MIGRANT MONEY

Regional Harmonization of Remittance Policies in the Intergovernmental Authority on Development (IGAD)

SOUTH SUDAN POLICY DIAGNOSTIC REPORT

February 2023

ACKNOWLEDGMENTS

On behalf of the migrant women and men originating from, and receiving remittances in, and their wider communities in least developed countries, the UNCDF Migration and Remittances programme team would like to thank the many partners and collaborators who are contributing to our efforts to advance the work on the regional harmonization of remittance policies in the Intergovernmental Authority on Development (IGAD) region. This appreciation is not their endorsement of this paper and is extended to the IGAD Secretariat team for coordinating these efforts and the teams at the Bank of South Sudan, Ministry of Finance and Planning of the Republic of South Sudan, Ministry of Foreign Affairs and International Cooperation of the Republic of South Sudan, National Communications Authority, Alpha Bank, and mGurush and Zain, that have been involved since the inception and have contributed substantively to the report.

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ABOUT THIS REPORT

This is a diagnostic report for South Sudan as part of a wider project on harmonizing remittance policies in the Intergovernmental Authority on Development (IGAD) region, prepared by the United Nations Capital Development Fund (UNCDF) and the IGAD Secretariat, with the objective of improving the IGAD countries' current and ongoing policy and regulatory framework development and other initiatives relating to remittances.

The United Nations Capital Development Fund makes public and private finance work for underserved communities in the world's 46 least developed countries. With its capital mandate and instruments, UNCDF offers last-mile finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's digital agenda for migration and remittances falls within the organization's broader corporate strategy, set forth in 2019, of Leaving No One Behind in the Digital Era. On the other hand, the Intergovernmental Authority on Development (IGAD) is a regional economic community (REC) created by its Member States—Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan, and Uganda—to enhance regional cooperation in three priority areas of food security and environmental protection, economic cooperation, regional integration, and social development, peace and security. The founding leaders of IGAD were motivated by a vision where the people of the region would develop a regional identity, live in peace, and enjoy a safe environment alleviating poverty through appropriate and effective sustainable development programmes.

Remittances can act as a catalyst for sustainable development at the individual, household, community, and national levels as a source of greater disposable income for migrant families that can lead to increased consumption and investment. The size and scale of global remittances create the possibility of harnessing these flows through digital channels toward productive investment in health, education, and local businesses, thus contributing to the long-term development of countries around the world. An effective policy and regulatory framework that balances innovation and risk will be critical to this transition from cash to digital.

This diagnostic report has been prepared through a desk research review of relevant policies, laws, and regulations followed by extensive stakeholder consultations and benchmarking with relevant countries' initiatives, policies, and regulatory frameworks. The authors of this report have prepared a roadmap with a country-level mapping of possible enablers, inhibitors and policy options. It is recognized that implementation of the roadmap requires further engagements with the regulatory and policymaking bodies to determine what options can be taken up.

ACRONYMS

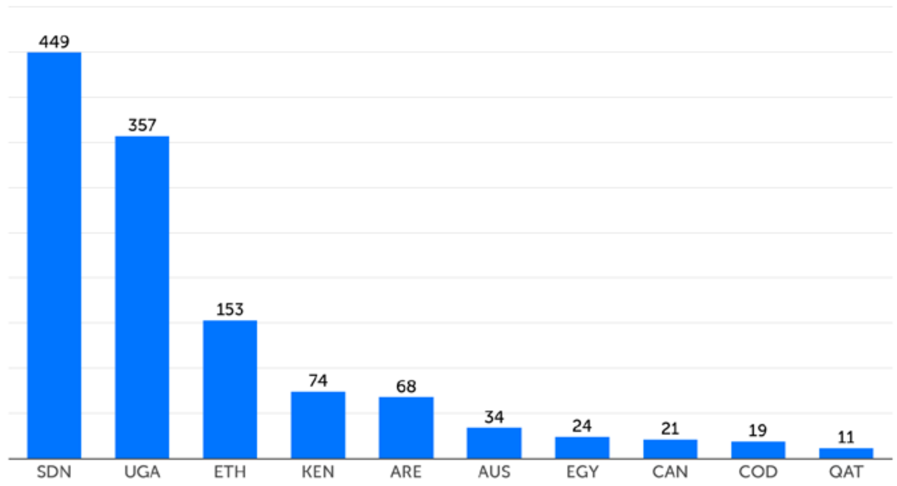
ACH	automated clearing house
AFDB	African Development Bank
AML/CFT	anti-money laundering/combating the financing of terrorism
API	application programming interface
ATM	automated teller machine
ATS+	automated transfer system plus
BoSS	Bank of South Sudan
CDD	customer due diligence
CSD	Central Securities Depository
EAC	East African Community
EAPS	East African Payment and Settlement System
e-KYC	electronic know your customer
GDP	gross domestic product
IGAD	Intergovernmental Authority on Development
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
ISO	International Organization for Standardization
KCB	Kenya Commercial Bank
KYC	know your customer
MFI	microfinance institution
MFS	mobile financial services
MMO	mobile money operator
MNO	mobile network operator
NCA	National Communications Authority
NFC	near field communication

NID	national identification
NPS	national payment system
PIN	personal identification number
POS	point of sale
PSP	payment system provider
QR code	quick response code
RSP	remittance service provider
RTGS	real-time gross settlement system
SIM	subscriber identity module
SSP	South Sudanese pound
STP	straight-through processing
TAWG	Technical Advisory Working Group
UNCDF	United Nations Capital Development Fund
UNHCR	United Nations High Commissioner for Refugees
USSD	unstructured supplementary service data

COUNTRY CONTEXT

South Sudan is a country with many economic and voluntary migrants and displaced people. Inbound remittances to South Sudan in 2021 amounted to US$1.236 million, accounting for 23.9 percent of the gross domestic product (GDP).[1] These remittances came from 2.6 million remittance-sending migrants, primarily in Uganda, Sudan, and Ethiopia. Given the country's history and status, its recent independence in 2011, followed by the conflict that ended in 2018, there are gaps in the data regarding the remittance environment.

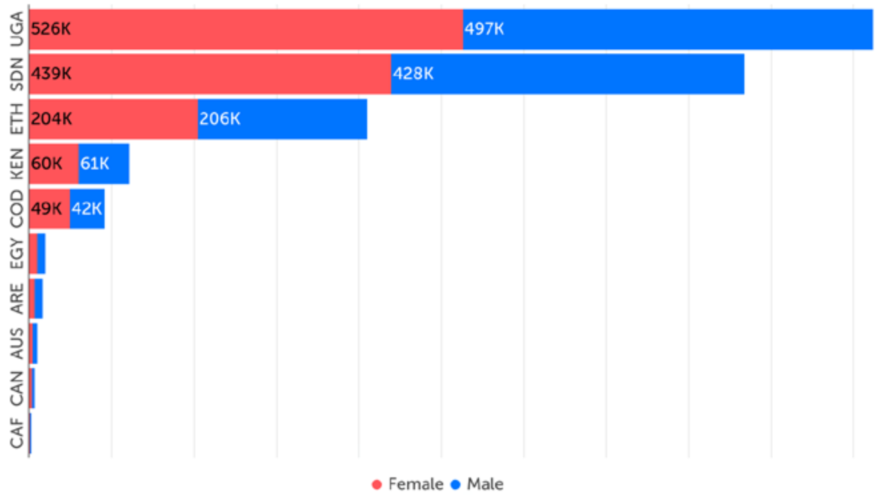
Figure 1: Remittance outflow by sending economies — Top Countries 2021



Source: KNOMAD-World Bank (Accessed on 16 September 2021)

UGA=Uganda, SDN=Sudan, ETH=Ethiopia, TCD=Chad, KEN=Kenya, CAN=Canada, COD=Democratic Republic of Congo, ARE=Argentina, AUS=Australia, EGY=Egypt, QAT=Qatar, NLD=Netherlands, KWT=Kuwait, FRA=France

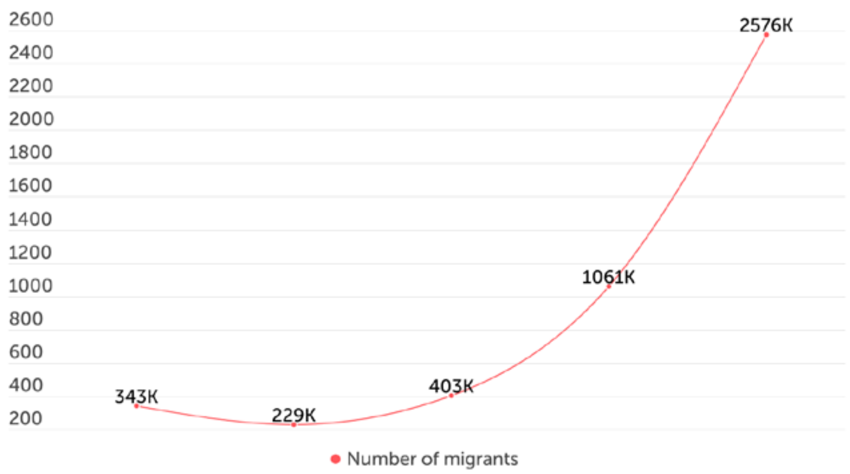
Figure 2: Migrant stock in destination economies — Top countries 2020



Source: UNDESA, International Migrant Stock (Accessed on 16 September 2021)

1 KNOMAD, *Remittances Data*, www.knomad.org/data/remittances. (Accessed on 16 September 2021)

Figure 3: Migrant stock over time



Source: UNDESA, International Migrant Stock (Accessed on 16 September 2021)

The number of migrants is 7.8 percent of the total population, of which 49 percent are women.[2]

According to the United Nations High Commissioner for Refugees (UNHCR), South Sudan is an important country of origin for forcibly displaced people. Unlike economic and voluntary migrants and forcibly displaced people from other countries in the region, South Sudanese generally do not form part of onward mixed migration movements to Europe and mostly seek refuge in neighbouring countries. Reasons include a lack of financial resources to finance journeys to Europe, and a strong sense of national and cultural identity and attachment to their country of origin.[3]

Discussions with stakeholders indicate that most South Sudanese working abroad in the Intergovernmental Authority on Development (IGAD) region are refugees who work in small businesses, supermarkets, agriculture, construction, and as teachers. They also work in Egypt and Sudan as domestic workers. Moreover, outbound labour migration is linked to destination countries with which South Sudanese have existing connections, such as family or diaspora communities. Somalis are some of the more established migrants in South Sudan, having brought their families to live in Juba. Somalis with Kenyan nationality and connections in both Kenya and South Sudan bring fuel across the border. Other established migrants in South Sudan include the Chinese, Eritreans, Indians, Kenyans, and Ugandans.

2 United Nations Department of Economic and Social Affairs, *International Migrant Stock 2019*, www.un.org/en/development/desa/population/migration/data/estimates2/countryprofiles.asp. (Accessed in February 2022)
3 International Labour Organization, *An Assessment of Labour Migration and Mobility Governance in the IGAD Region: Country report for South Sudan* (2020), www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/---sro-addis_ababa/documents/publication/wcms_743321.pdf. (Accessed on 16 September 2022)

Political economy

The financial sector in South Sudan is considered small and faces significant challenges owing to civil conflict, high inflation, and an unstable currency. South Sudan became the world's newest country and Africa's 55th country on 9 July 2011. Consequently, therefore, the country is still in the process of formulating various policies, laws and regulations. These factors have repercussions for remittance transfers, with South Sudan having some of the highest costs for remittance transfers in the region and the world.

Remittance services in South Sudan are provided by the foreign exchange bureaux and regulated by Regulation No. 19 of 2012 on the licensing and supervision of the foreign exchange bureaux. In 2015, the Bank of South Sudan (BoSS) unpegged the South Sudanese pound (SSP) from the US dollar and allowed it to float. This decision eased the gap between the official and parallel exchange rates and boosted remittance flows through formal channels.

South Sudan has a Technical Advisory Working Group (TAWG) on remittances and diaspora engagement. The International Organization for Migration (IOM) has helped the TAWG's policy drafting taskforce to develop the first pro-gender diaspora and remittance policy that was recently finalized and awaits endorsement from relevant ministries. This policy was drafted following policy research conducted by IOM on remittances and diaspora engagement that highlighted the underlying challenges of limited records on inflowing and outflowing remittances and the high cost of remittances.[4]

The IOM's Migration Management Unit in South Sudan aims to collaborate with the government on diaspora engagement to harness the benefits of remittances and human resource mobilization for public sector institutions.[5] In 2020, the International Labour Organization (ILO) noted that there do not appear to be any government policies in place to promote remittance transfer, nor any attention paid to the costs paid by migrants or the diaspora to complete such transfers.[6] ILO recommends that the remittance systems and flows to South Sudan be studied to understand their potential positive and negative effects and how remittances can be harnessed to impact the country's development positively.

4 africanews, *International Organization for Migration (IOM): Government of South Sudan conclude study visit to Rwanda on remittances and diaspora engagement* (2021), www.africanews.com/2021/05/19/international-organization-for-migration-iom-government-of-south-sudan-conclude-study-visit-to-rwanda-on-remittances-and-diaspora-engagement. (Accessed in February 2022)

5 International Labour Organization, *An Assessment of Labour Migration and Mobility Governance in the IGAD Region: Country report for South Sudan* (2020), www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/---sro-addis_ababa/documents/publication/wcms_743321.pdf. (Accessed on 16 September 2021)

6 ibid.

Remittance landscape

MARKET

Banks: According to data from the central bank's website, there are 33 banks as of February 2023. These include 15 national banks, seven foreign banks, and 11 joint ventures. Bank branches total 89 countrywide.

Microfinance institutions: The three main microfinance institutions (MFIs) consist of BRAC SS (a subsidiary of the Bangladeshi international non-governmental organization of the same name), SUMI (the result of greenfield investment by the United States Agency for International Development (USAID)), and Finance Sudan Limited (FSL) funded by ARC International and Micro Africa Limited. MFIs cover only 5 percent of the available clients in the greater Juba region and less than 1 percent of the potential market in South Sudan.

Mobile network operators: MTN and Zain are the two dominant MNOs in South Sudan, whereas Vivacell ceased operations in March 2018. DigiTel is the latest entrant in the market. The mobile network suffers from poor coverage in most parts of the country and is absent in many rural areas. Vivacell's licence was suspended in 2018 by the National Communications Authority (NCA). Since Vivacell closed, many former subscribers were absorbed by Zain and MTN. As these operators scramble to adjust to an unexpected increase in subscribers, network access has deteriorated, even in many urban centres. Network coverage is inconsistent. For example, when one operator covers an area, users of the other operator cannot access the mobile networks.

In 2017, the Electronic Money Regulation (EMR) was adopted to provide regulatory oversight for banks and non-banks. In June 2019, the BoSS licensed Trinity Technologies and Lukiza (also known as Nilepay) to develop mobile money products. Trinity Technologies Ltd developed a mobile money product called m-Gurush in partnership with Zain. The use cases supported include P2P, payment for utilities, and P2B. There is cross-border interoperability between m-Gurush with MTN in Uganda and Safaricom in Kenya. However, informal Safaricom agents are operating in South Sudan without supervision.

Money transfer operators such as Dahabshiil, which has branches in Juba, Wau, Aweil and Bor, are neither interoperable with other systems nor mobile financial services. The lack of interoperability also goes as far as not enabling cross-border payments to neighbouring countries such as Kenya and Uganda.

Remittance service providers: Remittance services in South Sudan are provided by the 64 licensed foreign exchange bureaux[7] and commercial banks. Informal money transfer systems are available, with small companies transferring money between towns in South Sudan, regionally, and internationally. There are also informal digital remittance service providers operating between Sudan and South Sudan.

Agents: There are no agent regulations in place, so the central bank does not keep a record of the number of agents.

7 Central Bank of South Sudan, https://boss.gov.ss/list-of-forex-bureaus/. (Accessed on 16 September 2022)

PAYMENT INFRASTRUCTURE

Payment system: The Bank of South Sudan (BoSS) oversees the national payment and settlement systems. With support from the African Development Bank (AFDB), and the East African Community (EAC), a project to implement the first RTGS at the BoSS is underway. The project is implemented via the Payment and Settlement Systems Integration Project (EAC-PSSIP). The project will also see the BoSS acquire the hybrid automated transfer system plus (ATS+). ATS+ is an instant payment platform comprising three components (RTGS, ACH, and CSD). Implementing the ATS+ must include international best practices and international messaging standards, and be able to use delimited plain text files, CSV files, Excel files or XML files (e.g., the ISO20022 files) to transmit payment instructions.

In addition, the BoSS received support from the World Bank in the form of technical assistance to develop a retail payments strategy. However, the BoSS is yet to receive support for acquiring and implementing a national retail switch. There are 30 commercial banks in South Sudan, and it is envisaged that they will be granted direct access to the RTGS once implemented. Each of the 30 banks has branches concentrated in urban commercial districts such as Juba. Many banks have branches in the other IGAD Member States such as Kenya and Uganda and carry out correspondence banking in the case of remittances. However, branded ATM cards issued in South Sudan cannot be used in other IGAD member countries even with the existing correspondence banking relationship. Correspondence banking dominates the remittance space, with Australia, Kenya, and Uganda being the inward remittance corridors.

Personal identification cards: The Directorate of Nationality, Passport, and Immigration in the Ministry of the Interior is responsible for issuing national identification (NID) cards in South Sudan. The minimum cost of an NID card is SSP 30 (about $5). South Sudan officially launched passport and NID cards for the first time in 2012. NID cards are mandatory for individuals aged 18 years and over, and applicants must produce a birth certificate or an age assessment certificate to obtain an NID. The NID enrolment process requires one witness and the applicant's biometrics. The NID card is a bar code card that contains biometric (fingerprint) and biographic information, and is presently used for civil and voting purposes. The NID and passport are identity cards required for account opening. The existing payment infrastructure is not integrated with identity systems, thus making it costly for customers to open accounts and use financial services.

Automated teller machines: Few commercial banks have automated teller machines (ATMs). The card infrastructures for banks have exclusivity conditions such that debit cards can only be used at the issuing bank's terminals. In 2020, there were 0.7 ATMs per 100,000 adults.[8] Most ATMs are concentrated in Juba. There are 50 ATMs as of September 2022, most of which were owned by foreign banks. The use of payment cards is limited due to the lack of outreach of individual banking networks, the lack of interoperability across card networks, and the limited availability of POS networks to facilitate merchant payment.

Point of sale terminals and cards: According to officials at the central bank, there are 133 POS machines that are mostly owned by foreign banks such as Kenya Commercial Bank (KCB), Equity Bank, Cooperative Bank, Stanbic Bank Kenya Limited, and Ivory Bank.

8 Knoema, *South Sudan – Commercial bank branches* (2020), https://knoema.com/atlas/South-Sudan/topics/Economy/Financial-Sector-Access/Commercial-bank-branches. (Accessed in February 2022)

PRODUCTS

Product choice is limited to products for sending and receiving remittances. It is common for South Sudanese to travel to neighbouring countries such as Kenya and Uganda to receive remittances and purchase goods and services. Recently, the first mobile money service in South Sudan, m-GURUSH, launched its international remittance service on its mobile money platform. The service will enable customers to easily send money across Africa and beyond using mobile phones. Customers will be able to send money digitally in the form of US$ or SSP from their m-GURUSH account from the comfort and safety of their homes.

Overall, the financial inclusion penetration levels are still very low. Five percent of the population aged 15 and over have an account with a financial institution. Of these, 7 percent of men aged 15 and over have an account with a financial institution compared to just 4 percent of women.[9]

9 Global Findex Survey, 2021 https://globalfindex.worldbank.org/. (Accessed on 19 September 2022)

ROADMAP

The assessment and stakeholders' consultations have resulted in developing remittance-related enablers, inhibitors, and recommendations for reform. Enablers are factors that contribute to the enhancement of remittance flows, while inhibitors are factors that restrict efficient remittance flows, and recommendations are options to improve the current enabling policy, regulatory and payment infrastructure to increase remittance flows. All of these have been categorized under five key areas:

i. **Legal and regulatory framework**: This includes options for reform relating to authorities, roles, responsibilities and mechanisms for coordination, including legal and regulatory factors that support cross-border remittances.

ii. **Financial and payment system infrastructure**: This includes options for reforming policies, standards and rules related to national payment systems, improving the network of access points, improving access to interoperable systems and platforms, and establishing national ID systems that support e-ID and ID requirements adjusted on a risk basis.

iii. **Market practices**: This includes options for reforms supporting cross-border remittances, especially on a foreign exchange regime that provides clear guidance and mechanisms to capture remittance-related data at the transaction level, as well as data analysis and sharing.

iv. **Consumer protection**: This includes options for reforms related to data protection, privacy and confidentiality for remittance-related data and relevant components of consumer protection laws that guide consumer protection and complaints resolution mechanisms for financial services, including cross-border remittances.

v. **Cooperation and collaboration**: This includes recommendations on establishing mechanisms and processes to foster coordination between different stakeholders, including through memoranda of understanding and bilateral (or multilateral) agreements; public-private collaboration mechanisms on matters related to the development and implementation of cross-border remittance policies; harmonization of remittance-related policies and regulations; and establishment of regional bodies to coordinate regional initiatives, and mechanisms for coordinating and implementing policy issues at the regional level. This aspect includes leverage and consistency with other regional and subregional instruments and institutions.

Tables (a)-(e) present enablers, inhibitors, and recommendations for reform across the five key areas listed above.

(a) Legal and regulatory framework

Enabler(s)	Inhibitor(s)	Recommendation(s)	Timeframe
The BoSS has the exclusive authority to oversee the national payment systems in South Sudan as set in section 12 (1), Section 6 (4) (d), and section 16 (3) (a) of the BoSS Act. South Sudan has the 2017 Electronic Money Regulation binding to all entities providing electronic financial services, including licensed banks, non-bank financial institutions and non-bank institutions such as MNOs. An NPS bill is currently being drafted. The National Payment System department is a newly created department in the Central Bank that will provide oversight for payments in the country.	Lack of a regulatory framework governing the national payment systems in South Sudan. Non-bank RSPs rely on banks to settle their payments, despite holding a large share of customers' liquidity. South Sudan has no national payment switch that could allow interoperability and provide a cost-effective clearing and settlement platform of retail digital financial services transactions for all payment service providers.	The BoSS can fast-track the adoption of a national payment system law and regulations. The regulatory framework on the payment systems can allow non-bank remittance service providers (RSPs) to provide services without going through banks. Allowing non-banks to access payment systems can improve the efficiency of the retail payments system by increasing competition that can potentially lower fees and broaden the set of alternatives open to end-users. In other situations, non-banks can contribute expertise that the incumbents lack and cooperate with banks to provide innovative services such as mobile payments. Establishing a national switch can help non-bank RSPs access the payment systems through the switch. The BoSS can undertake policy changes in operating procedures and improve existing payment arrangements to support the requirements of the cross-border payments market aiming at attaining straight-through processing (STP) and aligning processes and operating hours across systems.	Short-term: can be implemented within one year
South Sudan has a self-regulated microfinance industry.	There is no microfinance regulatory framework to regulate the microfinance players in the sector.	The BoSS can adopt a law to provide for microfinance businesses' licensing, regulation, and supervision. The BoSS can consider a regulatory framework that encourages and enables RSPs to partner with MFIs to leverage the MFIs' existing distribution networks while taking advantage of the existing payment infrastructure to extend networks into and across rural areas for enhanced distribution channels for inward remittances.	Short-term: can be implemented within one year

Enabler(s)	Inhibitor(s)	Recommendation(s)	Timeframe
The 2017 Electronic Money Regulation contains anti-money laundering requirements. It calls for e-money service providers and their agents to comply with the requirements of the 2012 Anti-Money Laundering and Counter-Terrorist Financing Act and any other financial intelligence unit requirements as may be issued from time to time. The e-money Regulation further states that e-money service providers must enforce Know Your Customer (KYC) procedures based on a risk-based approach that determines the different risk categories in implementing customer identification. BoSS issued Circular No. DSR/SD/1/2017 to provide guidelines for customer due diligence (CDD) or KYC as minimum requirements for commercial banks operating in South Sudan.	AML/CFT legal and regulatory framework does not provide for proportionate risk-based know-your-customer (KYC)/customer due diligence (CDD). There are no established guidelines for e-KYC.	The BoSS can consider introducing guidelines for proportionate CDD to implement the already existing AML/CFT laws on risk-based customer supervision so that the market players do not place an unwarranted burden on lower-risk non-bank RSPs. The BoSS can consider guidelines that will clarify that compliance with AML/CFT obligations in the law does not require financial institutions to refuse, or terminate, business relationships with entire categories of customers that they consider presenting a higher overall money laundering/terrorist-financing risk. These guidelines can also set out steps that financial institutions and competent authorities should take to manage risks associated with individual business relationships in an effective manner. The guidelines can allow for e-KYC, which will help migrants and their families open bank accounts remotely in their country of origin to enhance remittance flows. The BoSS can introduce guidelines for conducting outreach and education for risks covered under AML/CFT regulatory frameworks. The guidelines can provide for outreach and educational programmes to raise awareness among the entities and the wider community of the risks associated with money laundering and the financing of terrorism and proliferation, and to avoid prohibitive implementation of some legal clauses. Capacity-building programmes would improve the oversight capabilities of the central banks and financial intelligence units to improve their ability to carry out their investigative and supervisory functions and collect and analyse basic financial intelligence. Additional training and resources continue to be a critical need.	Short-term: can be implemented within one year

Enabler(s)	Inhibitor(s)	Recommendation(s)	Timeframe
RSP regulation: The 2011 Section 58 BoSS Act states that no restrictions shall be imposed by the BoSS or other authorities in making payments and transfers for international transactions. There are a number of applicable regulations that have a bearing on non-bank RSPs, such as the Bank of South Sudan Act 2011, Banking Act 2012, AML/CFT 2012, Foreign Exchange Act 2012, and the Bank of South Sudan Electronic Money Regulation 2012.	There is a lack of a separate regulatory framework for non-bank RSPs. There are 17 Money transfer businesses that are not licensed by the central bank. They operate informally. Licenses are only issued to the forex bureaux and mobile money operators. The inability to participate in the national payment systems by non-bank financial service providers means they rely on banks or e-money issuers to settle their payments, despite holding a large share of customers' liquidity. Foreign RSPs are not allowed to establish domestic operations and branches legally. E-money issuance can only be carried out by a legal person who must be incorporated in South Sudan. This limits passporting, meaning that entities authorized in another country within the IGAD region cannot conduct business freely among the Member States. It may limit RSP's ease of entry, competition, efficiency, and quality of service to the final consumer. A foreign-owned forex bureau intending to set up a subsidiary in South Sudan must get a 31 percent local partnership. A No Objection letter from the BoSS is required for setting up a branch, and the shareholders are vetted before a preliminary license is issued. The premises are also vetted before the final license is issued.	The BoSS may consider introducing separate legislation for the licensing/authorization and regulation of RSPs, stipulating the licensing/authorization requirements; minimum capital requirements based on risk and scope of operations; provisions encouraging competition and fostering the use of technology; and provisions covering consumer protection and dispute resolution mechanisms, adequate disclosure, transparency, reporting requirements, handling of AML/CFT issues, etc. The BoSS can consider introducing risk-based capital for RSPs in the regulatory frameworks based on risk and scope of operations. Non-bank RSPs are usually non-deposit taking and provide only a minority of a sender's overall payment needs. They, therefore, do not require the application of heavy prudential requirements as a failure of a non-bank RSP is unlikely to cause systemic risk. The BoSS can consider introducing mutual recognition criteria in the regulatory framework. A certain level of confidence may be placed on the partner states' regulatory regimes such that minimum requirements for operation and supervision are placed on establishing branches and subsidiaries from partner states. In this case, a licence issued by a central bank in one of the partner states is recognized by other partner states' supervisory authorities. The licensed RSP can be allowed to operate in all partner states upon simple notification to the supervisory authority of the destination country. Supervision of the RSP can be mutually agreed upon among the Member States with a preference toward supervision by the migrant's country of origin or shared by the migrant's country of destination and origin.	Short-term: can be implemented within one year

Enabler(s)	Inhibitor(s)	Recommendation(s)	Timeframe
The 2017 Electronic Money Regulation stipulates that an e-money service provider can appoint business entities and/or individuals on a contractual basis to support activities such as registering customers, accepting and dispensing cash, making payments and executing fund transfers. The 2017 Electronic Money Regulation provides some guidelines for mobile money agents.	South Sudan has no agent regulatory framework.	The BoSS can consider introducing agent regulations. The regulations can allow universal agent categorization. Universal agent categorization can be provided in the regulations to identify efficient cash-in and cash-out services across all PSPs. Agents are critical in linking providers and customers. There can be room for a universal agent model for bank and mobile money users through an interoperable agent network platform. The regulations should expressly discourage exclusivity conditions. An RSP should allow its agents or other RSPs to offer other remittance services to allow wider choices and eliminate monopolies where financial infrastructure may be underdeveloped.	Short-term: can be implemented within one year
Fintech in the payment space is rapidly growing in the financial sector.	There is a lack of regulatory framework for fintech that could allow market participants to test new financial services or models with live customers, subject to certain safeguards and oversight	The BoSS can consider having regulatory sandboxes under the National Payment Systems regulatory framework to encourage market entry. This regulatory and authorization framework continues to support experimentation, test-and-learn and deployment processes. It is a temporary experiment of innovative financial products, services, business models, or delivery mechanisms in the NPS ecosystem. This framework can provide a conducive environment for innovation in payment services while ensuring that the protection of consumers and public interest is upheld. The aim is to introduce new service offerings targeting fintech, and innovation among existing RSPs and, subject to a detailed review, consider the need to widen the scope of players who can be authorized to participate in the NPS ecosystem to increase competition and choice.	Medium-term: can be implemented within 2-3 years

(b) Infrastructure

Enabler(s)	Inhibitor(s)	Recommendation(s)	Timeframe
The existence of mobile financial services (MFS) or mobile money for receiving remittances provides convenience, speed, security, and reduced costs. MTN and Zain are the dominant Mobile Network Operators. Zain has a mobile money service called m-Gurush. The use cases supported include P2P, payment for utilities, and P2B. There is cross-border interoperability between m-Gurush with MTN in Uganda and Safaricom in Kenya. The Electronic Money Act 2017 regulates digital and mobile money services.	Implementing separate infrastructures to cater to mobile financial services from other retail payments presents additional or duplicate costs. Likewise, the maintenance costs of the separate infrastructures increase recurring costs. Informal Safaricom agents are operating in South Sudan with no oversight and supervision.	The BoSS can consider having an integrated infrastructure interoperable with mobile network operations. Consider shared infrastructure to reduce the costs of setting up infrastructure in silos to accommodate mobile financial services among retail payments. Consider supporting mobile money providers to work together to reduce the cost of improving the infrastructure.	Medium-term: can be implemented within 2-3 years
Presence of a banking network and access points, including ATMs, POS and agents. With support from AFDB and EAC, implementing key infrastructure, including RTGS, ATS, ACH, and CSD, is ongoing to modernize the BoSS payment systems. The project is part of the wider EAPS, which provides cross-border linkages for the payment systems of the EAC Partner States (Burundi, Kenya, Rwanda, Uganda, and Tanzania). With Technical Assistance from the World Bank, a retail payments strategy was developed and adopted in 2020.	Banking networks, transaction infrastructures, such as ATMs and other potential networks of agents, are not very extensive, especially in rural areas, creating a severe physical access problem for many remittance receivers. More than 90 percent of banks and their branches and remittance service providers (RSPs) in South Sudan are in Juba. Even where agents exist, funds transfer to the disbursing agents is unregulated, slow, unreliable, and lacks adequate geographical coverage. South Sudan is yet to acquire or set up its national retail payments switch.	The BoSS can improve the payment infrastructures by developing retail payment systems that cover wide geographical areas. This can reduce risks and costs associated with using cash and checks and support the central banks' interest in achieving financial inclusion with all geographic regions and income groups. The establishment of a national switch would be a step forward. The BoSS can consider shared infrastructure to save on costs and integrate RTGS with retail payment systems, especially mobile financial services.	Medium-term: can be implemented within 2-3 years

Enabler(s)	Inhibitor(s)	Recommendation(s)	Timeframe
South Sudan has a cybercrimes and computer misuse provision order, 2021.	First-time users are vulnerable to fraudsters who conduct their criminal activities through socially engineered fraud, SIM card swaps or other means. Fraud undermines the usage rate of formal payment channels. The cyber reporting framework based on ISO/IEC 27001 is not in place. Cyberattacks on payment systems represent a major threat to large retail and cross-border payment systems. A lack of harmonized and coordinated cyber reporting undermines collective efforts to put sufficient safeguards in place. System failures and channel downtime associated with digital payment instruments cause delayed payments and, therefore, affect consumers' willingness to make use of digital payment services, hence increasing account dormancy and dominance of cash, especially for low-value retail payments. Customers lack adequate assurance that payments will reach the intended recipients at the right time, reducing their willingness to use digital payment services.	The BoSS can have a harmonized and coordinated cyber-reporting framework as the first step for collective efforts and sharing of experiences necessary to put sufficient safeguards in place. A standard security framework, ISO/IEC 27001, can be adopted. Issues of cybersecurity and cyber resilience around payments can be properly addressed, specifically indicating who should oversee insecure, unstructured supplementary service data (USSD) channels; who should be notified of breaches in USSD, when and responses thereto; who is responsible for any loss of consumer funds because of such breaches; and who should handle any consumer complaints where USSD-based breaches result in loss of consumer funds. Infrastructure security, particularly the roles and responsibilities of those who transmit and hold data, should be properly addressed. The BoSS can consider introducing guidelines for business continuity plans. The guidelines should also make business continuity plans mandatory for all PSPs. This includes requiring RSPs to put appropriate governance and risk management practices in place to improve the safety and soundness of remittance services and help protect consumers.	Medium-term: can be implemented within 2-3 years

Enabler(s)	Inhibitor(s)	Recommendation(s)	Timeframe
The interoperability of card-based and mobile-based transactions exists through bilateral arrangements. Banks, MFIs and other PSPs connect bilaterally for push and/or pull services between wallets and accounts. Settlement takes place between the banks/ settlement banks of both entities.	Payment processing takes a long time due to the lack of standardization in the transaction messages. Transaction notifications from different payment providers differ in the market, making it difficult for businesses to reconcile the payments. Other challenges faced by payment-messaging standards include the use of 'free-format' fields to convey supporting information, limiting the extent of data collection in a standard format and performing contextual analysis. Using different formats of standardization results in technical failures, loss of information and non-standardized reporting, and different applications, resources and skillsets are needed to support various messaging standards. All these have a direct impact on costs incurred by RSPs. The lack of an open and secure application programming interface (API), which is a software intermediary that allows two applications to connect, means that dominant players maintain their market position at the expense of smaller players. There are no industry-wide standard open API arrangements. This has the effect of entrenching large participants and excluding small participants. The opening of APIs has been bilateral among service providers, limiting competition, innovation and choice. Mobile PSPs are yet to fully open access to their APIs with the intent of opening the industry. This limits innovation and the ability of new products to be rolled out at scale and affordable cost. The lack of interoperability among RSPs within and between countries has increased the complexity, time and costs associated with making payments. For example, off-US POS pricing is higher. This has been caused by the proliferation of different closed-loop infrastructures, systems and payment channels. Lack of interoperability between different RSPs means businesses require multiple terminals for multiple channels. Examples include mobile money and bank agents requiring multiple handsets, POS terminals and separate virtual floats for each PSP. Due to a lack of interoperability, there is a need for multiple personal identification numbers (PINs) for payment accounts. Managing multiple PINs and passwords for different payment platforms can be cumbersome for consumers. Similarly, if forgotten, managing the process of retrieving PINs and passwords can also be challenging. All this is due to a lack of integrated payments services, lack of secure data sharing and lack of an open architecture for identity and authentication. The lack of interoperability in the mobile money merchant acceptance space limits payment options available to consumers.	The CBS can consider issuing guidelines on improvements in transaction infrastructures through the adoption of common and internationally agreed standards for messaging (ISO 20022). The CBS can consider introducing guidelines to harmonize API protocols for data exchange across payment infrastructures to enable more efficient payment data and digital identifier exchange in cross-border payments. Such action could help achieve improved coverage and reduce the cost to end-users of remittance services. The guidelines could encourage technology providers to provide standard API to enable other players to develop interoperable applications. Developing a payments system by establishing a national switch and automated transfer system will help integrate RTGS and ACH functionality onto a single platform with seamless links between the CBS, commercial banks, and mobile money. Later, mobile money should be integrated with the national retail payments switch. These developments will open the opportunity to interconnect the country to international payment schemes (such as Visa and Mastercard) and international MTOs from a single payment platform.	Long-term: can be implemented within a period of 3 years or longer

Enabler(s)	Inhibitor(s)	Recommendation(s)	Timeframe
NID system: NID cards are mandatory and issued to individuals aged 18 years and over. Overall ID coverage is 21.8 percent, of which women comprise 11.5 percent and men comprise 32.4 percent.	The existing payment infrastructure is not integrated with the identity systems, making it costly for customers to open accounts and use financial services. The lack of a robust identification system makes it hard and costly to securely identify beneficiaries, a major prerequisite for gaining access to digital forms of payment.	The ID databases could be standardized and digitized. Digital ID is paramount to increasing the uptake of formal financial services. Identifying specific policy interventions to boost the implementation and usage of digital ID is critical to its role as an enabler for remittance services as it supports effective identification and onboarding of customers/user segments, facilitates authentication and verification of cross-border transactions, facilitates effective AML/CFT supervision of cross-border transactions, and expands the digital footprint of the underbanked to enable their access to a broader range of financial services. Integrate the ID systems with the payment infrastructure: Once the ID system is improved, the payments infrastructure can also be enhanced to integrate with digital identity systems. Access to CDD information will play a significant role in lowering the risk perception of persons and reducing the cost of compliance.	Long-term: can be implemented within a period of 3 years or longer

(c) Market aspects

Enabler(s)	Inhibitor(s)	Recommendation(s)	Timeframe
Recognition by the central bank on the importance of financial and digital literacy.	Low financial and digital literacy levels, particularly among women, affect consumers' ability to use digital payments. This is further exacerbated by complex and non-intuitive steps to effect payments, thereby inhibiting the use of digital payment services. As of 2018, the literacy rate for men was at 40 percent, and 29 percent for women. (World Bank 2018) Some migrants also lack the financial literacy to identify and compare alternative remittance services. This significantly limits the accessibility of remittance services. RSPs lack knowledge about the market, such as the market size in key corridors. With little knowledge, they regard remittances as unattractive because senders typically have relatively low incomes. Therefore, senders find that some services (such as those based on bank accounts) are not readily available. RSPs report that they are aware of a large population of South Sudanese nationals in Australia but do not know their employability or how much they can remit back to South Sudan. In addition, RSPs have reported that many people do not understand the benefits of mobile money, and neither are they aware of what RSPs do.	The Ministry of Foreign Affairs and International Cooperation can hire a liaison officer who will be responsible for communicating with and informing the diaspora and associations of women and men migrants on the one hand, and the administrations involved in the promotion of investment in the country on the other hand. They should also liaise with RSPs of interest to their country to disseminate literacy courses. The liaison officer can prepare public education and awareness programmes, particularly for women and men migrants. The education seminars should cover customer-journey mappings, such as the steps involved in sending remittances, the pre-departure opening of bank accounts and/or mobile wallets to be used by the remittance recipients, electronic cards security and liability features, including safety, practicality, and ease of use of available financial products. The education and awareness initiative should involve the central bank and RSPs, who should inform on how various payment mechanisms and products can easily be accessed. The liaison officer can coordinate with embassies and consulates so that they can participate in developing databases, including names, jobs, and contacts. Online communication and virtual meetings can be organized to strengthen proximity with the diaspora in the long term, and to better understand their concerns and expectations. Networking with non-governmental organizations and associations of women and men migrants abroad will ensure a better channelling of remittances to projects in their country of origin. The liaison officer can also develop online tools. This makes it possible to network diaspora skills abroad to mobilize them for advice, expertise, and remittances to their country of origin. The liaison officer can encourage the entry of new operators into the remittance space. One of the easiest ways to lower transaction costs is to encourage the entry of new legitimate operators in a given corridor and to inform diaspora members about their ability to choose among existing remittance-transfer mechanisms. This supports increased competition among RSPs, thereby improving efficiency and lowering costs. A key area of potential work going forward could be creating a diaspora policy for South Sudan to help reach out, engage and work with the diaspora.	Long-term: can be implemented within a period of 3 years or longer

Enabler(s)	Inhibitor(s)	Recommendation(s)	Timeframe
Existence of regulations governing foreign exchange.	The regulatory framework is silent on disclosure of applicable exchange rates used by RSPs. The black market is thriving, making it difficult for the forex bureaux to do business. The South Sudanese currency is valued at a very low rate.	The industry could be encouraged to agree on a common reference exchange rate (e.g., the interbank market rate at a certain time of day) to be used as a basis for calculating the price of the remittance service. Senders could then be quoted a total price that includes both the explicit fees/costs and the effect of any difference between the reference exchange rate and the actual exchange rate applied by the RSP. This would make it easier for senders to compare services.	Medium-term: can be implemented within 2-3 years
Existence of some partnership arrangements between banks and international money remittance agents to allow inflowing remittances.	Inadequate migrant-centric products entice women and men migrants to send money to their country of origin. The lack of migrant-centric products results in low uptake and usage of digital remittance services.	The government, philanthropists and the private sector, including fintech, can adopt a broader view of how to tap financing for development through remittances by designing various appropriate products that will attract women and men migrants. Women and men migrants' direct investment is potentially valuable. Financial institutions should also develop a broader range of investment products targeting diaspora investors, such as basic low-cost payment accounts and services for retail clients, diaspora micro-savings bonds, endowment accounts, pension schemes, and insurance policies, which could then be used for remittances. The BoSS may incentivize RSPs to adopt a customer-centric approach to product development. The products should be designed according to the specific needs/interests of the South Sudanese diaspora. RSPs should research the remittance corridors, purposes of remittances, and nature of the migrants' employment to design products that meet their needs.	Short-term: can be implemented within one year

Enabler(s)	Inhibitor(s)	Recommendation(s)	Timeframe
Existence of consulates in major remittance-sending corridors.	Women and men migrants generally have difficulty accessing many financial services in their destination countries since they do not necessarily have the documentation that RSPs require.	The ministries responsible for foreign affairs can consider issuing consular identity cards to women and men migrants, especially those who do not necessarily have the documentation that RSPs require, so that they can use formal remittance channels. Such cards may encourage women and men migrants (regardless of immigration status) to use formal remittance services and open bank accounts. In this endeavour, cooperation with the destination government is critical so that banks and government offices may accept the cards. The BoSS can allow online bank account opening using consular cards. At the outset, women and men migrants could be given consular identity cards issued by the Ministry of Foreign Affairs, approved by the central bank, and deemed compliant with national rules and regulations. The central banks should require that each migrant opens a domestic bank account, which facilitates the monitoring of financial practices and the prevention of illegal activities. Online bank account openings can be allowed using these consular cards without any additional ID.	Medium-term: can be implemented within 2-3 years
There is a framework that requires RSPs to submit data on remittances. RSPs do submit data on their returns on a daily, weekly and monthly basis. Some RSPs collect remittance data only for internal purposes to understand where their inflows are coming from and where outflows are going.	The available data are limited, mostly based on estimates, and not gender disaggregated. RSPs submit aggregated data on remittances to the central bank, where they only state the volume of their inflows and outflows. RSPs lack data and adequate information for decision-making. "*We need to track remittance data and know the inflows and outflows. South Sudan has a very high number of foreigners, so there is a need to track the outward flows. We want to understand what type of money is flowing back to Uganda and Kenya. This will help us design products and services that meet their needs.*" – RSP operator-Bank	The BoSS may consider developing a remittance transaction reporting system for remittance data collection, analysis, monitoring and use. This will involve assessing the already existing central bank data collection systems and developing a platform that, among others, will define appropriate remittance data architecture, data collection and repository systems, define data measurement and analytics processes, and data monitoring and use. Consider collecting both qualitative and quantitative data that will foster informed policymaking. Consider collecting gender-disaggregated data. This will ensure that the unique needs of women and men migrants are considered during decision-making. Given the extent of informal remittance channel usage in South Sudan, it would be useful to understand the extent and channels of informal remittances and their impact on the wider economy.	Short-term: can be implemented within one year

(d) Consumer protection

Enabler(s)	Inhibitor(s)	Recommendation(s)	Timeframe
South Sudan has a Consumer Protection Act, 2011, which establishes a legal framework for the protection of the interests and welfare of consumers in their dealings with producers and suppliers but specifically excludes a transaction or activity that is regulated under any written law, such as insurance, banking, money lending or financial services. In addition, the 2017 Electronic Money Regulation provides for consumer protection mechanisms that an e-money service provider shall prominently display all fees and service charges for mobile money services at its head office and branches. Some RSPs have established complaints resolution mechanisms and endeavour to resolve the complaints.	There are provisions in various laws pertaining to complaint-handling mechanisms for consumers. Still, it remains unclear and complex due to various laws touching on consumer protection issues and the lack of enforcement mechanisms. Furthermore, no recourse mechanism has been purposely built for digital channels. An overlap and uncoordinated legal mandates of different financial consumer protection authorities can lead to inconsistent and ineffective supervision. South Sudan lacks a harmonized financial consumer protection framework to ensure that data and money are well secured during cross-border transactions, especially cybersecurity and data protection. There is a lack of transparency in tariff-setting practices among RSPs. This affects customers' willingness to use formal remittance service channels. Some RSPs do not disclose the total price, speed of the service or exchange rates to be used. Different RSPs use different exchange rates, which also vary from day to day. Customers are not informed when delays occur. Speed depends on messaging and settlement (there is no liquidity provision to the disbursing agent so that pay-out can occur before the settlement is complete). This can sometimes lead to some intermediary banks holding onto the funds for some time before forwarding them so that they can benefit from the resulting float. The availability of payment instruments is limited. For example, electronic funds transfer is not available over the weekend, while initiation speeds vary even with near real-time instruments such as mobile money and QR codes. This does not support the target for 24-hour operations, and instant payments and thus is more challenging when customers from different time zones are involved.	The BoSS can introduce a harmonized financial consumer protection framework to ensure that data and money are secured and to foster consumer trust and confidence. These guidelines, which would apply to all RSPs licensed, registered and supervised by the corresponding authorities, would protect and empower senders and recipients of remittances, especially in the key areas of (i) cybersecurity; (ii) data protection and privacy; (iii) complaints management; (iv) transparency and disclosure; (v) float and agent liquidity management; and (vi) financial education and customer awareness. • **Cybersecurity**: Cybersecurity policies will protect users and data, enabling users to enjoy frictionless and safe money transactions. • **Data protection and privacy**: Legal frameworks can clarify and strengthen data protection regulations, especially from financial and payment data perspectives. This should include how financial, payments and other digital payment data are collected, held, stored, accessed and shared, as well as pertaining to ownership and intellectual property rights, if any, and consumer consent and protections. The overall objective should ensure that payment data are used safely and securely to enhance users' privacy and customer-centricity. • **Complaints management**: The guidelines can provide for complaint-handling mechanisms and refund procedures. Guidelines should require RSPs to develop a complaints management plan, including the establishment of (i) a separate unit responsible for digital finance and remittance payments, (ii) a manual of operations that clearly explains how consumer complaints are addressed and reported, with clear responsibilities for each step of the process, and (iii) appropriate communication channels to address inquiries and complaints from digital finance and remittance consumers. If the complaint is not resolved to the customer's satisfaction, an out-of-court alternative dispute resolution (ADR) mechanism can provide further options for recourse. • **Transparency and disclosure**: The guidelines could require proper disclosure at the advertising, shopping, pre-contractual, and contractual stages (and upon request), in line with Principle 3 of the G-20 High-Level Principles on Financial Consumer Protection, which states "all financial consumers should be treated equitably, honestly and fairly at all stages of their relationship with financial service providers". Guidelines should also require RSPs to provide information about any other relevant aspects of their service, such as: (i) the ability, if any, of the sender to revoke the transfer after it has been paid for; (ii) whether the RSP will inform the receiver when the funds are available; (iii) information about the rights of the consumer in the event of any problems (e.g., dispute or error resolution); (iv) the customer's ability to transfer products or services to another provider with reasonable notice; and (v) contact information. • **Float and agent liquidity management**: The guidelines can also consider introducing a code of conduct on float management because this is an implicit charge. Its effect is that the remittance service is slower, and the intermediary entity earns interest income from the funds. • **Financial education and customer awareness**: RSPs could establish financial education programmes for remittance consumers to raise awareness of basic information about products and services, including charges and fees. The entities responsible for financial consumer protection should have clear mandates, sufficient capacity and expertise, and effective mechanisms for coordination and collaboration with internal and external stakeholders.	Medium-term: can be implemented within 2–3 years

Enabler(s)	Inhibitor(s)	Recommendation(s)	Timeframe
The 2017 Electronic Money Regulations has data protection clauses. It provides that e-money service providers and their agents should uphold the privacy and confidentiality of customer information and data unless it is authorized or accessed based on a court order.	Lack of data protection regulatory framework in all aspects of RSPs dealings other than e-money provided in the Electronic Money Regulations. Unauthorized use of customers' data in digital payments poses a challenge to cross-border payments.	Comprehensive safeguards and financial sector data protection regulations can be developed and enforced. The unauthorized use of a customer's data in digital payments undermines trust unless strong safeguards and financial sector data protection regulations are developed and enforced. The legal framework can determine how to best approach the development of the comprehensive regulations needed to clarify and strengthen the data protection framework, especially from financial and payment data perspectives. This may include how financial payments and other digital payment data are collected, held, stored, and shared and the kind of consumer consent and protection needed.	Medium-term: can be implemented within 2-3 years

(e) Cooperation and collaboration

Enabler(s)	Inhibitor(s)	Recommendation(s)	Timeframe
South Sudan has memberships in various regional and international fora, including membership to IGAD, the East African Community, and International Conference on the Great Lakes Region (ICGLR), etc.	Lack of cooperation on AML/CFT measures on cross-border remittance flows among the Member States in the region, including sharing information. Unharmonized policies, laws, and regulations related to cross-border remittance across regional blocks.	The BoSS can consider harmonizing remittance regulations within the IGAD region and other important corridors. It can be challenging to use regional payment systems if the regulation in each participating system is not harmonized or if operating standards are different. Trade arrangements and financial liberalization commitments, especially those linked to the operation and licensing of financial entities, including RSPs, can be built upon. South Sudanese ministries, departments, and agencies can evaluate actions to collaborate in connecting or enhancing domestic and cross-border regulatory cooperation. This could be done by assessing the existing arrangements and challenges, creating building blocks of a response to improve the current regional cross-border remittance arrangements, and establishing a road map of practical steps (with timeframes) needed to harmonize policies. An intended outcome is increased efficiency, affordability, and security of intraregional and cross-border fund transfers.	Short-term: can be implemented within one year

KEY TAKEAWAYS AND NEXT STEPS

South Sudan is still a relatively young country and still has a lot of improvements to make regarding legal and regulatory frameworks in the remittance space. UNCDF and the IGAD Secretariat have conducted a comprehensive diagnostic review and consultations to optimize migrant remittances. We recognize that the various recommendations also require various levels of effort and timeframes to implement.

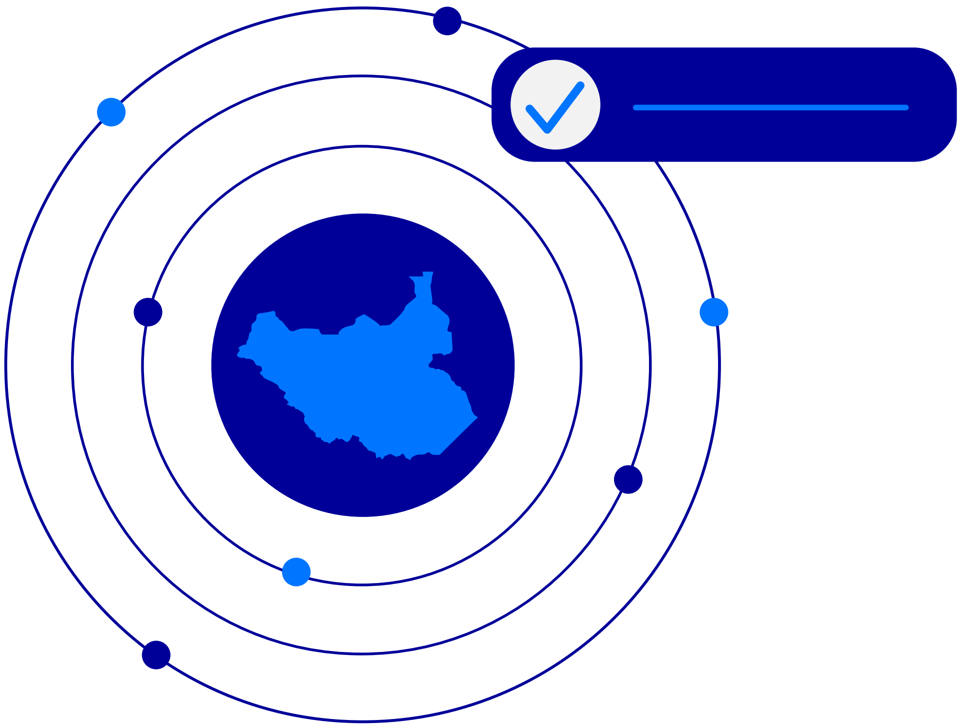
We look forward to reviewing this report in detail with key Bank of South Sudan and Government stakeholders and accordingly identify opportunities where UNCDF can provide specific support going forward. Along with consultations to review the content of this report, UNCDF and the IGAD Secretariat will keep South Sudanese stakeholders updated on the comprehensive body of work we will be pursuing around migration and remittances. This work includes:

- **Demand-side research**: Despite digital solutions' great potential to improve the lives of migrants and their families, both access and uptake remain a challenge. Many migrants may lack practical access to digital transaction accounts (such as mobile wallets), whether because such services are simply unavailable in the locale where the migrant is working, because the migrant lacks the necessary documentation to open such an account, or due to some other external factor. Where access is available, the migrant may lack the necessary digital literacy to know how to register for such an account. Finally, some migrants, even those digitally adept, may not see digital solutions as better than cash-based solutions, which is perhaps not surprising since the use cases for digital remittance channels remain limited to date. Unless human-centred financial product development, focused on the financial needs and mobility considerations of migrants, is responsively designed and supported by the requisite last-mile delivery infrastructure, commercially viable financial inclusion for migrants and their families will not be achieved. The demand-side research thus focuses heavily on human-centred design. We anticipate that the learnings from our human-centred design work will be applicable and valuable to the South Sudanese context.

- **Supply-side research**: Access and uptake of digital financial services, including remittances, requires a robust and inclusive digital finance ecosystem. Such an ecosystem must ensure the active participation of traditional and non-traditional financial service providers to support commercially viable digital remittance channels. The supply-side assessment work is aimed at reviewing the constraints faced by the providers—agent networks, liquidity management, business models, products, digital infrastructure, etc.—that currently limit their capacity to advance the usage of digital products.

- **Learning and implementation**: In parallel with the roll-out of the research strategy, UNCDF and the IGAD Secretariat will be pursuing an ambitious capacity-building and learning agenda. We are partnering with leading academic and learning institutions to advance our understanding of shared challenges and opportunities about building enabling ecosystems, pursuing evidence-based decision-making, and designing migrant-centric financial products.

Finally, as we begin collaborating with the Bank of South Sudan to review this report, we also look forward to holistically considering the set of recommendations. The holistic approach is vital for several reasons. First, all the work will ultimately support the central bank's efforts to improve remittance flows through regulated channels, giving regulators a more accurate picture of the true balance of payments. At the same time, the work will also advance the financial inclusion of migrants and their families, thus advancing the financial inclusion agenda for the country as a whole. Collectively, the set of recommendations in this report forms a system and changes to any single factor will likely cascade through that system. Tackling the diagnostic recommendations systemically, rather than looking at individual recommendations in isolation, will make their inter-dependencies and linkages more visible and align with the country's monetary, financial inclusion, and digitalization agendas, and will ultimately create the best path forward.



Impact Capital for Development

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ABOUT IGAD

The Intergovernmental Authority on Development (IGAD) is one of the eight regional economic communities (RECs) and building blocks for the African Union. IGAD was established in 1996 to supersede the Intergovernmental Authority on Drought and Development (IGADD), which was founded in 1986. The new and revitalized IGAD was launched during the 5th Summit of IGAD Assembly of Heads of State and Government—Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan, and Uganda—held on 25-26 November 1996 in Djibouti. The Summit endorsed the decision to enhance regional cooperation in three priority areas of food security and environmental protection, economic cooperation, regional integration and social development peace and security. The founding leaders of IGAD were motivated by a vision where the people of the region would develop a regional identity, live in peace, and enjoy a safe environment alleviating poverty through appropriate and effective sustainable development programmes.

ABOUT UNCDF

The United Nations Capital Development Fund (UNCDF) is the United Nations' flagship catalytic financing entity for the world's 46 Least Developed Countries (LDCs). With its unique capital mandate and focus on the LDCs, UNCDF works to invest and catalyse capital to support these countries in achieving the sustainable growth and inclusiveness envisioned by the 2030 Agenda for Sustainable Development and the Doha Programme of Action for the least developed countries, 2022–2031.

UNCDF builds partnerships with other UN organizations, as well as private and public sector actors, to achieve greater impact in development; specifically by unlocking additional resources and strengthening financing mechanisms and systems contributing to transformation pathways, focusing on such development themes as green economy, digitalization, urbanization, inclusive economies, gender equality and women's economic empowerment.

A hybrid development finance institution and development agency, UNCDF uses a combination of capital instruments (deployment, financial & business advisory and catalysation) and development instruments (technical assistance, capacity development, policy advice, advocacy, thought leadership, and market analysis and scoping) which are applied across five priority areas (inclusive digital economies, local transformative finance, women's economic empowerment, climate, energy & biodiversity finance, and sustainable food systems finance).

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