

Economy in South Sudan

Research Repository Guide

This Research Repository has been compiled by the CSRF to assist donors and aid workers in South Sudan to better understand the context in which they work. The repository is searchable by key words, and is also organised into eight categories to enable easier exploration of specific topics. CSRF has conducted a meta-analysis for each of the eight categories, analysing a selection of relevant, key literature and extracting some of the most salient questions for donor-funded programming.

Understanding the Literature

Prior to South Sudan's independence in 2011, researchers explored dynamics relating to the oil economy, state finances, macro-economy, livelihoods, land and trade. In particular, there was a robust approach to examining the impacts of Operation Lifeline Sudan (OLS), livelihoods and trade before 2005. Literature on the post-2013 crisis is often written with an eye to policy recommendations and explores topics that are relevant for humanitarian aid. These include publications on the food security situation, livelihoods, access to markets, and trade but also on the macro economy and public spending as well as the economy of peacekeeping. The economics of livestock keeping and norms and values associated with livestock is poorly understood and often dominated by stereotypes that fail to analyse the complex interaction between pastoralist livelihoods, ecology, social safety nets, and political economies. Due to the presence of ongoing armed conflict, empirical data is difficult, costly and often dangerous to collect; as a result, published literature only provides a sketchy picture of a highly dynamic and volatile context and its impact on livelihoods. The questions below were developed with the aim of connecting current economic trends with those that existed in the colonial and post-colonial periods, exploring underlying economic dynamics and the macro-economic situation.

Go to sources on food security and livelihood

Arensen, Michael (2016). [Indigenous Solutions to Food Insecurity: Wild Food Plants of South Sudan.](#)

Maxwell, Daniel et al. (2016).

[Livelihoods and Conflict in South Sudan.](#)

Owadi, Bernard et al. (2016). [Special Working Paper on Devaluation of South Sudan Pound: Short-term Food Security Implications.](#)

1. **How was South Sudan's economy changed by oil exploitation?**
2. **What is the state of agricultural and livestock production in South Sudan?**
3. **What is the state of public debt in South Sudan?**
4. **Why is corruption so persistent?**

1. How was South Sudan's economy changed by oil exploitation?

Oil exploration in Sudan began in the late 1970s, but oil revenues to Southern Sudan were only received from 2005 onwards. The oil revenues of the Government of Southern Sudan (GOSS) quickly grew from nothing to over a billion USD in 2006. But despite oil revenues, the nature of the South Sudanese economy has changed little for most citizens. Most South Sudanese are farmers or agro-pastoralists who do not depend on the extractive economy. An estimated 78% of households depend on one of these activities as their primary source of livelihood. Because most agriculture and

pastoralism are conducted on a subsistence basis, it is not formally recorded in economic data. The oil sector, by contrast, employs very few South Sudanese.

Go to the sources

Dagne, Ted (2011). [The Republic of South Sudan: Opportunities and Challenges for Africa's Newest Country.](#) [Congress Research Service.](#)

Leben, Nelson M. (2013). [Still waiting for the Bonanza: The Oil Business in South Sudan after 2005.](#)

World Bank (2017). [South Sudan Economic Update, 2017: Taming the Tides of High Inflation.](#)

Oil revenues allowed for a massive formalisation of the public sector. With hundreds of thousands employed in the security sector (the army, the police, the wildlife service, etc.), the state is the biggest formal employer in South Sudan. Oil revenues allowed the state to maintain a redistributive ability through formal state employment. The salary of an individual soldier or civil servant injects cash into an extended family, which is likely to be rural, and thus cannot only be considered from the point of view of the central state budget.

Oil rents have financed a boom in Juba, with construction and service sectors seeing massive investment, further centralising Juba's importance to the economy, but ensuring greater economic inequities between Juba and other parts of the country. Such revenue thus provides a focus for competition rather than collaborative development.

Recent drops in production and in oil prices, when combined with pipeline fees and debts paid to Sudan, have led to a precipitous fall in oil revenues, threatening the government's ability to maintain its past commitments and expenditures.

2. What is the state of agricultural and livestock production in South Sudan?

Most agricultural and livestock production in South Sudan is geared towards subsistence and survival, rather than markets. Low productivity, and a limited tradition of selling crops and livestock for cash, has ensured that there are multiple, partly disconnected rural economies, rather than one single agricultural and livestock sector. This explains why basic commodities – everything from grains to vegetables and also meat – are more easily imported from neighbouring countries, even if the technical inputs to produce such goods are readily available in South Sudan. An abundance of land and water in many areas does not ensure a competitive agricultural system. Access to markets in most fertile areas is limited due to a lack of transportation infrastructure, as are techniques of modern agriculture such as crop rotation, the use of fertilizers and improved seeds, and mechanised techniques.

Go to the sources

Gebreyes, Yacob A. et al. (2106). [The Impact of Conflict on the Livestock Sector in South Sudan.](#)

Pendle, Naomi & Conflict Sensitivity Resource Facility (2018). [Famine, Access and Conflict Sensitivity: What Opportunities do Livestock Offer in South Sudan?](#)

Varela, Gonzalo J.; Cali, Massimiliano; Pape, Utz Johann; Rojas, Esteban (2016). [Market Integration and Poverty: Evidence from South Sudan.](#)

Both the agricultural and livestock sectors are confronted with the negative consequences from climatic changes. Changing rain patterns and increasing temperatures have already reduced crop yields and limited pasture and water resources for cattle production. The scarcity of suitable land may deepen existing conflicts between cattle-keepers and agriculturalists. The ongoing armed conflict has had not only a huge toll on agriculture but also on livestock as a result of cattle raids, unofficial taxation, spread of diseases and changing migration patterns.

3. What is the state of public debt in South Sudan?

There are two dimensions to public debt in South Sudan. The first is how the legacy of debt from the Sudanese state be resolved. This question was left unanswered at the time of independence of South Sudan. While Sudan officially holds all of the debt incurred prior to South Sudan's secession, Khartoum does expect South Sudan to either accept a portion of the historic debts incurred, or offer concessions on other matters in return for escaping these obligations.

Domestically, South Sudan is in a situation of debt distress. The succeeding events of oil production shutdown (2012), armed conflict (Dec. 2013) and a significant drop in international oil prices (mid 2014), took the country from having almost no debt in 2011 to a stock of domestic and external debt owed or guaranteed by the central government of about US\$1.4 billion (38 percent of GDP). There is speculation that the conflict has seen off-the-books loans taken in addition to official figures. South Sudan has borrowed money against future oil production, further damaging its macroeconomic situation. South Sudan has also sought to borrow commercially at high interest rates, an indicator of the premium attached to this risky borrower.

Go to the sources

International Monetary Fund (2017).

[Republic of South Sudan: Debt Sustainability Analysis.](#)

James, Laura. M. (2015). [Fields of Control: Oil and \(in\) security in Sudan and South Sudan.](#)

Author unknown (2016). [Implications of the Economic Crisis in South Sudan.](#)

A highly overvalued exchange rate has contributed to the rapid depletion of foreign exchange reserves. A thriving black market allowed the privileged few with access to official foreign exchange rates to benefit. In December 2015, South Sudan abandoned a fixed exchange rate and allowed the South Sudanese pound to trade freely in the market against foreign currencies, but the scarcity of hard currency has ensured further devaluation of the South Sudanese pound.

4. Why is corruption so persistent?

South Sudan suffers from crippling corruption, ranking 175 out of 176 on Transparency International's Corruption Perception's Index in 2016. A political economic interpretation of corruption must consider the expression of corruption as a form of patronage and the expectation by the wider public that resources are to be shared, as well as the more intuitive answer of greed. Having established such patterns during humanitarian operations such as OLS – when aid was also diverted, corruption after 2005 is largely a question of scale and magnitude, rather than a new phenomenon entirely. It is important to note that many actors are directly or indirectly, and knowingly or unknowingly, complicit in corruption. The looting of billions of dollars of South Sudanese assets was made possible by external actors such as regional banks, the international financial system, and aid programmes with insufficient oversight or controls, particularly around procurement and distributions.

Go to the sources

Awolich, Abraham (2012). [South Sudan's Fight against Corruption: Are We Winning?](#)

Transparency International (2016). [Corruption Perceptions Index 2016.](#)

De Waal, Alex (2016). [When Kleptocracy Becomes Insolvent: Brute Causes of the Civil War in South Sudan.](#)

[Further publications on economy in South Sudan are available in the CSRF repository](#)