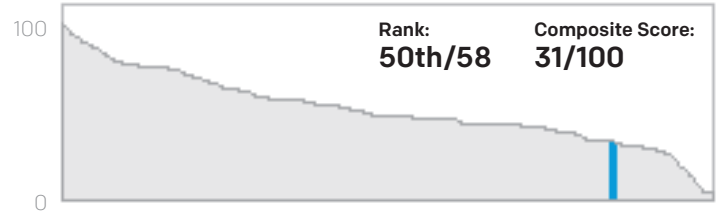


# South Sudan



The Resource Governance Index (RGI) measures the quality of governance in the oil, gas and mining sector of 58 countries. Learn more and explore findings at [www.revenuewatch.org/rgi](http://www.revenuewatch.org/rgi).



## Background

The division of Sudan in 2011 placed three quarters of the country's oil in an independent South Sudan, while the infrastructure required to export the oil remains in the north. South Sudan is the most oil-dependent country in the world. Before a disagreement with the north led to an oil shutdown in January 2012, South Sudan produced half a million barrels a day,

South Sudan	2000	2005	2011
Population (million)	..	..	10.31
GDP (constant 2011 international \$ billion)	..	..	19.2
GDP per capita, PPP (constant 2005 international \$)	..	..	..
Extractive exports (% total exports)	..	..	..

SOURCES: World Bank.

accounting for 98 percent of government revenues and about 80 percent of gross domestic product. Oil is its only significant export. The National Legislative Assembly passed a Petroleum Law in April 2012 and now is considering a Petroleum Revenue Management bill. Oil production began again in April 2013.

## South Sudan's Performance on the RGI

South Sudan received a "failing" score of 31, ranking 50th out of 58 countries. While its performance on the Institutional and Legal Setting component was strong, it received failing scores on all other components.

### Institutional and Legal Setting

(Rank: 11th/58 Score: 80/100)

South Sudan received a "satisfactory" score of 80, by far its highest on any component, the product of an ambitious legal framework designed to promote transparent governance of the oil sector.

The National Petroleum and Gas Commission approves exploitation licenses and sets policy; the Petroleum and Mining Ministry negotiates contracts and regulates the sector. The Finance Ministry collects oil revenues and transfers them to the

treasury.

While the Petroleum Law calls for open and competitive licensing practices, no licensing rounds have been conducted since South Sudan became independent. It remains unclear whether provisions of the law, such as requirements that companies conduct environmental and social impact assessments, will be followed in practice.

South Sudan has expressed interest in becoming an Extractive Industries Transparency Initiative candidate. A confidentiality provision in the Petroleum Law, allowing information to be withheld if it might damage industry competitiveness, could undermine attempts to promote transparency.

### Reporting Practices

(Rank: 53rd/58 Score: 17/100)

The government releases almost no data on the oil industry, resulting in a "failing" score of 17.

Despite its commitment to an open licensing process, South Sudan has published little information about the renegotiation of contracts originally made between oil companies and the pre-division Khartoum government.

Prior to independence, a joint committee on oil revenue sharing released limited information on production volumes, prices, and value of exports, but these reports stopped in May 2011. The only oil data the government of South Sudan has published is a December 2011 press release from the Petroleum and Mining Ministry on export earnings.

### Safeguards and Quality Controls

(Rank: 48th/58 Score: 35/100)

South Sudan's "failing" score of 35 reflects a lack of established monitoring and audit mechanisms.

National law sets out a limited oversight role for the National Legislative Assembly, but it is unclear how effective it will be. No parliamentary committee is specifically responsible for reviewing oil revenues.

The National Audit Chamber examines payments received from resource companies and will soon produce reports covering 2005 to 2009. Passage of the Petroleum Revenue Management Act would strengthen the authority of national auditors. South Sudan requires that government officials involved in the oil sector disclose potential conflicts of interest.

## Enabling Environment

(Rank: 53rd/58 Score: 8/100)

South Sudan's "failing" score of 8 is due to very low global rankings on all measurements of the government's ability to effectively govern natural resource revenues.

## State-Owned Companies

(Rank: 33rd/45 Score: 32/100)

Nilepet, an entirely state-owned company controlled by the Petroleum and Mining Ministry, participates in existing oil contracts. It has yet to release any information on its activities, even though the Petroleum Law states that comprehensive, audited reports on the company's finances must be publicly available.

## Natural Resource Funds

The Transitional Constitution calls for the establishment of an Oil Revenue Stabilization Account and a Future Generations Fund managed by the Finance Ministry. The Petroleum Revenue Management Bill includes rules to govern such funds.

## Subnational Transfers

(Rank: 21st/30 Score: 50/100)

Under the Comprehensive Peace Agreement with Khartoum, Sudan's oil-producing states received 2 percent of oil revenues from production that took place within their borders. After independence, South Sudan appears to be continuing this practice. The Petroleum Revenue Management Bill states that counties in oil-producing states are to receive 3 percent of net petroleum revenues.

## South Sudan's Composite, Component and Indicator Scores

Rank (out of 58)		Score (out of 100)
<b>50</b>	<b>COMPOSITE SCORE</b>	<b>31</b>
<b>11</b>	<b>Institutional and Legal Setting</b>	<b>80</b>
	Freedom of information law	33
	Comprehensive sector legislation	100
	EITI participation	33
	Independent licensing process	100
	Environmental and social impact assessments required	100
	Clarity in revenue collection	100
	Comprehensive public sector balance	50
	SOC financial reports required	100
	Fund rules defined in law	..
	Subnational transfer rules defined in law	100
<b>53</b>	<b>Reporting Practices</b>	<b>17</b>
	Licensing process	0
	Contracts	0
	Environmental and social impact assessments	0
	Exploration data	0
	Production volumes	33
	Production value	44
	Primary sources of revenue	0
	Secondary sources of revenue	0
	Subsidies	0
	Operating company names	0
	Comprehensive SOC reports	0
	SOC production data	0
	SOC revenue data	0
	SOC quasi fiscal activities	..
	SOC board of directors	50
	Fund rules	..

Rank (out of 58)		Score (out of 100)
	Comprehensive fund reports	..
	Subnational transfer rules	100
	Comprehensive subnational transfer reports	67
	Subnational reporting of transfers	0
<b>48</b>	<b>Safeguards and Quality Controls</b>	<b>35</b>
	Checks on licensing process	22
	Checks on budgetary process	44
	Quality of government reports	17
	Government disclosure of conflicts of interest	100
	Quality of SOC reports	0
	SOC reports audited	33
	SOC use of international accounting standards	0
	SOC disclosure of conflicts of interest	100
	Quality of fund reports	..
	Fund reports audited	..
	Government follows fund rules	..
	Checks on fund spending	..
	Fund disclosure of conflicts of interest	..
	Quality of subnational transfer reports	33
	Government follows subnational transfer rules	0
<b>53</b>	<b>Enabling Environment</b>	<b>8</b>
	Corruption (TI Corruption Perceptions Index & WGI control of corruption)	4
	Open Budget (IBP Index)	14
	Accountability & democracy (EIU Democracy Index & WGI voice and accountability)	7
	Government effectiveness (WGI)	7
	Rule of law (WGI)	6

<span style="color: green;">■</span> Satisfactory	<span style="color: orange;">■</span> Weak
<span style="color: yellow;">■</span> Partial	<span style="color: red;">■</span> Failing