

Economic Policy



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2015

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PROGRAM

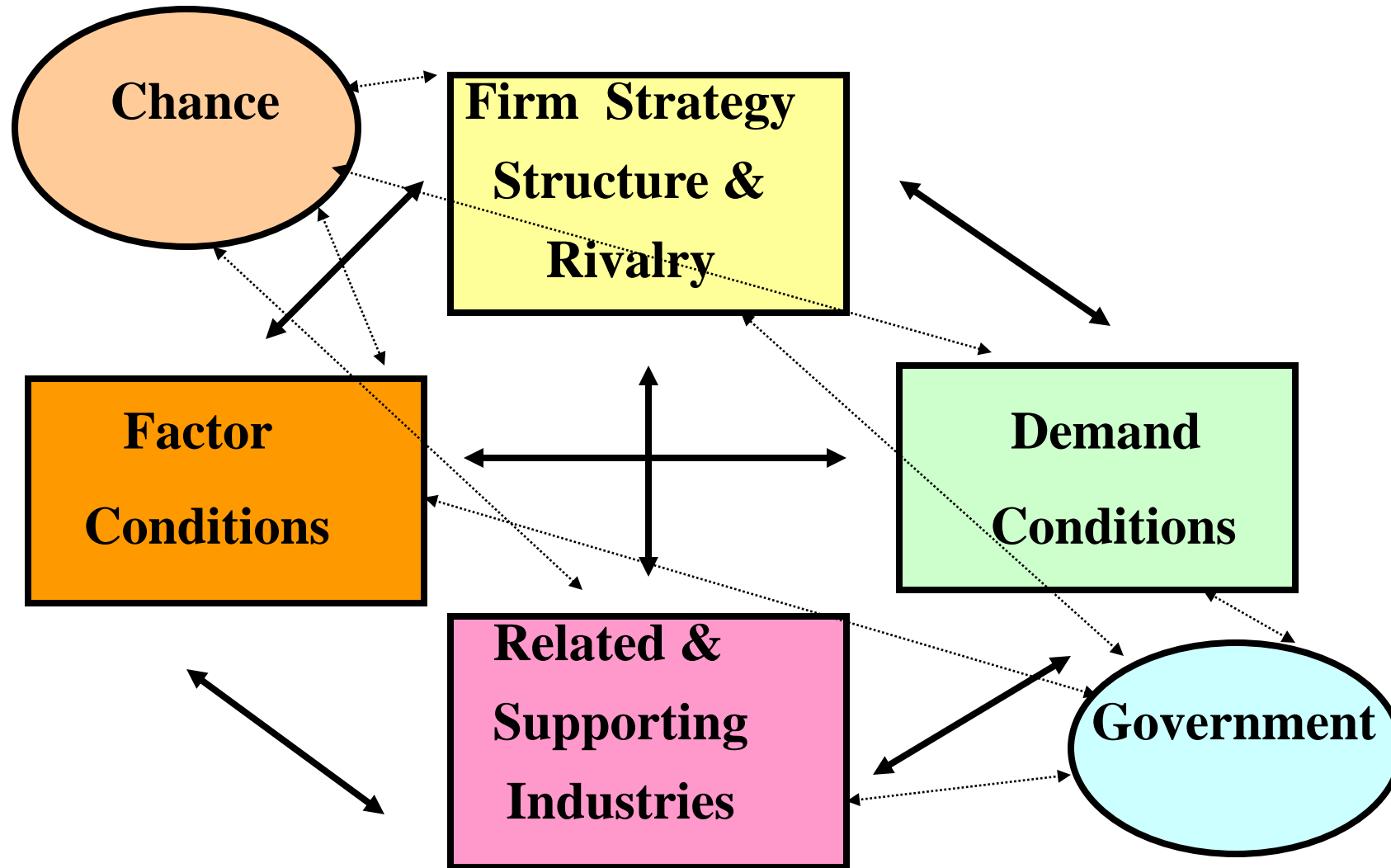
Monday, March 2nd : Competitive advantage of a nation

Tuesday, March 3rd : Government making process, identifying policy problems ,
formulating policy proposals

Thursday 5th : Policy implementation and evaluation
Competitive advantage of a nation and government
making process in South Sudan (Discussion)

Competitive advantage of a nation
Porter's Diamond Model

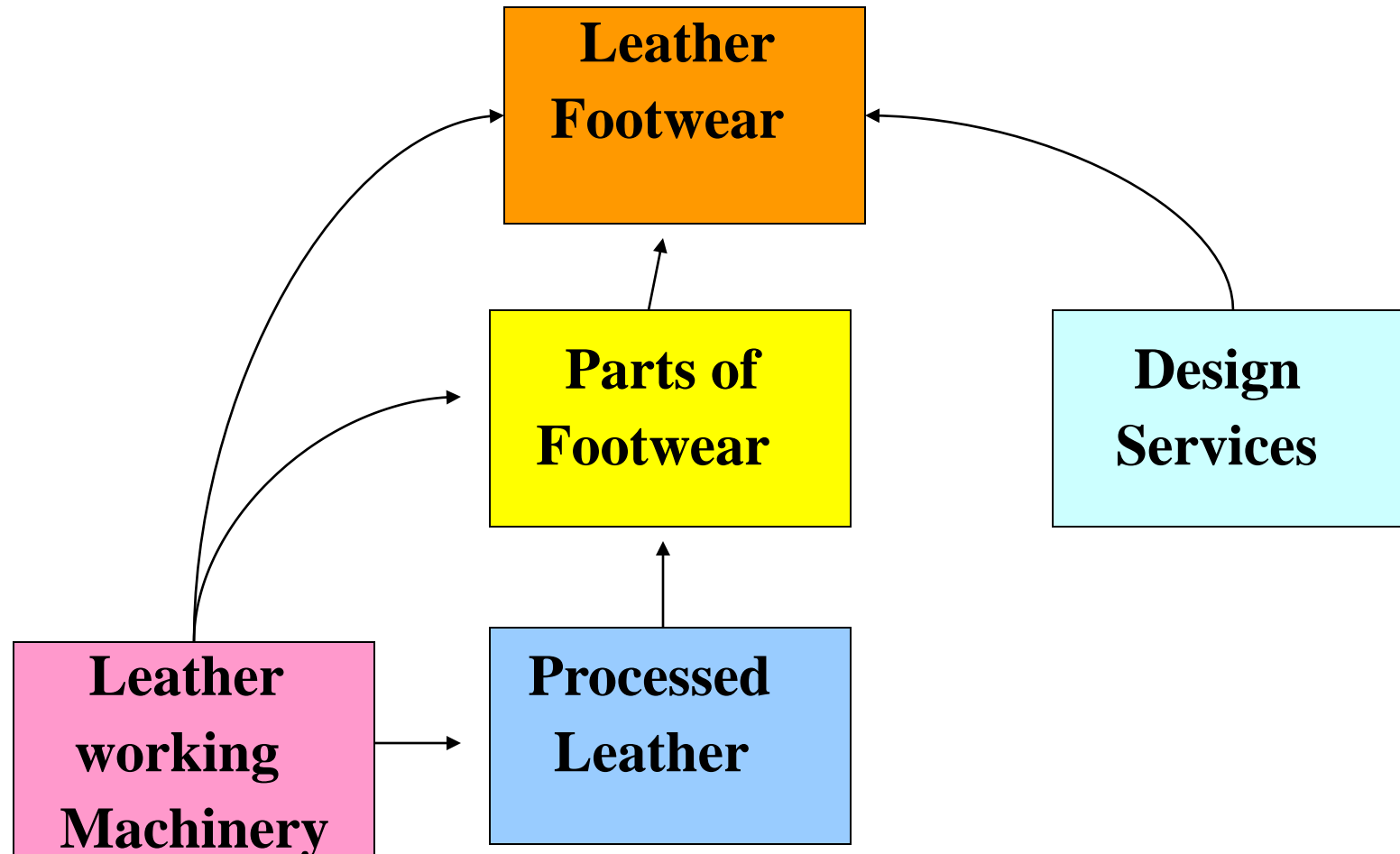
PORTER'S DIAMOND



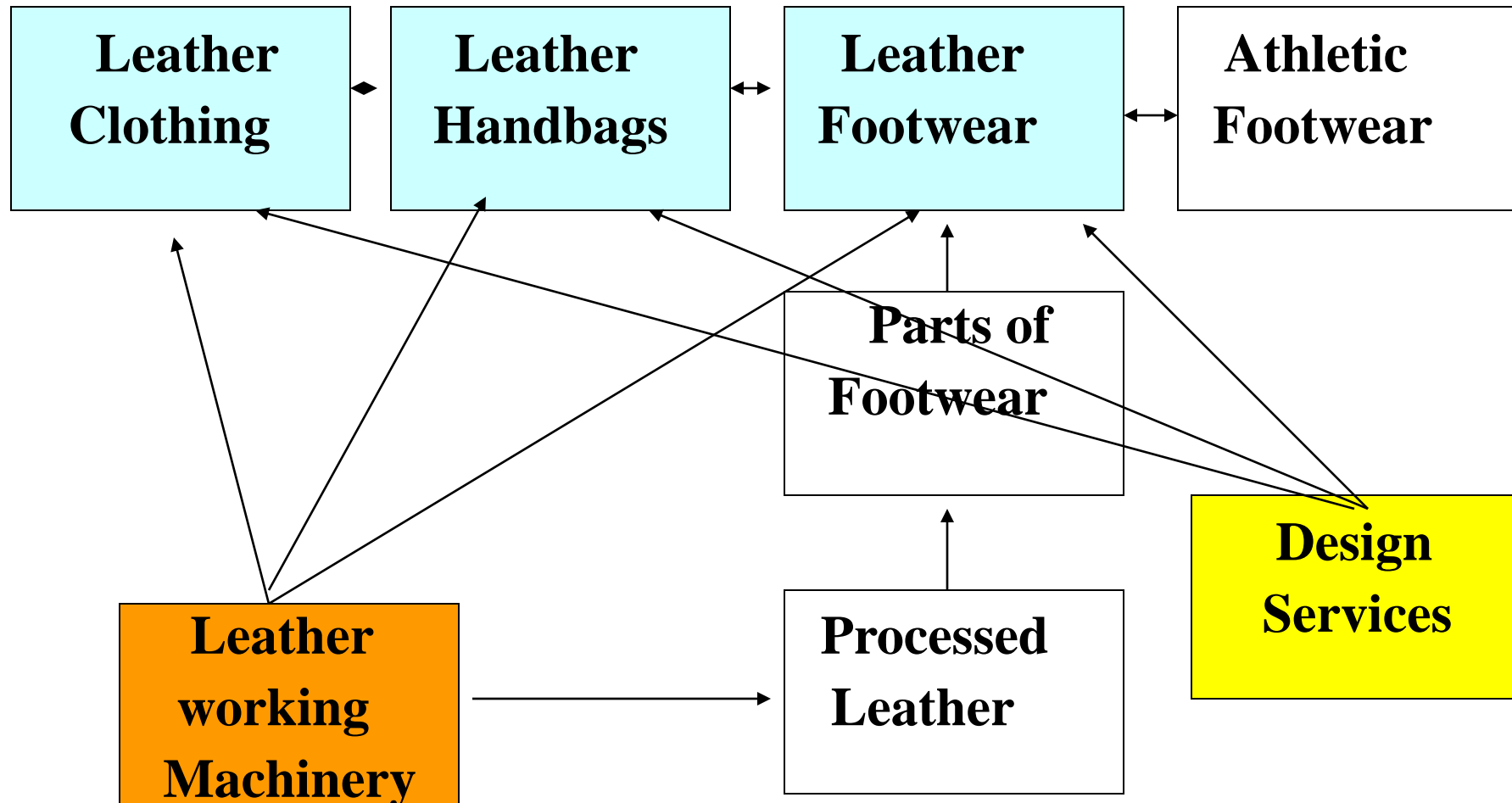
PORTER'S DIAMOND DISCUSSION

<p>Factors Conditions</p> <ul style="list-style-type: none">• Human, Physical resources, Capital, Knowledge, Infrastructure• Hierarchy, factors: Basic-Advanced• Factor Creation	<p>Demand Conditions</p> <ul style="list-style-type: none">• Demand Composition• Demanding Buyers• Anticipatory Buyers• Pattern Growth
<p>Firm Strategy, Structure & Rivalry</p> <ul style="list-style-type: none">• Style of Management & Structure• National Norms• Rivalry	<p>Supporting & Related Industries</p> <ul style="list-style-type: none">• Supplier Industries & Development• Related Industries & Market• Related Industries & Production

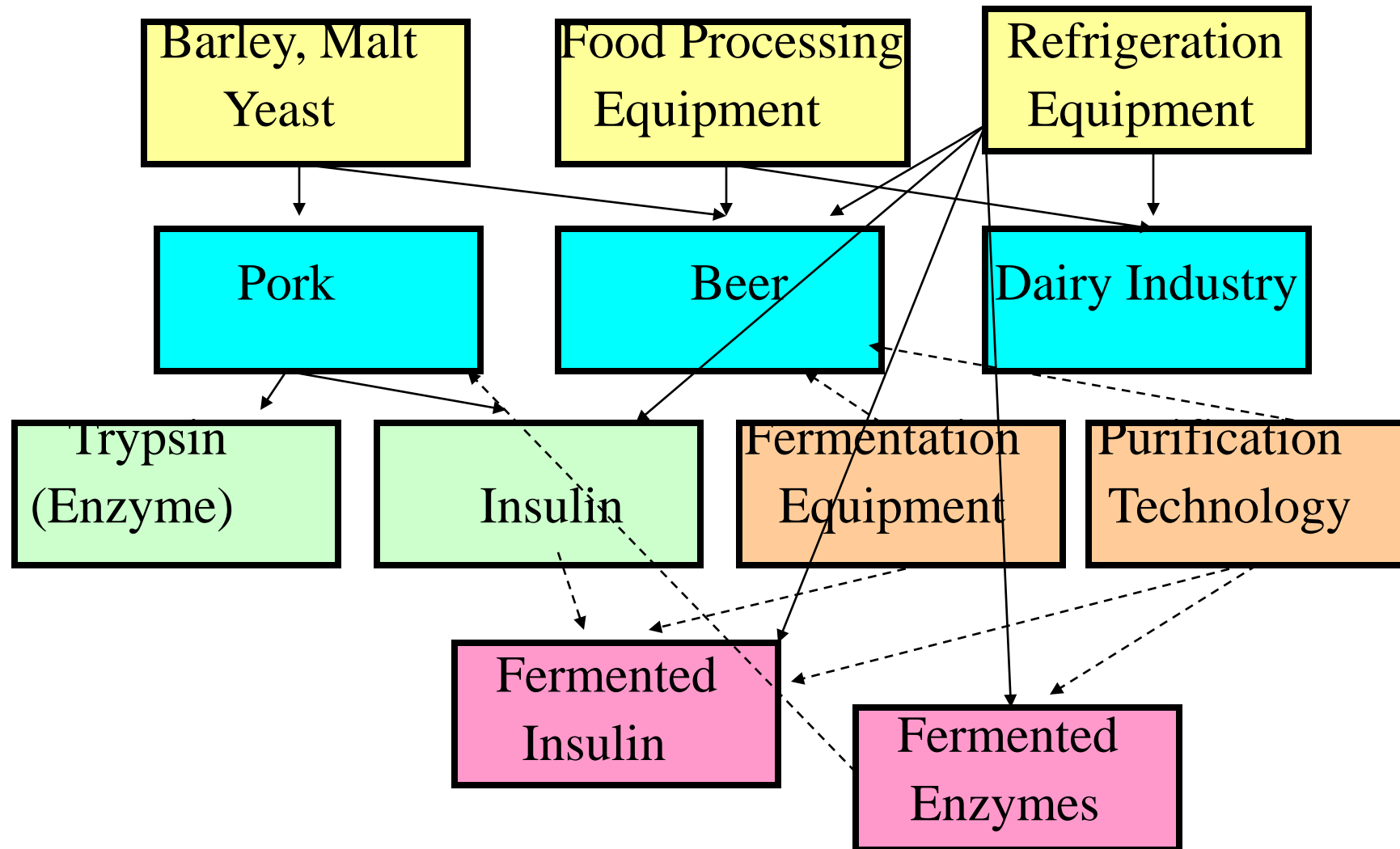
ITALIAN SUPPLIER INDUSTRIES TO FOOTWEAR



ITALIAN INDUSTRIES RELATED TO FOOTWEAR



PARTIAL CLUSTERING IN DANISH ECONOMY



Government policy making process

Identifying policy problems: Publicized demands for government action can lead to identification of policy problems.

South Sudan current situation

80% of poor households depend on agriculture for their livelihood

Only 27% of the adult population is literate, compared with 87% in Kenya, and less than half of all primary school-age children are in school (51% of boys and 37% of girls).

the maternal mortality rate was 2,054 per 100,000 live births, the highest in the world (rates for neighbouring Kenya and Uganda were 530 and 430 respectively)

Oil provides 98% of public sector revenue and almost all foreign exchange earnings

POVERTY BY STATE

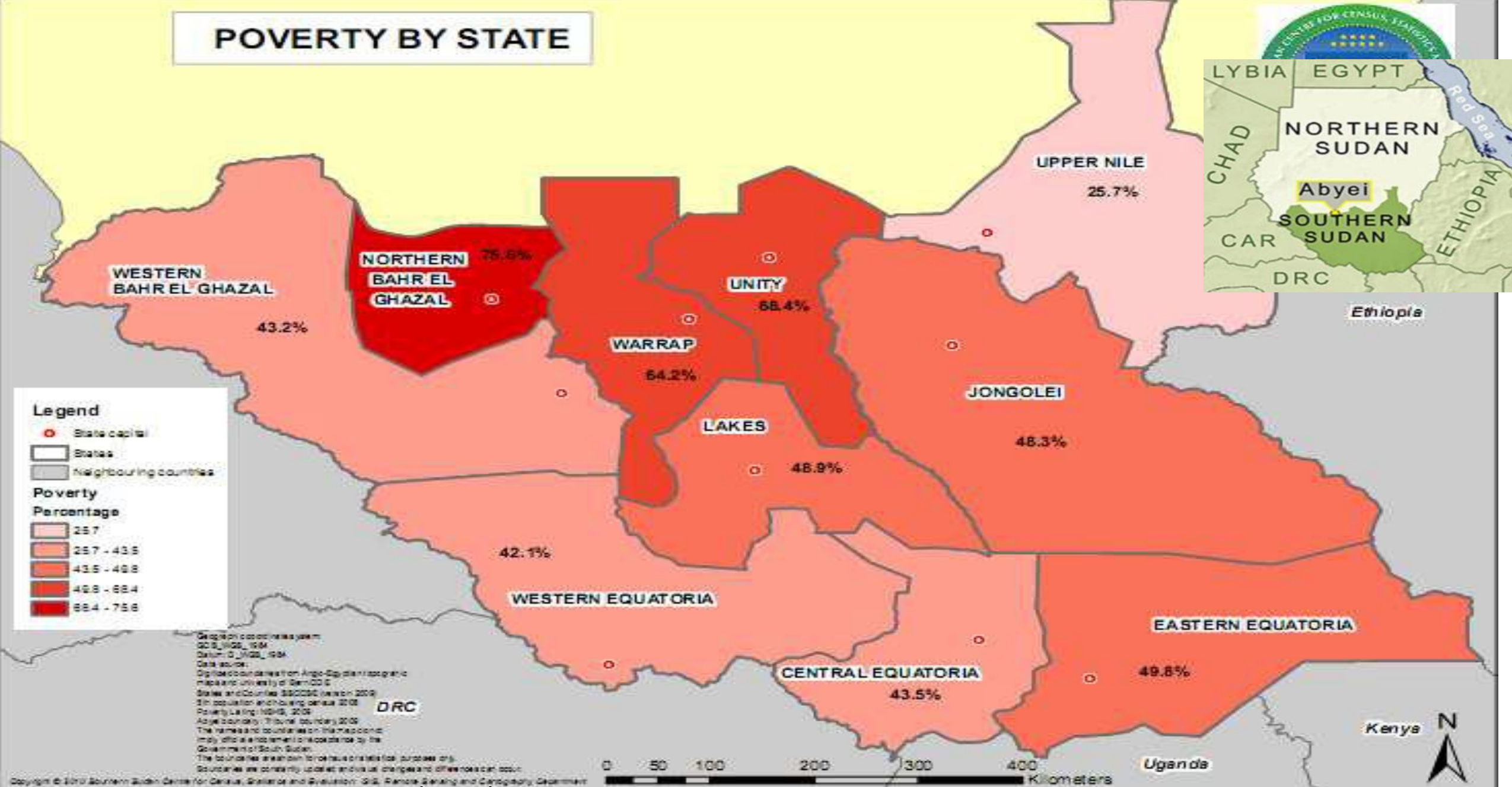


Figure 1: Poverty incidence by state

Source: SSCSE (2010) Poverty in Southern Sudan: *Estimates from NBHS 2009.*

Table 8: Level of food insecurity by states, 2010^{iv}

States	Projected population (2011)	Severely food insecure		Moderately food insecure		Food secure	
	Number	Number	%	Number	%	Number	%
EES	986,000	143,000	14.5	337,000	34	506,000	51
JS	1,478,000	219,000	14.8	351,000	24	908,000	61
Lakes	807,000	106,000	13.2	224,000	28	477,000	59
NBS	848,000	58,000	6.9	309,000	36	481,000	57
UNS	1,037,000	73,000	7.0	319,000	31	645,000	62
WS	1,071,000	154,000	14.4	367,000	34	550,000	51
WBS	368,000	24,000	6.5	72,000	20	272,000	74
WES	676,000	18,000	2.7	123,000	18	535,000	79
CES	1,224,000	51,000	4.2	211,000	17	962,000	79
Unity State	664,000	40,000	6.0	97,000	15	527,000	79
Total	9,157,745	886,000	9.7	2,410,000	26.3	5,863,000	64

Source: compiled from WFP, 2011 'Annual Needs and Livelihood Analysis'.

Table 9: Selected social indicators

Region	Ever attended school*	Literacy rate (15+)*	Maternal mortality rate per 100,000 ²	Children 12-23 months fully immunised, % ²	Access to improved drinking water, % ¹	Phone+	Bicycle ⁺
Southern Sudan	37%	27%	2054	17	55	15	25
Upper Nile	50%	45%	2094	29	35	30	13
Jonglei	27%	16%	1861	12	67	5	7
Unity	32%	26%	1732	24	54	27	9
Warrap	22%	16%	2173	12	52	9	21
N. Bahr El Ghazal	28%	21%	2182	6	66	7	32
W. Bahr El Ghazal	40%	34%	2216	6	45	25	44
Lakes	26%	18%	2243	7	71	13	40
Western Equatoria	58%	33%	2327	8	40	11	56
Central Equatoria	58%	44%	1867	44	51	28	36
Eastern Equatoria	27%	19%	1844	14	63	8	12

* As a percentage of population six years and over.

+ Percentage of households that own a phone/bicycle.

Sources: 1 NBHS (2009) 2 SHHS (2006).

Figure 6: Declining oil revenue in South Sudan

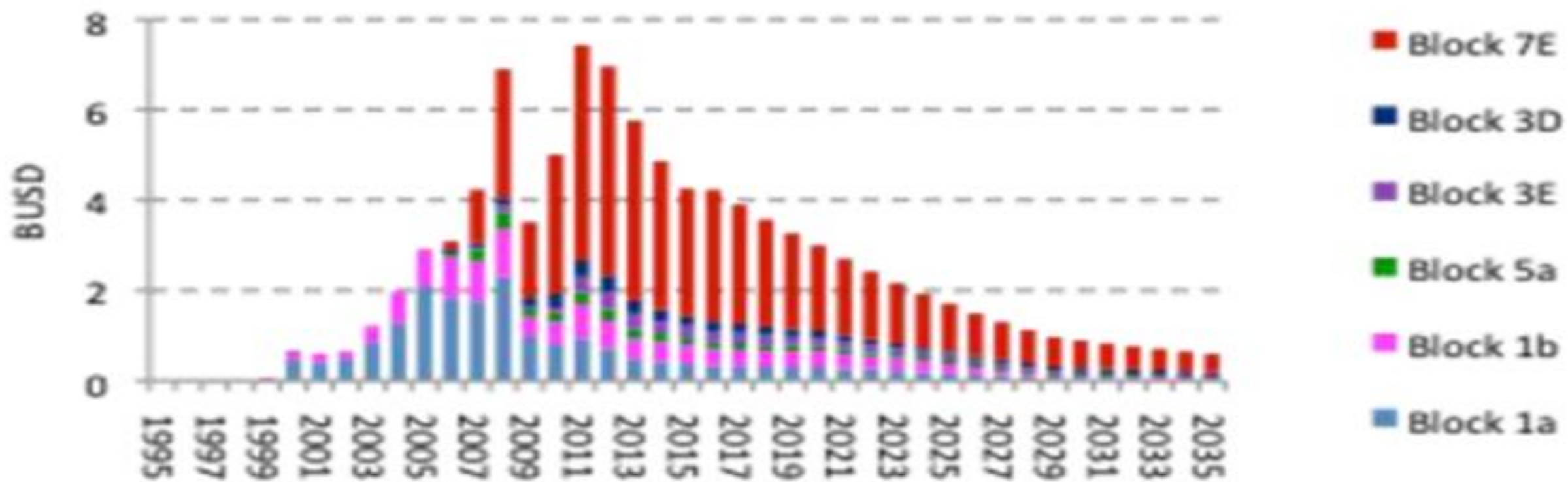
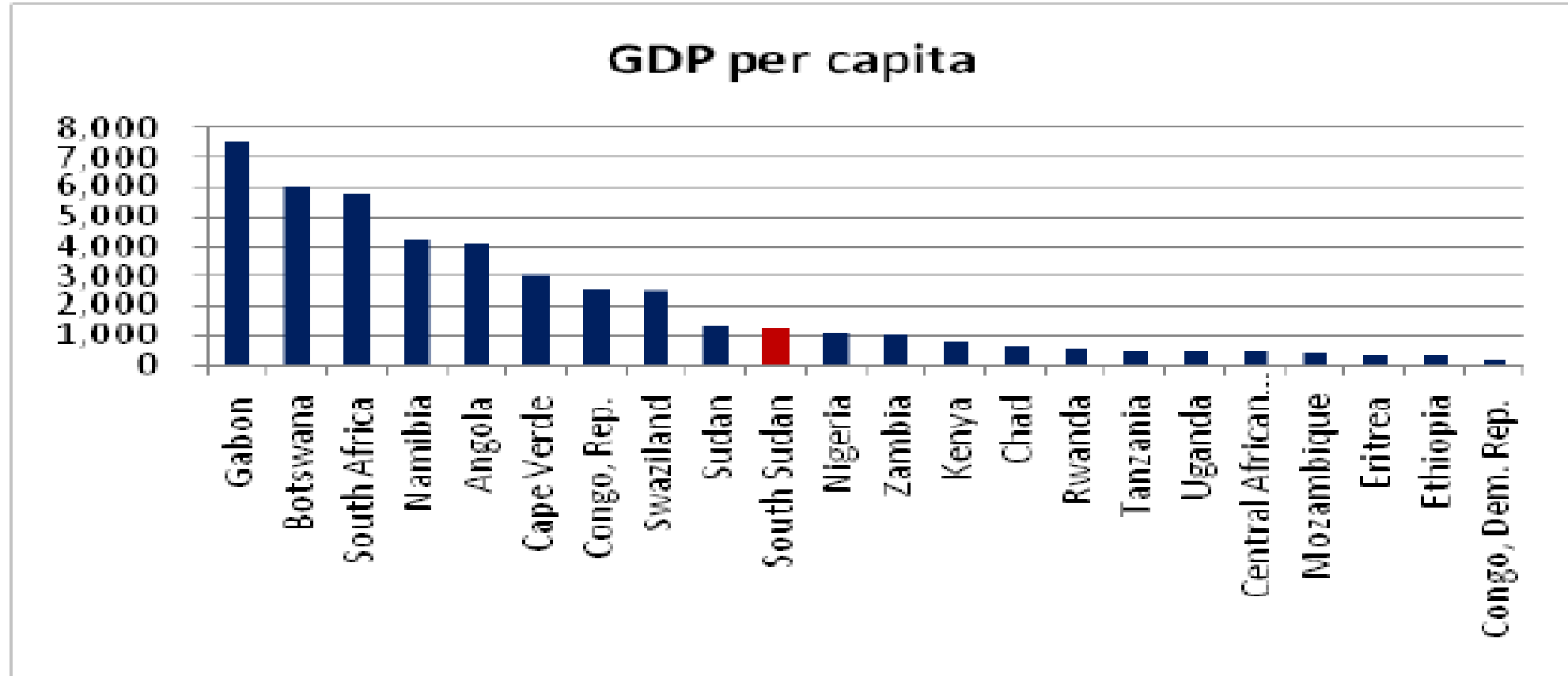


Figure 7: GDP per capita in South Sudan and comparators





SOUTH SUDAN



SUDAN

ETHIOPIA

CENTRAL AFRICAN REPUBLIC

KENYA

DEMOCRATIC REPUBLIC OF THE CONGO

UGANDA

Production Areas

- Eastern Equatoria
- Lakes State
- Sudd
- Unnamed
- Upper Nile
- Western Equatoria

Legend

- National Capital
- State Capital
- National Boundary
- State Boundary
- Abyei Region (Final status not determined)

Approximate Scale

0 100 200 km

0 100 mi

Created by Kroll Map Company - Seattle WA

SOURCES: DIVA-GIS, African Development Bank.
 PLEASE NOTE: The boundaries and the names shown on this map do not imply official endorsement or acceptance by the African Development Bank or by the Republic of South Sudan.

ABYEI REGION

NORTHERN BAHR EL GHAZAL

WESTERN BAHR EL GHAZAL

WARRAP

UNITY

JONGLEI

LAKES

WESTERN EQUATORIA

CENTRAL EQUATORIA

EASTERN EQUATORIA

UPPER NILE

Production Area 1 (Purple): Rice, Maize, Wheat, Sesame, Sorghum, Sunflower

Production Area 2 (Green): Rice, Maize, Wheat, Sesame, Sorghum

Production Area 3 (Yellow): Rice (low land), Sugar Cane

Production Area 4 (Orange): Groundnut, Sesame

Production Area 5 (Pink): Rice (uplands), Tea, Coffee, Oilpalm, Forestry, Groundnut

Production Area 6 (Light Blue): Maize, Sesame, Wheat, Tea, Coffee, Forestry

Other locations: Malakal, Bentiu, Aweil, Kuacjok, Wau, Rumbek, Bor, Yambio, Torit.



Region	Suitable Crops		
Greenbelt	<ul style="list-style-type: none"> ▪ Maize ▪ Fruits ▪ Vegetables ▪ Irish Potatoes 	<ul style="list-style-type: none"> ▪ Oil palm ▪ Tea ▪ Coffee 	<ul style="list-style-type: none"> ▪ Tropical Forestry ▪ Horticulture ▪ Gum Arabic
Ironstone Plateau	<ul style="list-style-type: none"> ▪ Sorghum ▪ Groundnuts ▪ Sesame 	<ul style="list-style-type: none"> ▪ Sunflower ▪ Livestock 	<ul style="list-style-type: none"> ▪ Oilseeds ▪ Gum Arabic
Nile Sobat	<ul style="list-style-type: none"> ▪ Sugar Cane ▪ Rice 	<ul style="list-style-type: none"> ▪ Oilseeds ▪ Gum Arabic 	<ul style="list-style-type: none"> ▪ Sorghum
Flood Plains	<ul style="list-style-type: none"> ▪ Rice ▪ Sugar Cane 	<ul style="list-style-type: none"> ▪ Sesame ▪ Gum Arabic 	<ul style="list-style-type: none"> ▪ Groundnuts ▪ Oilseeds
Hills and Mountains	<ul style="list-style-type: none"> ▪ Wheat ▪ Fruits ▪ Forestry 	<ul style="list-style-type: none"> ▪ Tea ▪ Coffee 	<ul style="list-style-type: none"> ▪ Horticulture ▪ Gum Arabic
Arid Zone	<ul style="list-style-type: none"> ▪ Gum Arabic 	<ul style="list-style-type: none"> ▪ Livestock 	<ul style="list-style-type: none"> ▪ Sugar Cane

Policy implementation and evaluation

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- ▶ **Implementing public policy:** Policy is implemented through the activities of public bureaucracies and the expenditure of public funds.

Table 10: SSDP national priority programme areas

SSDP national priority programme areas			
Governance	Economic development	Social and human development	Conflict prevention and security
<ul style="list-style-type: none"> • Executive function of the Presidency. • Development of institutional and human resource capacity. • Promulgation of legislation and oversight of the Executive. • Statistics. • Economic management and resource mobilisation. 	<ul style="list-style-type: none"> • Increased agriculture production. • Improved and expanded road infrastructure. • Good management of oil sector resources. • Increased livestock production. • Expanded and improved water and sanitation infrastructure. 	<ul style="list-style-type: none"> • Introducing a child benefit cash transfer. • Expanding access to basic health. • Expansion of number and quality of teachers. • Expanded access to general education. • Introducing a Payam Youth Service. 	<ul style="list-style-type: none"> • National DDR programme. • National Security Architecture (NSA) and Security Sector Transformation (SST). • Legal framework. • Community security. • Criminal justice system.



















Peace

Development

yes

NO

Federation

Adria
03-07-2014

FAO Food Commodity Price Indices

2002-2004=100

300

Dairy

260

Sugar

220

Cereals

Meat

180

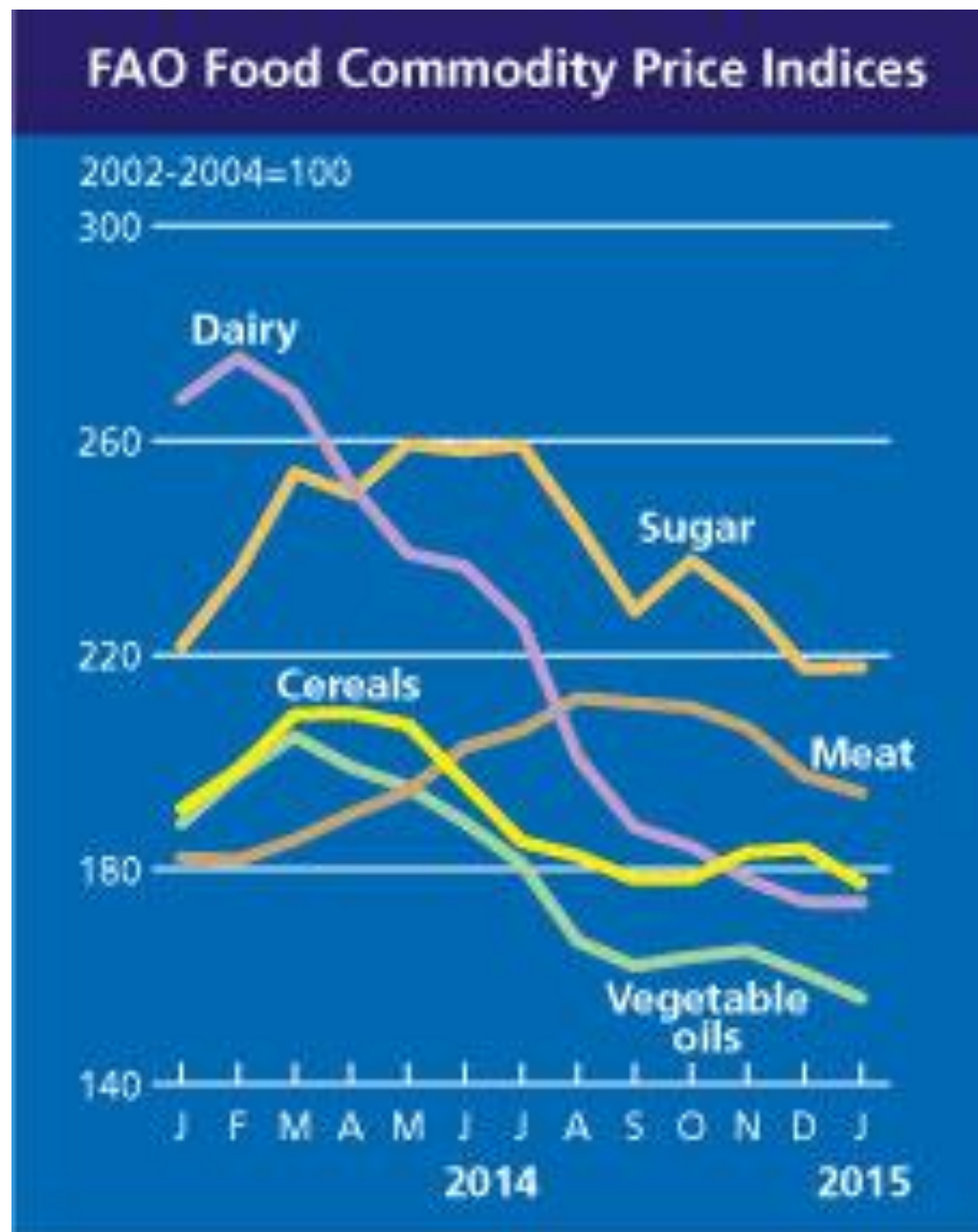
Vegetable
oils

140

J F M A M J J A S O N D J

2014

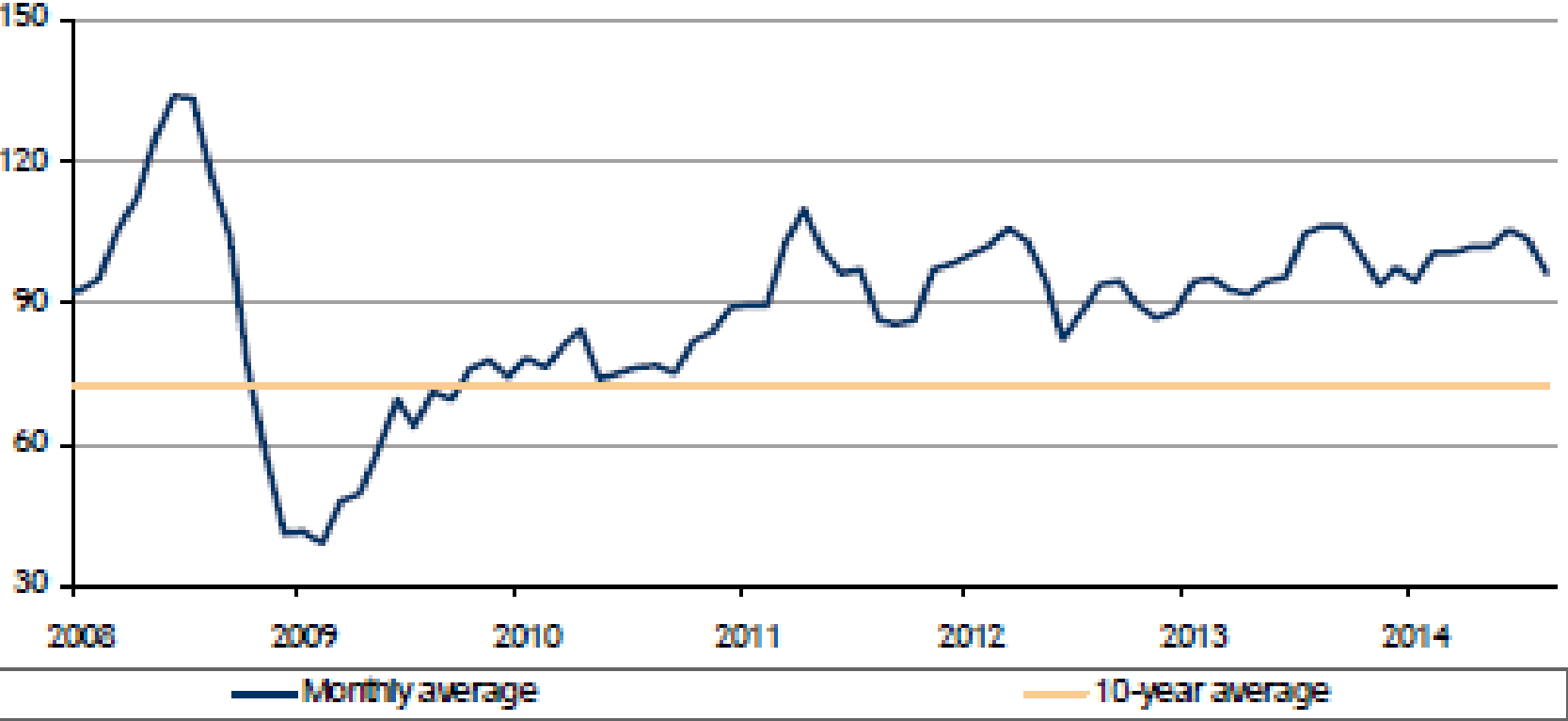
2015



	Period averages								
	2011	2012	2013	Q4-13	Q1-14	Q2-14	Jun-14	Jul-14	Aug-14
Agricultural products									
Barley (US \$/tonne)	207.2	240.3	202.2	150.7	129.5	137.9	132.6	132.4	134.6
<i>Year-over-year % change</i>	30.8	16.0	-15.9	-39.6	-45.3	-40.2	-42.4	-38.1	-28.8
Canola (US \$/tonne)	567.7	598.0	545.2	452.1	390.4	432.8	432.8	428.7	396.1
<i>Year-over-year % change</i>	32.4	5.3	-8.8	-25.0	-36.7	-29.2	-27.0	-20.6	-17.8
Corn (US \$/tonne)	291.7	298.4	259.4	199.4	209.9	214.0	202.4	182.7	176.4
<i>Year-over-year % change</i>	56.9	2.3	-13.1	-37.1	-31.2	-26.5	-32.2	-34.6	-26.1
Wheat (US \$/tonne)	411.5	356.8	325.7	316.0	342.9	326.9	330.9	318.1	299.9
<i>Year-over-year % change</i>	48.0	-13.3	-8.7	-14.5	0.1	-2.7	-1.9	1.0	-2.4
Potatoes (US \$/cwt)	9.78	9.00	9.99	8.84	9.43	10.81	10.38	9.81	9.75
<i>Year-over-year % change</i>	21.2	-8.0	11.0	19.8	14.5	-7.6	-17.4	-27.7	-12.6
Live cattle (US \$/cwt)	113.3	121.5	124.7	129.0	143.3	147.0	147.0	156.0	160.0
<i>Year-over-year % change</i>	23.1	7.3	2.6	4.6	15.3	18.2	20.5	30.0	32.2
Live hogs (US \$/cwt)	66.5	64.2	67.2	64.5	69.5	85.5	84.8	93.3	88.3
<i>Year-over-year % change</i>	20.7	-3.4	4.7	4.4	11.3	25.2	14.0	23.1	19.0
Fresh salmon (US \$/kg)	5.91	4.77	6.76	6.88	7.76	6.94	6.19	6.39	5.93

Crude oil (WTI)

US\$ per barrel



Source: Haver Analytics, RBC Economics Research

Forest products

Lumber

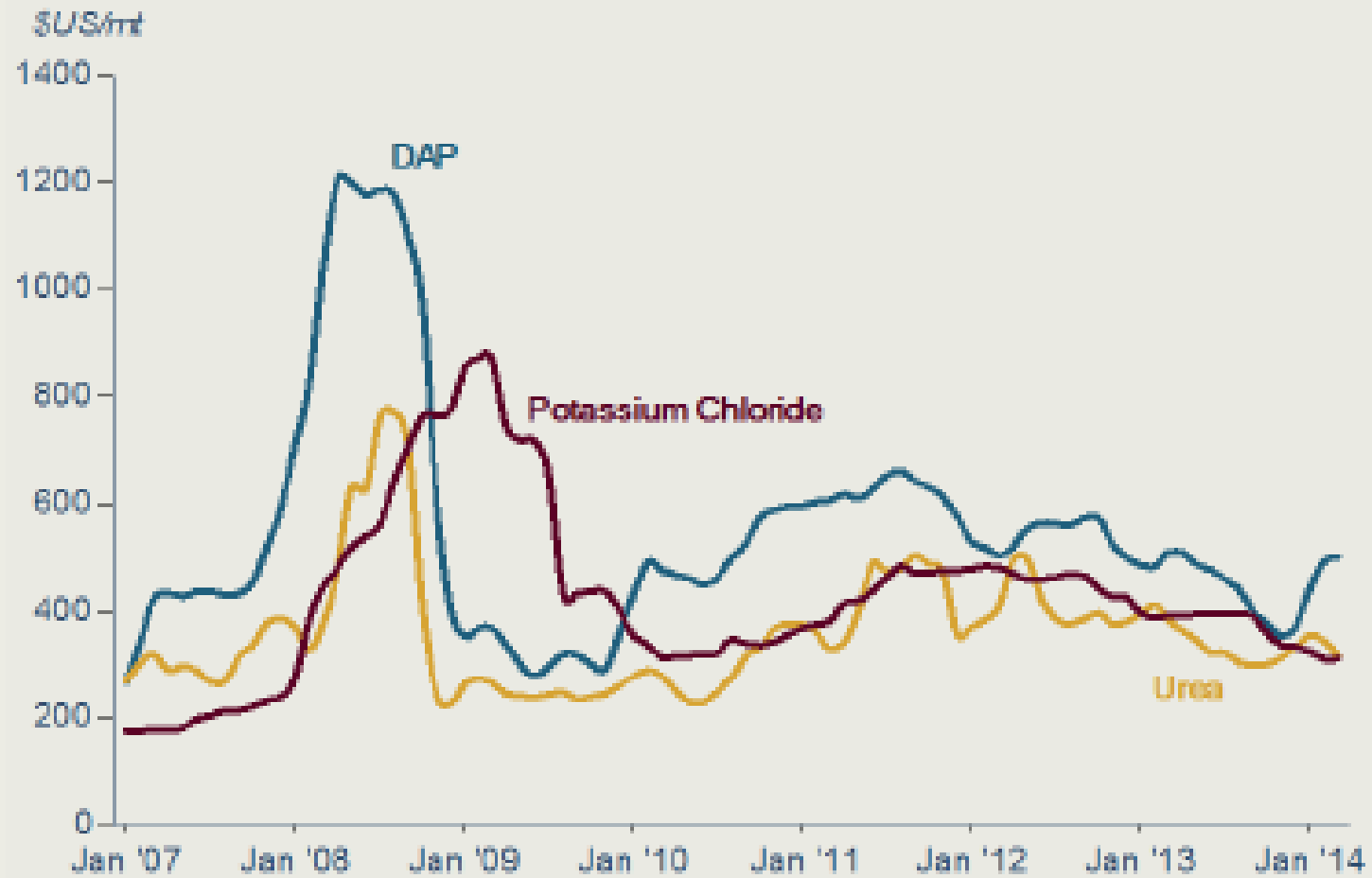
US\$ per 1,000 board feet



Source: Haver Analytics, RBC Economics Research

Figure 15

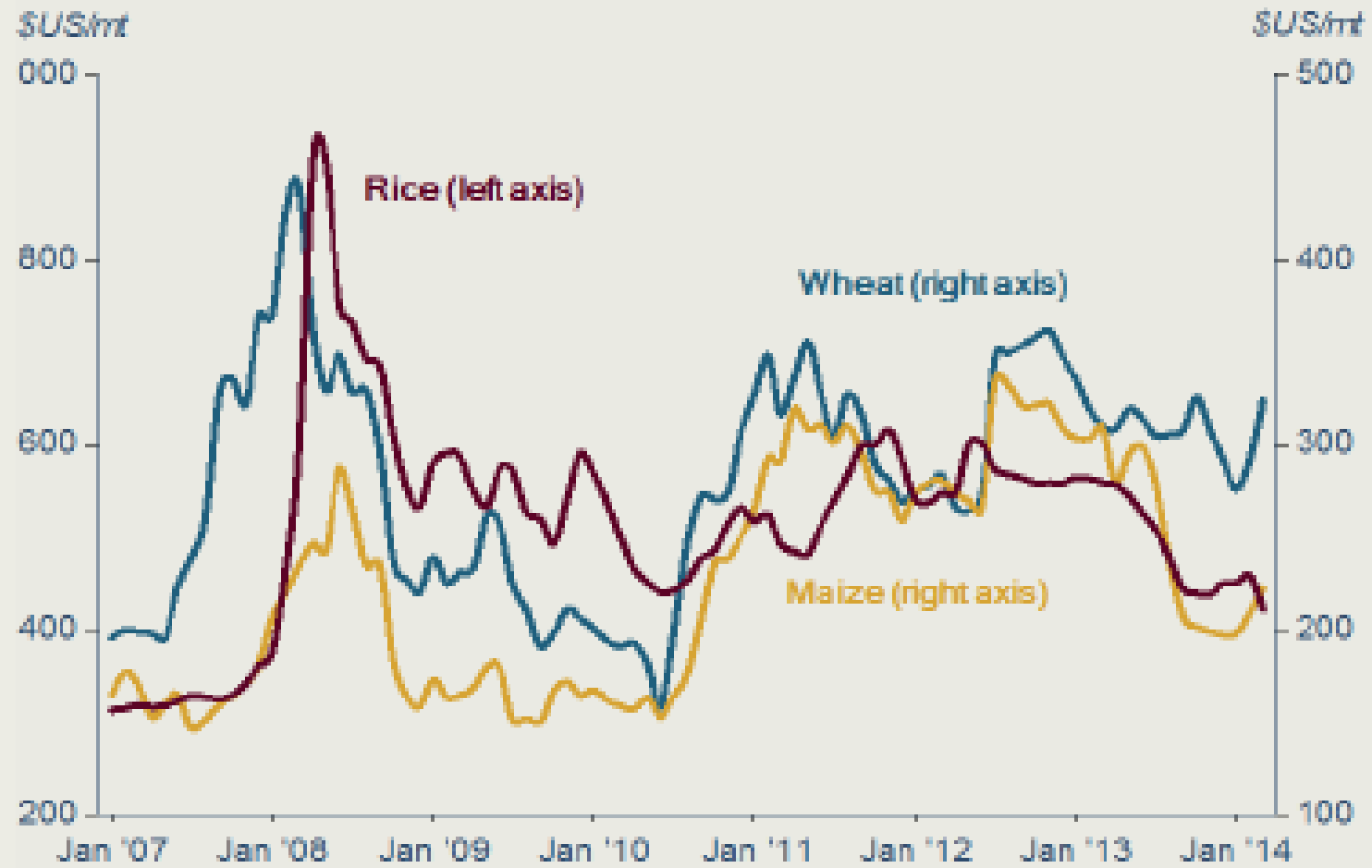
Fertilizer prices



Source: World Bank.

Figure 18

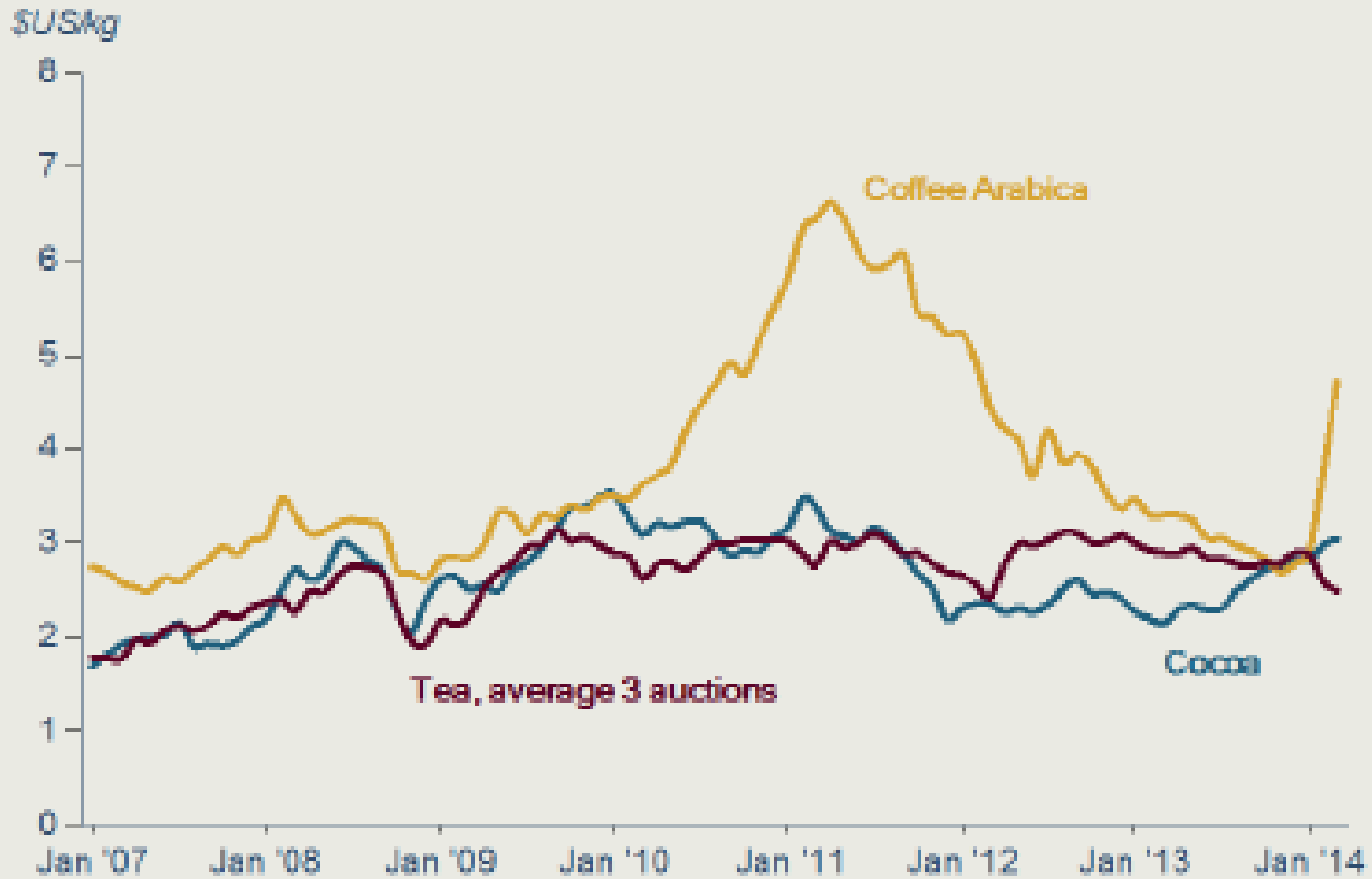
Grain prices



Source: World Bank.

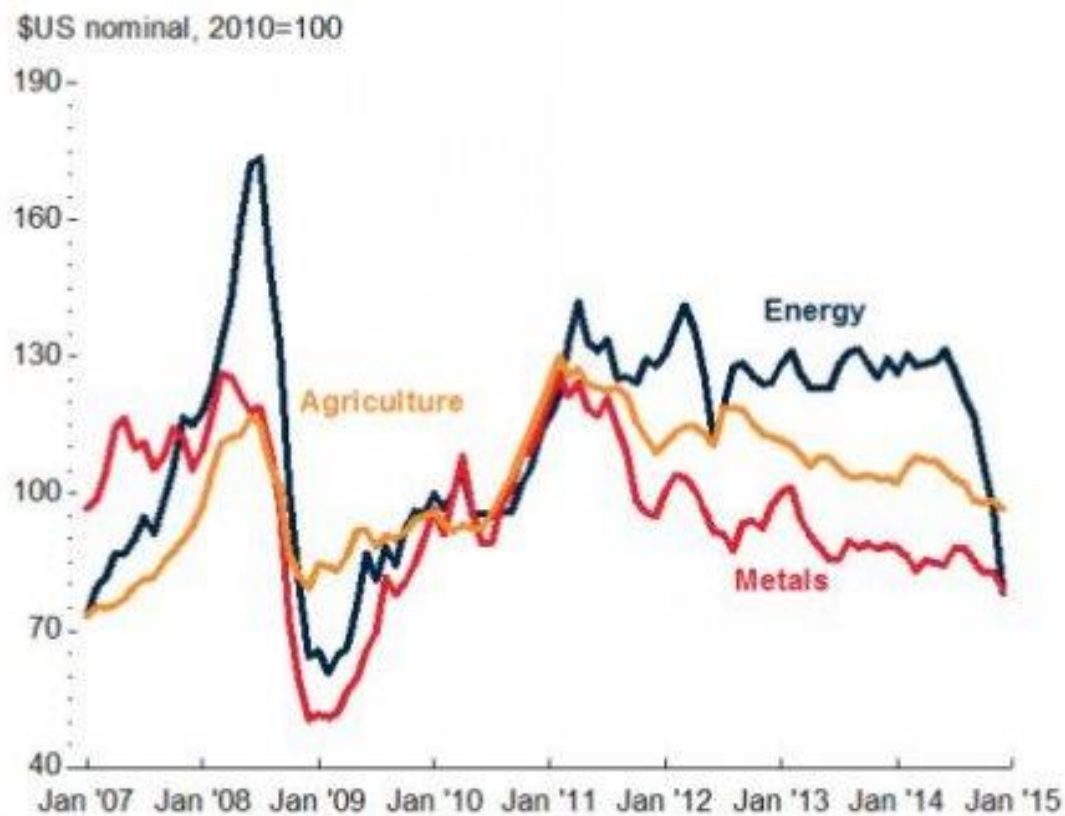
Figure 20

Beverage prices



Source: World Bank.

FIGURE 1 Commodity price indices



Source: World Bank.

FIGURE 2 Food price indices



Source: World Bank.

♦ **Evaluating public policy:** Policies are formally and informally evaluated by government agencies, by outside consultants, by interest groups, by the mass media, and by the public

Evaluation and Control

Who, What, When, How

- **Objectives: technical and value impact**
 - Level 1: projects, programs,
 - Level 2: activities
 - Level 3: cost-budget, performance, time
 - Level 4: data collection
 - Level 5: communication

- **Data sources**

 - Internal

 - External

- **Communication network**

 - data collection

 - analysis process

 - decision process

 - implementation process

A Risk Management Standard

Published by AIRMIC, ALARM, IRM: 2002

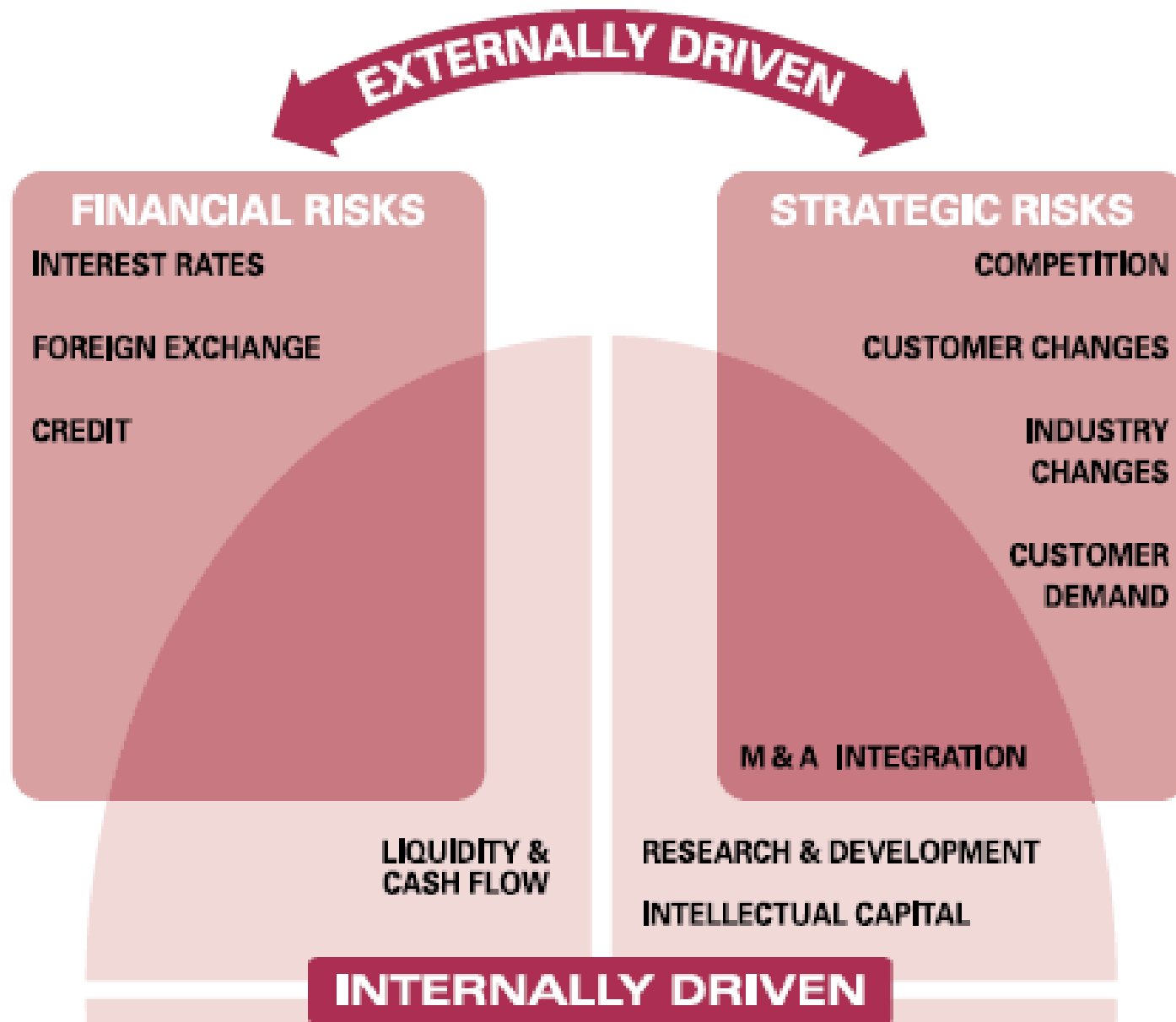
**ALARM The National Forum for
Risk Management in the Public Sector**

www.alarm-uk.com

**The Association of
Insurance and Risk Managers**

www.airmic.com

Drivers of Key Risks



INTERNALLY DRIVEN

ACCOUNTING CONTROLS

INFORMATION SYSTEMS

RECRUITMENT

SUPPLY CHAIN

PUBLIC ACCESS

EMPLOYEES

PROPERTIES

**PRODUCTS &
SERVICES**

CONTRACTS

**NATURAL
EVENTS**

SUPPLIERS

REGULATIONS

CULTURE

**BOARD
COMPOSITION**

OPERATIONAL RISKS

ENVIRONMENT

HAZARD RISKS

EXTERNALLY DRIVEN

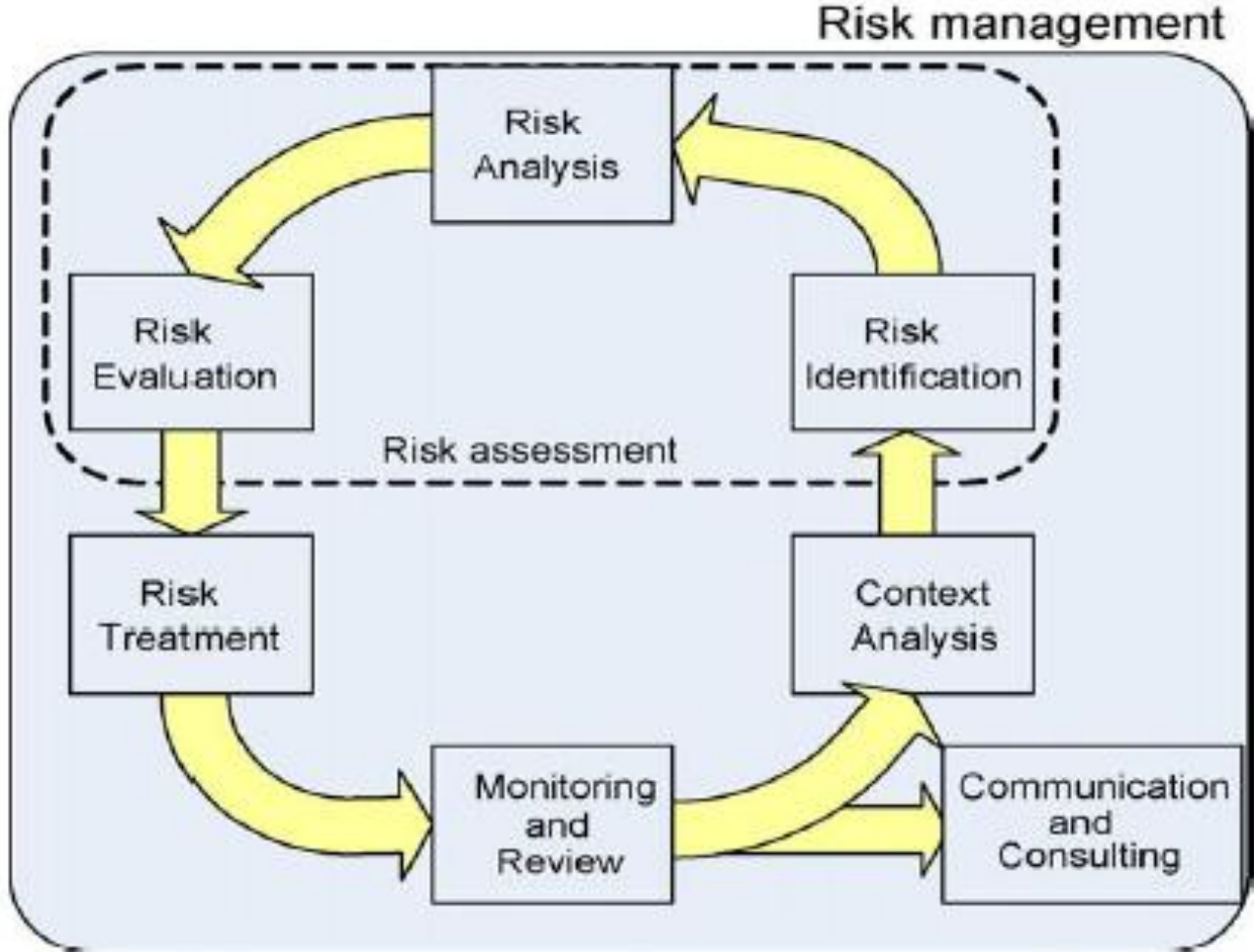
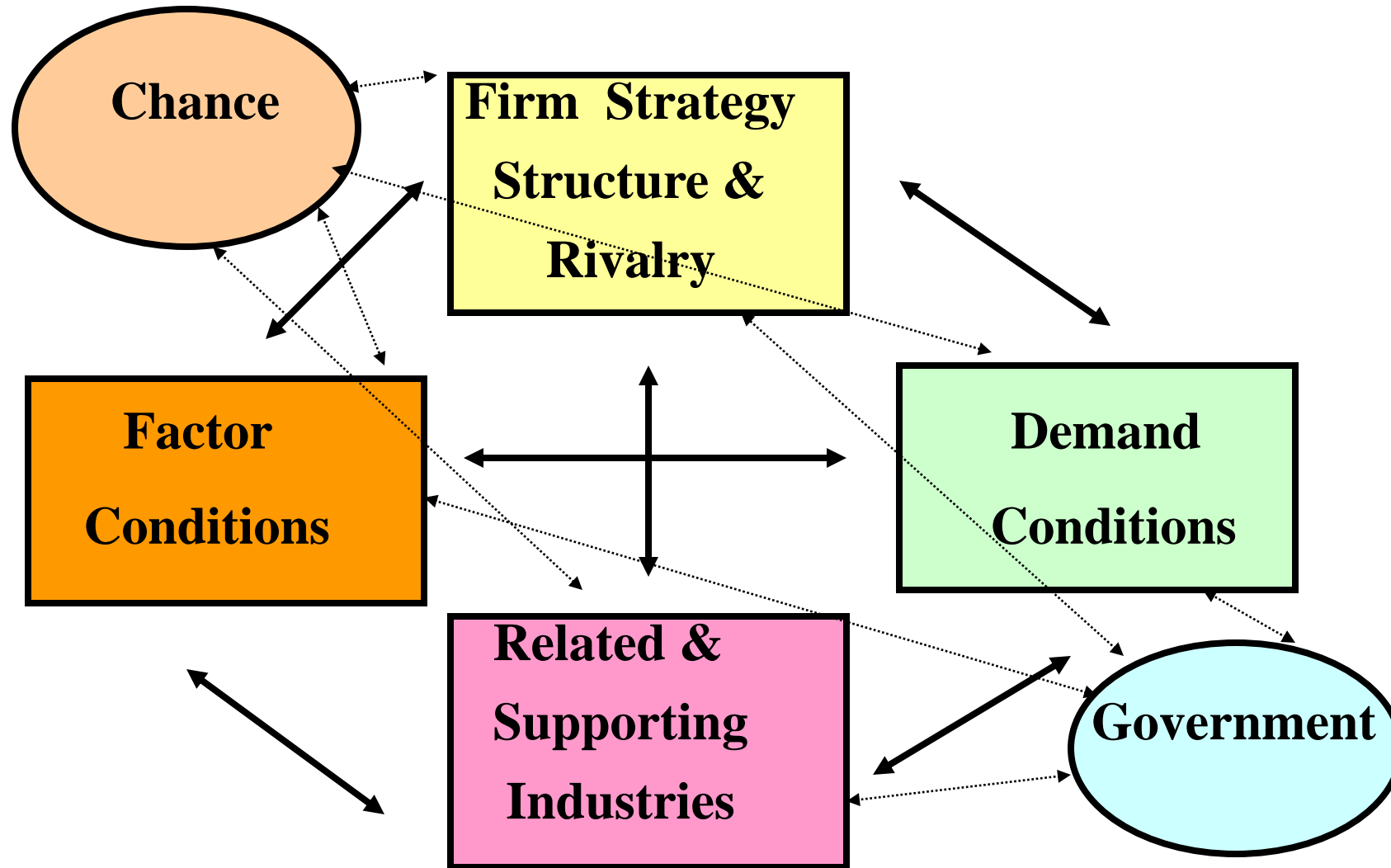


Figure 1: Stages of effective risk management

PORTER'S DIAMOND – SOUTH SUDAN



PORTER'S DIAMOND SOUTH SUDAN

<p>Factors Conditions</p> <ul style="list-style-type: none">• Human, Physical resources, Capital, Knowledge, Infrastructure• Hierarchy, factors: Basic-Advanced• Factor Creation	<p>Demand Conditions</p> <ul style="list-style-type: none">• Demand Composition• Demanding Buyers• Anticipatory Buyers• Pattern Growth
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