

Resource, Economic and Financial Management Committee

Summary

Priority Programs and Activities for the TGONU During the Transitional Period:

Infrastructure Projects:

- i. Review airport projects (Juba, Rumbek, Yambio, Wau, Kuajok, Torit) and implement the projects within (... months)
- ii. River Transport – Renk, Malakal, Bor, Juba (Dredging waterways, construction and maintenance of river ports, provision of river boats and barges); Bentiu-Wau and Nasir-Malakal
- iii. Roads: Juba-Bor-Malakal-Renk, Juba-Yei-Kaya, Juba-Mundri-Maridi-Yambio-Wau; Juba-Yirol-Rumbek-Bentiu; Rumbek-Wau-Aweil; Mundri-Rumbek; Gambella-Nasir-Malakal; and feeder roads;
- iv. Energy: Fula hydro power, Mini-refineries (Paloch and Tharjiath), Thermal power generators using crude oil;
- v. Telecom: Review contracts for provision, installation, ownership and operation of Gateway;
- vi. Basic Social Services: health, sanitation and educational facilities in war affected states/ areas (Malakal hospital, Bor Hospital, Bentiu hospital, etc.

Financial and Institutional Reforms:

- vii. Restructuring of Bank of South Sudan;
- viii. Establishment of the Revenue Authority;
- ix. Establishment of central Procurement and Asset Disposal Authority;
- x. Establishment of National Communications Authority;
- xi. Establishment of Salaries and Remuneration Commission; and conduct of salaries survey;
- xii. Establishment of the Civil Service Reintegration Committee;
- xiii. Review of public service regulations in connection with recruitment of graduates;
- xiv. Review the Constituency Development Fund (CDF) program;
- xv. Establishment of a Special Fund for Reconstruction of areas/ states affected by the conflict;

- xvi. Establish a Salaries and Remuneration Commission to periodically review and update salary structure in all government institutions within one year; and
- xvii. Overhaul of the South Sudan payroll system and review of the South Sudan salary scale/s by the Salaries and Remuneration Commission to determine wages versus market rates.

Petroleum:

- (i) Negotiate renewal of the Cooperation Agreement with Khartoum to extend its life;
- (ii) Prioritize the construction of alternative oil infrastructure; central processing facility, etc;
- (iii) Speed up the construction of the two mini-refineries in Upper Nile and Unity states;
- (iv) Review existing oil concession agreements that are inactive and intensify further oil exploration in the country.

1. Resource Management

a) Petroleum:

- i. Ensure a transparent management of the oil industry and efficient and equitable distribution of this national wealth for the welfare of the people and sustainable development of the country in accordance with formula for wealth distribution developed by a revamped and re-invigorated Fiscal Financial Allocation and Monitoring Commission.
- ii. Empowerment of the appropriate levels of government to develop, including policies on national/local content, and manage in consultation with the relevant communities, the various stages of oil production within the overall framework for the management of petroleum development.iii. Strict adherence to provisions of the Petroleum Act, and the Mining Act, and make amendments where they are needed to ensure prudent and transparent management of these resources.
- iv. Carry out an urgent audit of the Petroleum sector; and empowerment of the National Petroleum Commission to oversee negotiations with oil companies as well as the award of concessions and licenses.

- v. Review the Petroleum Act to broaden its mandate and composition; title of the re-constituted commission to be “Petroleum and Minerals Commission”;
- vi. Expedite the process of South Sudan joining the Extractive Industries Transparency Initiative (EITI) to enhance accountability in the management of petroleum and mining industry.
- vii. Persons and communities enjoying rights in land shall be consulted and their views shall duly be taken into account regarding decisions to develop subterranean natural resources from the area in which they have rights, and shall also share in the benefits of that development.
- viii. Persons enjoying rights in land are entitled to compensation on equitable terms arising from acquisition or development of land for the extraction of subterranean natural resources from the area in which they have rights.
- ix. The communities in whose areas development of subterranean natural resources occur have the right to participate through their respective states in decision making and negotiations of contracts for the exploration, development and production of those resources;
- x. All loans and contracts collateralized or guaranteed with oil shall be identified, checked and recorded for the purposes of transparency and accountability;
- xi. Current employment in the oil sector shall be reviewed given that employment in this sector has not been based on merit and competence, but largely on ethnic, political and regional considerations;
- xii. Review all contracts awarded to service companies in the oil fields; such contracts shall be awarded by an independent procurement board;
- xiii. Priority in contracting Service Companies shall be given to nationals; and the companies shall ensure that casual labour is engaged from the local area;

- xiv. Oil marketing system including future sales shall be open, transparent and competitive; and any fraudulent dealings shall be checked and severely punished;
- xv. Awarding of oil concessions shall be conducted in accordance with the provisions of the Petroleum Act, 2012; the National Petroleum Commission shall play a key role in approving oil contracts;
- xvi. The framework for sharing wealth from the extraction of natural resources should balance the needs of service delivery and reconstruction of the producing states of the federal republic of South Sudan;
- xvii. Records of Payments made to the oil producing states shall be regularly published by the Ministry of Finance for public scrutiny and accountability;
- viii. Review and audit the previous allocation and transfer of the 2% and 3% made to oil producing states since 2011;
- xiv. Review and audit all oil revenues due to the National Government and their allocation in the budget since 2011;
- xx. All oil revenue including surface rentals, training fees, bonuses, etc, shall be remitted to the Oil Account in the Central Bank and withdrawals shall be in accordance with the law and procedures through the Ministry of Finance;
- xxi. Expedite operationalization of the Future Generations' Fund and Oil Prices Stabilization Account to deal with oil price shocks and volatility;
- xxii. The oil revenue funds including the Oil Stabilization Account, Future Generation Fund must be prudently managed in accordance with the Petroleum Act and the Public Financial Management and Accountability Act, 2011;
- xxiii. South Sudan as an Oil producing country shall develop its national competence and capacity (training of engineers and technicians) to enable it derive maximum benefit from its oil resources. In this regard, the need to build a competent and enterprising National Oil

Company as well as distribution outlets/ systems (laboratories, storage tanks, petrol stations, fuel tankers, etc) cannot be over-emphasized;

- xxiv. The Interim/ Transitional Government shall review and transform the national oil company - Nile Petroleum Corporation - and the National Petroleum Commission (NPC) and empower them to exercise their responsibilities as stated in the Constitution and the law without interference from individuals and avoid any malpractices;
- xxv. Ensure efficient production and environment-friendly extraction of natural resources, development of oil producing areas, capacity building and local content strategy, fairness in employment and long-term indigenization of the workforce.

b) Priority Action points for TGONU:

- (i) Negotiate renewal of the Cooperation Agreement with Khartoum to extend its life;
- ii. Prioritize the construction of alternative oil infrastructure; central processing facility, etc
- iii. Speed up the construction of the two mini refineries in Upper Nile and Unity states and make further plans for establishment of a larger refining capacity;
- iv. Review existing oil concession agreements that are inactive and intensify further oil exploration in the country
- v. Study various policy options for further development of petroleum and mapping of mineral resources of the country

c) Land

- i. Initiate an in-depth national debate to review the current national land policy and the Land Act, 2008, in order to achieve consensus over land tenure, use, management and address issues of land grabbing, other malpractices involving land, carry out necessary reforms, undertake mapping; and to maximize economic utilisation of land in South Sudan. This shall be undertaken within one year.
- ii. Land use activities and any conflict on land issues will be handled by land commissions and other competent bodies at the various levels of government (Federal/National, State and County);

- iii. Establish an independent Registrar of Lands at all levels of government to streamline and introduce digital registration of land titles;
- iv. Empower commissions at different levels of government to develop and interpret legislation regarding land issues and to reflect customary laws and practices, local heritage and institutional trends.

d) The Nile and other Waters

- i. Develop the hydro-power potential on the White Nile and other rivers. These projects are of critical importance for socio-economic development of the country and promotion of industrial development. To uplift the people of South Sudan out of the present situation, the country will require massive investment in agriculture that will need water for irrigation instead of total dependence on unreliable rain water for agriculture.
- ii. In pursuit of its water rights and interests, South Sudan will fully subscribe to the Shared Vision and its programmes articulated within the Nile Basin Initiative (NBI) and the Cooperative Framework Agreement (CFA). South Sudan will cooperate with the other riparian states to achieve the stated goal of sustainable socio-economic development through the equitable utilization of, and benefit from, the common Nile basin water resources guided by:
 - a. The need to meet the vital needs of its population;
 - b. Adherence to the principle of equitable and reasonable use of the Nile waters and ensuring that activities conducted within its borders do not cause any significant harm to the interest of the other riparian states;
 - c. To participate within the institutional framework established under the NBI Shared Vision and Subsidiary Programs;
 - d. The obligation to protect the ecosystem and biodiversity - particularly the Sudd wetland - and prevent pollution and degradation;

- e. Work to resolve any conflicts arising from the utilization of the Nile water peacefully through negotiation and other available institutional mechanisms of conflict resolution in accordance with principles of international law;
- f. Develop river ports, dredge and make the White Nile and other water courses navigable throughout the year to facilitate cheap inter-state commerce;
- g. Work to develop and manage subterranean water and aquifers, catchments, reservoirs and canals;
- h. Promote and improve the exploration, development and utilization of water, oil, wind, biogas, and other energy resources including solar energy; and
- i. Access, monitor and maintain data base of water resources for planning purposes to ensure sustainability and explore options for future development and use;
- j. Review national water policy

e) Food Security - Agriculture, Livestock, Fisheries, Wildlife and Tourism

- i. Review the South Sudan Agricultural Bank Act and operationalize it's activities; urge the TGONU to increase working capital of the Agricultural and Cooperative Banks in line with the central bank policies to facilitate farmers with credit and modernize agricultural sector infrastructure
- ii. Adopt policies and measures to diversify the economy by developing agriculture sector given the country's endowment with vast arable land, water resources, forestry, animal resources including livestock and wildlife.
- iii. Ten percent (10%) of the national budget should be allocated to the agricultural sector in line with the Maputo declaration - 2003;
- iv. Provide farmers with modern and appropriate farming machinery and technology to promote commercial and subsistence farming to increase production output;
- v. Create an enabling environment for improved and sustainable

- agribusiness to ensure production, food security and nutrition as well as improve market access so as to enhance livelihoods and the resilience of both rural and urban communities.
- vi. Review and implement the national food security policy framework
 - vii. Support and modernize the livestock sector and introduce ranches, improve livestock health and breed; and develop fisheries industries by both the public and private sectors
 - viii. Revive and strengthen the Agriculture research centres
 - ix. Carry out comprehensive studies with the view to design policy measures that address the all important issue of livestock management particularly cattle; by focusing on harnessing its immense economic potential. In addition, measures to deal with role of cattle in social relations, generation of inter-communal conflict in form of cattle rustling among the herders and conflict with sedentary farmers as well as environmental degradation need to be undertaken;
 - x. Promote and develop forestry and agro-industries, and commerce;
 - xi. Undertake institutional and human resource capacity building to enhance productivity;
 - xii. Encourage establishment of cooperative societies, farmers associations/unions and guarantee them credit/ loans through commercial banks;
 - xiii. Create conducive environment and encourage private sector investment in agriculture sector;

f) Environmental Protection:

- i. Develop comprehensive policy and legal framework for the preservation, conservation and sustainable use of ecosystems, biodiversity and forests;
- ii. Ensure sustainable and equitable use of natural resources without degrading the environment or risking health or safety of the people and wildlife;
- iii. Adopt measures to prevent and control degradation of land, water, vegetation and air, and forests; by implementation a forestation programs in rural and urban areas;

- iv. Conserve and protect wildlife, wetlands, national parks and game reserves, and promote tourism.
- v. Allocation of resources for the development of physical infrastructure and protection against poaching and wildlife trafficking
- vi. Develop strategies, mechanisms, economic and social instruments to improve environmental quality and sustainable use of natural resources;
- vii. Conduct environmental and social impact assessments before implementation of any development projects (infrastructure, hydropower, oil, mining, industrial, irrigation, etc)
- viii. Promote regional and international cooperation on preservation and protection of the environment especially with the United Nations Environment Program (UNEP) as well as the Kyoto Protocol;
- ix. Raise awareness and understanding of the link between environment and development, and promote individual and community participation in protection of the environment;
- x. Undertake survey of wetlands and biodiversity resources of the country; (possibility of tapping Carbon Credit) carry out environmental profiling and establish an environmental information centre and research.

2. Public Expenditure

- i. Establish effective public procurement and payroll systems, granting of public concessions, public borrowing and debt management compliant with existing laws; (payroll system to be addressed under public service reform)
- ii. Adoption of strict measures to control uncoordinated borrowing and to ensure that all borrowing are in accordance with the law;
- iii. Review and implementation of Public Financial Management and Accountability Act 2011;

- iv. Establishment of a central Public Procurement Authority and oversight Public Procurement and Asset disposal Board (Authority); during the transitional period
- v. Ensure strict compliance with Public Procurement and Asset Disposal Law and Procedures;
- vi. Assessment and determination of the level of public debt and ascertain the correctness in procedures used;(TGONU)
- vii. Adoption of strict macroeconomic coordination between the fiscal and monetary arms of the economy; by the ministry of finance and the central bank
- viii. Strict enforcement of financial discipline in budget execution (+ capacity and rigor in building/ constructing the budget). (Budget cycle of three years only for development projects)

3. Revenue Collection

- i. Establish effective, transparent and accountable management of oil and non-oil revenue
- ii. Establishment of an autonomous National Revenue Authority whose mandate shall be Assessment, Collection, Administration and Enforcement of laws relating to taxation and revenue (collect revenues for all the three levels of the government as per revenue schedules of the 3 levels). Its composition shall include all the levels of the government
- iii. Establish an efficient tax/revenue system under an autonomous authority.(to be merged)
- iv. Establish (re-invigorate/ empower) an independent Fiscal and Financial Allocation Monitoring Commission (FFAMC) which shall comprise of experts nominated by the states and Federal/National Government to ensure transparency in regard to the allocation of federally/nationally collected funds to the states and counties;
- v. FFAMC shall be replicated at state and county levels;
- vi. All revenue collected for or by the Revenue Authority shall be pooled and administered by the Federal/National Revenue Authority (FRA). Such Fund shall embrace all accounts and sub-accounts into which monies due to the Federal/national Government are collected, reported, deposited and audited.
- vii. All revenues, expenditures, deficits, and debt of the TFGONU shall be accounted for and the information made accessible to the public. An annual report to the Transitional Federal/National Legislature

shall be required, which details the TFGONU financial activities.

4. Reconstruction and Development Funds

- i. Identify local, national, sectorial or private sector associations with the view to improving their productivity/efficiency through capacity enhancement and easing access to financing. These types of businesses are considered small and medium enterprises (SMEs). These entities include but are not limited to South Sudan petrol stations associations, maize producers associations, dairy producers associations, poultry producers associations, national private companies in the areas of supply, general trade, construction, airlines, and others. (move to Private Sector promotion and development)
- ii. Fully work to implement the recommendations of the Private Sector Development Strategy (PSD) developed jointly between the South Sudan Business Forum and Ministry of Commerce and Trade. (move to Private Sector promotion and development)
- iii. There shall be established a Youth Enterprise Development Fund with the goal to bring more youth into economic development activities to enhance social cohesion within the country. The Fund hopes to foster and promote entrepreneurship among youth, typically in the form of micro, small and medium businesses/enterprises (SMEs)
- iv. There shall be established a Women Enterprise Development Fund for provision of subsidized credit for women-based enterprise development; capacity building of women entrepreneurs, women oriented enterprises and others. (move to Private Sector promotion and development)
- v. Establishment of micro-finance institutions.

5. Institutional Reforms

- i. Develop a Strategic Economic Development Road Map (national development plan of 3 – 5 years) to accelerate progress in achieving a sustainable and resilient national economy
- ii. Define clear lines of authority, public disclosure requirements, and reporting channels among the Ministry of Finance and Economic Planning, the Ministry of Petroleum and Mining, the Bank of South Sudan (BOSS), the Presidency, the line Ministries, and Parliament laid out by the laws shall be adhered to

- iii. Ensure that all public financial and budgetary commitments entered into by the TFGONU are transparent, competitive and in accordance with the laws of the country and internationally accepted norms of commercial practice.
- iv. To put public finances on a more sustainable path across all levels of Government through rigorous adherence to national laws and international standards (including PFMA Act, 2011) shall be enforced. This will result in better resource allocation, increased budget discipline, higher non-oil revenues, prudent petroleum revenue management and an efficient foreign exchange market, as well as effective auditing and transparent public disclosure.
- v. Review the establishment of the Auditor General Chamber with view to ensure and guarantee its independence and operations; the Chamber shall be empowered to eliminate any political interference, with parliament playing its oversight role in the fight against corruption
- vi. Review Anti-corruption and Ethics Commission Act with aim of enabling it to fully perform its functions;
- vii. Protect the independence of the Anti-Corruption and Ethics Commission and empower it to reject any political interferences with corruption cases whether at the investigation stage or at commencement of trial before courts of law;
- viii. Harmonize the role of the Anti corruption and Ethics Commission with the Ministry of Justice and the Police;
- ix. Strengthening of legal and institutional frameworks of the Anti Corruption and Ethics Commission and to ensure their enforcement;
- x. The Government shall accede to regional and international conventions on Corruption particularly the African Convention on Preventing and Combating Corruption (AUCPC) and the UN Convention Against Corruption (UNCAC) and coordinate with them to recover and return embezzled money in foreign accounts;

- xi. Political Leaders should show Political will to ensure that policies and procedures are fully functional for sustainable development and government should adapt the open doors policy to ensure transparency and accountability. This shall be done through institutions established for this purpose;
- xii. Ensure that National Budget and budget at each level should address the reality on ground and the local needs;
- xiii. Political Leaders must demonstrate effective leadership and commitment in the fight against corruption and any leader found to have condoned or engaged in corrupt practices must be punished and barred from holding public office;
- xiv. Involvement of the Media and civil society in policy advocacy against corruption and raising public awareness to strengthen capacity of the public to resist and prevent corruption;
- xv. Put in place policies and procedures that are fully functional for sustainable development and maintenance of infrastructure and to ensure and regulate effective social and economic activities.
- xvi. To develop a code of ethics and Integrity for public officials; emphasizing the values of honesty and integrity; expand the curriculum in the educational system to promote the values of honesty, integrity and respect for public property;
- xvii. Implementation and monitoring mechanism should be put in place to ensure proper allocation and use of financial resources
- xviii. Establish a high level, competent and effective oversight mechanism that controls revenues, their allocation in broad terms through the budget and the effective spending for the planned purposes. The oversight mechanism shall be made up of all key stakeholders;
- xix. Institutions that deal with Public Sector Management must be developed and strengthened, with an emphasis on Public Finances and clear indicators set with more attention given to the budget

execution phase of financial management (in PFMA Act)

- xx. Increase partnership, coordination and mutual accountability with development and humanitarian partners to ensure that development partners provide timely and comprehensive data on aid flows to the states, sectors and institutions of South Sudan, with reports of the results they achieve for citizens. This should be jointly monitored and evaluated (Review the New Deal Compact for South Sudan)
- xxi. Establish NGOs Act to regulate their activities in the country;

6. Bank of South Sudan

- i. There shall be established a Federal/National Reserve Bank of South Sudan (FRB) headed by a competent/ appropriately qualified Governor whose responsibility is to ensure price stability, maintain a stable exchange rate and sound banking system as well as the issuance of currency. (merge with para below)
- ii. Restructure the Bank of South Sudan (BoSS) [Board, senior management] including the adoption of comprehensive reforms to improve its supervisory functions and prudential regulatory roles in order to stamp out widespread corruption in its operations;
- iii. Take corrective measures to curb the misalignment and incessant exchange rate debacle inherent in the two parallel rates of the South Sudanese Pound;
- iv. Adopt tighter regulatory processes including the establishment of an Ombudsman body embedded in the Central Bank to keep watch on the regulators and play the role of guarding the guardians. This is important to mitigate the damning perversities such as malfeasance, bribery, and insider's dealing; conflict of interests and abetment of financial crimes by Bank officials.

7. Debt Management/Borrowing

- i. The TFGONU and the states may borrow money locally based on their

- respective credit worthiness. Any foreign borrowing shall be negotiated through the National Ministry of Finance and the Bank of South Sudan; and the BOSS shall then guarantee such loan;
- ii. Foreign borrowing by any level of government shall be done in a manner that does not undermine national macroeconomic policies and shall be consistent with the objective of maintaining external financial viability.

8. Salaries and Remuneration Commission

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10. ISSUES/ TOPICS requiring Expert Presentation:

- **Basis and Formula(e) for revenue allocation in decentralized/ federal systems of government.**