the Chief Executive Officer, South Sudan Beverages; 2011

4.2 Informal Private Sector in South Sudan

Informal activity is usually defined as the portion of a country’s economy that lies outside the formal regulatory environment. Informal activities are not officially registered and are generally not monitored for inclusion in GDP calculations.

South Sudan lacks data on the size of the informal sector. However, the World Bank Poverty Profile for South Sudan (March 2011) estimates that about 76 percent of households survive on subsistence activities.

In most cases, the informal sector in South Sudan comprises small-scale micro businesses, characterised by self-employed labour, low capital, low technology, labour-intensity and limited or no regulation and formal registration.

A tour of Juba City and major border posts, including Nimule and Kaya showed that informal trade was more prevalent than formal trade in the country. This visible informality in Juba was “imported” from neighbouring countries, particularly Uganda. The semblance of the informal structures in Juba, and the type of activities were very similar to those found in major cities and towns in Uganda, including Kampala.

The informal entrepreneurs dominated the retail sector (sugar, rice, salt, maize flour, soda, beer, biscuits and building materials). Other traded commodities included; food stuffs, livestock, airtime cards for mobile phones, furniture and foreign exchange.

Informal businesses engaged in cross border trade reported that the failure of obtaining the import license was mainly attributed to the high regulatory compliance costs and the several bureaucratic administrative steps businesses had to go through to register their establishments. For example, according to the World Bank’s Doing Business in Juba, starting a limited liability company in Juba takes 11 procedures, 15 days, and costs 250.2 percent of income per capita. Figure 11 outlines the steps to register a business.


With all good intentions, the Demolition Policy has on the other hand negatively impacted the efforts Micro Finance Institutions (MFIs) to recover loans allocated to micro-enterprises. The implementation of the policy resulted in haphazard relocation of several micro enterprises which made it difficult and sometimes impossible for the MFIs to locate most of their “clients” in order to recover the debts. This highlights some of the hiccups of doing business in a predominantly informal setting, particularly in a post-conflict environment.

To support government’s efforts, the World Bank/Multi-donor Trust Fund, through the South Sudan Private Sector Development Project (SSPSDP) is providing microfinance for the micro-enterprises as well as catalyzing entrepreneurship through training, bank capitalization and handholding support.
To assist the Government, the IFC has also set up the South Sudan Investment Climate Programme (SSICP) to reduce the licensing costs and streamline procedures and make them more predictable for existing and potential investors. Through SSICP, the IFC is taking stock of existing licenses, rationalizing and agreeing a reduction strategy and establishing a framework for licensing management in future.

Going forward, as the volume of trade increases in the country, the GoSS is keen on sensitizing the private sector on business regulations, instituting a sound legal and regulatory framework for licensing and establishing an adequate and appropriate approach to manage the business licensing process.

4.2.2 Informal Private Sector

Characteristics in South Sudan

Below were the key characteristics of the informal sector in South Sudan.

- Many informal businesses considered themselves to be entrepreneurial in character.
- Self-employment in the informal sector was the preferred option. Most of the informal sector operators in our sample preferred to run their own businesses rather than take a job.
- Many businesses in the informal sector were not temporary or transitional, indicating the permanence of the sector. The majority of the total sample had been in operation for over a year, with over a third having more than 2 years’ operational experience. Only 5 percent of reported that their businesses were shrinking, with 56 percent growing and 39 percent static.
- All our respondents felt that the current collection system for fees was unfair.
- The classification of business was particularly problematic and a common cause for complaint. Local officials face significant challenges related to classifying and categorising informal businesses for local level licences, especially when the business spanned multiple activities. Enterprises expressed dissatisfaction at the classification criteria for their licences, citing inconsistency, lack of transparency and unfair assessment for fees.
- Businesses often avoided paying licence fees and then offered bribes to officials when caught. Equally, officials actively sought bribes in return for giving a lower assessment for fees.
- Almost one-third of survey respondents thought that laws and regulations could be easily evaded. The ease of evasion corresponded with the location, mobility and permanence of the business, and those without fixed premises found it easier to evade.

- There was a rough dichotomy between survivalist enterprises, on one hand, who were content with the incomes derived from their business, and entrepreneurs who wished to expand their operations but faced constraints including lack of access to finance. This showed the importance of disaggregating the informal sector to enable the designing of policies meet the different expectations of these firms.
- Two thirds of respondents were considering formalisation. Most informal businesses were aware of the benefits of formality, and were interested in moving in that direction.
- Many informal businesses lacked sufficient information on formalisation. Survivalist businesses especially often had little or no conception of regulatory requirements beyond the basic trading licence. Entrepreneurs were more aware of requirements.

Box 7: The Roots Project- A case study on informality

The Roots Project is an informal business in Juba dealing in local hand-made arts and crafts, ornaments, and woven handbags. All products are locally made by about 60 South Sudanese women.

The Roots Project is not registered with the Registrar of Companies and the Chamber of Commerce, though intends to do so in the near future. The main reason why the Project has not registered is lack of knowledge on the procedures to follow and which government agencies to deal with.

The firm’s potential customers are tourists, although they also indirectly export, through friends who travel out of the country. Part of the expansion plans is to open up a shop at the airport Duty Free Building.

The biggest challenges facing the Roots Projects are; the lack of government support – no export promotion board to offer advice and the Department of External Trade is not disseminating enough relevant information either to potential exporters like them. Accordingly, several potential exporters in South Sudan are not aware of the existing procedures and bodies to contact for export advice.

Source: Interview with CEO; Roots Project; 2011
5.0 Role of Cross-Border Trade in the Economy

5.1 Characteristics of South Sudan Cross-border Trade with the Regional Trading Partners

Available statistics indicated that trade between South Sudan and four of its regional trading partners i.e. Uganda, Kenya, Ethiopia and Sudan, had grown rapidly, albeit unevenly over the past six years. However, significant volumes of transactions were informal and in several instances crossed the borders unrecorded.

The trade was also highly asymmetric with the volume of exports from each of the four trading partners to South Sudan being disproportionately larger than the volume of exports from South Sudan to these countries. The following sections detail the nature of trade between South Sudan and its four major trading partners.

5.1.1 South Sudan Cross-Border Trade with Uganda

The restoration of peace in South Sudan, coupled with improved security in northern Uganda led to significant increases in the amount of trade between the two countries. A review of data on the value and volume of trade between South Sudan and its neighbours clearly showed that Uganda was South Sudan’s main trading partner.

A tour of the major border posts between South Sudan and Uganda and pertinent literature also revealed that trade between the two countries was largely informal and was dominated by women. Ngungi (2010) indicated that 77 percent of traders in South Sudan were from female headed households, depending solely on cross border trade as a source of income. The study also revealed that most of the women taking part in cross border trade in the country are illiterate and lack basic education. The women traders face the same challenges as their male counterparts such as lack of access to finance and insecurity among others.

The current trade pattern between South Sudan and Uganda was highly asymmetrical – the rapid growth came solely from a skyrocketing increase in Ugandan exports to South Sudan. As shown in Figure 12, exports from Uganda to South Sudan increased from US$ 60 million in 2005 to US$ 635 million in 2008. However, over the same period the exports from South Sudan to Uganda were much lower and accounted for less than 10 percent of the value of the exports from Uganda into South Sudan.

The growth in Ugandan exports to South Sudan stagnated in 2009 and further declined in 2010 due to the increased insecurity faced by Ugandan traders in South Sudan. The South Sudanese general election in April 2010 and the run-up to the referendum in early 2011 also heightened the Ugandan traders’ fears. The magnitude of the decline is an indicator of the sensitivity of cross border trade to changes in the local security conditions.
Role of Cross-Border Trade in the Economy

The trade between the two countries is a combination of formal and informal, with the latter being more predominant. Again, Figure 11 shows that in 2008, formal and informal exports from Uganda were worth US$ 246 million and US$ 389 million respectively. In the subsequent years, it remained the same; formal exports from Uganda were still lower in value than informal exports. In 2009 and 2010, informal exports declined to US$ 230 million in 2009, and slightly increased in 2010 to US$ 235 million, while informal exports increased to US$ 430 million in 2009, decreasing to US$ 200 million in 2010.

**Figure 11:**
Trade between South Sudan and Uganda in US$ millions

As shown in Figure 12, South Sudan was by far the largest export destination for Ugandan exports from 2007 to 2009.

**Figure 12:**
Uganda Exports by Destination in US$ millions


As shown in Figure 12, South Sudan for Ugandan exports from 2007 to 2009.

**Major Formal Exports from Uganda to South Sudan**

From 2006 to 2011, the main formal exports from Uganda to South Sudan were; coffee, cement, vehicles, iron and steel products, palm olein, mineral water and aerated water, soap, beer, beans, vegetable fats and oils, sweets, biscuits, wheat flour, broken rice, sugar for industrial use, motorcycles, sorghum and maize.

During the period under review, coffee was highest export earner with export revenues increasing from US$ 35.3 million in 2006 to US$ 52.5 million in 2008. In 2009, it declined to US$ 42.7 million, picking up to US$ 49.9 million in 2010 and US$ 51.1 million in 2010 and 2011 respectively. Coffee was followed by iron and steel products and vehicles as the main exports. Similarly, major formal exports recorded growth trends.

The findings of the study also suggested that 2009 was a challenging for Ugandan exporters due to several reasons including (i) insecurity and discrimination against Ugandan traders in South Sudan; (ii) setting up of local industries in South Sudan to produce products previously imported from Uganda such as beer, water and soda and (iii) increased competition for the South Sudan market from other neighbouring countries (Kenya, Sudan and Eritrea).

**Figure 13:**
Main Formal Exports from Uganda to South Sudan in US$ millions

Some of the Ugandan exports were substituted by local production. For example between 2006 and 2009, Uganda’s export values for mineral water and aerated water to South Sudan ranged from US$ 1 million to US$ 6 million. Over the following two years, the country set up three firms producing mineral water and this in turn led to a sharp decline of the mineral water imports from Uganda. Specifically, Uganda mineral water exports to South Sudan fell markedly in 2010 and 2011 to US$ 3.7 million and US$ 1.3 million respectively.
Ugandan exports have also been replaced by similar products from the other neighbouring countries in the region. The findings revealed that between 2006 and 2011, Uganda only exported beer in 2006 and 2007 to South Sudan, amounting to US$ 4.1 million and US$ 2.5 million respectively. After 2007, Kenyan beer exports to South Sudan replaced Ugandan beer which led to sharp increase in Kenya’s beer exports from US$ 0.75 million in 2006 to US$ 14 million in 2010.

Similarly, Uganda's other products like sugar, wheat, sorghum and beans were not exported to South Sudan every single year; some of these were substituted by products from the other countries over the six year period.

In sum, over the period understudy, the growth trend for formal exports from Uganda to South Sudan was positive, though uneven. However, in the short to medium term Ugandan export growth projections will decline due to the growing interest in establishing import substitution industries by local South Sudanese in the country.

### 5.1.2 South Sudan Cross-Border Trade with Kenya

There is a range of products under informal trade being exported to South Sudan from Uganda. These products include fish, cattle, bananas, millet, eggs, shoes, clothes, maize flour, soda, maize grain and human medicine.

Agricultural products including; fish, beans, maize grain, cattle, bananas, millet and eggs accounted for 24.3 percent and 16 percent of Uganda's informal exports to South Sudan in 2010 and 2009 respectively.

Ugandan industrial products exports including, shoes, clothes, maize flour, beer, human medicines and soda dominated its informal exports to South Sudan accounting for 30.1 percent and 24.6 percent in 2010 and 2009 respectively.

**Major Formal Exports from South Sudan to Uganda**

A review of data on the main formal exports from South Sudan into Uganda revealed that most of the products are re-exports. The Uganda Bureau of Statistics 2011, showed that products like self-propelled bulldozers, dredgers, stainless steel scrap, warm clothing, motor spirit, machinery are re-exports from South Sudan. The only exports produced in South Sudan were gum Arabica/Africa and virolal mahogany which contributed US$ 0.006 million and US$ 0.0076 million to the country's 2007 exports respectively. Wood coniferous contributed US$ 0.0026 million to the 2006 exports and meranti wood also contributed US$ 0.230 million to the 2010 exports.

### 5.1.3 South Sudan: A Study On Competitiveness And Cross Border Trade With Neighbouring Countries

Major Export Commodities from South Sudan to Kenya.

The main formal exports from South Sudan to Kenya over the six years (2005 and 2010) were; Tea, cigars and cigarettes, palm oil, tents, furnishing articles, mineral water, medicaments, petroleum oil, vegetable fats, cement, beer and cane or beet sugar.

As illustrated in Figure 15, tea was the largest export earner over that period, increasing from US$ 18.9 million in 2005 to US$ 48.017 million in 2010. Exportation of mineral water to South Sudan began in 2007, Kenya exported volumes worth US$ 1.30 million, this declined to US$ 1.25 million in 2008, however, 2010 recorded a modest growth of US$ 1 million.

Over the period understudy, cane or beet sugar were only exported in 2005, 2006 and 2007, at US$ 0.512 million, US$ 0.702 million and US$ 0.69 million respectively. Interestingly, South Sudan cane or beet sugar exports accounted for largest export to Kenya.

In 2008, Kenya exported motor vehicles worth US$ 1.7 million to South Sudan, in the following year the export value declined by over 50 percent to US$ 0.765 million and marginally recovered by 20 percent to US$ 0.919 million in 2010. The only Kenyan export commodity that increased progressively over time was beer, increasing nearly 19 folds from US$ 0.77 million in 2006 to US$ 14 million in 2010.
Role of Cross-Border Trade in the Economy

Major Exports from South Sudan to Kenya

A review of exports from South Sudan to Kenya showed uneven growth over the six years. The highest value in annual exports from the country amounted to US$ 2.8 million in 2005. In the subsequent years, 2006 and 2007, the growth declined to US$ 1.2 million and US$ 0.17 million respectively. In 2008, there was a sharp increase in the export value estimated at US$ 2.5 million, which declined to US$ 0.150 million in 2009 and shot up again to an estimated US$ 2.1 million in 2010.

The findings indicated that the uneven growth trends in exports from South Sudan to Kenya are caused by a generally novel and less organized private sector in the country and the long history of insecurity in the country. This has discouraged the private sector from undertaking long-term business ventures, preferring short-term risky investments that fetch high "returns".

5.1.3 South Sudan Cross-Border Trade with Ethiopia

Over the period 2005-2010, Ethiopia mainly traded with Sudan. Trade with South Sudan has only been recorded since 2010; it was marginal and undertaken largely through the Gambella border post.

In October 2011, a total of 7,093 metric tons of imported goods were traded. The poor road network between South Sudan and Ethiopia was informal and there was no available data on the volumes and values traded. The poor road network between South Sudan and Ethiopia has also significantly affected the goods crossing the borders. Most of the exports from Ethiopia to South Sudan were transported through DRC via Uganda and finally crossing over to South Sudan.

5.1.5 South Sudan Cross-Border Trade with Sudan

This study established that a substantial amount of trade between South Sudan and Sudan, originated at Juba Dry Port, along the River Nile, through Kosti border post. A rapid food assessment survey (2008) conducted in main physical locations of food commodity markets in South Sudan established that the source of supply for major urban markets in the country was Sudan and Uganda. Available data at Kosti on incoming goods into South Sudan showed that agricultural items dominated the trade between the two countries between January 2011 and December 2011. In that period, 27,082 tons of wheat flour, 25,809 tons of maize flour, 52,829 tons of maize grain, 27,929 tons of sugar and 37,310 tons of ground (pea) nuts were imported from Sudan.

5.1.4 South Sudan Cross-Border Trade with DRC and CAR

Direct cross border transactions with the DRC at Bazi border post were limited and mainly informal due to the insecurity posed by the Lord’s Resistance Army. Most of the trade between the countries was informal and there was no officially registered or observed transaction of commodities from South Sudan to Ethiopia through the Gambella border post.

Table 6: Exports from Sudan to South Sudan in metric tons (2011)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Amount in metric tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat flour</td>
<td>27,082</td>
</tr>
<tr>
<td>Maize flour</td>
<td>25,809</td>
</tr>
<tr>
<td>Maize grain</td>
<td>52,829</td>
</tr>
<tr>
<td>Sorghum flour</td>
<td>9,381</td>
</tr>
<tr>
<td>Sugar</td>
<td>27,929</td>
</tr>
<tr>
<td>Ground (pea) nuts</td>
<td>37,310</td>
</tr>
<tr>
<td>Egyptian beans/Foul</td>
<td>27</td>
</tr>
<tr>
<td>Lentils/pulses</td>
<td>1,710</td>
</tr>
<tr>
<td>Rice</td>
<td>1,737</td>
</tr>
<tr>
<td>Onions</td>
<td>3,028</td>
</tr>
<tr>
<td>Dates</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: South Sudan Customs Department; Ministry of Finance and Economic Planning; 2012
However, in January, 2012, the tension over oil pipeline transit fees between South Sudan and Sudan, escalated, significantly reducing trade between the two countries. Specifically, the Government of Sudan declared a state of emergency along its borders with South Sudan, in a move that imposed a trade embargo on South Sudan. South Sudan responded by shutting down its oil output; both actions severely affected the cross border trade and were a serious blow to the economies of the two countries.

5.1: Border Crossings and Customs Stations in South Sudan

5.1.6 Main Trade Routes for Cross-border Trade between South Sudan and Major Trading Partners

Brief Overview of the Main Border Posts in Uganda-Nimule, Bibia and Kaya

There are several border crossings along the South Sudan-Uganda border. The main ones are Nimule Bibia and Kaya. At the time of this study, the construction of the road from Juba to Nimule was near completion and in a fairly good condition. Uganda has also implemented a nationwide automated custom management system based on modern systems of information technology; customs clearance process at Bibia has been simplified and standardized and has made customs related data readily available.

Nimule and Bibia were the busiest of all border posts visited, handling mostly goods from Uganda and Kenya. The field interviews revealed that goods from Uganda were first cleared at Bibia border post located in Amuru district in Uganda and then proceeded to Nimule.

Kaya is the second most important border post between South Sudan and Uganda. It is organized and maintains a higher level of up-to-date statistics on the volume and value of goods traded between the two countries. Uganda commodities dominated the goods that pass through Kaya border post. On the other hand a few products clear through Kaya from South Sudan to Uganda. South Sudan exports to Uganda through include timber logs, teak logs, animal skins and hides, and scrap. Timber exports were significant; however the recent revised tax rates by Uganda Revenue Authority in 2009 markedly reduced these exports to Uganda.

The major constraint reported was the excessive delays in clearing goods on the South Sudan side. Corruption was also a major challenge—most of the border staff solicited bribes to clear the commodities. The presence of several checkpoints along the way still persists and individual payments are made at these points both official and unofficial payments (not receipted or authorized). The Kaya-Juba route also is has several checkpoints as well and the stoppage at these points triples transit time.

Box 8: Transporting Goods to South Sudan along two major trade routes with Uganda: Nimule-Juba and Kaya-Juba

The "South Sudan Cost-to-Market Report: Analysis of Check points on the Major Trade Routes in South Sudan" National Bureau of Statistics 2010, reported that a truck carrying imported goods from Nimule border checkpoint to Juba (163 km) would get stopped on average 6 times and paid roughly 7026 SDG which was equivalent to 15% of the total value of goods. Additionally, the study estimated that the delays caused by check points along this route amounted to about 6 hours and 20 minutes or 112% of driving time.

The same report observes that the Juba-Kaya Route (235 km) had 12 check points and fees paid along the route amounted to 941 SDG which was equivalent to 5% of the total value of goods. The estimated delays caused by check points amounted to 24 hours and 32 minutes or 318% of driving time.

Brief Overview of the Main Border Post in Kenya-Napadal

Napadal is the main border post between South Sudan and Kenya. The volumes of trade at this border post were extremely low, as most Kenyan traders preferred to transport their goods via Nimule and Kaya border posts. To demonstrate this, over the three months studied, only 12 percent of the inbound trucks to South Sudan were cleared at Napadal and the balance through Nimule and Kaya.

Basing on the interviews carried out, the main reasons for not using Napadal border post included;

- Insecurity caused by cattle rustling between the Turkana and Turkoso tribes occupying land on either side of the border. The Boya tribe that resides in camp 15 in South Sudan also poses a serious security threat to traders.
- Post road infrastructure, the road from Kitale to Lockichogo and Torit and the border post of Napadal (on the Kenyan side of the border) were impassable during the wet season. On the South Sudan side, the poor road network between Torit to Kapoeta also made it difficult to transport goods across the border through Napadal.

With regards to record keeping, the trade statistics at Napadal border post are firstly handwritten and depending on availability entered into the computer.

Basing on the field visits, only the value of goods and not quantities were recorded at Napadal. The available statistics also indicated that there were no exports from South Sudan to Kenya through Napadal.

Brief Overview of the Main Border Post in Ethiopia-Gambella

Gambella is located near the Ethiopia-Sudan border. Gambella market is a major trading socket in Gambella area. This market is a very important source of food supply to the people who live around the border. Baro River which passes through Gambella town forms an important trading channel for both formal and informal trade. Customs management was adequate and trade was monitored by the Government of Ethiopia and the World Food Programme at Gambella border post.
6.0 Constraints and Measures
Instituted to Enhance Competitiveness

This chapter discusses the five pillars of competitiveness, in South Sudan’s context and it also delineates the obstacles the country faces and efforts embarked upon to address these challenges. The pillars are:

(i) Economic infrastructure
(ii) Regulatory Environment
(iii) Human Resource
(iv) Institutional Capacity
(v) Membership to Regional Blocs

6.1 Economic Infrastructure

The importance of infrastructure to a country’s growth and competitiveness cannot be underestimated. It is estimated that infrastructural development has been responsible for half of the recent sub-Saharan Africa’s improved growth performance (World Bank; 2010).

South Sudan faces a host of infrastructure challenges which were exacerbated by decades of conflict. The infrastructure deficit remains a major impediment to private investment and economic growth in the country. The SSDP (2011 – 2013) identifies poor infrastructure as one of three significant constraints to broad-based economic growth. Below is an overview of the infrastructural challenges faced:

Limited physical infrastructure in South Sudan constrains the development of the private sector. The construction, rehabilitation and maintenance of strategic roads are vital in enhancing the accessibility of state capitals, major towns, and markets. Road access has improved since the signing of the CPA, but the existing infrastructure network of roads, bridges, and river transport remain limited and inadequately maintained. South Sudan has less than 60 miles of paved roads, and its rail system consists of only 155 miles of tracks (Africa Business Initiative; 2011).

South Sudan’s infrastructure investment plan like other East African countries emphasizes Public Private Partnerships (PPPs)12 to ensure cost effective delivery of quality infrastructure. Therefore, the GoSS plans to raise US$ 500 billion over the next five years for infrastructure development, through private investments13.

At a regional level, the East African countries are finding innovative ways of fundraising to construct, manage and rehabilitate road infrastructure. For example countries in the region have initiated levies to raise revenues which are used to partly manage Road Agencies, construct and rehabilitate major transport networks. South Sudan should also consider adopting this option.

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12 PPPs are an effective means of expediting the pace of development in South Sudan, in the wake of the country’s fragile economy. Further, South Sudan’s limited financial capacity necessitates an urgent need to mobilize private sector capital for infrastructure development, among others. Structured correctly, a PPP may be able to mobilize previously untapped resources from the local, regional and international private sector, which is seeking investment opportunities.

13 Source: Speech by South Sudan Vice President; Riek Machar (May 30, 2011)
Over dependence on Kenya and Uganda to access the sea and other trade facilitation services: This poses challenges of keeping pace with the demand of rapidly evolving services in transport and trade facilitation sectors. To address these constraints, the GoSS must urgently establish institutions that will support the development of the appropriate transport and trade services.

Poor customs infrastructure (hardware, software): The limited modern data management and communication system impairs the efficiency of customs administration. Presently, inter-office data verification and communication between customs headquarters in Juba and the entry points of Kaaya, Nimule and Nadjafal for inbound consignments from Uganda and Kenya is limited. Additionally, these ports lack shelters and during bad weather, and therefore goods are damaged and in most cases these are not insured. Going forward, South Sudan should fast track its membership with the Regional Economic Communities like the East African Community (EAC) to strengthen its relationship with its neighbours and border cooperation.

South Sudan is a land-locked country and urgently needs to develop its logistics industry: The country has potential for establishing private sector inland Container Depots (ICDs) and a logistics industry with external collaboration. Damen Shipyards – a Dutch based international company is developing a shipyard in the proximity of Juba. It is envisaged that this facility will enhance trade along river Nile.

Inadequate and unreliable power supply in South Sudan: The national power grid covers only six states and the northern parts of the Blue Nile. In the medium to longer-term, the GoSS plans to construct small-scale hydro-power plants to significantly reduce the energy shortage in the country. Specifically, the GoSS has developed an ambitious programme aimed at electrifying 70-80 percent of South Sudan by 2020.

6.2 Regulatory Environment

The judiciary system is weak. For instance, the country does not have commercial courts to deal with cases arising out of business disputes. Findings revealed that the South Sudan charged high-multiple taxes and also had a poor tax administration system.

To address the regulatory challenges, South Sudan has designed a legal framework to encourage private sector investments as well as attract substantial Foreign Direct Investments. Accomplishments so far;

- Enacted six new laws, including an investment promotions act, have been passed, covering contracts, limited partnerships, and business entry. An additional eight laws are ready for promulgation. They include the Partnerships Act + Regulations, the Limited Partnerships Act + Regulations, the Registration of Business Names Act, the Registration of Companies Act, the Agency Act, the Contract Act, the Land Act, the Taxation Act, the Cooperative Provisional Order, the Sale of Goods Provisional Order, and the Arbitration Act, 2010.
- Finalized the process of formulating the Trade Policy in May 2011. With regard to private sector development the policy will;
  - Support the increase of private sector operations space;
  - Focus on removing constraints (or barriers) to trade;
  - Develop a people-centred and private sector-driven approach to implement the strategy of the policy;
  - Promote competitiveness by focusing on areas of comparative advantage; and
  - Identify priority sectors which reflect potential sources of growth, exports and diversification in South Sudan.
- With regard to regional trade, the policy proposes that the Government will;
  - Ensure that South Sudan actively participates in regional trade arrangements and protocols;
  - Negotiate flexible Rules of Origin requirements with regional trade partners which ensure that domestic producers are able to access regional markets;
- Conduct comprehensive internal assessments prior to entering into any form of integration arrangements with its regional trading partners; and,
- Provide incentives/conditions for local manufacturers to take advantage of regional markets.
- Developed the South Sudan Export promotion policy that will identify and actively promote specific products with a comparative advantage. To do so, the GoSS will encourage domestic value-addition, and promote the export of high value products by working with the private sector to identify potential markets, particularly in the region by;
  - Organize trade fairs and exhibitions to promote the country’s exports;
  - Provide services and incentives aimed at promoting export diversification, encouraging value-addition for export products, and improving the quality of South Sudan export products; and,
  - Establish and strengthen the capacity of export promotion institutions.
- Created the South Sudan Investment Authority to offer clear business guidelines to invest in the country and also set up a One Stop Shop Investment Centre (OSSIC) in Juba to facilitate quick and efficient processing of all the necessary paperwork that investors require to start-up business in the country. The OSSIC will serve as a customer care centre where investors can seek assistance whenever they encounter difficulties in doing business within the country. With support from the IFC, the OSSIC has produced promotion material on investment opportunities in the various subs-sectors, including:
  - Staple crops (cereals, oilseeds and sugar); Cash crops (horticulture, floriculture, coffee and tea);
  - Animal products (meat, dairy and leather); Fisheries (tilapia, Nile Perch and Catfish); and
  - Forestry (hardwood and softwood – teak, eucalyptus and pines)
- Strengthened existing business registry by streamlining procedures to enable businesses incorporate within one day. Having said that, a lot more needs to be done to create awareness of the new developments to reduce the numbers of informal businesses.
- With the support of the development partners, the Government is in the process of implementing additional investment climate reforms, intensifying capacity building and improving access to finance.
- Undertook efforts to bring all customs operations under the administration of the national customs department; however a lot is still remains to be done such as significant investments in staffing, training, and equipping customs administration to ensure that customs operations are integrated countywide.
- Proposed reforms to the judicial system of South Sudan;
- Initiated measures to reform the tax regulatory environment and these will include:
  - Establishing a single and central revenue collection Authority;
  - Reducing tax rates to what is considered optimal, restructuring staffing at collection centres;
  - Introducing transparent revenue collection and accountability methodologies through computerised receipting and direct banking; and,
  - Setting up a tax information dissemination mechanism that regularly informs and educates the public about tax matters.
- Developing a tax framework for the local goods, imports and services in South Sudan. Table 10 provides a detailed list of goods and their corresponding excisable tax.

In sum, South Sudan has undertaken considerable steps to develop an appropriate legal and regulatory framework; however a lot remains to be done. Going forward, the country should expedite the implementation of the enacted laws and build capacity of the relevant implementing agencies.
6.3 Human Resource

South Sudan has an estimated population of 8.3 million people. Of this population, only 10 percent were skilled and officially employed. The semi-skilled and unskilled constituted the balance. Several staff lacked necessary work experience and had low levels of proficiency in English—the official language of the Government.

Several contractors operating in the country had therefore repeatedly encountered difficulties in finding workers with basic skills. As a result, foreign workers dominated the semi-skilled segment of the labour market. To address this challenge, the Ministry of Labour and Public Service has introduced programmes which are consistent with the ILO track strategies, with a purpose of promoting job creation. One of the initiatives is the Stabilization of Income Generation and Emergency Employment programme which supports emergency temporary jobs by providing cash-for-work and immediate public employment services. Another programme is the Local Recovery for Employment Opportunities and Reintegration, aimed at expanding the private sector and direct employment support services such as financial management and micro-finance.

6.4 Institutional Capacity

Institutional conditions in South Sudan were characterised by fragility, weak delivery capacities, and inadequate supply of professionals which had largely undermined the nation’s confidence in public service delivery.

The Ministry of Energy & Mining review in 2010, by Adam Smith International established that few of the professional staff had the necessary experience, which greatly affected the operational efficiency of the ministry.

In the short to medium term, the Ministry of Human Resource Development has embarked on measures that will address the capacity gap in the country. Going forward, it has set up a Ministerial Committee, headed by the Minister for Cabinet Affairs to critically examine both the structure and staff requirements to deliver a public service reform.

In addition to these efforts, in November 2010, the GoSS published a Core Governance Functions Action Plan which articulates 18 priority functions of government that must be established or strengthened to ensure the viability of the institutional framework in South Sudan.

6.5 Membership to Regional Blocs

During the interviews, several stakeholders highlighted the urgency of South Sudan’s proposed membership in the East African Community (EAC). Regional Bloc that could potentially enhance the country’s future trade and investment prospects.

The EAC was launched in 1993 through the East African Tripartite Commission, has now evolved into a five nation common market of 133.5 million people (2009) with an estimated US$ 74.5 billion GDP and average GDP per capita of US$ 558 (EAC Secretariat, 2010).

Regional integration – particularly in the form of investment from neighbouring countries and blocs – will act as a major driver for South Sudan’s economic development. Membership would bring South Sudan greater political cooperation with its neighbours and enable economic integration through the EAC’s Customs Union and the Common Market Protocol.

However, given South Sudan’s novelty as an independent state, and challenges it is presently facing, including a weak economy, poor infrastructure and political instability, accession to the EAC would, in the views of several experts, require a transition period of between 5 to 10 years to allow the country enough time to align its tariff structures, administration and regulatory framework to that of the EAC Customs Union and the Common Market Protocol.

Constraints and Measures Instituted to Enhance Competitiveness

Currently, South Sudan tariff structure focuses on imports as its production and export base are too small. To align its tariffs structure to that of EAC regional bloc, South Sudan will have to adopt the three-tier tariff system; zero duty for raw materials and inputs, 10 percent for processed or manufactured inputs, and 25 percent for finished products. Although aligning to the Regional Common External Tariff (CET) has substantial benefits14, in some countries, including Uganda, the alignment of tariffs to those of the regional bloc, has in sometimes negatively impacted the competitiveness of the private sector. The Ugandan Government instituted remedial measures for the private sector to enable it cope with the adjustments.

Box 9: Impact of the CET on Local Industries – A Case Study of Graphics Systems Ltd

Context:

With the advent of the East African Customs Union in 2005, some member states, including Uganda, whose manufacturing industries were unlikely, to remain competitive had to institute remedial measures geared towards dealing with alignment of national tariffs to the Common External Tariffs (CET).

To allow local industries adjust to the new CET on imported goods, the Government of Uganda granted a 5-year transition period. For example, a national import duty of 15 percent was charged on imported paper and yet the CET structure set a new rate of 25 percent. The 5-year transition period came to an end in June 2009. However, local firms lobbied for another one-year extension, on the basis that the cost of production in Uganda had increased significantly, unlike in other EAC Member States, mainly because of the high cost of electricity. The extension was approved by the EAC. It is envisaged that if the cost of production remains high, local firms will lobby for a further extension.

Impact of CET on Graphic Systems Ltd:

Graphic Systems is a medium sized printing company employing about 200 workers and based in Kampala, Uganda. With no taxes presently charged on imports, Graphic Systems sells a back metallic coated beer-bottle label at UGX 5. The firm retains a profit of UGX 1 on each label, while the balance (UGX 4) is used on production: Imports (metallic coated paper and ink) cost UGX 3.8, while overheads and administration (power inclusive) cost UGX 0.2.

If the CET were applied, the cost of imports would increase to UGX 5.13. A 25 percent tax would be charged on the metallic coated paper, while a 10 percent tax would be charged on the ink. Overheads and Administration costs would also increase by about 3 percent (UGX 0.21), partly because more time would be spent on tax issues. For Graphic Systems Ltd to remain profitable, the firm would have to increase the selling price of a label to UGX 6.34. If the firm were to sell at the original price (UGX 5), because of the stiff competition in the industry, a loss of UGX 0.34 would be incurred.

One of the goals of introducing the CET Structure is to encourage local firms to source raw materials from within the region. Unfortunately, in the case of Graphic Systems, there is presently no firm within the region that produces the metallic coated paper. It is anticipated that if any firm from any of the member states was to start manufacturing the metallic coated paper, it would not be competitive (low economies of scale), given that there only two firms that import the metallic coated paper.

Source: Compiled by Consultant

South Sudan may also contemplate joining the World Trade Organization15 (WTO), if the African region i.e. Kenya, Rwanda, Tanzania and Uganda have each joined the WTO, agreeing...

14 Aligning to the Regional CET could result in a reduction in tariffs on inputs, which will in turn reduce costs of local production hence increasing export revenues.

15 It is however important that the process of adapting to the WTO is long, and an offer of accession is only given once consensus is reached among interested parties. The process takes about five years, on average, but it can take some countries almost a decade if the country is slow in fully committed to the process, or if political issues intervene, as in the case with South Sudan. The shortest accession negotiations were that of Georgia, lasting 2 years and 10 months. The longest was that of Uruguay, lasting 15 years and 5 months. Russia, having first applied to join the General Agreement on Tariffs and Trade (GATT) in 1993, was accepted for membership in December 2011, and will enter 30 days following notification.
at least in principle to a core set of trading rules between nations and to use the WTO as a forum for resolving trade disputes.

The goal is to provide the country access to international markets. Under the WTO’s Generalized System of Preferences (GSP), as well as a number of bilateral agreements, a wide range of East Africa’s manufactured products are entitled to preferential duty treatment in the developed markets of the United States, Japan, Canada, New Zealand, Australia, Switzerland, Norway, Sweden, Finland, and Austria, as well as other European countries.

7.0 Sectors with Export Potential

This section presents key strategic products in which South Sudan potentially has a comparative advantage over the other countries in the region. The products investigated were mainly drawn from literature review and consultations with key stakeholders in South Sudan and its neighbouring trading partners.

The Revealed Comparative Advantage (RCA) index was used to analyse key products and establish whether South Sudan had a comparative advantage over its regional trading partners as evidenced by the trade flows.

The results of the RCA model did not present a conclusive picture of goods in which South Sudan had a comparative advantage over its regional trading partners. From the analysis, only 27 out of 81 products exported to Kenya from South Sudan had a comparative advantage over Kenya in 2010.

The highest RCA value was 310 for registers, account books, note books, order books, receipt books and letter pads. This was followed by hydraulic tools and machine-tools. Clearly, all these products are re-exports from South Sudan. Further to this, the analysis also revealed that South Sudan had an RCA over Kenya in livestock/live animals (RCA=12.65) and wood (RCA=3.7).

To supplement the empirical results, literature review and broad consultations with key stakeholders were also undertaken to further identify key strategic sectors or products with a potential of becoming new growth engines of South Sudan. Therefore the section that follows presents an overview of sectors with a high export potential for South Sudan.

7.1 Overview of the Agriculture Sector

South Sudan is endowed with vast natural resources, including fertile lands, extensive hardwood forests, large amounts of fresh water and minerals, and a wide variety of livestock, as well as native flora and fauna. These endowments have made South Sudan suitable for a wide range of agricultural and natural resource based production activities.

The agricultural sector plays a major role, it provides employment and food security to the majority of people in South Sudan. About 85 percent of the households cultivate land and around 65 percent own cattle. Roughly 79 percent of the total households’ consumption is spent on food—81 percent in rural and 70 percent in urban areas.

The RCA index is the share of product (j) in the country’s total (t) exports, divided by the share of world exports of the jth product as a fraction of the world exports or equivalently as a share of the country’s exports of the jth product in world exports. An RCA above one (1) is taken as an indication that a country has a competitive and revealed comparative advantage in the given product. The index is mathematically presented as follows:

\[
RCA = \left( \frac{E_{jt}}{E_{tj}} \right) \times \left( \frac{E_{jw}}{E_{wj}} \right)
\]
Since the signing of the CPA in 2005, agricultural development has been viewed as an alternative engine of growth, which will not only allow South Sudan to diversify its economy away from oil dependence, in the medium term, but also to directly reduce poverty and food insecurity.

**7.1: Locations for Potential Commercial Investment in South Sudan**

The SSDP (2011 – 2013) emphasizes the need to diversify the economy. Given the importance of the agricultural sector—nearly 80 percent of the population is engaged in smallholder agriculture, farming, livestock and fishing; the strategy underscores the need to focus on growth of the sector.

**Factors that reduced cereal production in South Sudan:**

- Hydro-meteorological hazards, particularly the late onset and erratic rains and long dry spells led to crop failures across South Sudan;
- Insecurity associated with cattle raiding, intra and ethnic conflicts, activities of Sudanese Armed Forces (SAF) and militia resulting in displacement of population, directly impacting on the agricultural production through loss of assets and preventing farmers to cultivate far fields;
- Inadequate agricultural extension services, limited access to appropriate seeds and planting materials and continuous use of rudimentary farming tools have significantly led to low yields—averaging at about 0.65 tons/hectare;
- Rural - urban migration of youth to urban areas in search of alternative sources of livelihoods is causing labour shortages in agricultural sector resulting in lower cereal yields;
- High (up to 40 percent) pre and post harvest losses, caused by pests and diseases, lack of post harvest machinery and equipment for harvesting, handling, packaging, processing, storage, cooling and transportation facilities;
- Limited availability and access to production inputs such as seeds and fertilizers;
- Limited access to credit facilities to acquire modern agricultural equipment and machinery which in turn negatively affected the value additional activities and the efficiency of the farm operations; and
- Poor road infrastructure made it difficult to access the markets which was a disincentive for increased production.

**Anticipated Potential for Cereal Production**

The Ministry of Agriculture has identified a Green Belt with fertile soils as most suitable area for medium and large scale commercial agriculture, this land mass is currently under production.
Sectors with Export Potential

stretches from the Central to the Eastern Equatorial state.

Presently, the food requirement for the 10 million people of South Sudan is estimated at 1.04 million tons of cereal. The country cereal production can potentially reach a maximum 2.5 million tons, if 96 percent of unused farm land is brought under cultivation. This would potentially produce a surplus of 1.5 million tonnes for export to regional markets. However, increased productivity in the agricultural sector requires an increased level of mechanization and improved inputs (seeds, fertilizers, etc.), provision of new agricultural techniques and varieties.

7.2: Location of Prospective Areas for Development of Irrigation Schemes

Assessment of Investor Interests in the Agriculture Sector

Between 2007 and 2010, investors acquired a total of 2.64 million hectares of land (26,400km2) to develop agriculture, forestry and bio-fuel sectors18. This area is larger than Rwanda-Annex II for details of planned large-scale agriculture investments across the ten states of South Sudan. Assuming that the investors fully utilize the 2.64 million hectares for maize production; at an average yield of 1.4 tons/hectare South Sudan would produce more maize than that produced by both Kenya and Uganda – roughly 3.7 million tons. Assuming South Sudan maize yield is 2 tons/hectare, South Sudan could potentially produce (5.28 million tons), which are more than Ethiopia’s production of 3.90 million tons or both Uganda and Kenya with a combined production of 4.80 million tons. Table 13 shows the statistics on maize production in Kenya, Ethiopia and Uganda.

Furthermore, 50 percent of 82 million hectares of land surface in South Sudan is prime irrigable agricultural land and another 30 million hectares is arable land. Of the 30 million hectares, only 4.2 percent is currently under production. Furthermore, the country is also endowed with 8 months of rain and two planting seasons. Clearly, irrigation agriculture has great potential however, this farming system is presently only practised in Awel Rice scheme, the rest of the former irrigation schemes in northern Upper Nile were closed due to the state of disrepair of the irrigation infrastructure.

7.1.2 Forestry

South Sudan has 1.2 million hectares of forest reserves and another 1.5 million hectares of potential natural forest which is economically harvestable. The country has several regionally marketable tree species including teak, mahogany, eucalyptus, acacia, reem, bamboo, ebony, various fruit trees. The current commercial utilization of the forests is only limited to teak and Mahogany species. However, there is also a huge potential of commercially utilizing the Hashaab trees that produce gum acacia. South Sudan has a comparative advantage in this product over its trading partners and will potentially reap the benefits including, supporting the development of poor rural communities, improving livelihoods; generating income, and employment creation for the poor rural communities and youths. Box 11 details the potential for Gum Acacia in South Sudan.

Box 10: The Potential for Gum Acacia in South Sudan

The Gum Arabic better known as Gum Acacia is a seasonal non timber forest product from the widely – growing Acacia Senegal and Acacia Senegal. Gum Acacia is widely used in the food and pharmaceutical industry as an emulsifier, stabilizer, form former and binder. Locally, the gum is eaten raw and also used for treatment of liver and stomach ailments. Some herders mix it with milk as a food supplement.

Gum is also used for construction poles and plastering dagga huts, firewood, and most pastoralist communities rely on it during the very dry spells and years of famine as food. In gum production areas, it is an important alternative source of livelihood especially during the drier months when no income may be expected from agricultural produce. Gum acacia, therefore, has the potential to make significant contributions to alleviating poverty by increasing incomes for resource poor agro-pastoral communities living in remote areas in South Sudan.

The current world demand for gum acacia is estimated at 100,000 metric tons per year. Therefore there is a potential to increase production and exports to meet the world demand if the subsector is developed and South Sudan is formally recognized as one of the key gum sources by the international market. The Government of South Sudan, the international community, NGOs and the private sector have a role to play in the development of a sustainable and viable gum acacia subsector in South Sudan. Although Gum Acacia is abundant in South Sudan, its commercial production and marketing has not been adequately exploited. Some states bordering Sudan have been marginally involved in commercial gum collection and marketing. Most of the country’s gum has been sold to Sudan traders and middle men there by denying households competitive income from the product.

Gum Acacia therefore is one of the key non timber forest products that can be developed to contribute to development of poor rural communities, improve livelihoods, generate income, and employment creation for the poor rural communities and youths. This in the long term will contribute towards South Sudan’s non oil revenue.

According to the results of Ministry of Agriculture and Forestry Resource Assessment Study, 2010, the estimated area under gum acacia resources in the three key producing states (Upper Nile, Eastern Equatorial and Northern Bahr el Gazel) is 4.6 million hectares with a conservative annual gum production potential of 25,721.9 metric tons. This translates into an export value of the US$ 43.81 million.

Source: FAO Country Statistics 2010

Table 7: Maize production of selected countries in 2009

<table>
<thead>
<tr>
<th>Country</th>
<th>Hectares cultivated</th>
<th>Production in millions of tons</th>
<th>Tons/hectare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>1,884,368</td>
<td>2.4</td>
<td>1.30</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>1,768,122</td>
<td>3.9</td>
<td>2.23</td>
</tr>
<tr>
<td>Uganda</td>
<td>887,000</td>
<td>2.4</td>
<td>2.65</td>
</tr>
</tbody>
</table>

Source: FAO Country Statistics 2010

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South Sudan: A Study On Competitiveness And Cross Border Trade With Neighbouring Countries

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South Sudan: A Study On Competitiveness And Cross Border Trade With Neighbouring Countries
South Sudan has a variety of livestock: cattle, goats, sheep and chickens. There is a great potential to invest in cattle rearing, dairy products, poultry products, meat processing, fishery and cattle feed development. Box 12 presents statistics on the potential of the poultry industry in South Sudan.

Box 11: The Potential of the Poultry Industry in South Sudan

South Sudan has virtually no poultry industry (and few advanced poultry farms) – only 5 million chickens are estimated to be in the country by the FAO. The animal density per km is extremely low. This unusually low chicken density is partly due to the challenging climatic conditions (requiring modern technology like ventilation and disease control to be economic and effective), and the impact of 50 years of conflict, which has destroyed all production facilities, technical knowledge and business skills in this value chain. Hence, almost no trace of the industry is left, which in turn discourages any individual investor in the chain from starting. At the same time, poultry products – meat and eggs – are in demand in Juba as well as other towns; estimates of local traders vary from 250,000 to 450,000 chickens per month for broilers (eggs are sold everywhere, but no figures exist).

Nearly 100 per cent of both meat and eggs are imported from Kenya, Uganda or Sudan, depending on the location of the town where it is sold. Prices vary from 3-9 SSP (2.45 USD) per kg wholesale, which is high by international standards, especially given the quality and food safety standards of the produce sold. The key explanation for this is that imported goods are expensive due to transport costs (a 20 ft container from Mombasa to Juba costs about USD 10,800), and high (and unpredictable) customs duties of up to 40 percent. To develop a viable poultry industry in South Sudan, replacing expensive imports, several chain actors have to cooperate in order to achieve a functioning supply chain: from feed producers (rural farmers) to feed millers, poultry farmers (hatching, rearing and processing) to animal production farmers to consumers. While mostly a private sector-driven project, possibilities exist for cooperation between private investors (private feed and poultry businesses) and donors (like WB or IFC and NGO’s). Private investors invest and operate the businesses in the chain, donors coordinate the simultaneous investments in the chain and reduce the risk level, and NGOs ensure that rural smallholders can reap benefits as suppliers of feed.

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On a positive note, several companies have expressed interest in the country’s mining sector. Interviews with officials from the Ministry of Energy and Minerals revealed that 22 companies had shown interest in the mining sector, however, their applications were put on hold pending the enactment of the law.

The Mining Bill was presented to Parliament and was expected to be passed into law before the end of 2012. The bill aims to ensure the sustainable utilization of minerals and provides guidelines for eligibility for mining concessions. Once the mining sector kicks off, both the Central Government and the states are set to benefit. The Transitional Constitution of South Sudan has a provision that allocates 5 percent of the revenue from minerals to the States. Box 13 demonstrates key lessons the Government of South Sudan can learn from Liberia’s experience so as intensify its efforts in developing a viable mining sector.

Table 8: Distribution of Livestock population per state

<table>
<thead>
<tr>
<th>State</th>
<th>Cattle</th>
<th>Goats</th>
<th>Sheep</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Equatoria</td>
<td>878,434</td>
<td>1,153,283</td>
<td>1,265,977</td>
<td>3,297,694</td>
</tr>
<tr>
<td>Eastern Equatorial</td>
<td>888,278</td>
<td>1,132,541</td>
<td>1,020,287</td>
<td>3,046,116</td>
</tr>
<tr>
<td>Western Equatorial</td>
<td>675,091</td>
<td>1,153,283</td>
<td>1,189,705</td>
<td>2,988,079</td>
</tr>
<tr>
<td>Jonglei</td>
<td>1,464,671</td>
<td>1,207,214</td>
<td>1,400,758</td>
<td>4,072,643</td>
</tr>
<tr>
<td>Unity</td>
<td>1,180,422</td>
<td>1,754,816</td>
<td>1,487,402</td>
<td>4,422,640</td>
</tr>
<tr>
<td>Upper Nile</td>
<td>983,027</td>
<td>439,741</td>
<td>640,209</td>
<td>2,062,977</td>
</tr>
<tr>
<td>Lakes</td>
<td>1,310,703</td>
<td>1,464,421</td>
<td>1,232,282</td>
<td>4,007,406</td>
</tr>
<tr>
<td>Warrap</td>
<td>1,527,837</td>
<td>1,369,005</td>
<td>1,290,045</td>
<td>4,186,887</td>
</tr>
<tr>
<td>Western Bahr el-Ghazal</td>
<td>1,247,356</td>
<td>1,120,095</td>
<td>1,265,977</td>
<td>3,633,608</td>
</tr>
<tr>
<td>Northern Bahr el-Ghazal</td>
<td>1,579,360</td>
<td>1,630,361</td>
<td>1,287,237</td>
<td>4,494,752</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11,735,159</td>
<td>12,421,760</td>
<td>12,082,883</td>
<td>36,222,802</td>
</tr>
</tbody>
</table>

Source: FAO Livestock Section, 2009/2010
Liberia's main mineral resources are iron-ore, gold, and diamonds. The mineral sector contributed nearly 40 per cent of GDP during the pre-war years. Initially, lack of clarity in the award of reconnaissance and exploration licenses for mineral development was the main obstacle to redevelopment of the nation's mining industry. Fifteen months after the restoration of peace in the country, there were no reconnaissance or exploration licenses that had been granted for mineral development. Apparently, it was not due to lack of interest by potential credible investors, but rather due to a philosophical battle between the Public Procurement and Concessions Commission on the one hand, and the Ministry of Lands, Mines, & Energy and the National Investment Commission on the other.

After the war, there were approximately 75 thousand alluvial miners around the country; most of them ex-combatants. They were smuggling gold and diamonds in enormous quantities out of the country. In the case of diamonds, the smugglers were contravening the Kimberly Process, which was meant to clean up the industry. Moreover, Liberia was losing millions of dollars in surface rental fees, royalties, and income taxes. It was from this vantage point that the international community imposed sanctions on Liberia's diamond and mining sector19.

The history behind how this lack of clarity developed in Liberia's mineral sector emanated from the promotion of pernicious foreign interests, best intentions gone awry, and plain incompetence! International partners' insistence on promoting their own national interests in mineral development agreements that were in contravention of Liberia's Mining Law, the lack of transparency and the inability of line agencies to formulate strategies to deal with the new challenges brought about the circumstances that existed then.

The 1986 Constitution bestows ownership of all mineral resources to the state. The New Mining Law of 2000 (promulgated in 2005) reiterates state ownership of all mineral resources, and provides an exploration and licensing system for mining. An amendment, Chapter 40 of the 2004 New Mines and Mining Law, added controls on the export, import and transit of rough diamonds. The mining law also provides guidelines for the mitigation of adverse effects of mining or prospecting on the physical environment and the prevention of mining related accidents and health hazards.

Presently, Liberia has settled for an auction route for concessioning of its mineral assets, and the auctions are conducted under the country’s Public Procurement and Concessions Act (PPCA). The auctions have been conducted against developmental criteria that embrace investment, value addition, infrastructure, linkages, competitive pricing of mineral products and government revenue. For example, iron-ore rights were sold to the Chinese for US$ 2.7bn. The end result has been an increase in employment levels in Liberia.

The auctions take place within a framework of the technical and financial capacity of the bidders to undertake the development of the resources and the price of the discovery, which is paid in advance along with a rent tax.

Areas with no known mineral deposits go through a standard two-year and three-year exploration licensing procedure, with 25-year licences being granted under a mineral development agreement (MDA). The PPCA of 2005 requires that all State assets be concessioned in a transparent and competitive manner.

In essence, mining licences are public-private partnerships, in which a State-owned mineral asset is leased for development by the private sector for 25 years. However, the asset is not returned to the State at the end of the lease, but is consumed, which is why minerals carry a royalty and a resource rent tax.

Further, to build the nation's capacity in the mineral sector, the GEOSERRA project was set up with the objective of enhancing education in geology at the universities of Liberia and Sierra Leone. The GEOSERRA project focuses on geosciences infrastructure, of which the universities and their geological departments are a vital part, in order to deliver geological knowledge and expertise to enable environmentally friendly mineral development.

Source: Liberia Ministry of Land, Mines and Energy; 2010

Box 12: Lessons for South Sudan from Liberia’s Mineral Sector

In order to guide actions geared towards enhancing South Sudan's national competitiveness, it is recommended that the country formulates and implements a national competitiveness policy framework to be anchored on the following policy and institutional considerations:

- **Design and implement sound macro-economic policies by strengthening macro-economic management in relevant institutions, that involves minimizing budget deficits to reflect priority spending, ensuring price stability while at the same time avoiding administrative controls of prices;**

- **Develop infrastructure for competitiveness that entails specific strategies and programmes for public private partnerships; building technical capacity in road fund management and project management, including procurement, simplified and harmonized customs procedures at the border points, particularly in Nimule. This will help address the high transport costs, numerous checkpoints and roadblocks and related illicit trade and payments, and inefficient and multiple tax system and other barriers to trade;**

- **Enhance the role of the private sector, particularly SMEs in defining and implementing the nation's competitiveness agenda: The SMEs should be empowered to approach policy dialogue from a point of strength not weakness, by strengthening their capacity to access knowledge, productive resources such as land and credit as well as training in order to present evidence based policy positions. It should also involve proactive engagement of the private sector through associations like the South Sudan Chamber of Commerce Industry and Agriculture;**

- **Address the high levels of Informality in the business sector: This will entail providing information on business licensing procedures and increase transparency in order to reduce opportunities for corruption; improving communication channels between the informal business community and the government; fostering increased formalization and, reducing vulnerability and exclusion through the development of cooperatives and business organisations which can access credit and technology;**

- **Create opportunities for trade diversification and market access: There is need for political will to diversify the economy from oil to high quality value added goods for export and assist enterprises in the marketing and distribution of their products and in expanding into new markets. Further, the government, in collaboration with the private sector should introduce measures to increase awareness of the opportunities and benefits of existing preferential market access agreements;**

- **Build institutional capacity for policy design and implementation: There is need to strengthen the capacity of the public sector to effectively design, implement and monitor national initiatives geared towards sustainable competitiveness;**
**Policy Recommendations**

**Strengthen information management and dissemination systems:** Efforts should be made to institute a mechanism for regular collection and processing of relevant statistics that will have an impact on the competitiveness of the country, as well as its dissemination to end users, through recognized media.

**Build Human Resources:** Business education should be provided at all levels within the education system (primary, secondary and tertiary levels) with a view to nurturing a business culture at all levels of society. In particular, the government should invest more in science and technology, including ICT and digital technologies in support of business, industrial development and improved competitiveness; and,

**Create Export Readiness for Sectors with Export Potential:** To realize the short to medium term growth potential of key sectors of the economy that have export potential, (agriculture, forestry, fisheries, and mining sectors), it is important to establish sectoral institutional structures and systems within the responsible ministries to undertake further research into unlocking the export potential of certain sectors and institute measures that will enhance market access and value addition within the sectors.

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United States Chamber of Commerce (2011); Africa Business Initiative

United Nations Development Programme (2010); State Building in South Sudan: The UNDP Experience


Annex I: List of Persons Interviewed

Mr. Steven Matatia. Director General of Trade, Ministry of Commerce, Industry and Investment.

Mr. Daniel Ggwagwe, Research Department, Central Bank of South Sudan.

Mr. Charles Anyama. South Sudan Chamber of Commerce, Industry and Agriculture.

Ms. Mary Akech. Private Sector Development, Ministry of Commerce, Investment and Industry


Mr. Charles Jonacis. Inspector of Government Vehicles, Juba Dry Port


Mr. Jimmy Mitala. Head of Customs, Oraba border post (Uganda).

Major Akaitong. Deputy Director, Juba Customs.

Mr. Daniel Kakaire. Uganda Revenue Authority (URA).

Mr. Okria Patrick. Clearing Agent, Bibia border post

Mr. Tony Akech. Head of Statistics team, Nimule Border Post.

Mr. Thomas Yakani. Head of Statistics Department, Kaaya border post.

Mr. Oliver Latiyo. Deputy Chief of Customs, Kaaya border post.

Dr. Elijah Makala, Food and Agriculture Organization; South Sudan

Ms. Jean Kyazze, International Finance Corporation; South Sudan

Mr. Alfred Sokiri, Investment Promotion Centre

Mr. John Choi, Commissioner, Ministry of Agriculture and Forestry
Annex II: Baseline Data on Some Large-Scale Agriculture Investments that are Either Planned or Underway Across the Ten States of South Sudan.
## Annex II: Baseline Data on Some Large-Scale Agriculture Investments that are Either Planned or Underway Across the Ten States of South Sudan

<table>
<thead>
<tr>
<th>Project Proponents</th>
<th>Nationality</th>
<th>Size (Ha)</th>
<th>Locality</th>
<th>Land Owner</th>
<th>Lease Period (year)</th>
<th>Date Started</th>
<th>Target Market</th>
<th>Location</th>
<th>Target Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian Economic Development for Southern Sudan</td>
<td>Canadian</td>
<td>12,300 trial planting on 105 ha</td>
<td>Juba (CES)</td>
<td>Government</td>
<td>No lease</td>
<td>2009</td>
<td>Local</td>
<td>Juba (CES)</td>
<td>N/A</td>
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<tr>
<td>Mattam Group</td>
<td>Ugandan</td>
<td>500,000</td>
<td>To be determined</td>
<td>To be determined</td>
<td>No lease</td>
<td>N/A</td>
<td>N/A</td>
<td>Juba (CES)</td>
<td>N/A</td>
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<tr>
<td>South African American Commercial Development (AADC)</td>
<td>Southern Sudanese</td>
<td>40,000</td>
<td>To be determined</td>
<td>Community</td>
<td>No lease</td>
<td>N/A</td>
<td>N/A</td>
<td>Juba (CES)</td>
<td>N/A</td>
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<tr>
<td>Joint Aid Management (JAM) African American Commercial Development</td>
<td>Southern Sudanese</td>
<td>3,000</td>
<td>To be determined</td>
<td>Community</td>
<td>No lease</td>
<td>N/A</td>
<td>N/A</td>
<td>Juba (CES)</td>
<td>N/A</td>
</tr>
<tr>
<td>Yen Thomb Group</td>
<td>Southern Sudanese</td>
<td>3,000</td>
<td>To be determined</td>
<td>Community</td>
<td>No lease</td>
<td>N/A</td>
<td>N/A</td>
<td>Juba (CES)</td>
<td>N/A</td>
</tr>
<tr>
<td>Yen Thomb Group</td>
<td>Southern Sudanese</td>
<td>1,260</td>
<td>To be determined</td>
<td>Community</td>
<td>No lease</td>
<td>N/A</td>
<td>N/A</td>
<td>Juba (CES)</td>
<td>N/A</td>
</tr>
<tr>
<td>Egyptian Irrigation Scheme</td>
<td>Egyptian</td>
<td>16,800</td>
<td>North River</td>
<td>Community</td>
<td>32</td>
<td>2010</td>
<td>Mixed</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Aweil Rice Scheme</td>
<td>Southern Sudanese</td>
<td>6,300 trial planting on 144 ha</td>
<td>Aweil West (NBEG)</td>
<td>Government</td>
<td>No lease</td>
<td>2008</td>
<td>Local</td>
<td>Aweil West (NBEG)</td>
<td>N/A</td>
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<tr>
<td>Southern Sudanese</td>
<td>Community</td>
<td>1,200</td>
<td>To be determined</td>
<td>Community</td>
<td>No lease</td>
<td>2007</td>
<td>Mixed</td>
<td>Aweil West (NBEG)</td>
<td>N/A</td>
</tr>
<tr>
<td>Tonj East Agricultural Cooperative</td>
<td>Southern Sudanese</td>
<td>400</td>
<td>To be determined</td>
<td>Community</td>
<td>No lease</td>
<td>2010</td>
<td>Local</td>
<td>Tonj East Agricultural Cooperative</td>
<td>N/A</td>
</tr>
<tr>
<td>Jarch Management Group</td>
<td>Sudanese</td>
<td>2,730</td>
<td>To be determined</td>
<td>Community</td>
<td>N/A</td>
<td>2009</td>
<td>N/A</td>
<td>Aweil West (NBEG)</td>
<td>N/A</td>
</tr>
<tr>
<td>Toch Chol</td>
<td>Sudanese</td>
<td>2,730</td>
<td>To be determined</td>
<td>Community</td>
<td>N/A</td>
<td>2010</td>
<td>N/A</td>
<td>Aweil West (NBEG)</td>
<td>N/A</td>
</tr>
<tr>
<td>Crop Production</td>
<td>Sudanese</td>
<td>800,000</td>
<td>To be determined</td>
<td>Community</td>
<td>N/A</td>
<td>2010</td>
<td>N/A</td>
<td>Aweil West (NBEG)</td>
<td>N/A</td>
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<tr>
<td>Joint Management Group</td>
<td>Sudanese</td>
<td>105,000</td>
<td>To be determined</td>
<td>Community</td>
<td>N/A</td>
<td>2010</td>
<td>N/A</td>
<td>Aweil West (NBEG)</td>
<td>N/A</td>
</tr>
<tr>
<td>Paste Sudi Bino Sabi</td>
<td>Sudanese</td>
<td>105,000</td>
<td>To be determined</td>
<td>Community</td>
<td>N/A</td>
<td>2010</td>
<td>N/A</td>
<td>Aweil West (NBEG)</td>
<td>N/A</td>
</tr>
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<th>Land Owner</th>
<th>Lease period (years)</th>
<th>Date started</th>
<th>Target Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citadel Capital (equity firm) Sudan Egyptian Agricultural Company (SEAC) Concord Agriculture</td>
<td>Egyptian, Egyptian, Australian</td>
<td>105,000</td>
<td>Gwir, Paring (Unity)</td>
<td>Community</td>
<td>25</td>
<td>2009</td>
<td>Priority to local markets in short term. May export in the future</td>
</tr>
<tr>
<td>Numerous Private Individuals</td>
<td>Egyptian, Australian (Union)</td>
<td>470,400</td>
<td>Renk, Manyo, and Melut in Upper Nile State</td>
<td>Both government and community</td>
<td></td>
<td></td>
<td>Primarily North and South Sudan</td>
</tr>
</tbody>
</table>

Source: The New Frontier, written by David K. Deng and researched by GADET-Pentagon and the South Sudan Law Society on behalf of the Norwegian People’s Aid (NPA).
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