

Transforming South Sudan: The New Financial and Accountability Act 2024

By Kitab Unango



In a significant move towards financial transparency and economic stability, the Reconstituted Transitional National Legislative Assembly has passed the Financial and Accountability Act 2024, ushering in a new era of fiscal responsibility and enhanced revenue collection.

The Chairperson of the Finance and Economic Planning Committee, Hon. Changkuoth Bichiock Reth, is driving this landmark legislation, which promises to reshape South Sudan's economic landscape with far-reaching implications for the nation's development and prosperity.

One of the pivotal aspects of the new act is the stringent regulation of government borrowing, amending mandates that any intent to acquire a loan must be presented to the National Assembly for approval before entering into any agreement with lenders.

This guarantees the scrutiny and alignment of loans with the country's economic priorities and repayment capacity.

Hon. Bichiock emphasized the importance of this provision, saying: "The committee recommends the addition of sub-section 3 of section 35(a) to read as follows: 'Any lender of a credit facility that has not received approval from the assembly shall cease such approval before securing the loan or disbursement of such funds.'"

This means the Ministry of Finance cannot proceed with borrowing without parliamentary consent, ensuring greater accountability and reducing the risk of unsustainable debt.

South Sudan hopes to prevent rash financial decisions and guarantee the effective use of borrowed funds for population-benefiting development projects by involving the national assembly in the loan approval process.

Furthermore, this move is expected to enhance investor confidence, promote a more stable economic environment, and promote transparent and equitable utilization of the nascent country's resources.

South Sudan currently owes approximately \$1.2 billion in external debt. This debt burden, if not managed carefully, poses significant risks to the country's financial health.

The new act's strict loan approval procedure is a step toward more responsible debt management, with the goal of preventing the buildup of unmanageable debt and guaranteeing the use of borrowed funds for worthwhile projects.

The act's designation of the National Revenue Authority (NRA) as the sole body responsible for tax collection and distribution is significant because it aims to streamline revenue collection processes, reduce corruption, and enhance tax administration efficiency.

"The committee recommends the addition of a new sub-section 7 of Section 21 to read as follows: to improve the collection of government revenue, the South Sudan Revenue Authority shall

be the only body that collects taxes for the government and distributes the percentages to the states and administrative areas accordingly," the parliamentarian explained.

The lawmakers claim that this specific provision intends to end the fragmentation of tax collection efforts and guarantee the accounting and equitable distribution of all revenues.

By strengthening the NRA's role, the government hopes to boost its revenue base, which is critical for funding public services and infrastructure projects.

South Sudan, a country with historically low tax compliance and frequent revenue siphoning through corrupt practices, urgently needs improved revenue collection.

However, the government hopes to increase the funds available for development projects and public services by centralizing tax collection under the NRA and directing all collected taxes into the national treasury.

The Financial and Accountability Act 2024 aligns closely with the principles outlined in the Revitalized Agreement on the Resolution of Conflict in the Republic of South Sudan (R-ARCSS). This agreement, signed in 2018, emphasizes the need for transparency, accountability, and inclusive governance as fundamental pillars for peace and stability.

One of the R-ARCSS's key tenets is the establishment of mechanisms to ensure transparency and accountability in national resource management. The new Financial Act directly supports this objective by mandating parliamentary approval for loans and centralizing tax collection under a single authority.

While these measures are intended to improve oversight, reduce opportunities for corruption, and ensure that national resources are used effectively for the benefit of all citizens, their implementation remains uncertain, as several good laws have remained on the books without being implemented.

However, the act supports the broader goals of economic stability and growth, which are crucial for maintaining peace and rebuilding the nation, by increasing government revenues and ensuring transparent fund allocation.

The passage of the Financial and Accountability Act 2024 comes after South Sudan secured a \$738 million loan from the Ethiopian government for critical infrastructure development.

Due to the loan agreement's initial lack of presentation before the National Assembly, the recent process highlighted the need for more robust legislative oversight.

With these reforms, South Sudan is taking concrete steps towards fiscal discipline and improved governance.

The enhanced oversight of loans and centralized tax collection are expected to foster economic growth, reduce corruption, and improve public trust in government institutions.

