

CPIA Detailed Report

Country: South Sudan

Exercise Year: CPIA Exercise 2023

Currency: South Sudanese Pound (SSP)

City: Juba

Income Group: Low income

Lending Category: IDA

Final CPIA Score: 1.999

(A) Economic Management

Cluster Score: 2.167

01. Fiscal Policy

Criteria Score: 2

1. Fiscal Policy

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

South Sudan fiscal policy framework aims at ensuring fiscal consolidation in line with its Public Financial Management reforms roadmap and commitments made under the Staff-Monitored Program supported by

the International Monetary Fund (IMF). Budget spending structure has remained unchanged in the past two years, with 48% of the resources allocated to government operations (salaries, goods and services, and capital expenditures) while 52% for mandatory payments (peace implementation, loan repayments, and transfer to state governments and counties). The government also made strides to increase social sector spending with allocation to education sector increasing by 1.2% in 2022/23 compared to 2021/22.

Domestic revenue mobilization was the government's main strategic thrust in recent years. Taxes on the non-oil sector in South Sudan, mostly corporate profits, and sales taxes, have until recently yielded little revenue but the picture is changing. Partly thanks to reforms at the National Revenue Authority (NRA) supported by the African Development Bank, there has been significant recent progress in revenue collection. The reforms have included the preparation of a 5-year strategic plan, 2022-27 focused on reducing the share of oil revenue to 50% of total revenue (10 percent of GDP); e-tax system that provides a portal for online registration, filing and payment; revision of the tax exemption (currently 20% of gross customs revenues on average); creation of a non-oil revenue forecasting model; establishment of the cash management unit; and the merger of the Customs Department with the NRA. As a result, in the 2021/22 fiscal year, for example, non-oil revenue increased to eighty billion South Sudanese Pounds (SSP) (equivalent to US\$95 million) a ninefold increase in non-oil revenue since 2016, when the NRA started operations. In April 2023, the NRA announced that it had exceeded its monthly target collection of non-oil revenue of 17 billion SSP by close to 3 billion SSP.

Furthermore, the Government has embarked on fiscal consolidation, including removing ghost workers from the payroll, implementing technical tools to support cash forecasting, and preparing an annual borrowing plan as part of the budget cycle. It has also embarked on the verification of the current stock of arrears, while developing a credible strategy to clear them.

A positive fiscal outlook for South Sudan is contingent on good oil prices, an uninterrupted oil production and the pace of domestic fiscal consolidation. The ongoing military conflict in Khartoum and other parts of Sudan has raised significant risks for South Sudan's oil evacuation and its economy more broadly. Before that, the consensus view was that the ongoing fiscal consolidation in South Sudan, accompanied by high oil prices, portended a clearly positive fiscal outlook, although now with a higher degree of uncertainty. The Ministry of Finance and Planning projects revenue to average 33% of GDP during 2021-25, while it projects spending to decline to 31% of GDP over the same period – implying a fiscal surplus of 3% and 6.8% of GDP in 2022/23 and 2023/24, respectively. However, this more optimistic outcome includes higher revenue projections following the end of the Transitional Financial Arrangement with Sudan in June 2022.

On the other hand, data from the African Development Bank indicated that real GDP contracted by an estimated 2.9% in 2021/22 from a contraction of 4.9% in 2020/21 driven by reductions in oil production. The industry sector was the leading contributor to the real GDP growth contraction (-0.6 percentage points) in 2021/22, driven by the drop in oil production. The agriculture sector, which contributed -0.1 percentage points to the growth contraction, was affected by floods and drought. On the demand side, the growth contraction was driven by net exports (-1.3 percentage points) due to lower oil production. South Sudan's overall and external debt remains sustainable but with a high risk of debt distress.

02. Monetary Policy

Criteria Score: 2.5

2. Monetary Policy

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

The key characteristic of recent monetary policy in South Sudan has been the Government's avoidance of monetary financing of the budget deficit which helped to lower inflation and stabilize the exchange rate. The stance was, however, temporarily waived by the Government during the COVID-19 pandemic when monetary financing, which raised domestic debt by 5%, proved unavoidable. While payments arrears have receded, they could reappear in the absence of instruments to smoothen public expenditure during revenue shocks. As part of efforts at deepening the financial sector, the Government plans to introduce credible financing instruments, such as treasury bills of various vintages. In October 2022, a Term Deposit Facility was introduced with maturities of 14 and 28 days, respectively.

The Bank of South Sudan (BoSS) has tightened its monetary policy to control inflation since 2022. It raised the policy rate from 10 to 12 % in 2022/23, increased the reserve requirements ratio to 20% since February 2022, and doubled the cash reserve ratio to 20% (Bank of South Sudan). Furthermore, it announced that while preparing to transition to an interest-rate based monetary policy in the medium to long term, its monetary policy would be based on reserve money targets, with a 10% growth target for 2021. The latter aims at addressing money supply that grew by 47% in 2021/22 compared to 35% in 2020/21, driven by net foreign assets. Reduced monetization of the fiscal deficit and lower food prices reduced inflation to an estimated 0.9% in 2021/22 from 43.5% in 2020/21 (AfDB AEO note, 2023). Inflation is projected to increase to 16.5% in 2022/23 driven by higher food prices because of Sudan war and disruption of supply chains in part due to drought and the Russia's invasion of Ukraine. Furthermore, according to data from AfDB (AEO, 2023). In the medium to long term, inflation is projected to decline to 10.9 as government continue to implement tight monetary policy. The ongoing military conflict in Khartoum and other parts of Sudan has raised significant risks for South Sudan's oil exports and its economy more broadly. Before that, the consensus view was that the continuing fiscal consolidation in South Sudan, accompanied by high oil prices, portended a clearly positive fiscal outlook, although now with a higher degree of uncertainty.

With IMF support, the BOSS has reiterated, in March 2023, its commitment to foreign exchange policy reforms focusing on unification of all exchange rates. The exchange rate reforms have been successful in reducing the sharp depreciation of the local currency but sustained macroeconomic policy coordination is necessary to contain inflationary pressures. The measure to maintain unified exchange rates that has eliminated previous distortions helped to eliminate a premium of over 200% between the official and parallel market exchange rates. The introduction of the term deposits in October 2022 indicated above, has greatly contributed in reducing the said gap. Furthermore, the BoSS also continues to perform weekly auctions to commercial banks and forex bureaus in its bid to stabilize the rates. For instance, about USD 10million was auctioned in June 2023 as an ordinary short-term policy measure to stabilize the

skyrocketing exchange rate.

03. Debt Policy

Criteria Score: 2

3. Debt Policy

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

South Sudan's overall and external public debt remains sustainable but with a high risk of debt distress according to the March 2023 IMF/ World Bank debt sustainability. The present value of public debt to GDP was estimated at 53.8% in 2021/22, above the 30% threshold under the baseline scenario, with debt service-to-revenue ratio increasing to 36.9% in 2021/22 from 16.9% in 2020/21 against the 14% threshold due mainly to debt service for loans contracted on non-concessional terms.

In terms of debt decomposition, external public debt was US\$2.77 billion, 80% of total debt (or 54% of GDP). Surprisingly for a low-income country, the bulk of public external debt (70%) is either commercial or highly non-concessional: from Qatar National Bank (17%), Afreximbank (14%), oil companies (16%) and other entities. Domestic debt accounts for 20% of the total debt. The remaining 30% of external debt is owed to the IMF (11%), AfDB (1%), IDA (2%) and China Exim Bank (11%). As noted earlier, the Government used its Special Drawing Rights (SDR) allocation and part of the Rapid Credit Facility (RCF) from the IMF to reduce public sector arrears, including salary arrears to civil servants.

Going forward, the public debt management system will have to be anchored on a medium-term fiscal framework that seeks concessional resources, prioritizes efficient public investment, and optimizes the use of oil resources. Non-concessional resources have been easy to acquire in the past, with the expectation of sustained high oil prices, but have led to a debt trap. First, the Government must avoid the practice of oil advances. Although such financing might suggest that it holds the initiative, the unpredictability of oil price movements makes this a very hazardous practice. Second, prudent monetary and fiscal policies are the key means for containing external shocks, managing debt, and preventing its escalation. Recent PFM reforms, including a Treasury Single Account, will raise efficiency in the public sector and positively impact debt dynamics in the medium term. Furthermore, the government with support from the UNDP and USAID, has conducted a study on stock of external debt and domestic areas, respectively. In addition, the Bank is supporting the government to prepare a debt management strategy.

(B) Structural Policy

Cluster Score: 1.833

04. Policies and Institutions for Economic Cooperation, RI and Trade

Criteria Score: 1.833

4.a. Regional Integration and Economic Cooperation

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

South Sudan is committed to strengthen regional economic cooperation and support regional integration initiatives. Its multi-regional organizations memberships in East African Community (EAC), Common Market for East and Southern Africa (COMESA), Intergovernmental Authority on Development (IGAD) are testimonies of such support.

Integration within IGAD in early 2016 allowed South Sudan to become a member of the East African Court of Justice. Membership to EAC was viewed by the government as an opportunity to access to a big close-by market; increase exports; access to cost-effective imports (notably food); and eliminate non-tariff barriers. To this end, the Government drafted an EAC Integration Policy to help weave the regional integration mandate into domestic strategies and institutions, but it is still in draft form. It also developed a comprehensive system of indicators, with targets, to monitor and evaluate what South Sudan wished to "reap" from the EAC.

As indicated above, South Sudan belongs to COMESA, and, hence, is also a member of the Tripartite Free Trade Area. The latter, which seeks to consolidate the market regimes of the EAC, COMESA, and Southern Africa Development Community (SADC), comprises twenty-nine countries and over 740 million consumers. The USD1.3 trillion market represents more than half of Africa's GDP. South Sudan has already established trade collaboration with Malawi and South Africa – countries not in its immediate neighborhood. It worth indicating that South Sudan's main trading partners in the region are Kenya and Uganda with which its shares border, with main products including livestock and food items notably grains, among others. South Sudan signed but has not yet ratified the African Continental Free Trade Area agreement or joined the WTO as a full member. However, as a member of IGAD, the country features prominently in the region's infrastructure frameworks and programs, including those focused on regional

transport corridors (i.e., the Kampala-Juba-Addis Ababa-Djibouti Corridor) and power interconnectors.

South Sudan also joined the Horn of Africa Initiative (HoAI) in June 2022. The HoAI is a special initiative driven by the participating countries and facilitated by development partners (DPs- AfDB, EU and World Bank). It is aimed at deepening regional economic integration, tackling fragility, and enhancing resilience to foster peace, stability and improve the living standards of the people of the Horn. By joining the HoAI South Sudan has an opportunity to coordinate with its neighbours and the DPs to develop the requisite infrastructure to deepen integration, grow trade, boost resilience to climatic and other shocks and develop its human capacity. Some of the strategic infrastructure on which South Sudan can collaborate with its neighbours include the Kampala-Juba-Kaopeta-Nadapal road corridor linking to Kenya through the LAPSET and Northern Corridors, or Kaopeta to Raad, linking with Ethiopia and the Port of Djibouti.

According to the African Regional Integration Index 2019, efforts are required to integration. South Sudan's overall regional integration score within the EAC was 0.134 (of 1), compared to the EAC average of 0.537. Scores on five dimensions of integration were equally low: 0.117 for trade integration (EAC average of 0.44); 0.073 for productive integration (0.434 for EAC); zero score for macroeconomic integration (0.66 for EAC); zero score for infrastructural integration (0.555 for EAC).

In terms of trade, South Sudan's performance remains low, with an overdependence on oil exports. In 2021, South Sudan was the number 167 economy in the world in terms of total exports and the number 181 in total imports. South Sudan's export sector has been highly concentrated, petroleum oil accounting on average for about 99% of yearly export revenue.

The ongoing military conflict in Khartoum and other parts of Sudan has raised significant risks for South Sudan's oil exports, trade and its economy more broadly. Trade at the northern border with Sudan has been affected resulting in high cost of goods and services. South Sudan's imports are from its neighbours, notably Kenya and Uganda but capital goods and cars are mostly from the EU, Japan and China. South Sudan imports services, averaging US\$700 million per year, most (two-thirds) destined for the oil sector.

4.b. Trade restrictiveness

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

The government has expressed its commitment to ratify protocols as part of its membership to the EAC and other regional bodies. To date, about 25% of the protocols have been ratified but implementation lags

owing to institutional capacity gaps. For instance, South Sudan has not yet established a National Notification Authority or National/TBT Enquiry Points required under the transparency obligations of the sanitary and phytosanitary (SPS) and Barriers to Trade agreements. South Sudan needs to digitize the issuance of phytosanitary certificates to exporters by adopting an electronic phytosanitary (e-phyto) certificate system to reduce non-Tariff Barriers (NTBs). There is, however, limited scope for calibration of such services in the country today, as domestic TBT/SPS-related regulations and legislative frameworks are still works in progress. Moreover, the National Bureau of Standards needs time and resources to reach international standards.

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South Sudan has not adopted the EAC's custom's standard legal framework (EAC Customs Management Act) and is conducting a diagnostic evaluation of the CET's implications before a firm decision on adoption is reached. The Government fears that given South Sudan's low capacity for import substitution, switching to the CET would mostly increase prices for its imports, notably food, from outside the EAC without an adequate compensating reduction in the demand for imports from outside the Community. The first schedule of the 2020 version of the EAC CET (East African Community, 2022) has three bands: 0, 25, and 35% (covering raw materials and capital goods, intermediate goods, and final consumption goods, respectively) while its second, covering "sensitive items" (SI), has rates ranging from 50 to 100% – South Sudan retains a four-band tariff structure: 5, 10, 15, and 20%. The implications of a shift to CET for South Sudan are stark: for example, tariffs on imported animal products (meat) and food products would rise to 35 % (from 5 %). However, items on the SI schedule would command even higher tariffs, notably rice (from 10 to 75%) and raw sugar (from 5 to 100 %). These two items amount to 10% of total imports, and the reduction in demand would hit customs revenue by an estimated US\$ 8 million, about 4% of total non-oil revenue.

In terms of taxation, an overall tax burden in South Sudan is 28.7% of pre-tax profit driven by multiple numbers of taxes that need to be paid at different time over the year to national and local government agencies. The government tax on all imported goods is fixed at 4% while tax on imported food items is at 2% as stipulated in the 2016 Taxation Amendment Act, which replaced the 2009 Taxation Act. Other applicable import duties comprise excise (0-300%), VAT (18%) and withholding tax (10-20%). Excise tax is levied on goods produced in South Sudan (which includes alcoholic beverages; tobacco products, fuels, and vehicles); the import of excisable goods into South Sudan; and the provision of excisable services in South Sudan. The Finance Act 2019/20 (Schedules 1 and 2) maintained the same excise and customs duties from FY 2018/19. Customs duties are predominantly below 10%.

The government has prepared an updated Diagnostic Trade Integration Study in 2022. The study recommended, among others, the need to review Tax Policy Regime in line with the National development objectives and commitment in the Regional and multilateral Trade regime.

4.c. Customs/trade facilitation

Score Type	Value
Draft Score	1.5
Reviewed Score	1.5
Second Draft Score	1.5
Final Score	1.5

Country Notes:

Trade facilitation and customs reforms are critical in terms of revenue generation from trade taxes and to enable the efficient and competitive movement of goods. Nonetheless, South Sudan trade facilitation is constrained by lack of transparency and corruption. For instance, it scored 2 in the 2021 Bank's Country Policy and Institutional Assessment in terms of transparency and accountability in public sector. Furthermore, The country was ranked 178 out of 180 countries in the 2022 Transparency International Corruption Perception Index. While corruption remains a challenge, 1. South Sudan's government is keen to improve the country's overall corruption to improve service delivery. For instance, the government is reviewing its Anti-Corruption Commission Act 2009 (amendment) bill 2023 which is at the parliament for approval with high probability. The bill represents government's efforts to address corruption issues. For instance, Chapter IV of the said amendment bill-Investigation, search, and seizure, empowers the Commission to investigate allegations, facts, conditions, among others. It further empowers the Commission to conduct public inquiry either in public or private depending on whether it is in the public interest to do so. In addition, a new Chapter VI- Prosecutorial Powers, was introduced to empower the Commission to investigate and prosecute corruption cases in accordance with the Constitution; and to arrest and detain a person in accordance with its powers at any designated premise.

Over the past years, South Sudan Customs Services have also made some progress with the implementation EAC provisions. In particular, the Single Administrative Document, the One Stop Border Post and a limited system of Rules of Origin are already operational. The country is moving to ensure that the activities of agencies involved in the clearance of cargo at ports and borders are centralized through a single window system at designated one-stop border posts. By 2018, the EAC had completed the construction of eleven (11) One-Stop Border Posts (OSBPs) operating on a 24-hour basis, with the construction of several others on-going including at Nimule crossing between Uganda and South Sudan, to fast-track cross border movement of goods and services.

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While ICT is crucial and important in providing enabling environment to facilitate trade and investment, South Sudan faces a challenge of low connectivity and weak communication infrastructure which is essential to facilitate trade.

The government is making strides to improve customs trade regulatory and facilitation system. For instance, it is developing a risk -based approach to tackle illicit trading and support the development of modern customs administration that operates in accordance with regional and international standards and best practices. Another is the amendment of customs legislation and regulations to ensure the regulations facilitates.

Partners such as JICA have supported the government through technical assistance to Customs Services with the adoption of the Harmonized System (HS) Code in preparation for migration to the ASYCUDA system and training of customs officials to allow improved efficiency in goods clearance and alignment with EAC partners.

05. Financial Sector Development

Criteria Score: 1.667

5.a. Financial stability

Score Type	Value
Draft Score	1.5
Reviewed Score	1.5
Second Draft Score	1.5
Final Score	1.5

Country Notes:

South Sudan's financial sector has considerable potential, but it is still small, dominated by retail commercial banking, and focused on financing quick-return and low-risk businesses such as trading, and the hospitality industry. In a high inflation environment, lending rates suggest that real interests have mostly been negative during the past decade, which implies in turn that banks have rationed credit, with a sizeable amount going to the public sector. In 2018, there were 30 commercial banks in the country including 8 foreign banks with headquarters in Ethiopia, Kenya, South Africa, Uganda, Togo, and Qatar. By 2022, after the Central Bank revoked 2 bank licenses, there were only 28 commercial banks left in the country.

Many banks are currently non-compliant with the Central Bank's minimum reserve requirement of 20%. In addition, many domestic banks are heavily undercapitalized. In terms of asset quality, the ratio of non-

performing loans (NPL) ratio stood at 14% of total gross loans in December 2022 up from 9% in December 2021, against the 20% statutory requirement due to high spread and income losses. To avoid elevating NPLs further, commercial banks are targeting their lending to known clients or confine their activities to foreign exchange trading. Furthermore, the financial sector in South Sudan is exposed to risks due to high bank concentration, with prohibitive lending rates and offering only a limited range of financial products. Other persisting challenge including high inflation partly due to Sudan's war, and currency depreciation.

Nonetheless, the Central Bank is reviewing its banking act to enforce further regulations and ensure soundness of the sector. Furthermore, will proceed to enforce the publication of audited financial statements by all commercial banks operating in South Sudan and, to enhance transparency, it has also commenced the regular publication of quarterly Financial Soundness Indicators (FSI) for South Sudan's banking sector on its website.

5.b. Sector's efficiency, depth, and resource mobilization strength

Score Type	Value
Draft Score	1.5
Reviewed Score	1.5
Second Draft Score	1.5
Final Score	1.5

Country Notes:

South Sudan's financial system is diversified in terms of commercial banks but access to financial services by household remains limited. Mobilizing resources through more sophisticated instruments via capital continues to be a challenge due to lack of a stock exchange. High lending rates (averaging 16.1% in 2022) remained a challenge for capital investment thus affecting lending to the private sector. This is often justified by several factors including absence of adequate laws and lack of collateral. Nonetheless, credit to the private sector increased to 16% of GDP in September 2022 against 6% in 2021 as the Central Bank maintained its reference policy rate at 15%. Meanwhile, the interest rate spread stood at 17.75% in November 2022, compared to 15% in the previous years, reflecting limited competition in the banking sector. While the Central bank is making efforts to improve the sector efficiency by introducing term deposits, the lack of confidence from commercial banks remains a low hanging fruit.

5.c. Access to financial services

Score Type	Value
Draft Score	2.0

Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

Access to formal financial services remains a challenge, leaving a significant portion of vulnerable populations excluded from crucial financial systems. In this context, microfinance institutions offer a vital solution by providing small loans, savings accounts, and insurance products. These services play a pivotal role in empowering individuals and small businesses to invest in income-generating activities and establish economic resilience.

In the case of Small Medium Enterprises about 80% of businesses say they need financing, particularly loans. Yet only 17% applied for a loan, mainly because they thought their application would not be approved. Currently, 51% of companies have low to medium knowledge of these processes. These knowledge gaps are greatest for small businesses and those located in Bahr el Ghazal.

Mobile technologies have become a valuable tool for financial mobilization in recent years in South Sudan, though at its infancy. The introduction of mobile money in South Sudan has allowed development organizations to distribute cash assistance through mobile channels. Humanitarian organizations have gradually substituted in-kind donations for cash disbursements, as preferred by beneficiaries. Moreover, four million people, more than 30% of the population, had access to a mobile phone in 2018 and their number has increased since.

In 2022, MTN started offering mobile banking services in South Sudan. Commercial banks have also started tolling out mobile financial services. But the still inadequate telecommunications infrastructure, with a patchy network, has meant that the impact on access to credit for the underserved is still relatively modest.

06. Business Regulatory Environment

Criteria Score: 2

6.a. Regulations affecting entry, exit, and competition

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0

Final Score	2.0
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Country Notes:

South Sudan's Revitalized Transitional Government of National Unity acknowledges the critical role of private sector as engine of growth and is making efforts to attract foreign direct investment. However, the sector is comprised mainly of micro, small, and medium enterprises, business associations and cooperatives. According to the Directorate of Business Registration at the Ministry of Justice in 2022, there are an estimated 30,000 companies registered. The private sector faces several bottlenecks such as inadequate infrastructure, skills shortages, capacity to develop bankable climate finance proposals, and limited access to capital and high lending rates, which hold back its contribution to economic transformation. The business climate is also affected by underfunded legal system and riddled with corrupt practices, laws and policies are not enforced consistently or equitably and the government exercises arbitrary power in contract dispute litigation. Lastly, the Bank Private Sector profile 2022 competitiveness matrix rated the overall score on competitiveness 1 out of 3 (1-low and 3-high) in terms of state of competition (i.e., competition policies, protectionism laws, distribution strategies, and state-owned enterprises).

South Sudan was ranked 172 out of 190 countries by the World Bank 2020 EODB on ease of starting a business. Registering a business is a cumbersome, and expensive processes to register and formalize businesses and a complex tax system that leaves businesses at risk of paying multiple taxes and fees. The total number of procedures to register a firm is 12 procedures and takes 13 days to register the firm. The institution in charge of business registration is the Business Registry. The process starts with reserving a unique company name; preparing the company documents with a lawyer; paying the fees and obtaining the Certificate of Incorporation from the Business Registry; obtaining an Operating License; obtaining a Trading License; Inspection by the Payam; registering with the Ministry of Finance and requesting a Tax Identification Number (TIN); Inspection and delivery of the TIN number; registering with the Chamber of Commerce; registering with the Ministry of Labor; opening a separate bank account for social security payments; and, obtaining a company seal. For instance, there are 7 to 10 steps in the business registration process as indicated. The Ministry of Justice has a business registration website, but a foreign investor may still require local counsel to register the business and obtain an investment certificate. The country does not review transactions for competition/antitrust concerns. Given the lack of commercial courts, there is little information about the rights of creditors in practice despite the country's 2011 Insolvency Act

The World Bank Doing Business ranked South Sudan 171 in the ease of getting a permit lower than what previously obtained. It takes between 131 days and 23 procedures to obtain permits. The requirements for obtaining a building permit are not easily accessible. According to the World Bank EODB report, resolving insolvency framework provides that a creditor or debtor has the right to object to decisions accepting or rejecting creditors' claims. The insolvency framework provides for the possibility of the debtor obtaining credit after the commencement of insolvency proceedings.

Despite these challenges, the government is making stride to improve the business environment. For instance, in the telecommunication sector, it introduced the Country Mobile money, which has created more employment for the youth. In addition, there is also a Fiber Optic internet connection between Uganda and Juba, which is currently managed by Liquid Telecom, providing headroom for industrialization. The government is also reviewing its Anti-Corruption Commission Act 2009 (amendment) bill 2023. Furthermore, the Bank is also supporting South Sudan by providing technical assistance and

capacity building to the Financial intelligent Unit. Furthermore, the Ministry of Justice created a business registration portal in 2021 for registering businesses, although the interconnection with the one stop shop is unclear and there are no statistics for the registration timeline and the level of automation offered.

As peace and stability prevails, there are several investment opportunities in various sectors such as renewable energy, agriculture, industrial diversification, road transport among others.

6.b. Regulations of ongoing business operations

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

South Sudan legal system is a combination of statutory and customary laws. There are no dedicated commercial courts and no effective arbitration bodies to handle business disputes. The only official means of settling disputes between private parties is civil court. Enforcement of judgements and awards is weak or nonexistent, leading businesses to seek informal mediation, including through private lawyers, tribal elders, law enforcement officials, and business organizations. Corrupt practices are widespread and undermine pending cases. The lack of a unified, formal judicial system encourages “forum shopping” by businesses motivated to find the venue in which they can achieve the most favorable outcome.

South Sudan signed and ratified the International Centre for Settlement of Investment Disputes Convention (ICSID) Convention on April 18, 2012, and it entered into force on May 18, 2012. But it is not a signatory to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention) and there is no specific domestic legislation that enforces awards under the ICSID convention. There are no official arbitration bodies in South Sudan, and it lacks any dedicated legal framework to enforce foreign judgments, including arbitral awards. As an East African Community (EAC) member, South Sudan is subject to the jurisdiction of the East African Court of Justice (EACJ). The EAC treaty gives the EACJ broad jurisdiction including trade disputes and human rights violations. However, the court only reviews 40 cases annually and results for the South Sudanese legal community have been inconclusive. Hope for Humanity Africa, an advocacy group, sued the government in the EACJ in June 2021 over oil waste mismanagement that allegedly caused health and environmental damage. The EACJ allowed the government to resolve the case through mediation, although there have not been any published results of the mediation.

According to the US Department of State, in theory, the Ministry of Investment has a One-Stop Shop Investment Center, but it is poorly resourced and does not maintain an active website. The ministries that handle company registration include the Ministry of Trade and Industry, Ministry of Investment, Ministry of

Finance and Planning, and Ministry of Justice. There is no single window registration process, and an investor must visit all the above-mentioned agencies to complete the registration of a company. The registration process can take several months with companies routinely approached to provide bribes to move the process forward. Because registering a business in South Sudan is a lengthy, laborious process involving multiple national, state, and local entities, the Chamber of Commerce recommends hiring a local lawyer to register a business.

6.c. Regulations of factor markets (labor and land)

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

The 2009 Land Act and the 2009 Investment Promotion Act both state that non-citizens can lease land for investment purposes. But most land governance institutions operate according to procedures developed in the colonial era, thus there is a wide divergence between law and practice. Ownership of land is generally unclear, with communities and government often claiming the same property. Land grabbing accusations are common. Poor coordination between different levels of government undermines property rights enforcement. Some businesses lease land from the government, while others lease directly from local communities and/or individuals. Under the Land Act, investment in land acquired from local communities must contribute economically and socially to the development of the local community. In practice, land negotiations can take months or years to complete, and businesses will often sign a memorandum of understanding with the local communities in which they agree to employ locals or invest in social services in exchange for use of the land.

Despite these challenges, the government is making strides to reform its land policy. The latter which was developed in 2014 has been reviewed and currently at the parliament for approval. Key proposed reforms include but not limited to; (i) establishment of the land reform unit, (ii) establishment of land registry with support from private sector.

South Sudan has ratified seven of the eight core ILO Conventions, but issues persist regarding freedom of association, the right to strike and child labor. Employment contracts allow for flexible hiring provisions. The South Sudan Act 2017 provides a legal framework for the minimum conditions of employment, labour relations, labour institutions, dispute resolution and provision for health and safety at the workplace, in accordance with the Constitution of the Republic of South Sudan, 2011, and in conformity with the international and regional obligations of South Sudan. Furthermore, the Act also provides clarifications on the working hours (8 am to 5pm), annual leave entitlement, social insurance scheme, maternal and paternal leaves, among others. But they implementation remains a challenge. According to the US Department of State, in South Sudan child labor is rampant. The Ministry of Labor does not enforce child

labor laws. Child labor mostly occurs in the informal economy, which the government generally does not monitor. There are no special labor provisions to attract or retain investment. No formal functioning collective bargaining systems exist. Those seeking resolution of labor disputes must work with the Ministry of Labor, courts, informal mediation, or a combination thereof. Foreign employers report being at a significant disadvantage in such disputes.

(C) Policies for Social Inclusion/Equity

Cluster Score: 2.187

07. Gender Equality

Criteria Score: 2.333

7.a. Promotion of equal access for men and women to human capital development opportunities

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

There is a great disparity among the genders in their levels of education. The enrollment rates for girls are lower than those for boys at all grades. There is also a gap between the urban and the rural. In a study of 490 people, it was recorded that 64% of women and 38% of men have never attended school. The leading cause of lack of education for girls is early marriage, while for boys it is the high cost of school fees

Education is recognized as a fundamental right to all without discrimination. Article 29 (1) of the Transitional Constitution of the Republic of South Sudan provides that Education is a right for every citizen and all levels of government shall provide access to education without discrimination based on religion, race, ethnicity, health status including HIV/AIDS, gender or disability. South Sudan General Education Act 2012 further provides for access to education without discrimination on gender. Section 35 of the General Education Act demands the government to lay a plan of affirmative action throughout the country to redress the past and present discriminatory practices, harmful beliefs and cultures which impede the female learners from attending schools.

Gender inequality pervades all facets of women's lives in South Sudan, partly owing to discriminatory social norms and practices of a still traditional society, but also because those norms and the strict gender roles have come under immense pressure during the past decade. South Sudan ranked 150 of 191 countries in the 2021 Gender Inequality Index (GII). Evidence emanating from IDP camps, refugee contexts, and urban settlements has challenged the traditionally uncontested role of men as breadwinners and household heads and women as subservient. Women have become heads of households in large numbers in both urban and rural areas (the share of female-headed households is now 57%), owing to the death of their spouses or other social disruptions in an often chaotic and fast-moving environment. According to report by UNESCO, the adult literacy rate for South Sudan is lowest compared to other country with a percentage of 34.52%. Of these, 40.26% of male were literate while only 28.86% female were literate yet women being half of the population.

There is a great disparity among the genders in their levels of education. The enrollment rates for girls are lower than those for boys at all grades. There is also a gap between the urban and the rural. In a study of 490 people, it was recorded that 64% of women and 38% of men have never attended school. The leading cause of lack of education for girls is early marriage, while for boys it is the high cost of school fees.

The UNDP's Gender Inequality Index report for 2021 noted that South Sudan has the highest maternal mortality in the world. At 1,150 deaths per 100,000 livebirths, it compares with Sierra Leone (1,120 deaths) and Chad (1,140 deaths), while the average for sub-Saharan Africa is 536 deaths. The 2022 Mo Ibrahim Governance Index shows that South Sudan ranked in the fourth decile in Africa on the issues of socio-economic opportunities for women, (ranked 38 out of 54 countries), equal access to social services (ranked 36 out of 54 countries) and laws on violence against women (ranked 38 out of 54 countries).

For gender equality to be realized in South Sudan, there is need to take deliberate actions towards fair treatment of women, demonstration of political will and high leadership support in ensuring equal and fair treatment of women, promotion free education for women.

7.b. Promotion of equal access for men and women to productive and economic resources

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

Increasing women's economic opportunities is vital for the achievement of the SDGs. Women's economic empowerment is important, not only as a right, but also as a vital requirement for economic growth and improved human development and well-being. Control over economic resources is also linked to women's empowerment in the political and social spheres, as well as their ability to resist GBV. Female-headed households are particularly vulnerable to poverty in South Sudan. Japan International Cooperation Agency (JICA) data show that 57% of female-headed households are poor, compared to 48% of male-headed ones. Women and girls can also face specific vulnerabilities, such as to sexual violence, when they are facing extreme poverty. Women and girls can also face specific vulnerabilities, such as to sexual violence, when they are facing extreme poverty.

In South Sudan, women do not require their husband's permission to open a bank account, obtain credit from a financial institution or register a business. However, discriminatory norms and traditional practices mean that historically, women have not been empowered to exercise these rights, and in practice, they are often not upheld. With the roll out of mobile money some of the challenges encountered by women on issues with Bank Accounts can be addressed, since women can easily access their money through their mobile accounts at their own convenience without any precondition from their husbands.

7.c. Men and women equal status and protection under the law

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

There have been no changes since the last CPIA exercise. South Sudan is committed to supporting gender equality within its development priorities at the national and international levels. Gender equality and empowerment of women is enshrined in the Transitional Constitution and Bill of Rights of South Sudan. Due to the low representation of women within the South Sudan context, the government further increased its commitment to affirmative action by increasing the requirement of women's political representation from 25% to 35% in the Revitalized Agreement on the Resolution on the Conflict in South Sudan Resolution signed in September 2018. However, the current representation of women in the parliament stands at 26.5% (88 out of 332 of seats). The 2017 Labour Act protects women from discrimination in the workplace. South Sudan has acceded to a number of important international instruments for protecting women's rights, such as the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa, and the Convention on the Rights of the Child.

Although they have important roles to play as effective powers on the ground, usually these institutions of traditional authority exclude women, youth, and sometimes the poor. A number of studies have shown that women's access to justice is very much constrained in the customary courts. Their election/selection is not subject to universal adult suffrage and their terms of office are not limited.

Violence, for a long period of time, has been understood to have a gendered impact in South Sudan. Women and girls who are the victims of Sexual Gender Based Violence (SGBV) during conflict are impacted with psychological trauma, Human Immunodeficiency Virus (HIV)/Acquired Immune Deficiency Syndrome (AIDS), social marginalization, and the effects of unwanted pregnancy. These effects undermine the socioeconomic development of women and girls and prevents them from achieving their lifetime goals.

08. Equity of Public Resource Use

Criteria Score: 2.167

8.a. Poverty Measurement

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

The South Sudan National Bureau of Statistics (NBS) is the main institution responsible to produce official statistics in the areas of economic, social, demographic, environmental and any other emerging areas of statistics. To effectively measure the development results, the NBS Department of Monitoring and Evaluation carries out the monitoring and evaluation of the performance and impact of Government projects and policies as well as NBS operations.

South Sudan's legacy of civil war and ethnic conflicts have created a perfect storm for rising poverty and inequality. Its Gini index was 44.1 in 2016. The poverty incidence in urban areas has increased rapidly in recent years to become a potential political flashpoint in towns like Aweil (Northern Bahr-El-Ghazal), Rumbek (Lakes), and Torit (Eastern Equatoria) where poverty rates have reached 90%. In the south of the country, poverty rates are slightly lower but with two-thirds of the population in poverty a major source of socio-economic destabilization.

The poverty headcount for South Sudan was 67.3% in 2016 but had reached 82% in 2022 (compared to 47% at independence in 2011). In comparison, Uganda's poverty was at 30% in 2019 (it has, however, not changed much in a decade). According to World Bank projections based on GDP per capita growth, extreme poverty in South Sudan will continue to increase in the near term, reaching 73% of the population by 2024. Other than regenerating high and steady growth, there is no easy means of reducing poverty in the country.

8.b. Public Expenditures: Priorities and strategies

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

Poverty reduction and improving the living conditions of the people in South Sudan is a key priority for the Government. It has been mainstreamed in all key documents prepared by the government, notably, the National Development Strategy 2021-2024 and the Vision 2040. Nonetheless, the years of internal conflicts have driven and influenced the government's priorities and strategies. Social safety nets programs need such the Civil Service Pension Scheme Bill is being deployed.

Nonetheless, the government needs to balance its priorities vis-à-vis its development strategies. The prioritized sectors in the 2023/24 fiscal year budget have been infrastructure education (representing 32% of total expenditure); education (representing 12.3% of total expenditure), agriculture (representing 3.4% of total expenditure) and health (representing 3% of total expenditure). In a country where humanitarian needs are immense, allocation to the said ministry represents only 0.2% of total expenditure.

8.c. Regressive Tax

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

As previously indicated, South Sudan has a progressive income tax system driven by oil resources accounting for over 90% of total revenue, thus exposing its vulnerability to fluctuations in global oil prices. And the COVID-19 pandemic further revealing such fragility with non-oil revenue contribution to total revenue remaining minimal. As such, there is a need to enlarge the tax base and implement economic diversification strategies. To this effect, with support from its development partner, notably, the African Development Bank, the government launched the non-oil revenue mobilization project and accountability, aimed at enhancing sustainable and improved economic growth through increased domestic resource mobilization and improved accountability in the use of public resources. Furthermore, the government has also taken measures to increase personal income tax rate from 15% in 2018 to 20% in 2019 to boost public revenue mobilization. Meanwhile, a new range of tax rates have been proposed for the corporate income tax, ranging between 15% and 30%.

09. Building Human Resources

Criteria Score: 1.833

9.a. Health and nutrition services

Score Type	Value
Draft Score	1.0
Reviewed Score	1.0
Second Draft Score	1.0
Final Score	1.0

Country Notes:

South Sudan's health system is guided by the Health Sector Strategic Plan 2023-2027 that articulates strategic approaches and interventions for health service delivery, health financing, health information systems, leadership and governance, human resources for health, and access to essential medicines to ensure improved health services. Furthermore, the country also developed the National Action Plan for Health Security (2020-2024) to guide the process of building national capacities to prepare for, prevent, detect, and respond to any public health events of international concern.

Health sector continues to face several challenges and government's remains low. For instance, the FY2023/24 budget allocation to health sector has reduced by 0.3% when compared to FY2021/22 budget. Furthermore, there are no significant changes in health indicators performance. The nutrition status is below the sub-Saharan African average despite the country's potential for growing nutritious food and ready access to fish and meat. Childhood malnutrition remains a major burden: global acute malnutrition is

21% and severe acute malnutrition is 7.6%.

The life expectancy at birth for both sexes at 56 years; neonatal, infant, under-five mortality rates estimated at 39.63, 63.76 and 98.69 deaths per 1000 live births; stunting and underweight rates are 28% and 31% respectively and an increasing maternal mortality ratio of 1,150 deaths per 100,000 live births. The global acute malnutrition (GAM) rate (children under 5 years who are wasted) estimated at 15.8% is above the WHO emergency threshold of 15%, although it has been declining from 18.1% in 2016. The prevalence of stunting is estimated at 15.1%, and severe stunting at 3.9%.

According to the 2021 Global Health Security Index (GHSI), South Sudan was ranked 185 out of 195 countries with an overall score of 21.3. The GHSI also reported an improvement in terms of emergency preparedness and response planning with a ranking of 96 out of 195, representing an increase of 16.6 when compared to 2019 classification.

9.b. Education, ECD, training and literacy programs

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

The education system is like those in the region, comprising an entry level, primary school, secondary school, and tertiary levels. Excepting for the lowest level, examinations are required to progress from one level to the next. South Sudan has an alternative education system (AES) which offers a range of alternative education programs targeted at children and adults who never went to school or dropped out before learning the basics. The AES system also includes programs at the community level targeted at teenagers and young adults and the children of pastoralists.

Over the past decade, enrolment in general education has increased by 20% but it remains low. In 2021 about 2.33 million children were enrolled in AES, pre-primary, primary, secondary education and TVET of which 47% were female. Furthermore, between 2012 and 2021 a total of about 23,659 students enrolled at tertiary level and only 5,453 (23%) were female. The number of out-of-school children (aged 6-17) remains high estimated at 2.8 million (53% female), an increase from 2.2 million in 2018. The country's Human Development Index (HDI) is 0.467, which is below the average of 0.523 for countries in Sub-Saharan Africa. Adult literacy rate (above 15 years) was estimated at 34.52% (10% female) in 2020 from 27% with youth literacy estimated at 44%. The high illiteracy rate is a product of the civil wars, continued insecurity, inter-ethnic and intra-ethnic conflicts.

9.c. Prevention and treatment of HIV/AIDS, tuberculosis, and malaria

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

The South Sudan HIV and AIDS Strategic Plan (2013–2017) and the National HIV Prevention Strategy (2015–2017) have highly prioritized behavioral change communication as part of the strategic prevention interventions to reduce new HIV infections. While there have been no shifts in the indicators, communicable diseases are the major causes of morbidity and mortality. Malaria (50%), diarrhoea (17%) and pneumonia (10%) contribute to 77% of Out-Patients Department (OPD) consultations among children under five. Other causes of ill health and death include malnutrition, HIV/AIDS, tuberculosis, and Neglected Tropical Diseases (NTDs) and Non-Communicable Diseases. Non-communicable diseases are on the rise particularly hypertension and diabetes, which account for 44% and 24% of the five tracer indicators seen in out-patient departments (OPDs) across the country.

The country remains vulnerable to several disease outbreaks due to the poor coverage of vaccination in the past years and the weak health systems. The country experienced several outbreaks of vaccine preventable disease, particularly measles. In 2022, at least 58 counties across all ten States reported at least one suspected case of measles, totalling to 4,137-suspected cases of measles reported in 2022, increasing to 5,283 by 2023 with 53 deaths reported. Tuberculosis prevalence is estimated at 140 per 100,000 and 3% of the population. Meanwhile, at 2.5%, the HIV/AIDS prevalence rate for South Sudan is relatively low explained by both restricted movements and also inadequate testing..

10. Social Protection and Labor

Criteria Score: 1.6

10.a. Social safety net programs

Score Type	Value
Draft Score	1.0
Reviewed Score	1.0
Second Draft Score	1.0

Final Score	1.0
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Country Notes:

South Sudan's Vision 2040 provides the strategic overall umbrella to guide the needed welfare support to its citizens. The objective is to prevent poverty traps, boost household security, and encouraging investments in pro-poor growth projects, which will help strengthen people's resilience and capacity for self-sufficiency. Furthermore, the government is making strides to improve safety nets programs including the establishment of the South Sudan Pension. In addition, the government is implementing a safety net project at the Ministry of Gender Child and Social Welfare.

The absence of sufficient safety net programs has created room for significant humanitarian assistance within the context of high vulnerability of most of the population. This means that overwhelming humanitarian needs are competing with development initiatives. For instance, according to UN-OCHA report (2023), humanitarian aid stood at USD1.4billion in 2022. Furthermore, Social protection programs in South Sudan to assist the poor and other vulnerable groups (the disabled, orphans, etc.) to cope with risk and ensure adequate living standards are non-existent or severely underfunded.

The ongoing Sudan war is bringing additional pressure to the "no-existing" social protection system. This in turn contributed to high inflation due to border closure, high cost of energy among others which are contributing to increased poverty.

10.b. Protection of basic labour standards

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

There are no changes from the previous CPIA. South Sudan has ratified the International Labour Organization Convention 132/182- Worst Forms of Child Labour Convention, and the Minimum Age Convention N-132. In general, South Sudan ratified seven (7) out of eight (8) fundamentals ILO's Conventions, which are currently in force. Besides these seven conventions, no convention has been denounced or neither convention been implemented in recent years. Nonetheless, the implementation of these conventions has been hindering by lack of financial and human resources, all of which, compromised by the enduring internal conflict. The ministry labor, which is mandated to enforce the basic labor standards, is limited by capacity challenges. The conflict also made it difficult to adequately monitor

the use of child/youth labour and their working conditions outside Juba.

For instance, according to the latest data from the International Labour Organization, the unemployment rate increased from 16% in 2012 to 29% in 2019 with youth unemployment particularly high at 50%.

While the demographic situation presents a large potential for adequate labour market supply, South Sudan is characterized by high youth unemployment which exceeds 30% and varies across states (eg. Jonglei (Bor) – 80%, and Central Equatoria (Juba) 60%). But recent initiatives to enhance youth employability is an AfDB funded project launched in 2020 (jointly with UNDP) providing short-term non-residential training courses, aimed at increasing the number of youths with quality vocational skills in the labor market. It will benefit 1,000 youths, half of them women (the provision of equal opportunity is one of its pillars).

10.c. Labour market regulations

Score Type	Value
Draft Score	1.0
Reviewed Score	1.0
Second Draft Score	1.0
Final Score	1.0

Country Notes:

South Sudan's socio-economic challenges revolve around lack of employment for its youthful population. The social and political crises in the country have led to displacement, loss of schooling and training opportunities, and deskilling. Unemployment remains high in the country and continues to rise. By 2025, 150,000 youths will enter the labor market each year. Yet, the opportunities for employment in the modern sector of the economy will be few. Furthermore, among currently displaced populations, and returning refugees, over one million people may wish to re-enter the labour force (UNDP, 2020b).

South Sudan's population was projected to increase from 8.26 million in 2008 to 15.2million in 2024 and 27.4 million people by 2040. About 51% of the population are males. Within this context, labour force in South Sudan lacks skills which creates a major impediment in the country's human capital accumulation. There are many challenges ahead such as weak enforcement of labour market regulation, existing skills mismatch to meet private sector demands that require the education system to produce competent and relevant manpower for firms. Furthermore, the labour market regulations on health and safety, working conditions and hiring and firing do not exist, or are inappropriate and discourage job creation in the formal sector while not protecting most workers..

10.d. Community driven initiatives

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

There have been no major developments regarding the community initiatives. Community driven initiatives have been negatively affected by the decades of internal political wrangling. As a result, the government priority in these years focused on security and defense spending. Nonetheless, the Government has taken measures to address the issue with support from its development partners including the Food Agriculture Organization developing a Resilience Strategy Framework 2016-2018. Among the outcomes, the strategy seeks to strengthen local institutions to manage productive resources, promote sustainable management and utilization of land, pasture, and water resources at community level. Some of the activities programmed include; (i) strengthen community awareness and enhance dispute resolution capacity; (ii) build the capacity of communities and their institutions, including women's groups, to identify risks and hazards as the basis for developing natural resource management plans at the community level.

10.e. Pension and old age savings programs

Score Type	Value
Draft Score	1.5
Reviewed Score	1.5
Second Draft Score	1.5
Final Score	1.5

Country Notes:

There has been a slight improvement since the last CPIA exercise. South Sudan Pension Act outlines the right to pension scheme by civil servants. The government has not yet enacted the Civil Service Pension Scheme Bill, which would allow the Pensions Fund to pay people, make deductions on incomes, and transfer deducted monies from the Ministry of Finance to the pensions. However, the Government has made effort and allocated South Sudan Pound 15billion in the 2023/24 fiscal budget.

The South Sudan pension and old age savings systems are regressive, consume an unsustainable share of public resources, and do not provide adequate income security even to the few who are covered. However, effectiveness of the said act has been compromised by both financial and human capacity gaps.

11. Environmental Policies and Regulations

Criteria Score: 3

11. Environmental Policies and Regulations

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Green growth and climate action are important for South Sudan to achieve the National Development Goals enshrined in Vision 2040. South Sudan is highly vulnerable to climate change, which is manifested through frequent droughts, floods, and infestations of locusts. Floods and locust infestations have negatively affected the country's agricultural productivity, with most people depending on agriculture for subsistence. In addition, social inequalities remain a concern. South Sudan's access to safely managed pipe-borne water is almost non-existent, estimated at 3% nationally and 8% in urban areas. In addition, poverty, and unemployment in 2021 stood at 82% and 21%, respectively.

According to the government's Second NDC Report produced in September 2021, the country's financing needs for climate change and green growth are estimated at around USD102.127 billion over 2020-2030. Meanwhile, South Sudan's annual financing gap to achieve its climate and green growth ambitions is estimated at \$9.2 billion over 2020-2030. These resources will be used to address climate adaptation and mitigation across various sectors, including agriculture, livestock, fisheries, forests, disaster risk management. But access to conventional capital continues to be a challenge for both local and foreign businesses due to the country's newly independent financial sector.

The government of South Sudan has however, demonstrated its strong commitment towards green growth and climate action. Under the overall Vision 2040, South Sudan adopted several climate change policies, notably the Environmental Policy (2015-2026), which led to the preparation of the National Adaptation Program of Action (NAPA) in 2016, the first Nationally Determined Contribution (NDC) in 2017, and the comprehensive Agriculture Master Plan (2015-2040), and subsequently the Second Nationally Determined Contribution (SNDC) Report in 2021. However, this political commitment needs to be translated into action through strengthening cross-sectoral coordination, which will contribute towards mobilising additional

private sector finance. The country needs to move further and implement these frameworks while also ensuring strong horizontal and vertical integration.

The Government is also committed to follow sustainable development pathway through the sustainable use of its natural resources base and to incorporate measures that safeguard the environment in any development activities. In this pursuit, the government of South Sudan has in place policies, laws and regulations in order to mainstream environmental management. This is also being driven by the fact that it is a constitutional right of every South Sudan citizen to dwell in a clean and safe environment. The South Sudan Environmental Policy 2015-2025 provides framework for making the essential changes that are needed to bring consideration of the environment into the mainstream of the decision-making processes in the country. This policy introduces a national environmental response framework and strategies to be implemented by all key actors in the public, private, and community domains. The foundation of the National Environmental Policy is to protect and improve the environment in a manner which contributes to the quality of life of both present and future generations. The policy attempts to harmonize environmental protection with other factors such as occupational safety and health. In particular, the Environmental Policy aims to guide economic activities in ways that will be sustainable and will not harm the environment in the long term. The policy is a response to the challenges posed by existing environmental problems, such as pollution and depletion of natural resources.

With the help of the UN Development Program, South Sudan published its Second Nationally Determined Contribution plan in September 2021 and its First National Adaptation Plan for Climate Change in November 2021.

In April 2023, the Government of South Sudan launched a major USD 9 million-initiative to help communities adapt to climate change by strengthening climate early warning systems and restoring the country's precious ecosystems in 2 of the 10 states. The initiative will be executed the Ministry of Environment and Forestry, with support from the United Nations Development Programme (UNDP) and the UN Environment Programme (UNEP).

South Sudan currently lacks the funding and governmental capacity to achieve the policy measures spelled out in these documents.

South Sudan relies primarily on international organizations and donor countries to finance programs to achieve its targets. Government officials want to partner with the private sector, but the government has not yet implemented regulations or incentives to foster those partnerships. Public procurement policies generally do not include environmental and green growth considerations such as resource efficiency, pollution abatement, and climate resilience. Extractive industry projects are supposed to have environmental impact assessments, like that required under the 2012 Petroleum Act; however, the government does not always enforce those requirements due to lack of capacity or corruption. The tense socio-political situation in the country has affected the functioning of institutions and environmental policies in the country.

(D) Public Sector Management and Institutions

Cluster Score: 1.992

12. Property Rights and Rule-based Governance

Criteria Score: 2

12.a. Legal basis for secure property and contract rights

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

South Sudan has laws that grants access to properties. For instance, the 2009 Land Act and the 2009 Investment Promotion Act both state that non-citizens can lease land for investment purpose. As part of the reform process, the government is in the process of reviewing its Land Act (currently at the parliament) to address several issues including land grabbing, establishment of land registration with support of private sector (discussion ongoing). The revision also seeks to provide further clarity on how a business can access land for investment use.

The Investment Promotion Act provides investor protections including guarantees against expropriation, protection for intellectual property rights and mechanisms for dispute resolution. The Act also offers numerous incentives to investors and includes income tax exemptions, deductions for income tax purposes, import duty exemptions and goods and services tax exemptions. The government also drafted laws such as a new Companies Bill, Movable Property Bill, Labour Bill, and Insolvency Bill but are not enforceable because of lack of funding to draft regulations and finalize the laws. According to the World Bank 2022 CPIA, South Sudan rating was 1.5 on a scale of 1-low to 6-high in terms of property rights and ruled based governance. The indicator measures the country's laws protect private property rights and the degree to which its government enforces those laws.

The government also put in place several laws to improve the situation, notably, the laws on protecting intellectual property rights protecting commercially valuable products including trademarks copyrights, patent rights, publicity rights and rights against unfair competition. Despite the presence of foundational laws, the practical enforcement and realisation of these legal frameworks are markedly hindered by systemic issues and conflicts, illustrating a noticeable gap between statutory provisions and their actual implementation and enforcement on the ground.

12.b. Predictability, transparency, and impartiality of laws affecting economic activity

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

South Sudan is making strides to improve transparency and create conditions for economic activity as part of the reform process. In doing so, it created the Public Financial Management oversight and technical committees that discloses the government performance in terms of information sharing. Furthermore, the government is also in the process of reviewing the PFM and Accountability, Act 2011 (amendment) bill 2023, South Sudan Anti-Corruption Commission Act 2009 (amendment) bill 2023; and the National Revenue Act 2016. Furthermore, the Bank is providing a technical assistance to Conduct Corruption Risk Assessment.

The above reforms helped to improve the government's indicators, but concerns remain. For instance, South Sudan's overall ranking on the Transparency International's Corruption Perception index improved to 178 out of 180 countries in the 2022 from 180 in 2021 ranking. On another hand, South Sudan was ranked at the bottom in the 2022 Mo-Ibrahim index of African Governance.

The weak judicial system constrained by lack of staffing and insufficient financial resources to adequately performance its duties as well as infrastructure gaps, continues to affect the economic activity in particular the business environment. High transaction costs associated to processing of documentation at the court is considered excessive because of the weak purchasing power of the citizens. Getting fair, independent, and transparent legal opinion for foreigners at the court remains questionable since they have reports over discrimination of foreigner particularly when business disputes arise.

12.c. Difficulty in obtaining business licenses

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

The 'relative' political stability driven by the establishment of the Transitional Government of National Unity in February 2020, brought new impetus in terms of business development. The Directorate of Business Registration at the Ministry of Justice is one of the entities responsible for the registration of businesses, and it estimates that there are 21,487 firms in South Sudan. Also, a World Bank survey estimates that there are 5,085 estimated registered foreign companies in the country and these companies are primarily engaged in activities in oil, transport, telecommunications, financial services, and construction sectors.

Improvement was made on eight laws relevant to business registration, operations, and land ownership and they include Registration of Business Names Act of 2008, the Partnerships Act of 2008, the Taxation Act of 2009, and the Land Act of 2009. However, communication with the Directorate of Business Registration at the Ministry of Justice and Constitutional Affairs indicates that some previously drafted laws such as a new Companies Bill, Movable Property Bill, Labour Bill, and Insolvency Bill are not enforceable because of lack of funding to draft regulations and finalize the laws. Also, other private sector relevant laws that are lacking in South Sudan include Microfinance and Small Medium Enterprise laws, and Intellectual Property Laws. Policies in South Sudan are a combination of re-activated old policies and newly created policies, thus sometimes creating overlapping and contradictory regulatory frameworks, and leading to different interpretation by both government and private sector parties.

In addition, there is no business registration website. The process to register a business is lengthy and complex, and involves visiting multiple offices at the national, state, and local levels. The Chamber of Commerce recommends hiring a local lawyer to register a business. To register a new company, investors can get a check list with the steps and the name of ministries they need to visit to complete registration process from the Ministry of Trade and Industry. Bureaucratic procedures for opening a business are long and cumbersome, particularly for foreigners trying to navigate the system without the assistance of a well-connected national.

12.d. Crime and violence as an impediment to economic activity

Score Type	Value
Draft Score	1.0
Reviewed Score	1.0
Second Draft Score	1.0
Final Score	1.0

Country Notes:

South Sudan economic activity environment remains sensitive in terms of crime and violence. The challenge compounds with limited economic opportunities for youths, which represents over 70% of the population. The war in Sudan further heightens the existing fragile security environment. As of August 2023, UNHCR has reported an increase to 97% from 88% in arrivals of refugees entering South Sudan

through Joda/Renk border. By end of August 2023, a total of 230,000 people have crossed into South Sudan since April 2023. Accordingly, this trend will negatively affect the high transportation cost (ranging between SSP 50,000-60,000/USD80-100 per person), increase harassment by armed groups, looting among others.

The civil war has stifled ordinary politics and created a climate of fear. South Sudan's military, the South Sudan People's Defense Forces (SSPDF), exercises an overbearing influence on political affairs and public life. The autonomous National Security Service (NSS) also maintains a strong hold over South Sudanese politics. The activities of other armed groups tied to partisan and ethnic factions have created an inhospitable climate for political participation by civilians. Violent crimes such as armed robbery, cattle raiding and non-violent crimes of thefts are still common throughout South Sudan. The environment remains insecure but hopes of peace are high as the parties are still keen in implementing the agreement with the delay in implementation being partly blamed on the corona virus pandemic.

13. Quality of Budgetary and Financial Management

Criteria Score: 2.125

13.a. Comprehensive and credible budget

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

South Sudan has made progress in recent years to provide key budget information to facilitate public debate. Most recent budget execution reports for fiscal years 2021/22 and the first quarter of 2022/23 have been published at the Ministry of Finance website, and annual Petroleum Reports through 2021/22 are now available at the Ministry of Petroleum's website. Executive's budget proposal was also published online. Furthermore, the government has created the Public Procurement and Asset Disposal Authority in fiscal 2022/23 to provide "transparent and accountable" services to the people. The measure is intended to reduce "the trust gap between the government, on the one hand, and our development partners and our own citizens, on the other (Budget speech 2022)."

The overall budget process has limitations in terms of Credibility, Comprehensiveness and Transparency. However, budget classification is consistent with the international best practice particularly the IMF Government Finance Statistics Manual 2001. The system provides a relatively adequate picture of general government activities, but budget monitoring and control systems are moderate. The classification is

structured around the following sectors: accountability, economic functions, education, health, infrastructure, natural resources and rural development, rule of law, security, and social and humanitarian affairs. South Sudan scores on the 2021 Open Budget Survey are low in terms of budget oversight (41 out of 100), public participation (11 out of 100) and transparency (15 out of 100). The latter has seen an improvement when compared to 2009.

The Ministry of Finance and Planning is responsible for ensuring adequate coordination of the budget life cycle exercise from the preparation to approval by parliament. The Budget Framework Paper provides a timetable for the budget preparation, consultations, and final approval by parliament. The Public Finance Committee of parliament held public consultations on the budget making process in the context of the laid down principles of public consultations

The 2018 Assessment of Public Financial Management study disclosed that there is lack of fiscal discipline, which is explained by the marked poor performance of the country against the various indicators of the Public Expenditure and Financial Accountability (PEFA). Key challenges include the urgent reforms focusing on budget preparation and execution, fiscal reporting, as well as redefining roles and responsibilities in the fiscal decentralization of the country. Furthermore, they are also a need to (i) expand mechanisms during budget formulation to engage any civil society organization or member of the public who wishes to participate; and (ii) allow any member of the public or any civil society organization to testify during its hearings on the budget proposal prior to its approval.

13.b. Effective financial management systems

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

South Sudan Public Financial Management practices are embedded in an overarching legislation called "Finance and Accountability Act (2011)". The Financial & Accountability Act (2011) made significant improvements from the provisions of the Finance and Accounts Procedures Ordinance of 1995. The system is characterized by institutional capacity gaps and ineffective oversight institutions on check and balances; inadequate accountability and transparency; and ineffectiveness of procurement and audit among others. The current situation provides limited SafetyNet for safeguarding public resources against fraud, and malpractices in public sector institutions and has proven to be the greatest challenge to the development of PFM systems in the country.

The government is making progress to address the above challenges with support from development partners. For instance, the African Development Bank through the Strengthening Economic Governance and the Non-oil Revenue Mobilization and Accountability projects, and the World Bank via the Public Financial Management project, are building capacity and accountability in Public Financial Management (PFM) among others. The government also rolled-out its PFM Roadmap Strategy 2021-25 and currently reviewing the following Acts: PFM and Accountability, Act 2011 (amendment) bill 2023, South Sudan Anti-Corruption Commission Act 2009 (amendment) bill 2023; and the National Revenue Act 2016. In addition, the government has also implemented the Integrated Financial Management Information System (IFMIS) and the Ministry of Finance and Planning. Other key reforms include establishment of the Treasury Single Account; Cash Management Committee; and removal of ghost workers from the payroll and starting verification of the current stock of arrears aimed at developing a credible clearance strategy. The government also established the PFM technical and oversight committees aimed at boosting effectiveness of public resource management. Additionally, the Public Procurement and Disposal of Assets (PPDA) Act, 2018 was made effective in 2019 as part of the country's procurement reforms, following which its Board was formed in February 2023. To provide a benchmark, the South Sudan Procurement Assessment applies the methodology of the OECD-Development Assistance Committee (DAC) for assessing national procurement systems as an overall framework.

Government also introduced provisions for governing registration and maintenance of public assets. However, the PEFA 2012 report indicated that, most of the Performance Indicators (PIs) scored most "D" and some "C". The Bank's 2023 Country Fiduciary Risk Assessment (CFRA) concluded that the country's overall risk is high characterized by poor accounting and financial reporting systems, and persistent deficiencies in compliance and enforcement of regulations.

Deviations of the actual aggregate expenditure from the approved budget is significantly high as well as the variances in expenditure composition outturn, (i.e. allocation of resources from one spending agency to another or one functional classification to the other). There is urgent need to undertake reforms focusing focus on budget preparation and execution, fiscal reporting, as well as redefining roles and responsibilities in the fiscal decentralization of the country. According to preliminary data from 2023/24 state budget, the budget outturn for nine months stood at 68% of total budget.

13.c. Timely and accurate fiscal reporting

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

The government of South Sudan has made progress in reporting and publishing its accounts in recent years. These include publications of the fiscal year 2021/22 budget and the first quarter of 2022/23 budget execution as well as expenditure outturn. Performance on oil production and distribution between the government and joint operating companies are also available at the Ministry of Petroleum website. Despite these efforts, regular publications of public accounts remain a challenge. The Audit Chamber does not conduct audits every year (or at the required frequency and coverage) due to inadequate skilled manpower and financial resources.

Under the new Public Financial Management and Accountability Act 2011 (amendment) bill 2023, the government has also made provision for the Ministry of Finance and Planning to prepare and submit Budget policy statement or Fiscal Strategy for approval by the National Assembly, no later than 15th February of each year. Furthermore, provisions were also made for public availability of information and clear line of reporting and disclosure of information.

Furthermore, South Sudan has embarked PFM reforms measures to improve macroeconomic stability under the Staff Monitored Program and Rapid Credit Facility approved in March 2023. These include commitment to regularly reporting on debt and fiscal operations among others. To address these challenges, the African Development Bank is helping through an institutional support to Strengthening Economic Governance project approved in November 2022, the ongoing World Bank PFM project, all of which aims at providing capacity building and skills to strengthen financial control and reporting among others.

13.d. Clear and balanced assignment of expenditures and revenues to each level of government

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

South Sudan's budget framework provides clear assignment of expenditures vis-à-vis its categories and spending agencies. Revenues collection by sources and share are also categorized. Nonetheless, budget calendar, preparation and submissions to the legislature do not adhere to established regular schedules. The budget approval process often fails to meet the calendar and late approval is a common feature. However, recent progress has been made in timely preparation of 2023/24 budget.

Government's fiscal policy strategy continues to affect effectiveness of the budget credibility and execution at all levels. Deviations between the approved budget and outturns remain a challenge, specifically allocation of resources from one spending agency to another or one functional classification to the other. In recent years, the revenue estimates and year-end outturns had huge differences, showing that the

degree of accuracy of forecasts of the revenue structure and the ability of the government to collect revenues are inadequate. Nonetheless, the government with the support from the African Development Bank through the Non-oil Revenue Mobilization and Accountability project has helped to develop a revenue forecasting model to provide reliable projections of revenue collection.

14. Efficiency of Revenue Mobilization

Criteria Score: 2

14.a. Tax policy

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

South Sudan continues to apply a progressive income tax system. The oil sector remains the main driver of tax revenue accounting for 86% of total revenue in 2022/23. Nonetheless, between 2021 to 2022, the government has implemented several reforms aimed at increasing non-oil tax revenues. Thanks to the Bank's support through Non-oil Revenue Mobilization and Accountability project, NRA has made remarkable achievements in tax revenue collection. The non-oil revenue collection has significantly improved from SSP 47 billion in the FY 2020/21 to SSP 80 billion in FY 2021/22. Tax revenue collections further increased to SSP 170.6 billion in FY2022/23 (excluding the month of June 2023) - exceeding targets set by 138% in FY2021/22 and 146% in the FY2022/23. This is attributed to reforms undertaken notably: (i) a revenue forecasting model that is fostering the setting of revenue targets for the country's annual budgets; (ii) the establishment of a large taxpayer unit; and (iii) the installation of basic information technology systems facilitating administrative reforms over taxpayer registration and revenue collections. Furthermore, the Bank is also in consultation with the government to support the development of a training strategy and policy framework to assist in the establishment of the NRA-Training Centre.

Other policy reform measures include (i) preparation of South Sudan's Public Financial Management Road Map and Reform Strategy 2021-2025; (ii) South Sudan National Revenue Authority (NRA) First Strategic Plan, 2022-2027; (iii) electronic tax filing; (iv) revision of the Public Financial Management and Accountability Act 2011 (amendment) bill 2023; (v) South Sudan Anti-Corruption Commission Act 2009 (amendment) bill 2023; (vi) National Revenue Act 2016; (vii) merging customs onto NRA; and (viii) implementation of the treasury single account. Other measures include monthly update of cash flow forecast templates for execution of monthly cash transfers to MDAs.

Furthermore, the finance Act 2022/23 that entered law in October 2022 had also made provisions of presumptive income tax for individuals performing informal entrepreneurial activities without audited financial statements. For instance, payable quarterly installments for (i) annual turnover over South Sudanese Pound (SSP) 2million up to SSP4million – SSP200,000 presumptive tax; (ii) annual turnover over South Sudanese Pound (SSP) 4million up to SSP 7million- SSP400,000 presumptive tax; and (iii) annual turnover over SSP7million- SSP800,000 presumptive tax. It is important to emphasize that South Sudan's tax system is structured as follows: personal income tax; business profit tax; property tax; excise tax; tariffs.

Despite these improvements, South Sudan needs to make efforts to implement an integrated tax management system, and developing a framework to operationalize tax disputes resolutions, and appeals procedures including tax appeals courts among others.

To recall that all imports into South Sudan are subject to import taxes, unless exempted by law, e.g., importation of capital goods, which are not produced locally in comparable quantity, quality and price. Tax on all imported goods is fixed at 4%, while tax on imported food items is at 2%, as stipulated in the 2016 Taxation Amendment Act, which replaced the 2009 Taxation Act. Other applicable import duties comprise excise (0-300%), and withholding tax (10-20%). There have been no major

14.b. Tax administration

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

South Sudan's tax administration continues to face challenges related to administrative capacity, tax compliance policies, lack of independence and skilled human resources with tax knowledge. Significant revenue shortfalls persist due to 'unnecessary tax exceptions and lack of transparency and accountability. Despite the challenge the government has made stride to address some of the shortfalls in tax administration including an introduction of an e-file tax system, the use taxpayer identification numbers. In addition, the government is also reviewing its Anti-Corruption Commission Act 2009 (amendment) bill 2023, which is at the parliament for approval. The bill represents government's efforts to address corruption issues. For instance, Chapter IV of the said amendment bill-Investigation, search, and seizure, empowers the Commission to investigate allegations, facts, conditions, among others. It further empowers the Commission to conduct public inquiry either in public or private depending on whether it is in the public interest to do so. In addition, a new Chapter VI- Prosecutorial Powers, was introduced to empower the Commission to investigate and prosecute corruption cases in accordance with the Constitution; and to arrest and detain a person in accordance with its powers at any designated premise. Furthermore, the government is also receiving capacity building support from its development partners notably the

International Monetary Fund, and the Bank who trained over 100 staff from NRA and customs on tax issues.

Collection of tax revenues remain low but has improved in recent years. Tax revenue collections increased by 112% in FY2022/23 (to end May 2023) compared to the previous full financial year far exceeding targets set by 146%. Going forward the government needs to make efforts to (i) increase tax administrative efficiency and staff skills, thereby improving its tax collection capacity, governance, and transparency; (ii) minimize corruption; and (iii) reduce tax compliance costs. Furthermore, special attention is needed to expand the tax base for corporate and personal income taxes, as well as increased tax rates for trade taxes, including more attention to service sectors such as the telecommunications companies, financial institutions and/or restaurants and hotels for corporate taxes.

South Sudan's Taxation Act 2016 makes provisions under Chapter X- Appeals Board and Judicial Review, to address issues related to tax disputes.

In order to provide a more robust assessment of tax administration performance, adopting the TADAT (Tax Administration Diagnostic Assessment Tool) methodology would offer valuable insights into the country's tax administration system.

15. Quality of Public Administration

Criteria Score: 1.833

15.a. Policy coordination and responsiveness

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

South Sudan has frameworks in place, if well implemented, could improve coordination mechanisms in the country. The existing 10 states and 3 administrative areas are controlled by the central Government, which has the authority to coordinate as outlined in the Revitalized Constitutional Agreement. Furthermore, the government is well structured into Ministries, departments, local and state government, and agencies to

enable effective policy implementation. Despite numerous policies and guidelines defining the distribution of roles in various sectors, the central government is often accused of interfering in affairs that fall under the jurisdictions of lower levels of governance, such as community land leases. The lack of policy coordination is also visible in the security and land sector. Patronage and corruption further undermine the state structure and coherent policy implementation.

According to the Bertelsmann Transformation Index (BTI 2022) report, policy coordination in South Sudan is poor, partly due to lack of institutional capacity, and is ranked 130/137, with a score of 2.15/10 in the Governance, which is the same classification as in BTI 2020. On the other hand, the Bank's 2021 CPIA score on public administration remained at 1.5 same as in 2020. Public institutions lack staff with requisite qualification and skills to perform their functions and remain in an early stage of developing capacity.

Despite the above challenges, the government is making strides to improve policy coordination by reviving sector working groups with support from development partners including the Bank.

15.b. Service delivery and operational efficiency

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

South Sudan's Transitional Government of National Unity is committed to improve service delivery to the people of South Sudan as key priority. But fulfilling these commitment remains a challenge as the government continues to grapple with efficient management of public resources.

Access to potable water, and modern sanitation and hygiene services is extremely low, reflecting partly the impact of the social and political conflicts. According to the Joint Monitoring Program of the WHO and UNICEF, at the national level, 41% of the population had access to basic water services, while the rest depended on limited or unimproved services or surface water. In rural areas, 35 % of the population had access to basic water services in contrast to 65% in urban areas. Sanitation indicators are also a concern. only 11% of the population had basic sanitation services, 26% had either limited or unimproved sanitation services, while 63% defecated openly. On the education front, according to a review study of the education sector in South Sudan by the AfDB (2022) over 30% of students at most pre-tertiary levels study in open-air classrooms (that is under the elements), while the "luckier" ones make do with semi-permanent structures or tents.

Lastly, the challenge compounds with limited budget allocation by the government to key social sectors such education, health among others. For instance, the FY2023/24 budget allocation to health sector has reduced by 0.3% when compared to FY2021/22 budget.

15.c. Merit and ethics

Score Type	Value
Draft Score	1.5
Reviewed Score	1.5
Second Draft Score	1.5
Final Score	1.5

Country Notes:

South Sudan public administration policy strongly emphasizes the need for appointments and promotion based on merit. Nonetheless, the institutional fragmentation created by years of internal conflicts cemented the culture of ethnicity around in public sector employees, which in turn compromised the quality and skills of civil servants. As a result, this has led to mismanagement and inefficiency as individuals are appointed to important positions of power that require expertise simply because they are loyal and trusted by the ruling elites.

On another hand, the challenging poor economic conditions have pushed civil servants to compromise their ethics principles. For instance, civil servants minimum wage is estimated at approximately South Sudanese Pound 3,000 and yet, salary arrears are a recurrent feature in public administration, therefore, increasing pressures for employees to preserve his/her integrity. However, under the FY2023-24 approved state budget, minimum salary has been increased to SSP 30,000. This issue also resulted in high levels of corruption. The country was ranked 178 out of 180 countries in the 2022 Transparency International Corruption Perception Index.

15.d. Pay adequacy and management of the wage bill

No score data available for this subcriteria.

16. Transparency, Accountability, and Corruption in the Public Sector

Criteria Score: 2

16.a. Accountability of the executive to oversight institutions

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

Building and strengthening oversight institutions and accountability remains a key priority of the Transitional Government of National Unity (TGONU). The latter outlines key priorities including the need to (i) promote more transparent and accountable government; (ii) inculcate more inclusive social and political participation; (iii) empower the agencies concerned with the promotion of good governance; and (iv) ensure legal frameworks are enacted and implemented as intended.

South Sudan was ranked 51 out of 54 countries with a score of 15.8/100- on the sub-criteria Institutional Checks and Balances, in the 2021 Mo Ibrahim Index of African Governance report. This is the same classification as in the 2020, reflecting government's urgent need to enforce the existing laws and regulations. The existing oversight institutions such as the Parliamentary Committees, the Office of the Auditor General, Anti-Corruption Agency, Procurement Law are to yet to effectively perform they roles and mandates driven by lack of financial and human resources, as corruption remains entrenched across all sectors. For instance, the Parliament is mandated of passing of all the legislations, approval of the key policies and plans as required by the constitution, and to scrutinize and approve the national budget. Meanwhile, the National Audit Office is responsible present audit reports before the National Assembly for scrutiny.. It is therefore critical for the government enforce approval of key laws and regulations including the Southern Sudan Audit Chamber Act, 2011, approve the PFM Act 2011 (amendment bill) 2023, and the National Revenue Act 2016 (amendment bill) 2023.

16.b. Access of civil society to information on public affairs

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

South Sudan has been making strides to improve disclosure of public records. The country score on this sub-criterion improved to 13.9 in 2021 from 12.4 in 2020, in the 2021 Mo-Ibrahim Index of African Governance report, reflecting the government's efforts in disseminating information with publication of budget outturns for 2021/22. On another hand, the country scored 0/100, in the same report for the sub-criteria of "accessibility of information". According to the Open Budget Survey 2021, South Sudan's transparency score increased to 15 compared from 7 in 2019 due to publication of executive's budget proposals online among others. In addition, the 2023 World Press Freedom Index indicated improvements in the country's ranking over the last three years. Accordingly, the country was ranked 139th in 2021 to 128th in 2022, and 118th in 2023.

Institutionally, Article 32 of the Transitional Constitution remains the main legal framework, which indicates the following- *"Every citizen has the right of access to official information and records, including electronic records in the possession of any level of government or any organ or agency thereof, except where the release of such information is likely to prejudice public security or the right to privacy of any other person."* The law also requires political parties to regularly disclose private donations. In practice, government does not block any online content.

Article 125 (1) of the Constitution indicates that "the Judiciary shall be independent of the executive and the legislature", while Article 125 (5) indicating that "the executive and legislative organs at all levels of government shall uphold, promote and respect the independence of the Judiciary; Article 125 (6) "Justices and Judges shall be independent in their judicial work, and shall perform their functions without interference". It is important to indicate that South Sudan's context challenged by humanitarian needs, has an NGO forum that is responsible for coordination of all international and national NGOs operating in the country. Approval of the revised NGO Act would be an important step to clarify their modus operandi.

16.c. State captured by narrow vested interests

Score Type	Value
Draft Score	1.5
Reviewed Score	1.5
Second Draft Score	1.5
Final Score	1.5

Country Notes:

Efficient management of public resources continues to be amongst key challenges facing the government of South Sudan. The country scored 2 in the 2021 Bank's Country Policy and Institutional Assessment in terms of transparency and accountability in public sector. Furthermore, South Sudan was ranked 178 out of 180 countries in the 2022 Transparency International Corruption Perception Index. Performance on the Mo-Ibrahim index was also poor ranking at the bottom in the 2021 edition.

Despite the challenges, the government is making efforts to address the challenges. The Southern Sudan Anti-Corruption Commission Act 2009 is currently being reviewed by the parliament. Other measures include the approval of the Public Procurement and Disposal of Assets (PPDA) Act, 2018 and formation of the Board members in 2021 as well as the establishment of a Financial Intelligence Unit. In order to enhance the weak check and balances, the government developed the PFM Road 2021-25, review by the parliament of the of the PFM Act 2011 (amendment bill) 2023, and the National Revenue Act 2016 (amendment bill) 2023. The formation of the PFM technical and oversight committees are another key measures taken by the government.

It is important to indicate that South Sudan's context challenged by humanitarian needs, has an NGO forum that is responsible for coordination of all international and national NGOs operating in the country. Approval of the revised NGO Act would be an important step to clarify their modus operandi.

(E) Infrastructure and Regional Integration

Cluster Score: 1.542

17. Infrastructure Development

Criteria Score: 1.333

17.a. Sector strategy/policy

Score Type	Value
Draft Score	1.0
Reviewed Score	1.0
Second Draft Score	1.0
Final Score	1.0

Country Notes:

South Sudan's infrastructure development is anchored on the Revitalized National Development Strategy (R-NDS) 2021-2024. The R-NDS prioritizes five clusters focusing on governance, economic, services (social development), infrastructure, and gender and youth (cross-cutting). As a cross-cutting element in several sectors such as agriculture, transport, energy, water, and information and communication technology, the concerned sector ministries and agencies have specific policies to guide infrastructure activities. Key policies and frameworks in place include the Comprehensive Agriculture Master Plan (CAMP) and Irrigation Development Master Plan (IDMP) 2015-2025, National Water Policy 2017, National

Electricity Sector Policy 2013, and Electricity Bill 2015, National Transport Sector Policy 2007, and the National Communication Act 2012. Furthermore, the government also developed the Irrigation Development Master Plan spanning to 2025.

South Sudan is a landlocked country with a huge deficit of critical basic and cross border infrastructure that poses challenges for trade, productive competitiveness, and prospects for integration into the regional and global economy. According to the Bank's Africa Infrastructure Development Index (2022) South Sudan ranks as the country with the second worst infrastructure quality in Africa (53 out of 54) in Africa, only better than Somalia. Only 7.24% of the population had access to electricity in 2020.

17.b. Legal and regulatory frameworks for infrastructure

Score Type	Value
Draft Score	1.5
Reviewed Score	1.5
Second Draft Score	1.5
Final Score	1.5

Country Notes:

South Sudan was ranked at the bottom of the 2022 Mo Ibrahim Rule of Law & Justice Index with 17.8/100 point. The Vision 2040 implemented through the National Development Strategy 2021-24 is the main strategic document that provides the government's overarching priority in terms of infrastructure. Furthermore, South Sudan is keen on implementing the infrastructural projects under the Lamu Port-South Sudan-Ethiopia-Transport Corridor project (LAPSSET), which support from its development partners including the Bank.

As previously indicated, South Sudan has several legal and regulatory frameworks to support the sector development. For instance, the South Sudan Road Authority Act 2011 outlines the Authority's responsibility for the management, development, rehabilitation and Maintenance of all Inter-State and International Roads in Southern Sudan and Road development in war-affected areas as may be directed by the Ministries. Other frameworks and acts include; the Land Act 2009 (under review), National Communication Act 2012, Investment Promotion Act of South Sudan of 2011, among others. Furthermore, the government with support from the Bank is in the process of preparing a Public Private Partnership Law.

In terms of regulation in the energy sector, is responsible for the formulation of the necessary legislation and regulation for the management, development and maintenance of the ESI and hydro dams as well as development of the associated sector policies and strategies in addition to proving regulatory oversight in the absence of an independent regulatory body. Regarding the water sector, the Ministry of Water Resources and Irrigation (MWRI) is responsible for the water sector in the country. There is no designated

ministry or department for the sanitation sector. The Ministry of Housing and Physical Planning (MHPP) oversees wastewater disposal and treatment in urban areas. These responsibilities are carried out by the ministry's directorate for urban sanitation.

17.c. Public resource management and accountability in the infrastructure sector

Score Type	Value
Draft Score	1.5
Reviewed Score	1.5
Second Draft Score	1.5
Final Score	1.5

Country Notes:

South Sudan government continues to prioritize infrastructure development in its policy documents. The sector importance was reinforced again in the 2022/23 national budget with 2% increase compared to 2021/22 budget. Furthermore, in recent years, the government has been setting aside 20,000 barrels of oil per day for infrastructure- known as oil for infrastructure.

Transparency and accountability in public fund management remains a challenge. South Sudan scores on the 2021 Open Budget Survey are low in terms of budget oversight (41 out of 100), public participation (11 out of 100) and transparency (15 out of 100). Furthermore, South Sudan scored 2 in the 2021 Bank's Country Policy and Institutional Assessment in terms of transparency and accountability in public sector. The country was ranked 178 out of 180 countries in the 2022 Transparency International Corruption Perception Index. Nonetheless, the government is making efforts to address the challenge by setting up the Public Procurement Disposal Authority (PPDA) Board of Directors in February 2023. The PPDA will, among others, supervise the transparency in the procurement process of infrastructure related projects.

18. Regional Integration

Criteria Score: 1.75

18.a. Movement of persons and labor and right of establishment

Score Type	Value
Draft Score	1.5
Reviewed Score	1.5

Second Draft Score	1.5
Final Score	1.5

Country Notes:

South Sudan as a member of the East African Community Common Market has subscribed to the provisions of “Four Freedoms”; free movement of goods, labour, services, and capital. Aligning to the Common Market protocols of the above four freedoms has also been cumbersome. Nevertheless, South Sudan has waived visa requirements on a reciprocal basis with other EAC members such as Uganda, Rwanda, Tanzania, Kenya among others, has removed roadblocks from the proximity of its southern borders to enhance traffic flow, has instituted an EAC one-stop border post, and trained the business community on the EAC’s rules of origin. However, on the fundamental issues of labor and capital movements, little progress has emerged so far.

According to the 2022 Visa Openness Index report, South Sudan was ranked 50 out of 54 countries with an overall score of , reflecting an improvement from 2021 ranking (52 out of 54 countries). The improvement is due to implementation of reforms within the context of EAC agreement that allows travels from members state to get visa on arrival.

South Sudan scored 0.13 and is the least in EAC in the 2023 Africa Regional Integration Index. South Sudan made little progress in free movement with liberalizing visa requirements for members of the EAC; however, member of other African countries still subjected to tough visa requirements. According to the 2022 Freedom House Report, although Sudan's interim constitution enshrines free movement and residence, in reality, civil war, multiple local conflicts, and poor-to-nonexistent service delivery have made it impossible for many people to exercise these rights. Foreigners face difficulties in establishing and obtaining residence and work permits in South Sudan and there is much discrimination against foreigners travelling through Sudan.

Regarding human capital and labour, the skill mismatch between demand and supply has created opportunities for imported labour from EAC member countries for private sector companies. Furthermore, South Sudan has come a long way with respect to the development of business in various sectors notably ICT sector. Until two years ago, there were only 2 mobile phone operators in South Sudan – MTN and Zain, which are both foreign owned enterprises. In 2021, a third service was launched, Digital Technology, which is a South Sudanese company.

18.b. Regional financial integration

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

South Sudan is adequately participating in the financial integration process of the EAC. The latter members state identified payment system development among key priorities. South Sudan's National Payment System lacks the core payments infrastructure necessary to integrate payment services across providers and guarantee finality of settlement in the financial system. There is no Real Time Gross Settlement (RTGS) system, Automated Clearing House (ACH) or retail payments switch. Some banks operate proprietary ATMs, POS, and debit cards and card transactions are not interoperable.

South Sudan has however improved financial systems, though at different levels of efficiency and are enjoying substantial benefits. With support from the Bank, South Sudan is implementing the East African Payment System, which is necessary for participation in the East Africa Payment Systems. Furthermore, support is also being provided to streamline and develop a comprehensive legal and regulatory framework to cater for other secondary regulations by redefining the National Payment Law (NPS) that will help strengthen the legal and regulatory framework governing payments and the authorities' mandate in responding to any technological innovations entering the payments space.

According to the 2023 United States Investment Climate Statement, it is difficult for foreign investors to obtain credit on the local market due to the shortage of hard currency, the inability to obtain reliable figures or audited accounts, the absence of a credit reference bureau, and South Sudan's failure to document land ownership properly. Banks are often unwilling to lend because they claim lenders receive inadequate legal protection and because South Sudan lacks verifiable state or national personal identification methods, making most borrowers high risk. Depositors are still reluctant to deposit money in banks after the Bank of South Sudan in 2015 confiscated commercial banks' deposits at the central bank and diverted them to the government, making it difficult or impossible for companies and individuals to access their funds. Lastly, in line with the liberalization the financial sector, the government has continued to encourage fair competition, following which, several commercial banks from other African countries have been successfully established in South Sudan.

South Sudan is yet to ratify the AfCFTA and its business environment is difficult. South Sudan is adapting its national regulatory system to regional standards. It joined the customs union of the EAC but is behind in implementing regulations, prompting the EAC in February 2022 to urge the government to fully implement the EAC's Single Customs Territory to boost intra-regional trade. The National Revenue Authority assists in implementing EAC customs regulations and procedures.