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**SOUTH SUDAN CHAMBER OF COMMERCE, INDUSTRY AND  
AGRICULTURE**

**by Mr Simon Deng, Secretary General**

**Private Sector Development through Education.**

**Business through Education.**

**Organized by Academy for Professional Development.**

The Country needs active, equitable, and profitable private sector.

We have to graduate from conflict and post-conflict aid-dependency that has introduced UN/Donor Syndrome of “HELP” presenting vulnerable scenarios as people depend on UN aid for longer time due to unending conflict in South Sudan.

The private sector investment should change this scenario as peace is hopefully achieved sooner than later. The most important issues are not *whether* the private sector develops, but rather **how and when it does so.**

Private sector companies are essential pillars for achieving the goal of sustained economic growth and poverty reduction in a nation.

The private sector is an essential ally for providing basic services such as:

- Infrastructure
- Investment
- Invention and Innovation.

However, businesses face many barriers that impede investment, firm expansion, job creation, and sustainable growth.

**Petitions to government and stakeholders**

1. **Implementation of R-ARCSS.** We urge the political parties and the government to implement the recently signed peace agreement to help the country improve its investment climate. Financing the peace agreement activities and its dissemination is important for its success. Give people an opportunity to own the peace while justice and accountability must be seen to work.
2. **Fight Corruption:** We urge colleagues' companies to stop feeding the mosquitoes and report any corruption to the authorities' concern. Corruption kills efforts to develop a nation.
3. **Tax Policy:** We call for uniform, clear and simple laws, taxes and fees, rules so that we can follow them and help the country develop.

4. **License System:** We call for single and simple license systems through few bodies (Ministries and Institutions) as possible and not waste our time with procedural formalities.
5. **Support the National Revenue Authority:** Now we have the revenue authority tasked to collect revenues on behalf of everyone from the national level to the States. Let us respect and accept the National Revenue Authority to collect revenue for the Country. Removing multiple taxes that has frustrated businesses and a cause for SMEs drop from doing business.  
We call for the collectors of both taxes, fees and licenses not to benefit directly from the income so not to stimulate forces of own interest. The national revenue Authority should be support and accepted by all government and private institutions.
6. **Transparency and Accountability:** We urge the government and private sector to be transparent and accountable just to pave way for the development of the country. Roads and electricity can only be built if finances are well managed.
7. **Good governance and Institution Building:** We urge everybody, the companies, the political parties, the donors etc. to support any initiative in the direction of good governance and institution building,
8. **Advocacy and Lobby through Associations:** We urge all companies and their employees to become active members of associations or to initiate such association which more are specialized, and active sector are to be heard in the advocacy arena.
9. **Development of Associations:** We ask the government and the donors to support the development of associations and to appreciate their roles as important stakeholders in the development of the country.
10. **Donor Support to local Businesses:** We ask the donors to look critically at the impacts of their activities on local business development. Procedures and claim of inexperience by local companies can never be an excuse for doing the wrong thing in practice.
11. **Infrastructure Development:** We ask the government and friends of South Sudan to develop the infrastructure to improve the ease of doing business. Having good roads, affordable energy and clean water across the country makes it easier to stablish companies who in turn employ the youth who are tax payers to the government.
12. **Invest in Tertiary Education:** Agencies and government investing in technical institutes like the Don Bosco style to training carpenters, mason, electricians, hospitality industry players like tourist guides and waiters/waitresses, metal work like welders among other sectors that could help the youth get employment and become entrepreneurs out the skills acquired from the technical institutes.



**Interviews with Juba businesses. We have done some “research”, we have asked companies in Juba what they need for survival and growth. What are the main things they struggle with. Most of the companies were small and medium-large companies, hear the stories:**

- **Instability, uncertainty**, The situation in South Sudan changes very fast and very often. That provides chances for huge profit for gamblers and mala fide individuals/companies, but it is a bad business and investment environment and does not support development and general prosperity. Uncertainty was the biggest issue as no good information is available to build (investment) policy on.
  - **Unpredictability**; Large and long-term investments are thus virtually impossible. Government and their institutions are experienced as unpredictable and unreliable.
  - **Unstable Currency**; The instable currency was mentioned by everybody as real big problem. The South Sudan production is small and narrow, so companies rely on the availability of hard currency which is poorly available through official channels savings in hard currency are limited or not paid out by banks.
  - **Relation with the government and government institutions**. The practice of tax collection and the incomprehensible mesh of licenses and license fees are also mentioned by all. Just look at the financial act; 69 out of 77 pages is about fees payable to whatever ministries and bodies.
  - **Unfair Competition**; Many mentioned unfair competitions due to large scale corruption by institutions that are unwilling and/or unable to implement and enforce the official published policy.
  - **Insecurity**; Yes, also insecurity was mentioned, mainly related to travel and transportation limitations, but also because of absence of implemented law and order; theft, harassment and worse. This creates a poor investment environment and thus bad for business.
- These above comments are mostly matters related to authorities failing on their duties in the government and hence leads failing institutions whereby many companies decide to avoid the government, neglect the official path, avoid taxes, pay for the fees and take the shortcut.
  - Two options from here, that will change or not. If not than we continue the path that we walk now; towards economic, social and cultural bankruptcy and total dependency on external forces.
  - Most people want this to change and businesses prefer a working government and working institutions and are willing to pay for it too.
  - The government and the institutions are the soil where both companies and people can grow and flourish on.
  - Most of the donors won't work directly with the government and that is an undeniable sign for all government employees and their management that their “might be some issues” within the system.
  - Having said that we challenge that policy of not supporting the government bodies to cut out the diseases and to heal. The country ran by NGO's is

“probably” worse than a poor/no government? That is a disaster for the country in general and for the private sector especially.

### **What are private and public sectors.**

The private sector is represented by the South Sudanese registered/incorporated companies and the public sector is the government.

Other organizations; NGO's, UN organizations (they do not see themselves as NGO) churches, bi-lateral stakeholders and other public services like schools, hospitals, banks, telecoms etc. The last operate often with one leg in the private and the other in the public environment.

Second, we group the companies to size of employment to understand their strength and limitations. The private sector, the companies, can roughly be sorted in four groups with different organization structures, possibilities and relation to the public sector and human resource development (training) needs.

#### **a. The first group are the self-employed.**

Organization structure is typical low or absent. Many (most?) of them are not registered and not organized in associations or other bodies that represent their interest. They mainly take care of themselves and deliver services like retail and technical services. Many are randomly taxed by local government or whoever feels empowered to collect taxes. They typically have no power or resources for human resource development, growth and innovation. The examples are konyokonyo shops operating and vegetable ladies among other groups commonly known as MSMEs.

#### **b. The second group are the small companies lets say up to 50 employees.**

Their organization level differs from low to good organized. Most or all are registered and contribute to the nation through taxes, local services and employment. Many are struggling to find a way to be heard and seen (both to the private and the public sector) and active contribution to associations is not evident. They tend to spend a good deal on human resource development but must send the employees to available training as there are seldom enough trainees to make a full class. They typically depend on public providers or private providers who accept less than full group subscription. Depending on the financial status of the company they might or might not have resources for growth. Mostly growth depend not on the resources but on the market and the organization/vision of the management. Innovation is not often policy or goal.

**c. The Third Group are the Medium-large Companies, 50-500 employees.**

They are typical good to very well organized. They are all registered and typically contribute a lot through taxes, employment and delivering local services. They have enough mass not to be overlooked and they have less or no problem to be heard and seen. Many spend a lot in human resource management as a policy and a tool to keep the staff within the company. They often have in house training facilities or make use of (tailor made) training from private and/or public providers. Most spend on innovation and have innovation as a policy. Financing innovation is however a limiting factor.

**d. The fourth group are the large companies, 500+ employees, often international operating bodies.**

Well organized and can typically take good care of their interest. Some are notorious for their dubious lobby activities and tax avoiding practices, others are making huge contributions to the society. As these large companies are mostly public share companies they are mainly driven by investors who have no interest than to increase their wealth. The large companies have typically training policy and facilities as a department of human resource management. Furthermore, both public and private facilitated training is used. They provide a lot of employment per company but their employment role/ratio on national is limited. The large companies are the drivers of innovation. Although many innovative ideas come from individuals and small companies, most of the successful innovations are further worked out and brought to the market by larger companies.

**The view/image that many people have about the private sector.**

- The image of the private companies is sometimes a bit skewed, especial by public employed people. Some of the following are common assumptions by the public:
- Private companies are to make the boss rich”
- The first goal of a company is to survive and then to grow.
- Profit is a tool to make that possible.
- Sure, most private businesses are giving their boss a good income.
- If not, then who would start a private business? Some (few) entrepreneurs become extremely rich, many go bankrupt and have worked for nothing, most are able to make a decent living.
- “Private companies have plenty money” Private businesses need to have money to invest, to grow, to make, to employ, to serve and to pay taxes.
- That money come initially from the investor(s) pocket. That could be one-few individuals, that could be many shareholders.
- Private companies’ risk to lose their money. That could be indirect through a bank or other loans. Then the risks are diverted but against a price (rent). Later money

should be earned through its operations. If that goes well the company could have a considerable amount of money.

- It is up to the management to decide how to utilize the money; as back-up, for innovation, to grow or to pay back to the shareholders.
- “Private companies do not care about people or society” Companies (like all organizations) are ran by people. And people are people! Some are good, some arrogant.
- Obviously, a company operates somewhere in the society. The closer the company works in the society and the more they depend on that society, the more likely they care for that society. **Therefore, local companies are generally more involved with local matters than international companies.**
- “Private companies do not like to spend, especial not to pay tax” A company like any organization has to manage the money wisely or they are likely to fail in their purpose
- . So a good manager will think twice before spending and is more likely to spend to make the company stronger than on other things. Payment of taxes plays almost no role for a private business.
- That is, if all competition pays the same. At the end it is its clients money that goes to taxes. If the tax tomorrow is 10\$ more, than the clients must pay 10\$ more tomorrow.
- A good working tax system with a responsible government is appreciated by all sensible companies as a good working society and good infrastructure is what a company needs to flourish.

### **When is paying tax a problem for a private business?**

When the tax system in not transparent, complicated or unclear. When the taxes are discriminating for no good reason.

When the tax system is changing often. When tax avoiding is possible (poor laws, poorly enforced, corruption, tax heavens). When the tax is a relatively large amount of the cost price, or a relatively large amount for the costumers, and thus making the product unaffordable.

### **Islanders/local/dwellers and associations.**

- Many companies feel like Islanders/inhabitants. Not been seen and heard running in circles not knowing what happens in the world.
- Smaller companies struggle more than the larger companies. It shows the immaturity of the businesses and the business community.
- Mentioned by many was how difficult it is to find buyers, suppliers and business partners.

- We will not go into this matter than to mention that the time seems to be right for advertising businesses, trade fairs, yellow pages and “connect South Sudan” web sites. I see business opportunities! Within this congress we try to facilitate networking as much as we can.
- You can use the brakes and the site workshops to build your network. And just say hi to your neighbor and see that miracles will happen.
- Many feels like not being heard, they do not know how to make themselves visible and how to exercise influence. The private sector is poorly organized with many competing players like chamber of Commerce verses Business Federation and thus have limited influence.
- Just a few associations are active to come up for the interest of the members like the Chamber of Commerce has been advocating on the media, but the effect is not being felt with political missing in action.
- If the private sector supposed to play an important role in the development of this country, both policy of the government and all the donors, then they need to empower themselves and make themselves to be heard in the society, the government and in the parliament.
- Organizing through associations seems to be the best way to be able to speak with authority and knowledge and thus to reach that goal. The Chamber of Commerce, known by every company for its membership, need to be empowered and financed to deliver up its mandate. The chamber of Commerce supports the formation and empowering of associations. They are very active in supporting the private sector and to advocate for them in the parliament and in the government. It is not a governmental institution; its is member based private sector apex institution with objective of advocacy, lobby and networking for the members association. They are approachable and have massive information about all businesses in South Sudan.
- Private business development is the buzzing word amongst both government and NGO’s. Supporting them to organize themselves could be an effective way to support that goal.

### **Private versus donor?**

The relation of the private sector with donors is ambivalent/uncertain. Who could not be happy with donors you would ask? Most of the UN and NGO tenders are done internationally and the local business have merger opportunity to compete against the world and regional companies with muscles in finance and experience as commonly said by our colleagues in NGO and UN agencies.

**We question that system as it does not improve the development of the local market and the production.** If we look at the tender market than few companies benefit; mainly the specialized and not seldom worldwide operating donor servers (or put negative, the donor milkers). It is a legitimate question if this is a good thing or not. Tenders are complicated and mostly out of reach of capable South Sudanese

companies and has such a rigid structure that you seldom find in the private sector. It is more than often taken out of the policy of the donor and placed in a body called procurement department.

They generally have a different approach/policy where vision and mission are not the drivers but price and internal efficiency. They must procure such what is best for the donor. Not for the beneficiaries! Winners are normally the cheapest (that quality plays a role is just not true on the floor!) and the grateful beneficiaries are often left with rubbish and high maintenance costs. Much more goes wrong, but NGO's UN and other donors see themselves as well-doers and seem to have difficulties with self-reflection. The giveaway for free culture (say fishing gear) does not improve the (fishing gear) trade infrastructure or the market. The official EU policy is that donors should ask themselves; "why not give money?". We support that but we do not see that policy reflected in practice.

Let that fisherman decide what he wants to buy and from who. Buy from local producers if you can, even if the quality and the price is not optimum. Support local producers to develop with training and loans, not with goodies and gifts. Most questioned see the donors as a welcome money as they can reach it, but it does not contribute to business development.

**We ask the donors to look critically at what the impact of their activities is on the local business development. Procedures can never be an excuse for doing the wrong thing in practice!**

**Skilled Labor;** Finding skilled labor in South Sudan is a challenge. A few people are equipped with technical know how to do the job. Lack of tertiary institutes to train the youth remain a problem the country face in building its capacity and man power. finding (and keeping) skilled labor. create skilled labor that is needed by both the private and the public sector through education and training.