

# COUNTRY PROFILE **2017**



**SOUTH SUDAN**





United Nations  
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# COUNTRY PROFILE **2017**



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# Abbreviations and acronyms

COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
FDI	foreign direct investment
GDP	gross domestic product
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
LDCs	least developed countries
OECD	Organisation for Economic Co-operation and Development
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WHO	World Health Organization

# Acknowledgements

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# South Sudan at a glance

General information		Ranking	Position	Out of a total of	Year	Source
Region	East Africa	Human Development Index	181	188	2015	UN
Official language(s)	English	Gender inequality index	NA	NA	NA	NA
Currency	South Sudanese pound	Ibrahim Index of African Governance	53	54	2017	Mo Ibrahim Foundation
Capital	Juba	Ease of doing business index	186	190	2017	World Bank
Regional economic community membership(s)	EAC, COMESA, IGAD	Corruption perceptions index	179	180	2017	Transparency International



## Economic growth

Economic growth in South Sudan fluctuated sharply between 2012 and 2016, due in large part to a political crisis as well as sharp variations in both oil prices and oil production. Growth declined from 5.1 per cent in 2015 to 0.3 per cent in 2016. Exports (which are dominated by oil) declined by 15.9 per cent in 2016, while private consumption and gross fixed capital formation declined by 3 per cent and 26.9 per cent, respectively. The World Bank estimated a decline in GDP of 6.6 percent in 2017, with a forecast of stagnant growth (0.4 per cent) in 2018.



## Fiscal policy

The overall fiscal deficit increased rapidly from 3 per cent of gross domestic product (GDP) in 2013/2014 to 31 per cent in 2015/2016. However, the deficit is estimated to have decreased to 1.3 per cent of gross domestic product (GDP) in 2016/2017. The fluctuations in the deficit are essentially a result of the variations in oil income. Oil incomes declined significantly due to the combined effect of low prices and reduced production (less than half compared to 2011/2012). Low oil revenue, weak non-oil revenue mobilization, and increasing security-related expenditure caused the deficit to rise rapidly.



## Inflation and Monetary policy

The economy of South Sudan has been experiencing high inflation since its independence (in 2011), averaging 50 per cent per year. This trend has worsened in recent years, as a consequence of the economic and political crisis. Inflation increased from 15 per cent in 2014/2015 to 350 per cent in 2016/2017. According to the International Monetary Fund (IMF), broad money increased by 219 per cent in 2015/2016 compared to 40 per cent growth in 2014/2015 (IMF, 2017).





### Current account

The large fluctuations in the current account balance reflect the severe economic imbalances the country has faced since independence. The current account balance and its core, the trade balance, went from strongly positive in 2011 to negative in the following years, in the face of the collapse of oil revenues.



### Capital and financial account

Despite the enormous natural resource base of the country, foreign direct investment (FDI) net inflows were negative in both 2015/2016 and 2016/2017, implying a degree of divestment in the economy. Additionally, FDI inflows have been highly volatile since independence.



### Demography

With an area of 644,000 km<sup>2</sup> and an estimated population of 12.2 million, the country has a low population density – at 19 people per km<sup>2</sup>. Population growth is estimated at 3.2 per cent per year, one of the highest rates of demographic expansion in the world.



### Poverty and unemployment

South Sudan has pervasive levels of poverty. According to 2009 figures, half of the population was poor, as measured by the national poverty line (50.6 per cent), with a poverty gap (the ratio by which the mean income of the poor falls below the poverty line) of 33.3 per cent. Agriculture employs 62.9 per cent of the workforce, and the service sector is the second largest sector employing 19.2 per cent of the population.



### Education

Universal primary education remains a significant challenge with high dropout rates. Primary gross enrolment declined by 24 per cent between 2011 and 2015. In 2015, 62 per cent of children of primary school age (1.37 million) were estimated to be out of school. Dropout rates were unusually high in some regions (Greater Upper Nile states), where 82 per cent of children and young people were out of school due to the renewed conflict.



### Health

The return of civil conflict in 2013 has undermined many efforts to improve health outcomes in the country. The country's health indicators are worse than the averages of most of its neighbours. For instance, South Sudan's neonatal mortality rate of 39.6 (2014) declined by 40 per cent compared to 1993 but still compares poorly with an African average of 29.0. Between 1993 and 2014, the infant mortality rate fell by more than half.



### Gender

Although women make up half of the country's population, they play a limited role in public life, and their economic contribution is largely invisible. The Government has been working on implementing an affirmative action policy, but this has been affected by the ongoing conflict. The membership of women in parliament amounts to 28.5 per cent compared to a worldwide average of 23.3 per cent and a sub-Saharan African average of 23.6 per cent.



## Overview

Economic growth in South Sudan has fluctuated sharply over the past five years. This has been mainly due to a political crisis – amplified by a violent conflict that began in December 2013 – as well as sharp fluctuations in both oil prices and oil production. Growth declined from 5.1 per cent in 2015 to 0.3 per cent in 2016. The World Bank forecasts growth in 2017, at -6.6 per cent, however, the economy is expected to rebound in 2018, with forecast growth of 0.4 per cent. Oil production dominates the economy, including export receipts and fiscal revenues, while other sectors, including agriculture, remain undeveloped. Government expenditure accounts for a high and rising share of GDP, resulting in an increased debt burden. External debt rose sharply from just 4.2 per cent of GDP in the fiscal year 2013/2014 to 38.7 per cent in 2016/2017. Inflation is high, reaching 336 per cent in 2016/2017. The spread of 12.5 per cent between lending and deposit interest rates reflects limited competition between financial institutions. Due to the sharp contraction of oil incomes, the trade balance has been in deficit since 2012. The external resource gap (that is, the difference between the gross fixed capital formation rate and the gross domestic savings rate) was estimated at 10 per cent of GDP in 2012.

South Sudan has an exceedingly high population growth rate of 3.2 per cent per annum but combined with a low population density (the total area of South Sudan is 644,329 km<sup>2</sup>). An estimated 85 per cent of the population lives in rural areas. Half of the population was estimated to be living under the national poverty line in 2009, and 45 per cent of the population are regarded as suffering severe food insecurity as a result of the civil conflict (World Bank, 2017). Child labour – mainly in agriculture – affects 59 per cent of school-age children in the 10-14 year age group, with 46 per cent of female children involved in economic activity (Guarcello and others, 2011). Only 37 per cent of children receive any form of formal education. As a consequence, the majority are ill-prepared for the needs of a modern labour market. Agriculture, undeveloped and mainly of a subsistence nature, remains the main source of employment. The country's health indicators are worse than the African average, despite funding efforts by foreign donors since 2006. South Sudan's literacy rate is currently at 27 per cent, about half the African average. Women have played a minor role in traditional society, and hence policy measures to address gender inequality are a priority for both government and development partners.

The country faces multiple policy challenges. While the development of human resources has been a priority since 2006, resources have hitherto been focused on primary education and basic health, to the relative neglect of higher education and research. However, without an educated elite with sufficient technical and managerial skills, the country will not be able to develop the vital market and non-market institutions needed to improve governance and move up the technological ladder. Additionally, South Sudan has suffered brain drain due to the security situation and relatively poor pay. For example, in 2015 academics in South Sudan were reportedly receiving 35 per cent less in salary than their counterparts in East Africa (Kuany, 2016).

The Government has partnered with both the donor community and regional economic communities to try and address the capacity constraints. For instance, the joint programme of the Intergovernmental Authority on Development (IGAD) and the Government of South Sudan brings professionals from Ethiopia, Kenya and Uganda to South Sudan for capacity-building and skills transfer in areas such as health, child protection, aviation, agriculture, audit and management. During its Phase 1, it deployed 199 officials and trained 1,000 civil servants of South Sudan. Phase 2 of the programme commenced in August 2015 and, so far, 102 civil service support officers were deployed to 15 national, 27 state and three counties institutions (UNDP, 2016).

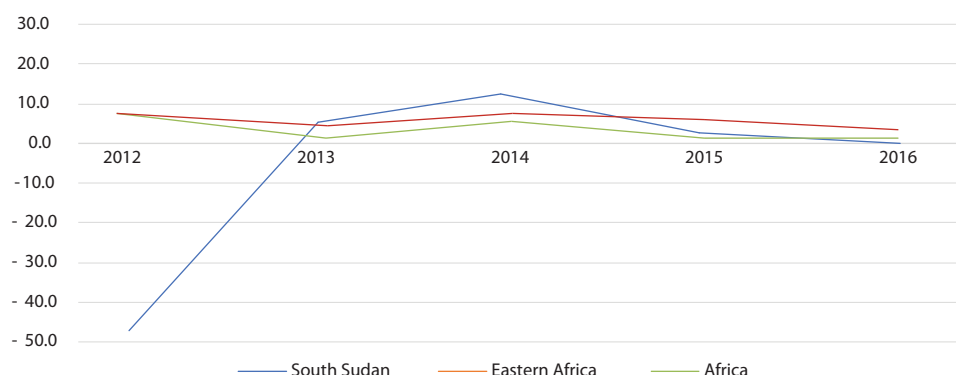
The empowerment of women could also have large economic and social benefits. South Sudan still needs to cultivate the necessary public and private sector institutions required for modern economic development. In addition to securing property rights, maintaining the rule of law, and establishing effective government organizations, the development of the private sector and civil society are vital. The economic diversification of the economy beyond oil, encouraging local development throughout the country, as well as promoting effective regional integration with neighbouring countries, are overdue.

## National and subregional context

Economic growth in South Sudan fluctuated sharply between 2011 and 2016, mainly determined by the political crisis and the fluctuation in oil prices. Following a total shut down in oil production, the economy contracted by -46.1 per cent in 2012. After an agreement with Sudan on oil wealth sharing, production resumed, and growth returned to positive figures in 2013, reaching a high of 22.2 per cent in 2014 (National Bureau of Statistics, 2017). Growth decelerated in 2015 and 2016, approaching zero in 2016, reflecting underlying unresolved structural problems and the persistence of political conflicts.

In 2016, the growth rate of South Sudan was 0.3 per cent, which was far below the average growth of 5.6 per cent for the subregion of Eastern Africa. South Sudan's most important trading partners, Uganda and Kenya, achieved growth of 2.3 per cent and 5.8 per cent, respectively, in 2016. Sudan, the other important neighbour to which South Sudan is still closely economically connected, attained only 4.7 per cent in 2016.

**Figure 1 : Real gross domestic product growth, South Sudan, 2012-2016 (annual percentage)**



**Source:** National Bureau of Statistics, ECA, African Development Bank (2017).

The sharp decline in oil prices from 2014 to 2015 affected both the current account and government revenue, bearing down on regional currencies and creating inflationary pressures (ECA, 2017). This has had strong negative impacts on the most commodity-dependent countries of Eastern African, particularly South Sudan. Global oil prices are projected to rise slightly in 2018 to \$56.0 from \$ 53.0 in 2017, which will have a positive effect on the current account (World Bank, 2017).

South Sudan's economic prospects, including its ability to foster economic relations with neighbouring countries, are primarily constrained by an unresolved violent conflict that is consuming all its political energy. The region has a strong interest in the conflict and is actively involved in its resolution, notably through the Intergovernmental Authority on Development (IGAD), of which South Sudan is a member. However, the nature of the conflict and competing interests of neighbouring countries have thus far prevented an end of the conflict. In 2015, a peace accord was overseen by IGAD, which was meant to end the fighting by bringing together the opposing parties in a 30-month arrangement that would lead to elections before the incumbent President Salva Kiir's mandate expires in April 2018 (Africa Report, 2018, p.155).

Although South Sudan and the Sudan were one country until 2011, the infrastructure shared by the two countries is very limited. Unresolved issues and tensions have resulted in almost complete closure of official trade relations between the two countries since 2011. Although an alleged intention of normalization exists on both sides, domestic conflicts and instability in both countries have not allowed it to happen and it remains unclear if there will be a change in the near future.

South Sudan's application for membership of the East African Community (EAC) was granted in April 2016. While the country did not meet the required conditions for membership – in particular, adherence to good governance, democracy, the rule of law, observance of human rights and social justice, establishment and maintenance of a market-driven economy, and social and economic policies compatible with those of the Community – it subscribes officially to these principles. It is obvious that at the current juncture, it is not able to enforce these. The decision to admit South Sudan as a member was based on the hope that membership could help to stabilize the situation.

Irrespective of the status of EAC membership, economic interactions with member countries have intensified, due to the geographic closeness of Uganda and Kenya to Juba, and facilitated by South Sudan's only overland tarmac road from Juba to the border with Uganda. As South Sudan produces very little beyond oil and subsistence agricultural products, its import needs are vast.

**Box 1: Africa regional integration index: South Sudan<sup>a</sup>**

The Africa regional integration index is designed to measure the extent to which each country is meeting its commitments under the various pan-African integration frameworks, such as Agenda 2063 and the Abuja Treaty. The index, which is a joint project of ECA, the African Development Bank and the African Union Commission, covers the following dimensions: free movement of people, trade integration, productive integration (development of regional value chains), regional infrastructure, and financial integration and macroeconomic policy convergence. The following section analyses the five dimensions and their respective indicators. A technical description of the indicators can be found at <https://www.integrate-africa.org/>.

<b>Free movement of people:</b>	<b>Financial integration and macroeconomic policy convergence:</b>
7th in IGAD (score 0.11). Best performer in IGAD is Uganda (score 0.84).	6th in IGAD (score 0.05). Best performer in IGAD is Djibouti (score 0.50).

*Source:* <https://www.integrate-africa.org>.

South Sudan is a member of both IGAD and EAC. The country's performance varies from poor to moderate through the various dimensions of the index.

**Free movement of persons:** South Sudan performs moderately in this dimension. At the time of the calculation of the index, citizens from more than half of IGAD member States are allowed to obtain a visa on arrival.

**Financial integration and macroeconomic policy convergence:** South Sudan is among the poorest performers in this dimension, mainly due to the high inflation rate relative to other IGAD members (an average value of 45 per cent during the period 2010-2013). In addition, the country's currency (the South Sudan Pound) is not convertible in any of the other IGAD member States.

Overall, South Sudan has a poor to moderate ranking, taking into account its performance in the areas of free movement of persons, financial integration and macroeconomic policy convergence. With regards to specific measures that could boost its performance, South Sudan could allow visa-free entry for nationals from a greater number of countries in the region and could introduce measures to reduce its inflation rate.

*Source:* ECA (2016).

<sup>a</sup> Data are not available on the dimensions of regional integration and productive integration for South Sudan.

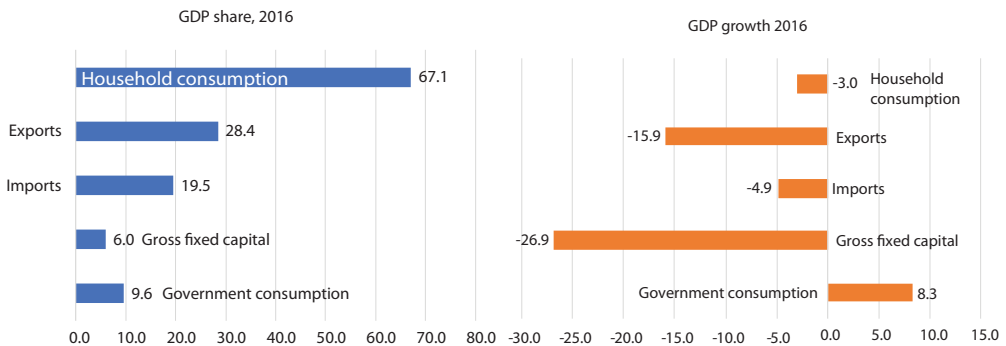
## Economic performance

### 3.1 Economic growth

Although most people still work in and depend on agriculture, in 2014, the sector only contributed an estimated 15 per cent to GDP (World Bank, 2014). This is partly because agricultural production is of a subsistence character and market penetration is low. Agricultural production in the southern region, considered to be the country's breadbasket, has collapsed in recent years due to insecurity and drought. In 2017, a famine was declared in two northern counties but was averted owing to a rapid response by the international community (Africa Report, 2017, p. 195).

Exports were the second largest component of GDP, and had the most important effect on GDP, declining by 15.9 per cent in 2016. Private consumption was the largest component of GDP and had the second most significant effect on GDP, falling by 3 per cent, while gross fixed capital formation had the third largest impact, dropping by 26.9 per cent (figure II).

**Figure 2: Gross domestic product share and growth in South Sudan, 2016**



**Source:** Data from the National Bureau of Statistics (2017).



**Table 1:** Gross domestic product expenditure share in South Sudan (per cent), 2011–2016

	2012	2013	2014	2015	2016
Private consumption	92.2	71.9	63.8	85.1	67.1
Growth fixed capital	12.3	11.3	9.7	9.7	6.0
Exports	10.9	28.9	35.3	18.0	28.4
Government consumption	24.8	20.8	21.1	27.3	9.6
Imports	50.2	39.2	34.8	44.4	19.5

**Source:** National Bureau of Statistics (2017).

Another indicator reflecting the high degree of macroeconomic volatility is the fluctuating share of exports in GDP, declining from 35.3 per cent of GDP in 2014 to just 18 per cent in 2015 while rebounding somewhat to 28.4 per cent in 2016 (table 1). Given that the principal export is oil, the variations reflect both the level of production and international oil prices. At the same time, imports suffered a sharp drop in 2016, falling from 44.4 per cent of GDP in 2015 to just 19.5 per cent in 2016, due to the depreciation of the currency and an inability to generate the necessary foreign currency.

### 3.2 Fiscal policy

Total revenue and grants as a share of GDP have been increasing, but the fiscal deficit was very large in the fiscal year 2015/2016, again due to the combined contractionary impacts of lower oil revenues and the sharp depreciation of the currency in December 2015 (see table 2). Oil incomes declined significantly due to the combined effect of low prices (a decline of more than half) and reduced production (less than half compared to 2011/2012). Low oil revenue, weak non-oil revenue mobilization, and increasing security-related expenditure caused the deficit to rise rapidly. With unadjusted spending, the overall fiscal deficit increased rapidly from 3 per cent of GDP in 2013/2014 to 31 per cent in 2015/2016. With limited access to external financing, deficits have primarily been financed through discretionary central bank financing and an accumulation of arrears.

**Table 2: Fiscal accounts as a share of gross domestic product (2013/2014-2016/2017)**

	2013/2014	2014/2015	2015/2016	2016/2017a
Revenue and grants	26.4	28.6	29.0	34.4
Of which: grants	0.0	8.3	0.4	0.9
Of which: oil revenues	24.1	16.7	22.0	29.5
Expenditure	28.1	37.2	38.4	36.3
Current	24.5	34.7	33.0	33.7
Of which: payments to Sudan	6.2	5.9	7.9	17.2
Capital	3.6	2.4	5.4	2.6
Fiscal balance (% GDP)	-2.9	-14.6	-30.8	-1.3

Source: IMF (2017).

a Projected

As a consequence of these trends, external debt rose from 4.2 per cent of GDP in the fiscal year 2013/2014 to a projection of 38.7 per cent in 2016/2017 (IMF, 2017).

Oil production plays a fundamental role in the country's economy. It contributes more than half of GDP, 95 per cent of exports and 90 per cent of government revenue. Even after independence, South Sudan's oil sector remains closely linked to the Sudan. While most of the former Sudanese oil fields are now in South Sudan, the processing facilities, pipelines, refineries and export terminals are all in the Sudan. Transit and processing fees and oil-related transfers to the Sudan represent a substantial income stream for the Sudan.

**Table 3: Government oil revenue, 2013/2014-2016/2017 (millions of United States dollars)**

	2013/2014	2014/2015	2015/2016	2016/2017
Gross oil revenue	3204	2082	796	852
Transit fees	329	291	11	186
Transfers to the Sudan	549	420	276	313
Net oil revenue	2326	1371	509	353

Source: IMF (2017).

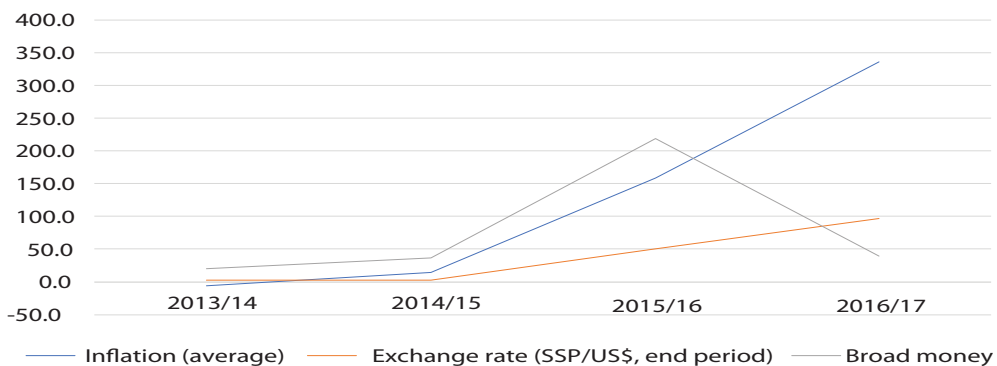
### 3.3 Inflation and monetary policy

The economy of South Sudan has been experiencing high inflation since its independence, averaging 50 per cent per year. This trend has worsened in recent years, as a consequence of the economic and political crisis. According to IMF (2017), broad money increased by 219 per cent in 2015/2016 compared to 40 per cent growth in 2014/2015. Domestic credit increased by 173 per cent in 2015/2016 compared to 14 per cent growth in 2014/2015. The spread of an average of 12.5 per cent between lending and deposit interest rates reflects limited competition between financial institutions.<sup>1</sup>

Regarding the exchange rate policy, the country's exchange rate (South Sudanese Pound (SSP)) was pegged to the United States dollar at 2.96 SSP/US\$ from September 2011 to December 2015. As oil revenues fell and the parallel market rate rose from 4 SSP/US\$ in mid-2014 to 17 SSP/US\$ by late 2015, the official exchange rate became increasingly misaligned. In December 2015, the central bank switched to a de jure floating exchange rate system to eliminate the parallel rate (IMF, 2017).

Under the new system, the central bank supplies foreign exchange through market-based auctions, and commercial banks are free to determine the rate with customers. While that system initially managed to reduce the spread between the two rates, excessive monetary expansion and the shortage of foreign exchange connected with the security crisis have continued to exert downward pressure on the exchange rate. The scarcity of foreign exchange continues to raise difficulties for the import of food and has contributed to inflationary pressures. By February 2018, the exchange rate stood at 130.2 SSP/US\$.

**Figure 3: Inflation rates, exchange rate and broad money supply**



Source: IMF (2017).

<sup>1</sup> The main commercial banks include Agricultural Bank of Sudan, Buffalo Commercial Bank, Commercial Bank of Ethiopia, Equity Bank, Ivory Bank, Kenya Commercial Bank, Mountain Trade and Development Bank, and Nile Commercial Bank.

**Table 4:** Current account balance (per cent gross domestic product)

	2013/2014	2014/2015	2015/2016	2016/2017
Exports of goods and services	46.7	29.5	61.5	66.3
Imports of goods and services	35.8	31.8	69.4	72.8
Current account balance (including grants)	2.3	-4.2	-3.7	2.1
Gross foreign reserves (millions of dollars)	363	282	73	50
Gross foreign reserves (in months of imports)	1.0	1.4	0.4	0.2

*Source:* IMF (2017).

### 3.4 Current account

The large fluctuations in the current account balance reflect the severe economic imbalances the country has faced since independence. The current account balance and its core, the trade balance, went from strongly positive in 2011 to negative in the following years. This reflects mainly the sharp contraction of oil export receipts through reduced world market prices and the reduced production.

The foreign reserves have almost been depleted. The reserves decreased to 0.2 months of imports in 2016/2017 down from one month of imports in 2013/2014.

In an effort to diversify the economy away from oil, South Sudan drafted a development-oriented trade policy document in 2011 that is outward looking, with a focus on private sector promotion (Ministry of Trade and Industry, 2017). However, the institutional weaknesses of the trade ministry restrict its ability to implement it. In practice, trading across borders is one of the most difficult globally ranking 178 out of 190 in the Ease of Doing Business report (World Bank, 2017).

### 3.5 Capital and financial accounts

Data on the financial account balance are not published by the Central Bank. In particular, reliable data on foreign direct investment and other capital flows are scarce.

**Table 5: Capital and financial account balance (in millions of United States dollars)**

	2014/2015	2015/2016	2016/2017
Capital and financial account	-127	230	234
Capital account	229	233	238
Financial account	-356	-3	-4
Foreign direct investment	44	-71	-17
of which: non-oil	0	-100	0
Change in net foreign assets of commercial banks	89	527	103
Public borrowing (net)	-4	107	-66
Overall balance	-687	99	292
Errors and omissions	557	-203	-315

Source: IMF (2017).

Despite the enormous natural resource base of the country, foreign direct investment (FDI) net inflows were negative in both 2015/2016 and 2016/2017 (table 5), implying a degree of divestment in the economy. Additionally, FDI inflows have been highly volatile between 2012 and 2016 (table 6). The negative FDI and high volatility reflect the high degree of insecurity and policy uncertainty.

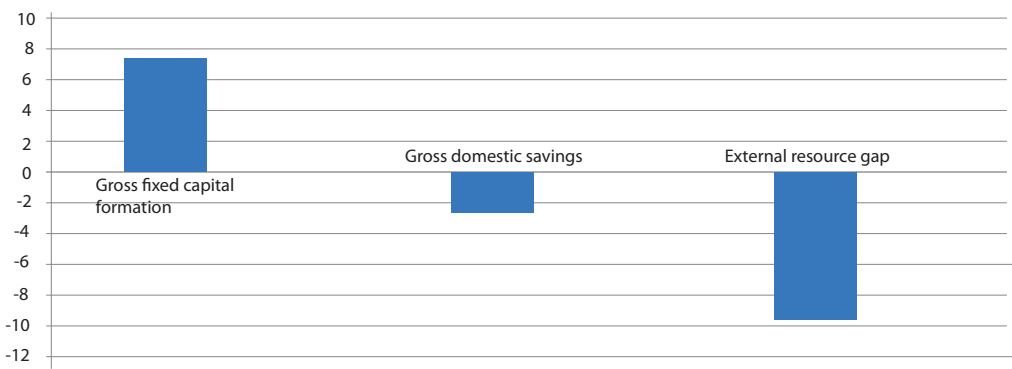
With limited capital inflows, the country faces a significant resource gap. Domestic savings were estimated as negative in 2012, and gross fixed capital formation was very low at around 6-7 per cent of GDP. This poses a significant challenge in light of the enormous investment needs of the country.

**Table 6: Foreign direct investment inflows (estimates in millions of United States dollars)**

Year	FDI inflows
2012	161
2013	-793
2014	44
2015	-71
2016	-17

Source: UNCTAD (2017).

**Figure 4:** Resource gap in South Sudan, 2012 (per cent gross domestic product)



**Source:** ECA, African Development Bank, African Union (2017).

## Social development

Social development has been significantly constrained by insecurity, drought, and the continuing political and economic crisis. Since the outbreak of violent conflict in 2013, there are large numbers of internally displaced persons (almost two million at present) and even more refugees (currently more than two million) in neighbouring countries – mainly in the Sudan, Ethiopia and Uganda (UNHCR, 2017).

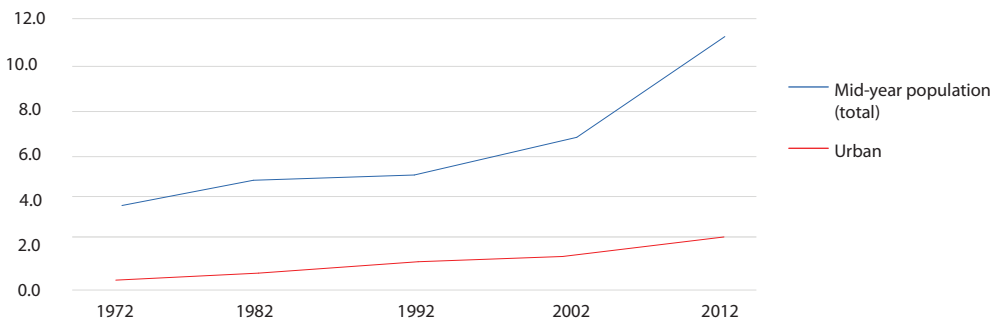
There are also alarming signs of hunger. Almost half of the population are reported to be severely food insecure (UNOCHA, 2017). Only massive humanitarian assistance has avoided a human catastrophe so far.

### 4.1 Demographics

With an area of 644,000 km<sup>2</sup> and an estimated population of 12.2 million, the country has a low population density: 19 people per km<sup>2</sup>. Men represent 51.9 per cent of the population compared to women at 48.1 per cent. Population growth is estimated at 3.2 per cent per year (average 2010-2017) (UNFPA, 2017). According to the 2008 census, the population is a very young one, with 51 per cent under the age of 18 years and 72 per cent under the age of 30 years. South Sudan has an age dependency ratio of 83 (2016), compared to 10 years ago, when the age dependency ratio was 90. These figures are not much different from the sub-Saharan African average, which is 80.

Potentially, the youthfulness of the population could be an advantage in the future and could help provide a demographic dividend. However, for this to materialize, the population needs to be healthy and educated – two conditions that are not currently met. In the short term, the extremely high population growth rate is a burden to the economy of South Sudan, making it difficult to provide the necessary expansion of health and education services.

**Figure 5: Mid-year and urban population estimates, 1972-2012 (millions)**



**Source:** World Bank (2017).

The urban population share has risen significantly over the past 40 years — from 8.6 per cent in 1972 to 18.2 per cent in 2012. However, this increase is much slower than that of the continent (18.9 per cent to 38.3 per cent over the same period) and is one of the lowest urbanization rates in the world. The vast majority of the population is still rural. There is a need to focus development attention and resources on rural areas.

### 4.2 Poverty and employment

South Sudan has high levels of poverty. According to 2009 figures, half of the population is poor, as measured by the national poverty line (50.6 per cent), with a poverty gap (the ratio by which the mean income of the poor falls below the poverty line) of 33.3 per cent. The latter value reflects the depth of poverty as well as its incidence. The poorest 20 per cent of the population only accounts for 3.9 per cent of national income. With a Gini coefficient of 46.3, overall inequality is high, but not extreme. Nevertheless, the country is relatively unequal compared to some of its neighbours, such as Ethiopia (33.6), the Sudan (35.3) and Uganda (44.3). It is important to note that the data refer to 2009, and it is likely that the distribution of income has deteriorated further, post-independence.

**Table 7: Poverty indicators (2009)<sup>a</sup>**

Poverty headcount (national poverty line)	50.6
Poverty gap ratio	33.3
Gini coefficient	46.3
Poorest quintile's share in national income or consumption	3.9

**Source:** World Bank (2017).

<sup>a</sup>No recent poverty data are available.

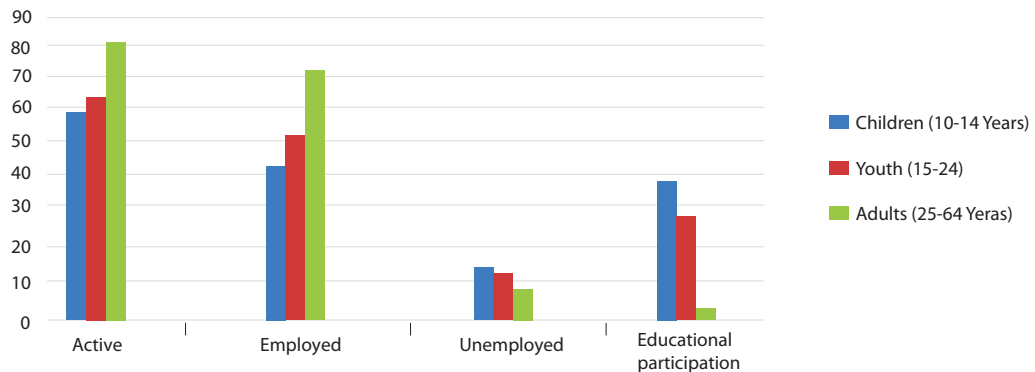


In the last quarter of 2017, 4.8 million people - about 45 per cent of the population - were reported to be severely food insecure. This is 1.4 million more than at the same time the year before (UNOCHA, 2017). The harvest season has not brought much relief to the local population, as the country's most fertile lands have been affected by fighting. Many households had to spend their savings and sell their productive assets to buy food - a bad omen for their ability to produce food next year.

A massive humanitarian response helped to stop famine in parts of the country. The food security situation is expected to further deteriorate in 2018 (5.1 million severely food insecure in the first quarter). More than 1.1 million children under five are forecast to be malnourished in 2018.

Recent data show very high rates of child labour: more than half (58.5 per cent) of children aged 10-14 are economically active (Guarcello and others, 2011). This is a significant concern for South Sudan because the empirical literature has shown that child labour perpetuates household poverty through lower human capital accumulation (Rossana Galli, 2001). At the same time, data indicate a high rate of youth (aged 15-24 years) unemployment (12.8 per cent). Low levels of education are alarming, even for the 10-14 years and 15-24 years age cohorts. Young people are ill-prepared for the needs of the labour market. Furthermore, analysis unearths large variations in labour market participation, for example, labour market participation was 84 per cent in the Eastern Equatoria region compared to 70 per cent in Central and Western Equatoria (ILO, UNICEF/World Bank, 2010).

**Figure 6 : Main labour market indicators of South Sudan, by age group, 2008 (per cent of population)**



Source: ILO and others (2010).

Agriculture employs 62.9 per cent of the workforce, and the service sector is the second largest sector employing 19.2 per cent of the population. However, regarding employment distribution between the wealthiest and poorest quintiles, the agricultural and services sector are opposites with 73.3 per cent of people in the poorest quintile employed in agriculture compared to 42.4 per cent from the wealthiest quintile. In the services, 39.9 per cent of the wealthiest quintile employed in the service sector compared to 9.1 per cent of the poorest quintile (Table 8).

**Table 8: Employment by industry (employed population aged 15-64 years) by sex and wealth quintile, 2008**

	Total	Male	Female	Wealthiest quintile	Poorest quintile
Agriculture	62.9	65.5	60.3	42.4	73.3
Manufacturing	1	0.8	1.1	1.7	0.6
Construction	1.2	1.8	0.5	2.1	0.7
Services	19.2	24.4	14.1	39.9	9.1
Activities as households as employers and for own use	15	6.6	23.7	12.6	16.1
Other	7	0.9	0.5	1.5	0.3

Source: ILO, UNICEF/World Bank (2010).

### 4.3 Health

South Sudan had very limited health services at the end of its civil war in 2006. Health was one of the major funding areas of foreign donors. Between 2011 and 2015, health received a lot of support from official development assistance (ODA) funding, second only to humanitarian aid (OECD, 2017: 247). As a result of strong spending, health indicators improved markedly (see Table 9). However, the return of civil conflict in 2013 undermined many of these efforts.

The country's health indicators are worse than the African averages and of most of its neighbours. For instance, South Sudan's neonatal mortality rate of 39.6 (2014) declined by 40 per cent compared to 1993 but still compares poorly with an African average of 29.0. The infant mortality rate fell by more than half in the 21 years (1993-2014). It is now only 11 per cent higher than that of the African average. South Sudan's HIV prevalence is considerably lower (2.8 per cent) than the African average (4.4 per cent) in 2014, due to the country's relative isolation. Life expectancy at birth of women in South Sudan is 57.3 years (in 2015; compared to 55.3 years for men). Interestingly, the gender gap increased from 2000, when it was 2.4 years (now 3 years). South Sudan's value is three years less than the sub-Saharan African average.

**Table 9: Health indicators, 1993-2014 (selected years)**

	1993	1998	2003	2009	2014
Neonatal mortality rate (per 1,000 live births)	65.2	60.3	53.2	44.7	39.6
Infant mortality rate (per 1,000 live births)	142	121	96	74	62.7
Under-five mortality rate (per 1,000 live births)	240	203	158	117	96.9
Maternal mortality ratio (per 100,000 live births)	1630	1370	1190	886	823
HIV prevalence among population aged 15-24 years	0.1	1.7	3.1	3.3	2.8

*Source:* World Bank (2017).

## 4.4 Education

Primary gross enrolment declined by 24 per cent between 2011 and 2015. Universal primary education remains a significant challenge with high dropout rates. In 2015, 62 per cent of children of primary school age (1.37 million) were estimated to be out of school. Dropout rates were unusually high in some regions (Greater Upper Nile states), where 82 per cent of children and young people were out of school, on average, following the closures of schools due to the conflict (UNESCO, 2017).

**Table 10: Education indicators, 2011 and 2015 (per cent)**

	2011	2015
Gross enrolment ratio, pre-primary	5.76	9.96
Gross enrolment ratio, primary	84.24	64.14
Gross enrolment ratio, secondary	9.01	9.51

*Source:* World Bank (2017).

According to State of the World's Children report (UNICEF, 2016), the adult literacy rate of South Sudan is 27 per cent, compared to the sub-Saharan African average of 60 per cent. The average rate of Eastern and Southern Africa is 67 per cent, 82 per cent for least developed countries, and 91 per cent global average (all for the period 2009-2014). The literacy rate of women is significantly lower than that of men. The literacy rate for male adults (referring to males above 14 years) in 2008 was 34.8 per cent (compared to 19.2 per cent for females). Although the rates for young people (aged between 15 and 24 years) were much higher (9.3 per cent points higher), the gender gap was even higher (10.4 per cent points). Despite considerable investment in education, South Sudan is still behind its neighbours and the region. Thus, it is ill-prepared for the need to build a society in which employment opportunities (and hence wealth) are well distributed.

## 4.5 Gender and equality

Although women make up half of the country's population, they play a limited role in public life, and their economic contribution is largely invisible. The Government has been working on implementing its affirmative action policy, but this has been affected by the ongoing conflict. The Government has also signed a number of relevant international conventions relating to women's political and economic participation.

In regard to increasing the participation of women in leadership positions, there has been progress, according to the Inter-Parliamentary Union (IPU): the actual membership of women in parliament amounts to 28.5 per cent (IPU, 2016). This compares to a worldwide average of female parliament membership of 23.3 per cent and a sub-Saharan African average of 23.6 per cent.

The Child Act (2008) provides for the protection of girls from early and child marriage, however, child marriage remains a widespread practice. Data for the period 2008 -2015 show that 52 per cent of girls (aged 20-24 years) were married by the age of 18 years. This number is significantly higher than the 36 per cent average for east and southern Africa (UNFPA, 2017). Child marriage keeps girls out of school and has a negative effect on the health of underage mothers. Complications from pregnancy and childbirth are the leading cause of death among adolescent girls aged 15 to 19 years worldwide (WHO, 2017).

## Major policy challenges

As a conflict-affected, landlocked, oil-dependent country with weak institutions, South Sudan faces multiple interwoven policy challenges of a seemingly overwhelming nature. While the country is endowed with rich natural resources, its human resources are little developed. The country will need comprehensive support from its neighbours and the international community.

Current attention and support is concentrated on alleviating the severe humanitarian crisis. However, a longer-term development perspective needs to be taken. A number of lessons from other countries and South Sudan's own post-2006 experience can be built on. The country will need to invest heavily in both human capital and its institutions.

### 5.1 Human development

While the need for capacity-building was recognized from 2006, the focus was given mainly to basic education and primary health - both by the Government and its international development partners. This led to the neglect of both higher tertiary education and the technical and vocational education training. Traditionally, there has been a consensus among development practitioners and governments to give primary education (together with primary health) priority relative to higher education (and research). South Sudan has followed that trend. The pattern is based on the argument that social returns are highest for expenditures on primary education. Yet neglecting tertiary education can seriously jeopardize long-term growth prospects of countries, and slow progress towards achieving the 2030 Agenda for Sustainable Development, many of the Goals of which require tertiary-level training to implement. A more knowledge-intensive approach to development is emerging as an attractive option for many African countries. In fact, it is possibly the only route that could permit sustained, outward-oriented development (World Bank, 2009).

South Sudan has five public universities. Its oldest, and by far the highest profile, higher education provider is the University of Juba, established in 1975. Others are the universities of Upper Nile in Malakal, Bahr el Ghazal in Wau, Rumbek, and the John Garang University of Science and Technology in Bor. In addition, there are nine private universities across South Sudan. The public universities lost more than 50 per cent of their academic staff after independence, as they were North Sudanese. A few of them rejoined as international

staff on a contractual basis. The University of Juba faces extreme shortages of laboratories, lecture halls and office space. There is no budget line for spending on research. Most research depends on individual initiative. However, the Ministry of Education, Science and Technology is in the process of establishing the South Sudan Research Council.

Currently, none of the universities of South Sudan are included in international rankings. This may be due to their lack of Internet presence. In order to increase the quality and relevance of the higher education institutions of South Sudan, preference to providing quality education over further expansion should be given and academic salaries should be made competitive and related to merit and performance. The private sector should be involved in developing curricula in order to ensure relevance to labour market needs. Collaboration with regional and international universities should be encouraged, the development of nation-wide university press and websites should be prioritized, and the higher education institutions should actively contribute to improving the quality of economic and social policies by providing research-based evidence (Abdel Rahim and Hansohm, 2015).

According to UNESCO (2014), the country does not have enough vocational schools to satisfy the demand for training. Vocational training is only offered in five public secondary technical/commercial/agricultural schools under the Ministry of Education, Science and Technology. All five institutions are located in Juba. Several other technical secondary schools are not in operation because of severe infrastructure damage to their facilities and insecurity in parts of the country. The supply is therefore not able to satisfy the demand for training. Fields like automechanics, building and construction, and welding and metal fabrication are often over-subscribed and many learners are often denied admission. In the light of the challenges mentioned, the Government needs to increase access to and the quality of the technical and vocational education training system. The Government should work with the private sector to develop an effective training system. For example, local content policies should be used to encourage partnership between such training institutions and oil industries. The Government can provide tax credits to oil companies that train and employ students. Developing strong linkages between the private sector and the training institutions will increase both access to and the quality of the training.

## 5.2 Building institutions

Success in economic as well as political development depends primarily on improving institutions. Particularly important are property rights, the rule of law and a wider set of social infrastructure.

South Sudan did not have any of the institutions that are required for modern economic development. South Sudan ranks 187 out of 190, in the World Bank's Ease of Doing Business rankings. In particular, the costs to export, property registration, company registration, investment security and getting electricity are problems. Private enterprise is only weakly

developed in South Sudan. The majority of the population still depends on subsistence economy. Surplus production is limited. The small modern economy is dominated by the mainly foreign-managed oil sector and the growing public sector. Non-oil production is still marginal. The private sector is organized in the South Sudan Chamber for Commerce, Industry and Agriculture. The organization depends on the benevolence of some of its members. It has only sporadically been supported by donors and is unable to gather systematically member fees. It also struggles to stretch its activities beyond Juba. In addition to strengthening its basic functions, the Chamber needs capacity-building to empower it to take a meaningful part in economic policy and strategy decisions. Many preconditions for market economies are still missing.

Civil society is weak in the country, but relatively developed in the urban centre of Juba. In addition to the private sector, it includes professional organizations, academia, the press, voluntary service organizations and other civil society organizations. A strongly rooted part of civil society in the country are the various churches. However, the civic space in general has shrunk since independence, weakened by the conflict.

In order to build institutions, the restoration of relative peace and security of persons and property is critical. A resettlement and reintegration of the displaced population will be necessary. The returning populations will need to be resettled and ex-combatants reintegrated into the society.

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