

I. Install Central Bank Technical Advisory Body

South Sudan should invite a hybrid advisory body of technical experts to have operational authority over discrete aspects of the central bank, the Bank of South Sudan (BoSS). This advisory body of central bank specialists—comprised of South Sudanese and international experts—would have a joint decision-making role in macroeconomic policies, such as the printing of currency and management of the country’s foreign reserves. This focus on monetary policy, rather than budgetary controls, would ensure a narrow scope of work centered on access to foreign exchange.

How would this action improve economic governance?

The central bank has been complicit in some of South Sudan’s largest corruption schemes, resulting in hundreds of millions of dollars of lost state resources, sometimes through currency arbitrage. The BoSS’s lack of independence to regulate the banking industry and work free of political interference has facilitated corruption and crippled the development of a well-regulated economy. The advisory body’s emphasis on the country’s forex, which is key for macroeconomic stability, might spur international support for post-conflict reconstruction.

- The advisory body—made up of experienced central bankers from South Sudan, multilateral banks, and partner countries—would have operational control limited to the core technical facilities of the bank related to the outflow of currency from the economy.
- A hybrid technical team would apply their knowledge to support the bank’s technocrats, and aim to ensure the central bank is free from political intervention. The body would also have the opportunity to collaborate with South Sudanese civil society and bankers to promote transparency in the BoSS’s operations and decision-making.
- Companies and donors seeking to invest in South Sudan’s economic development and South Sudanese looking for currency stability would, with the support of the advisory body, gain confidence in the BoSS’s handling of the economy. The R-TGoNU might come to appreciate how technical expertise in the country’s monetary policy could lead to economic benefits, such as more consistent access to forex and cheaper international loans.

Has this policy worked?

Under the transitional government in Liberia, international experts served under the guidance of the Central Bank Governor with binding co-signature for operation and financial matters. This broad oversight, as part of the Governance and Economic Management Assistance Program (GEMAP), had special emphasis on banking operations to stabilize the post-conflict economy, and also required all revenue to be consolidated and held in an escrow account for government expenditure.⁵² Many Liberians, however, considered GEMAP’s mandate too broad and burdensome. This recommendation is significantly scaled down and draws on just one aspect of GEMAP.

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What are the steps to implementation?

An advisory body would be consistent with the R-ARCSS's requirement that South Sudan ensure a transparent economy and the R-TGoNU's mandate to review the legislation, structure, and governance of the BoSS.⁵³ The R-ARCSS demands a "single treasury account" at the BoSS for natural resource revenue,⁵⁴ for instance, and the advisory body could highlight areas for reform.

- **South Sudan:** The R-TGoNU and opposition parties should call for the advisory body at the U.N. Security Council (UNSC). In addition, the R-TGoNU should consider what benchmark would end the body's support, a key aspect of an agreement.
- **IGAD, AU, United Nations:** The UNSC should authorize and oversee the advisory body and work with the R-TGoNU to launch consultations with South Sudanese civil society and international financial agencies—the International Monetary Fund (IMF), World Bank, U.N. Economic Commission for Africa, and African Development Bank—to determine its staffing. The UNSC should build in enforcement measures, including closed-door briefs, to ensure the advisory body works free from political intimidation.
- **International Partners, Donors:** South Sudan's partners should begin to address the economic hurdles ahead for the country and tie international finance support to the implementation of an advisory body. Partners and donors should jointly call for the advisory body, which could ultimately improve the financial flow of humanitarian assistance and lower costs.