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JOBS, RECOVERY, AND PEACEBUILDING IN URBAN SOUTH SUDAN

Jan von der Goltz and Bernard Harborne

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CONTENTS

ACKNOWLEDGMENTS	v
ABBREVIATIONS	ix
EXECUTIVE SUMMARY	1
1. INTRODUCTION, OBJECTIVES, AND CONTEXT	7
INTRODUCTION	7
METHODOLOGY	11
CURRENT CONTEXT	13
2. JOBS IN URBAN SOUTH SUDAN	17
FINDING WORK: THE CHALLENGES OF JOBS AND LIVELIHOODS IN TOWNS	17
MACRO-FISCAL ENVIRONMENT FOR JOBS	23
MARKETS AND MARKET-LINKED AGRICULTURE	28
JOBS IN BUSINESSES AND NON-GOVERNMENTAL ORGANIZATIONS	33
3. POLICY AND OPERATIONAL IMPLICATIONS	45
A FRAMEWORK FOR SUPPORT TO JOBS IN PEACEBUILDING AND RECOVERY	45
THE COST OF JOBS-BASED RECOVERY	48
RECOMMENDATION FOR SECTORAL ACTIONS TO SUPPORT JOBS	51

ABBREVIATIONS

COVID-19	Coronavirus disease 2019
CPIA	Country Policy and Institutional Assessment
DfID	United Kingdom Department for International Development
FAO	Food and Agriculture Organization
FY	Financial year
GDP	Gross Domestic Product
IDP	Internally displaced person
PfRR	Partnership for Recovery and Resilience
PoC	Protection of civilians
LIPW	Labor-intensive public works
NBS	National Bureau of Statistics
ODA	Official development assistance
RPBA	Reconstruction and peacebuilding assessment
SSP	South Sudanese Pound
SPLM	Sudan People's Liberation Movement
SPLM-IO	Sudan People's Liberation Movement In-Opposition
TVET	Technical vocational education and training
UN OCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNOPS	United Nations Office for Project Services
WFP	World Food Programme
WHO	World Health Organization

All dollar (\$) amounts are US dollars unless otherwise indicated.

Approximate exchange rate at time of writing:

- \$1 = SSP 160 (official rate)
- \$1 = SSP 300 (parallel market rate)

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"This soil does not refuse anything. The only problem is that people left their farms where they were cultivating because of the conflict and came to town."

Male Respondent from Yambio

"When the rain falls, you then go to the garden and then cultivate your crops like sorghum and groundnuts and then you harvest them and finally put them in your granary. That was the life we were living before the conflict; but now, they no longer practice them, so we resorted to selling tea on the roadside, others ferment alcohol, others do processing of groundnuts and fish for our children's survival."

Female Respondent from Rumbek

EXECUTIVE SUMMARY

OBJECTIVE OF THE STUDY

- i. **After years of conflict, there is an opportunity for peace in South Sudan, but an effective economic recovery process must underpin the political settlement.** War and hunger have long been predominant features of life in South Sudan, distorting livelihoods, social networks and markets. The country has entered a period of stability with the formation of a power-sharing government in February 2020; but now it faces the shock of the COVID-19 pandemic. Subject to the right political-security conditions, recovery needs vigorous support to maintain economic activity and underpin peace. With government resources and aid constrained and foreign private investment unlikely, a key question is how to use the limited means to effectively support jobs and economic opportunity.
- ii. **The aim of this work is to inform government and aid policy for more productive urban jobs in peacebuilding and recovery.** Since conflict first erupted in 2013, South Sudan's many livelihood systems have undergone profound change. Therefore, the choice of entry points for jobs support is exceptionally difficult. This study focuses on understanding the first steps toward recovery in the urban economy, in alignment with the international community's Partnership for Resilience and Recovery (PfRR) initiative. Urban areas account for only 26 percent of the population, but they benefit from more secure access, and their markets are essential to rural recovery. By crowding-in more resources, they are the most likely starting point for self-sustained recovery.
- iii. **Findings in this report are based on data analysis on urban jobs, including the self-employed and household activities that are the norm for most workers.** This synthesis report summarizes findings from four technical studies on (i) urban job activities and welfare outcomes, (ii) the macro-economic framework, (iii) markets and market-based agriculture, and (iv) businesses and non-profit organizations. It draws upon six different datasets collected between 2017 and 2019, as well as qualitative interviews, and incorporates feedback from initial consultations with Government, partners, and civil society. Although data is recent, it cannot yet capture the effect of the pandemic and locust outbreak; new data collection is underway.

JOBS IN URBAN SOUTH SUDAN

- iv. **Years of violence, natural disasters, and economic crisis have taken their toll and affected virtually all economic activity.** Between 2013 and 2018, 380,000 people are reported to have perished due to the armed conflict. The most recent of extreme weather events, the 2020 floods, have affected over 900,000 and displaced 420,000. Today, over a third of the population remains forcibly displaced, and more than half experience acute food insecurity. In consequence, poverty has reached unprecedented levels, including in towns, where three in four live in poverty. Few urban job activities have remained untouched: half of all households have lost an important activity, and among 4,000 businesses surveyed in 2019, precisely two did not report that they had been affected by conflict. In this difficult environment, the pandemic and desert locust outbreak now pose additional challenges.
- v. **Most urban jobs are low-productivity self-employed or household work in agriculture and services.** High poverty goes hand in hand with low productivity of the job activities available. Typical incomes are \$2 per day. Most urban activities are own-account or household work in agriculture (37 percent of all jobs) or in services (46 percent). Paid labor accounts for one in four jobs, with numbers lower for women and youth; it is more often work in NGOs and the public sector than in businesses. Insecurity and depressed demand make even small investments risky, and households have little chance to diversify their job activities.
- vi. **Whether young South Sudanese are willing to build from such limited opportunities matters for political stability as well as economic recovery.** Young workers show realistic expectations of available incomes. A majority of those currently in agriculture would rather do better in their activity than shift to another job—a higher share than among those in any other type of activity. Conversely, young members of the armed forces are most likely to report that they are looking for a change. Hopes for public employment remain high but are less overly optimistic than when last assessed in 2014.
- vii. **Amid conflict and mismanagement, the macroeconomic environment could hardly be more difficult for South Sudanese looking to make a living.** For workers, the decline in non-oil output by more than one third since the beginning of the conflict reflects a loss of job activities and a breakdown in market demand. Inflation, driven by the collapse of food production and the printing of money to finance deficits, stood at 40 percent as of April 2020 and has risen during the COVID-19 pandemic. It has taken a serious toll on poverty and led businesses to reduce activities amid plummeting consumer purchasing power. A wide disparity between the official and parallel market exchange rates favors imports, in particular in spending hard-currency oil revenue. Oil accounted for 84 percent of government revenue before the 2020 price drop, but there is no transparency around its use, with widespread reports of corruption and misuse. Albeit public investment could play a key role in creating the conditions for domestic businesses to recover, the weakly executed budget favors security spending, with precious little investment in productivity. A large federal payroll—while costly—directs some revenue toward domestic spending, but wages are deep in arrears.
- viii. **Agricultural markets have long declined but remain a source of individual income and still have value chain networks that could recover.** After years of decline, greater stability allowed for some returns to farms and a modest increase in agricultural production and market activity in 2019. Yet, the cereal deficit remains large, products in the markets are few, and food system value chains are short. Demand remains depressed: only one in three agricultural traders sell at least half of what they could offer on a typical day. Most market activities are small-time and profits are slim, in particular for agriculture processors. Yet, six out of seven traders rely on their activities for most of their household's income, and markets offer significant numbers of jobs. Although aggregators' activity is limited by low supply, danger, high costs, and uncertain rewards, they continue to take agricultural products to market. In consequence, traders source opportunistically, and imports of basic foodstuffs compete with local products.
- ix. **Businesses and NGOs employ only some six percent of the urban labor force but provide about one in every four jobs in Juba.** Of the ten largest employers, the two biggest are security firms; the

other eight are NGOs. Commerce and basic services dominate among activities, and business only employ some 4,000 workers in manufacturing. Household activities provide far more employment than businesses in processing (an estimated 76,000) and artisanship (10,000). NGOs and foreign-owned businesses have an outsized role as employers (22 and 28 percent). Foreign-owned firms are not insulated from the local economy: they contribute significantly to demand for services, and while many buy imports, a significant number source some agriculture products locally (54 percent). Most are hoping to stay in South Sudan permanently (72 percent).

- x. **Households, market traders, and businesses view insecurity, a lack of funding, low demand, and poor roads as their key constraints.** Despite the many obstacles they face, businesses and traders were hopeful about recovery in 2019 in light of the peace process. Households, traders, and businesses alike point to a lack of funding and low demand (including due to the erosion in real wages resulting from inflation) as key constraints to their activities. In a high-risk, low-demand environment, nearly everyone relies on limited own and family funds to run their activities, and hardly any businesses or market traders take loans. Customers are cash-strapped, and with limited purchases from the UN and aid organizations, market traders have difficulties finding sufficient demand. Traders and businesses also emphasize the role of violence, bad and dangerous roads, and the significant fees to be paid at checkpoints and in the market. Electricity is an additional concern for businesses, especially the larger ones. Access to inputs and skills are much less urgent concerns.

POLICY AND OPERATIONAL IMPLICATIONS

- xi. **There are effective policy options to support jobs as stabilization proceeds.** Jobs are an important component of any peacebuilding process. Progress toward peace is rarely linear, and there will be significant variation across the country. Given the toll of conflict, second-best policies and gradual change may need to be considered. Yet, there are actions available to support jobs at different stages of progress—to stabilize the status quo, boost local recovery, or transition to broader recovery. While the COVID-19 pandemic threatens to exhaust coping capacity and strains resources, policy actions to mitigate the economic impact of the crisis essentially overlap with those to support recovery.
- xii. **The necessary steps the Government can take to facilitate this recovery are ensuring greater security at the local level as well as embarking on a bold economic reform process.** A sustainable recovery track requires continued progress towards political and security stability, robust economic adjustment and reforms, budgetary discipline, and enhanced oil revenue management. Resources can then be better deployed to meet public arrears and to begin making investments in a new diversified economy.
- xiii. **The needs are enormous and cannot be fully met, but moderate resource mobilization on the order of \$500m to directly support 250,000 households over three years can make a difference for a job-intensive recovery.** The annual poverty gap is \$618m for urban and \$2.8 billion for rural communities (nearly half of GDP), despite ODA amounting to 24 percent of the annual poverty-line income and remittances amounting to a further 16 percent. Neither the government's oil revenue (projected at \$431m) nor ODA (\$1.9bn over 2017–18) are sufficient to close this gap. However, given the limited number of urban households, about 350,000, a concerted investment in urban jobs of about \$500m over three years could make a difference in towns. It could sustainably raise incomes for some 250,000 households that rely on self-employment in agriculture and beyond and stands a chance of prompting additional investments. Through investment in feeder roads and aggregation of agricultural products, such an investment could also open markets for rural producers. This sum is equivalent, for instance, to 10 percent of expected oil revenue plus a seven percent increase in ODA, sustained for three years.

Recommendations:

- xiv. **Security and roads.** Greater security is the single most important condition for recovery. Conflict still poses obstacles through predation, poor market access and low demand. Progress toward peace at the local level can lift this burden. The Government has placed a high priority on roadbuilding, but such investments need to be synchronized with area-based peacebuilding and assurances that persons and traffic can move free from extortion or banditry.
- xv. **Macro-fiscal management.** External private sector engagement will not create jobs in significant numbers for years. Public investment is crucial to begin crowding in modest domestic investment. To mobilize resources, oil revenue must be better managed. Macro-economic reform will take political will, time, and effort, but the Government can take first steps to create better conditions for local markets, small business and livelihoods, if it: abstains from monetizing the deficit, reforms the exchange rate, reduces arrears in public sector salaries, and lifts fees in the markets and at road checkpoints.
- xvi. **Aggregate demand.** Workers and businesses view poor market demand, a legacy of conflict and economic mismanagement, as a stifling limitation on their activities. In the immediate term, a recovery of local demand in towns is most realistic, followed by a gradual revival of exchange between towns as security improves. Reducing public salary arrears is an opportunity for the Government to stimulate demand by channeling resources into local markets. The international community should explore engaging more in local food aid purchases and market guarantees to aggregators in surplus areas.
- xvii. **Agriculture productivity.** Agriculture is a big employer in towns, with high potential for more productivity and linkages up and down the value chain. Providing inputs remains relevant to restoring production. As stability progresses, cash grants for farmers and processors make sense. Farmer cooperatives are potential partners, and aggregators deserve attention as actors that can re-link markets.
- xviii. **Self-employed business activities.** Most jobs outside of the public and NGO sector are self-employed activities. Few of them provide more than poverty-level income. The future of jobs need not reflect this present state and could eventually see an emergence of businesses and wage employment. However, today, broad progress is most likely to come from a recovery of productivity in self-employed activities. Cash grants have a good track record in supporting such activities, including in post-conflict settings. Cash transfers and public works can serve as a bridge toward such support in localities where markets remain highly disrupted. With few complaints about skills as a constraint, training programs are unlikely to be a priority in the short term; with scant successful examples of job creation through pure training in post-conflict, they also face unfavorable odds.

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1. INTRODUCTION, OBJECTIVES, AND CONTEXT

INTRODUCTION

After years of conflict, there is an opportunity for peace—the question is how to support it

1. **War and hunger have long been predominant features of life in South Sudan, distorting livelihoods, social networks and markets in the process.** With 1.6 million persons internally displaced, 2.3 million seeking refuge across the border, and over six million severely food insecure,¹ the scale of the humanitarian crisis can render individual lives invisible. The task of the research in this report is to capture those individual histories and translate that understanding into policy and operationally relevant recommendations that can address the granular as well as work at the scale that such a crisis demands.
2. **The country had entered a period of stability with the arrival of the power-sharing government; but now it faces the potentially enormous shock of the COVID-19 pandemic.** In February 2020, the unity government of President Kiir and former opposition leader, Vice President Machar, was formed, signaling a second attempt to settle differences and reconcile.² Some smaller rebel groups remain outside the agreement, but the primary military belligerents have returned to a stand-down and a process of reconciliation. Now, as the country is undergoing a fragile peace process beset by enormous challenges, it also confronts a pandemic and locust outbreak which threaten to exacerbate an already severe food insecurity crisis and slow down a fledgling economic recovery.
3. **In this context, a key question for the government and its partners is how to support better jobs and economic opportunities and open up markets to boost the economy and underpin the peace.** Armed conflict has profoundly disrupted livelihoods at all levels in the country.³ The cessation of hostilities between the major forces provides an opportunity to promote a recovery that creates better job opportunities for the poor, in line with the peace process. Such recovery needs vigorous support, but is challenging in a context in which the government's budget does not adequately harness the country's resources,⁴ and international assistance is likely to decrease. In this situation, how can limited resources be most effectively used to seize the opportunity for recovery?

¹ United Nations Office for the Coordination of Humanitarian Affairs (2020). *South Sudan: Humanitarian Snapshot* (May 2020). <https://reliefweb.int/report/south-sudan/south-sudan-humanitarian-snapshot-may-2020>.

² The last attempt at a unity government failed in July 2016. See Blanchard, L. P. (2016). Conflict in South Sudan and the challenges ahead. *Congressional Research Service*.

³ Maxwell, D., Gordon, R., Moro, L., Santschi, M., & Dau, P. (2016). Livelihoods and conflict in South Sudan. *SLRC Briefing Papers*, (20).

⁴ Mawejje, J. (2020). *The Macroeconomic Environment for Jobs in South Sudan: Jobs, Recovery, and Peacebuilding in Urban South Sudan-Technical Report II*. The World Bank.

This report focuses on urban areas and on policy recommendations for the short term

4. **The aim of this work is to inform policy for more productive urban jobs in peacebuilding and recovery in South Sudan and for first steps toward private sector development.** No assumptions are made about whether the timing is right to start shifting from a humanitarian to recovery process. It is clear that even if there is a power-sharing agreement between the main protagonists, local conflict will remain in the country for some time.⁵ However, as that war to peace transition occurs in some areas, it will be important to have a clear plan of action with regard to supporting livelihoods.
5. **To this end, this report studies the main urban centers of South Sudan, with a focus on those that are part of the Partnership for Recovery and Resilience (PfRR).**⁶ South Sudan's partners have created the PfRR to better coordinate their support in a number of urban centers (Figure 1). The most immediate rationale for this approach is that access to more remote areas remains difficult despite greater stability. Further, limited resources force a focus on creating some self-sustaining recovery dynamics. In a depleted economy, urban centers are the more likely place to initiate such a recovery beyond bare subsistence levels.
6. **This study does not evaluate operational designs but does show that approaches such as the PfRR stand a realistic chance of prompting urban-led recovery, subject to the right political-security conditions.** This report is not designed to compare an urban-led recovery strategy to other approaches,

FIGURE 1

Towns studied in this report

Note: Population figures shown refer to the county in which towns are located; provided by NBS (2020).

Source: World Bank.

⁵ De Vries, L., & Schomerus, M. (2017). South Sudan's civil war will not end with a peace deal. *Peace Review*, 29(3), 333–340.

⁶ For more information on the South Sudan Partnership for Recovery and Resilience (PfRR) see: www.southsudanpfrr.org.

such as a sector-led approach. Further, it does not provide guidance on real-time operational challenges in the PfRR, such as the risk of inadvertently supporting military victories or forced population displacements.⁷ Yet, the study's outcomes help make the case that urban-led approaches can support recovery efforts. While towns are home to only about 3m persons, or 26 percent of the population (and an estimated labor force of 1.5m), they represent significant potential in terms of reviving markets and stimulating agricultural demand.⁸ Opening up markets in these towns will be a critical asset to supporting broader economic recovery in rural areas through links between businesses, consumers and producers outside of towns. In turn, they will be places where inter-group networks around commerce can be part of gradual reconciliation.

7. **The goal of this report is to inform policy for the first few steps toward peacebuilding and recovery.** After conflict and famine as prolonged and pervasive as South Sudan has suffered, the road towards recovery is long. Some of the challenges to economic recovery are common to many post-conflict environments (such as dependence on resource revenue), while others are particular to South Sudan and demand careful analysis (such as the tension between food insecurity and competitive pressure from imports on local producers). Therefore, rather than attempting to draw an over-simplified roadmap, this report tries to understand the current state of urban jobs and to give recommendations on the first steps that could support a recovery. With profound damage to the economy and low capacity, reform is challenging, but progress in restoring

FIGURE 2

A conceptual framework for reconciling short term feasible actions and long-term policy goals⁹

Source: World Bank.

⁷ A Rock and A Hard Place, April 2017, southsudanpeaceportal.com, viewed August 2020.

⁸ Mosel, I., & Henderson, E. (2015). Markets in crisis: South Sudan case study. HPG Working Paper. London: HPG/ODI.

⁹ Adapted from: von der Goltz, J., Hallward-Driemeier, M. C., Piffaretti, N. F., Rutkowski, M. J., & Jha, S. K. (2016). *An integrated framework for jobs in fragile and conflict situations* (No. 108777, pp. 1–40). The World Bank.

livelihoods is urgent. This report therefore strives for a realistic balance between proposing immediate actions that are possible and effective, and keeping in mind longer-term goals that may only be attainable once a certain degree of stability and recovery allows for more profound reform efforts (Figure 2).

Livelihoods are complex and have changed in many ways; this study tries to identify some major characteristics

8. **Urban economic activity is difficult to analyze, since livelihood systems are complex and have undergone fundamental change through conflict and forced displacement.** With some 12m citizens, South Sudan is not a large nation. However, livelihood systems are diverse: the last FEWSNET study¹⁰ identified twelve distinct livelihood zones based on different types of crop and livestock produced. Further, prolonged armed conflict has fundamentally changed traditional economic life. At the macro-level, a war economy has developed in which some resources are extracted and sold under the control of armed groups.¹¹ As farmers and businesses have been faced with constant predation by armed forces, a previously self-sufficient food system now depends on imports.¹² At the micro-level, there has been a shift from subsistence to cash and markets amid displacement and the collapse of local networks and traditional institutions.¹³
9. **A further challenge is to understand the varying impacts of conflict on the livelihoods of different population groups.** The effects of violence vary significantly by state and county, by rural and urban location, and between those who have been displaced and those who are still in their place of origin. The local political economy has determined how livelihoods can be commandeered and coerced; for example, at the whims of local military commanders.¹⁴ Localized violence also impacts gender relations, increases the propensity for the exploitation of women and girls, creates single-headed households and hinders access to economic opportunity and markets.¹⁵
10. **While no single study can do justice to this complexity, this report endeavors to make visible the main features of urban jobs, show some potential actions for recovery, and estimate some associated costs.** Ultimately, no single study can do justice to the complexity of a country riven by war; a sustained effort of analysis, monitoring, and consultation is needed.¹⁶ Within these limitations, this study attempts to identify some of the major features of urban economic activity and to map out an agenda for supporting recovery. This synthesis report proceeds as follows: the remainder of the introductory section explains objectives and methodology of the research and gives some country context. Part II discusses empirical findings on (i) challenges of supporting jobs and livelihoods; (ii) the macro-fiscal environment for jobs; (iii) markets and market-linked agriculture; (iv) jobs in businesses and non-profit organizations, and (v) constraints limiting economic activity. A discussion of policy and operational implications including some costing of recovery concludes the report.

¹⁰ Famine Early Warning Systems Network (FEWSNET) (2018). Livelihoods Zone Map and Descriptions for the Republic of South Sudan. August 2018. <https://fewsnetsites/default/files/documents/reports/Livelihoods%20Zone%20Map%20and%20Descriptions%20for%20South%20Sudan.pdf>.

¹¹ Kindersley, N., & Majok, J. D. (2019). Monetized Livelihoods and Militarized Labour in South Sudan's Borderlands. *Rift Valley Institute*.

¹² Addison, T., & Murshed, S. M. (2001). *From Conflict to Reconstruction: Reviving the Social Contract*. UNU (No. 48). WIDER Discussion Paper.

¹³ Thomas, E. (2019). Moving Towards Markets: Cash, Commodification and Conflict in South Sudan. *Rift Valley Institute*, June. In this case subsistence is defined as "systems (that) have created surpluses, but rather than distributing these through wages, profits, rents and interest—they are distributed through institutions such as bride-wealth or ritual."

¹⁴ Kindersley & Majok. (2018) *Monetized Livelihoods and Militarized Labor in South Sudan's Borderlands*.

¹⁵ Kircher, I. (2013). *Challenges to security, livelihoods, and gender justice in South Sudan: The situation of Dinka agro-pastoralist communities in Lakes and Warrap States*. Oxfam.

¹⁶ An interesting innovation was the creation of the Secure Livelihoods Research Consortium: <https://securelivelihoods.org/where-we-work/south-sudan/>.

METHODOLOGY

This report summarizes findings on a comprehensive range of aspects of urban jobs based on data sources collected from 2017–2019

11. **This analysis is informed by the *Integrated Framework for Jobs in Fragile and Conflict Situations*, global experience in supporting jobs in recovery, and World Bank and partner studies on South Sudan.** The *Integrated Framework* structures the enquiry around: (1) how policy toward economy-wide fundamentals can best support jobs, (2) options for emergency recovery and livelihoods programs that are consistent with medium-term development goals, (3) ways to support private sector job creation in sectors and regions, and (4) the challenge of forced displacement.¹⁷ Acknowledging that South Sudan's challenges are unique, this analysis was informed by the framework as well as by global evidence on support modalities that have a record of effectiveness and cost-efficiency. Finally, the study builds off considerable past analysis of South Sudan, including the *Systematic Country Diagnostic*¹⁸ as well as the recent *Poverty Assessment*¹⁹ and regular macro-economic reviews and discrete studies on livelihoods and agriculture. It seeks to update these assessments and their policy recommendations and to investigate additional aspects related to jobs, such as sources of aggregate demand, or attitudes and aspirations among young workers.
12. **This study is not an analysis of the overall peacebuilding and recovery requirements; it focuses on how the government and partners can support job creation as part of a recovery process.** There are established tools whereby partners support governments as part of peacebuilding and recovery processes.²⁰ This study only looks at one particular aspect of the challenge in South Sudan and does not examine in-depth peacebuilding²¹ or other aspects of recovery, such as provision of basic social services. In undertaking this study, there is an inherent assumption that recovery from war and peacebuilding are long-term processes requiring a mix of immediate, medium, and long-term responses rather than a linear set of activities.²² In turn, it is understood that economic investments can create winners and losers and therefore, policy and operational recommendations should ensure that they are sensitive to and cohere with peacebuilding efforts.²³ In this context, the study argues that jobs are a critical component of peacebuilding in South Sudan but it will need to be complemented by additional analysis on how interventions in other areas can support the peace process.
13. **The study applies a broad definition of 'jobs' that encompasses most income-generating activities.** The term 'job' sometimes evokes the kind of full-time waged employment that in a low-income economy is the preserve of the lucky few. For this study, a far broader notion is useful and appropriate. The World Development Report 2013 provide such a definition: it conceives of jobs as "activities that generate actual income, monetary or in kind, and do not violate fundamental rights and principles at work." In line with this approach, this study recognizes that the most common jobs among South Sudanese are self-employed activities (also often termed livelihoods), as well as unpaid work for family gain, for instance in agriculture or household business activities.
14. **This synthesis report summarizes findings from four technical studies.** The summary presented in this report is based on four in-depth studies on: (1) jobs outcomes in towns, (2) the macro-economic framework

¹⁷ von der Goltz, Hallward-Driemeier, Piffaretti, Rutkowski, & Jha (2016). *An integrated framework for jobs in fragile and conflict situations*. World Bank.

¹⁸ World Bank (2015). *Republic of South Sudan Systematic Country Diagnostic*. World Bank.

¹⁹ World Bank (2017). *Impacts of Conflict and Shocks on Poverty—South Sudan Poverty Assessment 2017*. World Bank.

²⁰ One such tool are Recovery and Peacebuilding Assessments (RPBAs) according to an agreement between the World Bank, UN, and EU: www.worldbank.org/en/topic/fragilityconflictviolence/brief/recovery-and-peace-building-assessments.

²¹ United Nations (2007). Decision of the Secretary-General's Policy Committee: "peacebuilding involves a range of measures targeted to reduce the risk of lapsing or relapsing into conflict by strengthening national capacities at all levels for conflict management, and to lay the foundations for sustainable peace and development. Peacebuilding strategies must be coherent and tailored to the specific needs of the country concerned, based on national ownership, and should comprise a carefully prioritized, sequenced, and therefore relatively narrow set of activities aimed at achieving the above objectives."

²² Garrasi, D., & Allen, R. (2016). *Review of Experiences with Post Conflict Needs Assessments: 2008–15*. The World Bank.

²³ Robert Muggah and Christian Altpeter (2014). *Peacebuilding and Post-conflict Recovery: What Works and What Does Not?* International Peace Institute.

for jobs, (3) markets and market-based agriculture, and (4) jobs in businesses and non-profit organizations.²⁴ Each of the thematic sections in Part II of this report records the findings of one of these reports. Where the report makes assertions without showing data to support them, the reader may refer to the respective studies for more information. The closing section on constraints to job activities draws upon related results from all four studies. The report's findings were refined based on discussions in Juba with Government counterparts, the donor community, UN family, the South Sudan NGO Forum, and the business community.

15. **While the synthesis report presents aggregate results in order to make the big picture visible, individual technical notes provide details on each town.** The goal of this synthesis report is to provide an overview of jobs in urban South Sudan. However, for virtually any issue, there are important distinctions between the different towns. The synthesis report notes some of these differences but cannot offer a full discussion. In addition, because of data availability, the set of towns considered in different parts of the analysis is not always the same. Readers may refer to the technical notes for a more complete assessment of patterns in different towns on issues of interest.
16. **For a well-rounded picture of urban jobs, markets, and business activities, the study draws upon extensive new data and analysis.** For a comprehensive assessment of economic activity, this study relies on three existing datasets, three new datasets purpose-built to assess urban jobs, as well as qualitative research (coverage shown in Figure 1). For an overview of livelihood sources, it uses the most recent (2017) rounds of the World Bank's High Frequency Survey of households and surveys of IDPs and of refugees in Ethiopia. It conducted a small-sample Youth Jobs Survey in five towns (June 2019) to add depth on household livelihood strategies, household business activities, as well as youth aspirations and attitudes. It further uses recent data from the National Bureau of Statistics (NBS) on a sample of 4,000 businesses and NGOs (April and May 2019). Respondents are representative of a broad stratum of businesses, namely those that have a degree of permanence, a place of business and a business name. This selection covers a range from large formal business to casual road-side tea-stalls and pharmacies, but it excludes market traders and households selling some products or services out of their homes. The latter are covered in the youth jobs survey. To study the former, complementary data was collected from market traders in five towns (September 2019). A phone survey of foreign-owned businesses was conducted to assess the linkages between this sizeable community and the local economy (June 2019). Finally, to understand agriculture value chains, qualitative work was conducted with farmers, traders and the traders' associations, processors, and local authorities.²⁵
17. **While data is recent, the pandemic and locust outbreak have changed urban jobs in ways this report cannot capture.** Most data used in this report was collected in the summer and fall of 2019. This is quite a recent reference point for an analysis in a country suffering a high-intensity conflict. However, with the outbreak of the COVID-19 pandemic and the threat of locust plague, urban economic activity is likely to have undergone a significant change that this data does not capture.

²⁴ Finn, A., von der Goltz, J., Saidi, M., & Sharma, A. (2020). *Job Outcomes in the Towns of South Sudan: Jobs, Recovery, and Peacebuilding in Urban South Sudan—Technical Report I*. World Bank; Mawejje, *The Macroeconomic Environment for Jobs in South Sudan: Jobs, Recovery, and Peacebuilding in Urban South Sudan*; von der Goltz, J., Saidi, M., Mayai, A. T., & Williams, M. (2020). *Reviving Markets and Market-Linked Agriculture in South Sudan: Jobs, Recovery, and Peacebuilding in Urban South Sudan—Technical Report III*. World Bank; Finn, A., & von der Goltz, J. (2020). *Business and NGO-Related Jobs in South Sudan—Insights from Surveys on Business and Enterprises in South Sudan: Jobs, Recovery, and Peacebuilding in Urban South Sudan—Technical Report IV*. World Bank.

²⁵ The datasets are described in the following technical studies: Youth Jobs Survey: Finn, von der Goltz & Sharma, 2020, *Job Outcomes in the Towns of South Sudan*; Integrated Business and Enterprise Survey and Foreign Businesses Survey: Finn & von der Goltz, 2020, *Business and NGO-Related Jobs in South Sudan—Insights from Surveys on Business and Enterprises*; Market Trader Survey and qualitative work: von der Goltz, Saidi, Mayai & Williams, 2020, *Reviving Markets and Market-Linked Agriculture in South Sudan*; High Frequency Survey: World Bank (2017), *High Frequency Survey South Sudan*. Crisis Recovery Survey: Pape, U., & Sharma, A. (2019). *Informing Durable Solutions for Internal Displacement in Nigeria, Somalia, South Sudan, and Sudan*. World Bank; Refugee survey: Pape, U. J., Petrini, B., & Iqbal, S. A. (2018). *Informing durable solutions by micro-data: a skills survey for refugees in Ethiopia*. World Bank.

CURRENT CONTEXT

Decades of war have created a set of complex socio-economic challenges

18. **The cumulative effects of years of violence, natural disasters, and economic crisis have taken a significant toll on the population.** South Sudan has been beset by armed conflict since December 2013. A recent study estimates that 380,000 people died between December 2013 and April 2018 due to the armed conflict.²⁶ As of April 2020, nearly 3.9 million people (about a third of the population and with women and children representing 85 percent)²⁷ had been forcibly displaced, many of them more than once. About 2.3 million have fled to neighboring countries in search of safety, while 1.6 million continue to be displaced within South Sudan.²⁸ About 6.4 million people experience crisis levels of acute food insecurity or worse.²⁹ These populations are also the most vulnerable to climate shocks, compounding the twin shocks of conflict and natural disaster.
19. **Poverty has reached unprecedented levels, including in towns.** The poverty rate, as measured by the proportion of population living under the international poverty line of \$1.90 purchasing power parity (PPP) per day, has increased substantially from 51 percent in 2009 to 82 percent in 2016.³⁰ Rural residents (86 percent) and IDPs (90 percent) are particularly impoverished, but even among urban residents three in four (74 percent) live in poverty. The sharp increase in poverty correlates with the escalation of violent conflict as well as the macroeconomic crisis and the loss of buying power due to dramatic inflation. Poverty is not only monetary but multi-dimensional, and much of the population has remained in, returned to or sunk deeper into a state of destitution with extremely low rates of food security and severely limited access to basic services.³¹ Chronic and widespread poverty contributes to South Sudan's ranking of 187 out of 189 countries in the Human Development Index (HDI) and to a low life expectancy of only 57 years compared to the global average of 72.³²
20. **Few urban job activities have remained untouched by conflict.** An estimated 27 percent of the national working-age population have been displaced, and half of those urban households remaining in place have lost an important job activity since the beginning of conflict in 2013 (47 percent). Among market traders, 44 percent had not been in business for more than one year in 2019, and all links in the agricultural value chains have been affected by violence, loss of assets, and risk. Among 4,000 businesses surveyed in 2019, precisely two did not report that they had been affected by conflict in some way.
21. **Years of conflict have created a turbulent macro-fiscal environment.** Since 2011, real non-oil GDP has fallen by more than a third (37 percent).³³ In an economy where most work is self-employment in agriculture and services with very little use of capital, this speaks to a wide-spread loss of activities and a drop in productivity. As the economy shrunk, South Sudan experienced near-hyperinflation, with a 60-fold increase in prices compared to before the conflict and annualized rates as high as 550 percent. The currency has depreciated nearly one hundred-fold since independence, and a parallel market for US dollars has developed, with a gap of 100 percent or more between the parallel and official exchange rates. South Sudan's oil still accounts for most revenue and nearly all exports, but there is no transparency on revenue, resources have been poorly managed, and conflict has soaked up much of the available funds.

²⁶ Checchi, F., Testa, A., Warsame, A., Quach, L., & Burns, R. (2018). Estimates of crisis-attributable mortality in South Sudan, December 2013–April 2018: a statistical analysis. *London School of Tropical Medicine and Hygiene*.

²⁷ United Nations Population Fund (UNFPA) (2019). <https://www.unfpa.org/data/world-population/SS>.

²⁸ UN OCHA, South Sudan Humanitarian Snapshot. Also see: UNHCR, South Sudan data portal. Sudan and Uganda host the majority of South Sudanese refugees, with 811,452 and 857,268 registered in each country, respectively. International Organization for Migration (IOM) (2019). *Displacement Tracking Matrix: Mobility Tracking Round 6* (20 November 2019). <https://reliefweb.int/report/south-sudan/south-sudan-mobility-tracking-round-6-20-november-2019>.

²⁹ Number of people estimated to live in IPC Phase 3 food insecurity or worse. Integrated Food Security Phase Classification (2019). *South Sudan: Acute Food Insecurity & Acute Malnutrition Situation* (August 2019–April 2020).

³⁰ World Bank (2020). *South Sudan Economic Update: Poverty and Vulnerability in a Fragile Environment*.

³¹ Ibid.

³² United Nations Development Programme (2018). 2018 Statistical Update: Human Development Indices and Indicators.

³³ Maweeje, 2020, *South Sudan: the Macroeconomic Environment for Jobs in Peacebuilding and Recovery*.

22. **The country is highly vulnerable to climate change and natural disasters, and increased stress on natural resources is fueling local conflict.** Due to a strong reliance on subsistence farming and pastoralism, the economy is vulnerable to extreme weather events and natural disasters. Droughts have become more frequent and widespread since the 1960s,³⁴ and the seasonality and intensity of the rains is changing, resulting in more frequent and extreme flooding. The 2019 exceptional floods affected over 900,000 people, displacing an estimated 420,000.³⁵ The consequences of such climate volatility are intensifying inter-communal conflict over natural resources. More intense and variable weather conditions are predicted for the future.³⁶ The current desert locust crisis is the worst to hit the Horn of Africa in over 25 years. At the time of writing, the outbreak in South Sudan is limited, but due to its regional dynamics, 2.8m South Sudanese are under threat of being affected. Food security is at serious risk due to potential harvest losses within the country, but also due to the expected serious effect in South Sudan's neighbors and trading partners.³⁷
23. **While the 2018 Revitalized Peace Agreement provides an opportunity for stability, the situation remains uncertain.** The power-sharing agreement between the Sudan People's Liberation Movement (SPLM) and the Sudan People's Liberation Movement In-Opposition (SPLM-IO) includes the reinstatement of the former First Vice President and the sharing of several key positions as well as new security arrangements among different groups. The establishment of the new government in February 2020 as well as the parties' agreement on the ten administrative states framework is a promising step forward. However, power vacuums at the state level exacerbate local contestation,³⁸ and the political settlement remains fragile.³⁹ With the government's budget dependent on oil revenues, the current plunge in oil prices will have a significant impact on its ability to sustain itself.
24. **Reintegrating South Sudan's 1.6m internally displaced, 2.3m refugees, and members of armed groups into the labor market will pose a major challenge.** While not all of the displaced will want to return to their homes and look for work, it is estimated that between 1.1m and 1.3m of those who currently do not work in South Sudan may eventually look for jobs.⁴⁰ More job seekers may come from among the 400,000 soldiers and police currently on the government's payroll as well as former opposition armed groups.⁴¹ Together these groups of job seekers could be nearly as many as the entire current urban work force of 1.3m. Reintegrating them into the labor market in towns or rural communities will pose a major development challenge.
25. **Despite the great challenges to recovery, the high potential for good jobs in agriculture provides a real prospect for shared growth.** Recovery faces many serious obstacles. Yet, with some progress toward stability and effective development policy, there is real potential for better jobs. The greatest potential lies in raising productivity in agriculture and food sector value chains that employ most workers. South Sudan has a vast endowment of fertile land and water. And, as detailed below, amid great disruption, farmers retain some of the knowledge, cooperative structures, and market links that once supported cultivation of a diverse range of staple and cash crops. At the same time, because most jobs—and most jobs of the poor—today are in agriculture and linked activities, there is hope that the benefits of a revival may be widely shared.

³⁴ United States Agency for international Development (2019). South Sudan Climate Vulnerability Profile: Sector and Location-Specific Climate Risks and Resilience Recommendations.

³⁵ World Food Program (WFP) (2020). East Africa Flood Scenarios 2020. <https://reliefweb.int/sites/reliefweb.int/files/resources/WFP-0000115909.pdf>.

³⁶ ThinkHazard (2019). South Sudan. <https://thinkhazard.org/en/report/74-south-sudan>.

³⁷ USAID (2020). South Sudan Crisis Fact Sheet April 2020, FAO South Sudan Desert Locust Update Number 8, May 2020.

³⁸ United States Department of State Office of the Spokesperson (2020). The Troika Calls on the Government of South Sudan to Appoint Governors. <https://www.state.gov/the-troika-calls-on-the-government-of-south-sudan-to-appoint-governors/>.

³⁹ Lynch, J. & Gramer, R. (2020). *Diplomats Fear a Collapse of South Sudan's Latest Peace Deal*. Foreign Policy.

⁴⁰ Finn, von der Goltz, Saidi & Sharma, 2020, *Job Outcomes in the Towns of South Sudan*.

⁴¹ We show below that only one in four young soldiers hope to remain in the armed forces.

26. **Above all, as the evidence below shows, the first steps required for recovery are for the Government to guarantee the secure flow of people and goods and to embark on bold economic management reform.** The March 2020 announcement of the full cabinet formed and the more recent agreement on state governors are key milestones toward cementing peace. However, there are indications that insecurity continues in many locations, associated with inter-group violence or the disarmament process.⁴² Weak public financial management systems and increased vulnerability to corruption have posed additional challenges. Going forward, “without peace and security, the outlook remains extremely difficult, with continuing threats to macroeconomic and financial stability, declining income, and deteriorating humanitarian conditions. A sustainable medium-term outlook requires sustained improvements in the political and security situation, robust economic adjustment and reforms, budgetary discipline, and enhanced oil revenue management.”⁴³

⁴² Experts reported significant fighting between Murle and Lou Nuer in Jonglei in May 2020 and violent resistance to Government disarmament in Warrap in August (United Nations Security Council Expert Panel on South Sudan (2020). S/2020/1141: Letter dated 25 November 2020 from the Panel of Experts on South Sudan established pursuant to Security Council resolution 2206 (2015) addressed to the President of the Security Council.)

⁴³ International Monetary Fund (IMF) (2019). *South Sudan: 2019 Article IV Consultation Staff Report*. IMF Country Report No. 19/153. International Monetary Fund.

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2. JOBS IN URBAN SOUTH SUDAN

FINDING WORK: THE CHALLENGES OF JOBS AND LIVELIHOODS IN TOWNS⁴⁴

After years of conflict, poverty is very high, there are few productive jobs, and conflict has touched nearly all livelihoods

27. Few urban job activities are sufficiently productive to provide a livelihood above the poverty level.

In urban South Sudan, more than 70 percent of non-displaced residents and 90 percent of IDPs in Protection of Civilians (PoC) sites live in poverty. The poverty rate is above 60 percent in all of the towns included in the analysis. High poverty goes hand in hand with the low productivity of the job activities available: median incomes and wages in household and market activities in 2019 were about SSP 500–600, or about \$2 per day at time of writing. Businesses report a similar median income per worker and day (Figure 3). Low productivity is also reflected in the inability of households to diversify activities and the difficulties youth face in finding work beyond contributing unpaid help to household activities.

FIGURE 3

Urban daily incomes and wages (median and 25th–75th percentile)

Note: Self-employed young workers: self-reported income over past week, scaled to work status (full time, part time, casual). Helpers in household activities: daily wages reported by employers. Market helpers: daily wages reported by employers. Business income: income per year, divided by number of workers (including owner) and number of working days per year. Employees of foreign businesses: daily wages reported by employer.

Sources: Foreign Business Survey, 2019; IBES 2019; Market Trader Survey, 2019; Youth Jobs Survey, 2019.

⁴⁴ This section summarizes results discussed in Finn, von der Goltz, Saidi & Sharma, 2020, *Job Outcomes in the Towns of South Sudan*.

28. **For most urban workers, a job is own-account or household work in services or agriculture.** Most urban workers are self-employed (46 percent) or support household-run business activities (27 percent). Paid labor (whether salaried work or daily labor) accounts for one in four jobs, with fewer youth and women in paid employment. As is the case in most low-income countries, there is little unemployment (two percent when defined narrowly, six percent when broadened to include discouragement⁴⁵). Agriculture is a major source of employment in towns (37 percent of all jobs), second only to services, which employ about every other worker, mostly in commerce and personal services (Figure 4). While comparisons over time are difficult, it is evident that the importance of the public sector as a source of jobs has strongly decreased for urban residents during the conflict, while agriculture has become far more important—except for the displaced, few of whom have access to land.

FIGURE 4

Type of employment and sector of activity among urban workers

Note: Primary income-generating activity of working-age adults.

Source: High-Frequency Survey, 2017.

29. **Half of all urban households have lost a job activity through conflict, and the majority of the displaced are no longer active in the labor market.** Even among households that have not been displaced, nearly half have lost an important job activity since 2013 (47 percent), often the household's primary activity (29 percent). Real wages have fallen for half of all urban workers who have not been displaced (52 percent), as has time at work, and more workers now report that they would like to work longer hours than before the conflict. The displaced have suffered much, and lost networks, funds, land, and tools. Fewer than half of the working-age internally displaced and fewer than one in five refugees are employed (42 percent and 19 percent), and even those who are work less and report lower wages than urban residents (Figure 5).

⁴⁵ This group includes working-age South Sudanese who are not active in the labor force, and who say that this is because they feel they would not be able to find work, or because of the conflict.

FIGURE 5**Employment among the displaced**

Note: Share of the employed (ILO definition) among the working age population and share of jobs in agriculture among all primary activities. Urban working-age population, internally displaced workers living in PoC sites, refugees living in settlements in Ethiopia.

Sources: Crisis Response Survey, 2017; High-Frequency Survey, 2017; Skills Survey, 2017.

Most urban households diversify their job activities little and rely on household work in agriculture, commerce or services, or depend on a household member's work for NGOs or as a public servant

30. **Half of all urban households rely on agriculture for most of their income, and more derive their livelihood from work for NGOs and the public sector than are employed in businesses.** For those households that practice agriculture, it is usually the main source of income (90 percent). Thus, while about one in three workers are primarily active in agriculture, half of all urban households derive their primary income from agriculture (50 percent—Figure 6). Conversely, work in commerce and personal services employs the most workers but is more rarely the main source of income (13 percent and 10 percent of

FIGURE 6**Urban households' primary source of income**

Note: Sector of job that contributes most to household income among all activities that household members engage in.

Source: Youth Jobs Survey, 2019.

households). Finally, far more households rely on the public sector and NGOs (16 percent) than on waged work in for-profit companies (five percent).

31. **In a deeply disrupted economy, households make-do by pooling family labor in subsistence activities or depend on a single wage earner.** In an environment where few workers have savings and where insecurity and depressed demand makes even small investments risky, households have little ability to diversify their job activities (Figure 7). Households—four adults and four children at the median—tend to work together on a single job activity (often subsistence agriculture) or a set of activities (usually in agriculture and commerce). Others rely on a single household member (commonly in wage work) and share the income generated to support inactive household members. Households with some waged job activities do better than others: those that rely primarily on agriculture are three times more likely to be among the poorest 20 percent of households than those that rely on wage work, and twice as likely to be among the poorest 40 percent.
32. **Job activities vary across towns, depending on their reliance on agriculture as opposed to commerce and services.** Differences in job activities between towns speak to local constraints, but also to comparative advantage and the potential for trade between towns. While waged employment is equally rare across towns, reliance on agriculture varies strongly. Many workers and households are active in agriculture in towns including Yambio and Rumbek, compared to far fewer in Aweil, Juba, or Wau. Where agriculture plays a lesser role, casual business activities and services dominate among job opportunities.

FIGURE 7

Characteristics of household livelihood strategies

Note: Definitions of household livelihood strategies described further in Finn, von der Goltz, Saidi & Sharma, 2020, *Job Outcomes in the Towns of South Sudan*. Wealth index obtained from factor analysis of household characteristics and assets.

Source: Youth Jobs Survey, 2019.

Regardless of the limits of available job activities, many young workers say they are ready to build from them

33. **Young workers show a realistic and reasonably open-minded attitude toward the modest job activities available.** In the short term, most jobs are unlikely to generate much income and may not be satisfying. Whether young South Sudanese, in particular, are willing to build from such limited opportunities will be important for economic recovery as well as for political stability. In survey answers, young workers in South Sudan show realistic expectations about the low income (around \$2–3 per day) to be generated from common job activities. (Work for NGOs is the only activity they expect to pay much more—about \$10 per day.) By way of contrast, before the most recent wave of conflict, high wage expectations were viewed as a significant obstacle to competitiveness.⁴⁶ Most view casual activities such as work in agriculture, in the market, in construction, or in casual services at least mildly favorably. Many young workers (59 percent) still expect to someday work for the government—far more than can ever realistically hope to be hired. However, only eight percent expect such a job to materialize within a year, compared to 42 percent in 2014.⁴⁷
34. **A majority of young workers currently in agriculture would rather do better in their activity than shift to another job.** Among young urban workers, three in five (60 percent) who are currently active in agriculture would like to improve their activity, rather than switch to a new one or resume education—a higher share than in any other type of activity. This raises hope that even in towns, a significant number of young South Sudanese will be interested in working in agriculture and may benefit from its potential for recovery. Those working in the processing of agricultural products,⁴⁸ services, and commerce are more evenly split on whether they wish to improve their activities or do something else. Among young members of the armed forces, only one in four (24 percent) are interested in staying, and most are looking for a different job (42 percent) or more education (34 percent).

BOX 1: THE IMPACT OF THE COVID-19 PANDEMIC ON LIVELIHOODS

The COVID-19 pandemic has had an impact on livelihoods through the increased burden of disease, lockdown measures and trade disruptions, and increasingly, through macro-fiscal challenges. As of June 28, 2020, the WHO reported nearly 2,000 confirmed cases of COVID-19 in South Sudan. Due to very low testing capacity however, the actual burden of disease is almost certainly higher. Between late March and early May 2020, South Sudan imposed nation-wide lock-down policies similar to those used in many countries to control the spread of COVID-19. Juba was under curfew, and non-essential businesses were closed, but anecdotally, other towns seem to have experienced less change. While borders have remained open for goods, rules on quarantine and turnaround times have slowed imports and raised prices. The prices of staple grains rose precipitously during the early pandemic response (between 20 and 40 percent⁴⁹), and monthly consumer price inflation has reportedly remained very high at about 15 percent in August.⁵⁰ The currency has depreciated strongly in the parallel market.

The fall in oil prices has put severe pressure on the government's budget. The drop in global oil prices from nearly \$70 a barrel in early January 2020 to about \$40 at the time of writing is putting pressure on the Government's budget, with worrisome implications for market demand for goods and

⁴⁶ World Bank (2014). *Republic of South Sudan: Jobs and Livelihoods*.

⁴⁷ Ibid.

⁴⁸ This note refers to the production of foodstuffs from primary agricultural products as 'processing' or 'transformation', whether done by households on an artisanal level, or by businesses. For the production of non-food goods out of inputs, it distinguishes between 'artisanship' at the household level, and 'manufacturing' by businesses.

⁴⁹ For instance, Mayai et al. (2020) report that the price of wheat flour rose by 27 percent and the price of rice by 25 percent over the month of March, while the University of Juba measured increases in the price of rice, sorghum, and wheat flour by 40 percent, 27 percent, and 19 percent between February and March. Mayai, A. T., Awolich, A. A., & Tiitmamer, N. (2020). *The Economic Effects of the COVID-19 Pandemic in South Sudan. The Sudd Institute*.

⁵⁰ World Bank, 2020, *South Sudan Economic Update*.

services. The fiscal deficit is projected to more than quadruple to \$750m, complicating an already difficult budget execution. There is a risk that deficits may be monetized, reigniting inflation. Unrealized spending on capital investment, further arrears in paying civil servants, and slower service delivery are constraining demand, growth, and jobs. Prior to the crisis, development assistance and remittances were the first and second-largest foreign currency flows, both exceeding oil revenue. Remittances are likely to have fallen, and it remains to be seen whether NGOs and intergovernmental agencies have fully maintained their activities.

Job activities have been lost due to COVID, especially in non-farm self-employed activities, but as of June 2020, the scale was limited. The World Bank conducted phone surveys in June 2020 to monitor the impact on livelihoods of COVID-19 and measures to contain the pandemic.⁵¹ Unless indicated, results in this text box reflect findings from these surveys. One in eight households (13 percent) reported having lost all income from their main job activity at some point since the onset of the pandemic in early April. Losses were largest among the households that depend primarily on non-farm self-employed business activities. Among these households, one in five have lost all income from their primary activity (20 percent). Household businesses mostly attributed their losses to a lack of demand (52 percent) and to usual places of business being closed (49 percent). Among market traders, one in seven (15 percent) reported having lost their business. One in three of those reported that this was due to COVID-related travel restrictions (33 percent), while others pointed to a broad range of issues, both related and unrelated to the pandemic. Hardly any businesses reported having closed permanently (0.3 percent), and very few remained temporarily closed as of end-June (five percent). However, measuring permanent business closure is difficult. Businesses reported knowing a direct competitor who has gone out of business (47 percent) and having considered closing at some point themselves (35 percent). Activities in Juba seem to have been particularly affected, with larger drops in activity among market traders (31 percent) and more businesses considering closing (52 percent) and having competitors who closed (58 percent).

With widespread poverty and a history of adapting to shocks, households are looking to replace lost income opportunities. The real but limited extent to which activities have been lost may seem counterintuitive but is perhaps not surprising: out of necessity, many households have managed to find new jobs and generate income through repeated past shocks, and businesses have continued on despite loss of assets and temporary closures. By June 2020, respondents reported some potential signs of recovery. About one in five households that lost their main activity (22 percent) reported that they had already started a new activity. Similarly, while some traders had stopped their activities, respondents were about twice as likely to say that on balance, the number of traders in the market had increased since before the pandemic than to say that it had decreased. Both market traders and businesses also reported a modest increase in the number of workers they employed since April, although the rate of hiring had slowed substantially among businesses.

Market activity has decreased, and loss of revenue and income is pervasive. While few job activities have stopped outright, many respondents reported losing income from their main activities. This is true for every other main household activity (52 percent) and for three in five market traders (59 percent). Traders who offer consumer commodities reported larger declines in revenue (a 35 percent drop at the median)

⁵¹ Unless indicated, results in this text box reflect findings from these surveys. Results are reported in: Finn, A., Von Der Goltz, J., Fatima, F., & Nichanametla Ramasubbaiah, R. G. (2020). *Monitoring COVID-19 Impacts on Households in South Sudan, Report No. 1: Results from a High-Frequency Phone Survey of Households*. World Bank. and Finn, A., Von Der Goltz, J., Fatima, F., & Nichanametla Ramasubbaiah, R. G. (2020). *Monitoring COVID-19 Impacts on Households in South Sudan, Report No. 1: Results from a High-Frequency Phone Survey of Households*. World Bank. Surveys were implemented between June 9 and July 3, 2020. Respondents included 1,213 mostly urban households, 118 market traders, and 612 businesses. Of the respondent households, 75% live in urban areas. Inherently, the phone survey reflects only households that own a cellphone and live where there is coverage. In the 2019 Youth Jobs Survey, 83 percent of urban households owned a cellphone. Of those that did, 12 percent were in the lowest asset wealth quintile, compared to 45 percent of those that did not. Demographics and labor market outcomes in the tracking survey are similar to those observed in earlier in-person surveys. Thus, household-level results are best interpreted as reflecting outcomes for a large stratum of urban households, with some under-representation of the most marginal.

than food traders (a 25 percent drop), consistent with the temporary closures of non-food markets and a loss of consumer disposable income. Among businesses, four in five (81 percent) reported a decrease in revenue, including 59 percent who say income has shrunk by half or more.

While the main reported obstacles to business activities have remained the same as in 2019, they have tightened, and inflation is viewed as a significant re-emerging concern. When surveyed in mid-2019, households, market traders, and businesses consistently identified insecurity, bad roads, access to funding, and low demand as their main obstacles. They flagged the same constraints when re-surveyed in June 2020, but were likely to say that the constraints had become more difficult to navigate—perhaps with the exception of insecurity, where businesses were more likely to report an improvement (44 percent) than a deterioration (28 percent). With rapid price rises, inflation was the third-most frequently cited obstacle among market traders and the second-most frequently cited among businesses.

Low market demand already posed an important obstacle before the pandemic and has further declined due to the crisis. Even before the pandemic, businesses of all sizes viewed constrained demand for goods and services as a key obstacle. Respondents across all monitoring surveys agreed that demand has further tightened. Among the households who were unable at some point during the pandemic to buy staple cereals (46 percent of all households), most say that this was due to a lack of funds (44 percent) rather than to traders being out of stock (seven percent) or price changes (eleven percent). The majority of market traders explained that they had fewer customers on a typical market day (63 percent) and that customers buy less (60 percent). Businesses confirmed that impression: most (73 percent) said that demand for their products has declined and half (52 percent) reported that it has dropped by half or more.

Sourcing goods has become more difficult but is rarely considered a key business obstacle. Border closures and movement restrictions have raised transport cost and slowed down sourcing. Among market traders who source agricultural products from Juba or abroad, 85 percent said buying supplies has become more difficult since the onset of the pandemic. At the same time, while traders mention poor availability of inputs (eight percent) and transport cost (13 percent) as obstacles, they give less prominence to these factors compared to other constraints. Similarly, nearly four in five businesses (79 percent) said that since April 2020, it has become more difficult to buy goods to re-sell or use as inputs. Yet, transport cost is mentioned less frequently as an obstacle than a lack of funds, high inflation, and low demand, and very few of those surveyed pointed to poor availability of inputs.

35. The study now turns from individual approaches to finding work and the relationship with poverty to the overarching macro-economic context in which job-searches are situated.

MACRO-FISCAL ENVIRONMENT FOR JOBS⁵²

Poor governance and macroeconomic turbulence pose enormous obstacles to economic activity

36. **Amid conflict and public financial mismanagement, the macroeconomic environment could hardly be more difficult for South Sudanese looking to make a living.** The macroeconomic environment is not kind to workers in self-employment or small business activities. Inflation continues to pose significant difficulties. Oil revenue has declined steeply with the drop in international prices and continues to be diverted as well as poorly invested, with little spending on infrastructure or human capital that could support jobs. Arrears and eroding purchasing power in public sector salaries are weakening the civil service and reducing

⁵² This section summarizes results discussed in Mawejje, 2020, *South Sudan: the Macroeconomic Environment for Jobs in Peacebuilding and Recovery*. It includes some updates from World Bank, 2020, *South Sudan Economic Update 2020*.

its role in stimulating market demand. Mismanagement is reflected in a score of 1.5 in the World Bank's Country Policy and Institutional Assessment (CPIA) index of governance, the lowest among all countries in sub-Saharan Africa, and an economic management score of 1.0, the lowest possible value.

37. **South Sudan's existential challenge remains finding a path out of the war economy and using its oil revenue to develop an economy that can sustain itself once oil reserves are depleted.** This study focuses on identifying actions the Government and partners can take in early recovery to support jobs. To ensure that such actions provide a consistent base for future reforms, it is worth recalling the principal long-term policy goals: the fundamental development challenge for South Sudan remains to transition from taking economic policy decisions with a view to managing conflict to making policy designed to promote development and expand good job opportunities. As oil revenues are a large income stream, their management is a pivotal aspect of this transition. Mismanagement corrodes the incentives for workers and public servants to pursue and promote genuinely productive activities and squanders opportunities to make investments that could raise productivity. Better management of revenue, in turn, can provide infrastructure and support for sustainable development and create an environment of accountability and fair rewards that allows public servants as well as workers to focus their efforts on building a growing economy.
38. **The steep drop of non-oil output since the beginning of the conflict in 2013 reflects a loss of job activities for workers and a breakdown in market demand.** Since 2011, real non-oil GDP has dropped by 37 percent and household disposable income by 70 percent.⁵³ Because jobs are largely in self-employment in agriculture and services, from a worker's perspective, the GDP drop essentially reflects the decline of small market-linked activities. Millions have lost such activities to displacement. Many others have seen their activities become inviable or productivity decline, whether farmers unable to go to the fields, traders hesitant to risk travel between villages and towns, or artisans unable to find customers. On the expenditure side, the corollary of the decline in output is a collapse in market demand, with government consumptions focused on security spending, and a significant share of food consumption shifted from market to aid.

Business activities have struggled to cope with very high levels of inflation

39. **A 60-fold increase in prices since before the conflict poses a serious obstacle to job activities at all levels.** Over the 2015–18 period, South Sudan experienced explosive price rises, with annualized rates of up to 550 percent. Since then, inflation has waxed and waned, but had again reached 170 percent as of October 2019. In April 2020, CPI inflation reportedly was at an annualized rate of 40 percent, but steep food price increases suggest that this figure may not yet have captured the full inflationary pressure triggered by the COVID-19 pandemic. Inflation has taken a serious toll on poverty.⁵⁴ Surveys conducted in 2019 show that households, market traders, and more established businesses alike view the rapid price changes as a serious problem, causing them to reduce or stop their activities because of the difficulty of coping with inflation. For instance, among foreign-owned businesses, more than four in five (86 percent) agreed that inflation had been one of their major constraints in 2019, because of its impact on demand (73 percent) and business risk (68 percent—Figure 8). To limit their exposure, most businesses (70 percent) reduced their activities.
40. **A collapse of food production, monetization of the budget deficit, and exchange rate pass-through have contributed to inflation.** With limited data available, it is not possible to identify what policy decisions and shocks contribute most to rising prices. However, three factors are important. First, a breakdown in food production due to conflict and climate shocks has fueled price changes. Second, the Government has periodically resorted to printing money to finance the budget deficit. Third, exchange-rate pass-through (that is, changes in domestic prices due to changes in the value of the currency) has further fueled price increases in the import-dependent economy. Progress in reducing these pressures will prevent further erosion of consumer demand for self-employed workers and businesses.

⁵³ IMF, 2019, *South Sudan: 2019 Article IV Consultation Staff Report*.

⁵⁴ World Bank (2017). *South Sudan Economic Update: Taming the Tides of High Inflation*.

FIGURE 8**Impact of inflation on business activities (among foreign-owned businesses)**

Source: Foreign Businesses Survey, 2019.

41. **There is a wide disparity between the official and parallel market exchange rates, but little information is available on foreign currency flows.** Since independence, the SSP has depreciated nearly one hundred-fold, and a gap of 105 percent has opened between the parallel and official exchange rates (as of June 2020, increasing further since). The impact of this differential on the real economy is difficult to analyze, as there is little information on what US Dollar amounts from oil revenue, aid, and remittances flow into South Sudan, who can access US Dollars at the official rate, and how much. However, anecdotally, it appears even formal businesses and commercial banks have little access at the official rate, and most currency is traded at the (effectively floating) parallel market rate.
42. **The overvalued exchange rate has some negative effects on demand for domestic products; there may be deeper damage to competitiveness, but its current impact is not clear.** Even if little foreign currency is traded at the official exchange rate, the dual exchange rate regime has some clear adverse effects. First, budgeting US Dollar-denominated oil revenue at the official rate favors government spending on imports over domestic purchases. These budgetary implications are very large: at June 2020 exchange rates, the planned SSP 42bn payroll expenditure in FY21 is equivalent to 59 percent of expected net oil revenue if budgeted at the current official rate, compared to 29 percent if revenue is budgeted at the parallel market rate.⁵⁵ Second, customs duties on imports are assessed at the official rate, leading to lower than intended taxes on imports. Finally, limited access to US Dollars at the official rate creates opportunities for rent-seeking and diversion of oil revenue. Overvaluation in principle makes domestic production less competitive with imports and sets incentives against foreign investment. However, because businesses in practice may not buy US Dollars at the official rate, it is not clear whether these impacts currently materialize.

⁵⁵ This discrepancy has since continued to widen with further depreciation. Exchange rates as of June 2020. Oil revenue projects are based on an assumed price of \$40 per barrel and current production rates, taking into account statutory deductions (Mawejje, 2020, *South Sudan: the Macroeconomic Environment for Jobs in Peacebuilding and Recovery*).

Poor budget management and diversion of oil revenue depresses the kind of public investment that could encourage domestic businesses to begin making their own small investments

43. **Public investment matters in fostering investment by domestic businesses.** Political risk will make significant foreign investment unlikely for years, at least outside of select high-rent activities such as mining that typically provide few jobs. Recovery will instead have to rely on a gradual recovery of small investments by domestic businesses. Yet, in a business environment characterized by high risk, high cost, and low demand, public investment has a key role to play to encourage such a recovery. Public investments can lower cost (notably in transport), raise returns (notably in agriculture), and sustain demand by ensuring public sector salaries are paid. Better resource management is needed to boost such investment.
44. **The oil sector generates significant resources, but governance and accountability are weak, with widespread reports of corruption and misuse.** Before the decline in global oil prices from about \$70 in early 2020 to \$40 at time of writing, the oil industry accounted for 30 percent of GDP, 84 percent of government revenue, and nearly all exports. It remains shrouded in secrecy: credible data on production and export are not publicly available. Because of the use of oil advance contracts, much revenue does not enter the budget. This practice has led to financing shortfalls and a continuous accumulation of domestic arrears, and is complicating budget and debt management. Public perception of foul play at a significant scale has had a corrosive effect on incentives and social trust, with a widespread sense that for some of the most capable professionals, there is too much of an incentive to seek ways to benefit from oil revenues, and too little incentive to develop new productive activities.⁵⁶
45. **The budget is oil-dependent, pro-cyclical, loosely executed, and continues to favor security spending despite efforts to increase productive investment.** With a high share of oil revenue in the budget and no mechanisms to buffer fluctuations in production and price, fiscal policy is procyclical. Due to the plunge in oil prices in 2020, the projected budget deficit has widened to \$750m. In a tense political context, spending favors security expenditures, which accounted for 69 percent of the executed budget in FY 2018/19. The Government's FY 2019/20 budget foresaw a dramatic increase in infrastructure spending, but in the past, large discrepancies between budgeted and actual outlays have foiled efforts to re-orient spending toward the enormous investment needs (Figure 9). Estimates from official data project capital spending in FY20 at 22 percent of what was budgeted—though still at about five times the previous year's level.

Public employment has significant budget needs, but is a way to channel resources into domestic markets

46. **The public sector at the national level provides for the largest share of waged labor, employing as many people (outside of the security forces) as established businesses.** With some 400,000 soldiers and police and 50,000 civil servants on the national public payroll, about eight out of nine national public sector employees work in the security sector (Figure 10). There is significant additional employment at the sub-national level, but no estimates of the number of jobs are available. The 50,000 public employees outside the security sector are roughly equal in number to all urban workers in established businesses (many of whom do not have a formal employment relationship). Payroll statistics are however unreliable and likely to include a significant number of 'ghost-employees.'⁵⁷
47. **Public employment is used as a form of patronage, but also fulfills an important function as a safety net and as a source of demand for goods and services.**⁵⁸ The recruitment as well as allocation of positions in the civil service are perceived to be driven by political and kinship considerations. However, public

⁵⁶ Pospisil, J.; Oringa, C.; Dawkins, S.; Deng, D. (2020). South Sudan's Transition: Citizens' Perception of Peace. *United States Institute of Peace (USIP)*.

⁵⁷ Nunberg, B. (2018). South Sudan's Civil Service Challenges. In: Collier, P. (2018). *The struggle for South Sudan: challenges of security and state formation*. Bloomsbury Publishing.

⁵⁸ Ibid.

FIGURE 9**Government revenue and investment budget**

Source: Ministry of Finance and Planning. Approved Budget Tables FY2019/20; and staff projections based on official data.

FIGURE 10**Public sector employment at the national level**

Source: Ministry of Finance and Planning. Approved Budget Tables FY2019/20.

employment also functions (however inefficiently) as a social safety net, as many of those receiving a regular salary support a significant number of dependents. At the median, households with a worker on the public payroll (in the armed forces or elsewhere) have seven members, and no other job activity. When salaries are paid, the public wage bill is also a way of ensuring that some government spending is directed toward creating demand for goods and services. This is an important consideration given the dearth of investment spending.

48. **Erosion of real wages and payment arrears have diminished the role of civil servants as customers to local businesses and have lowered morale.** With inflation, real wages have been declining steadily. In addition, the Government has delayed wage payments and accumulated arrears. By mid-2019, civil service salaries were in arrears of four months, transfers to states were in arrears of five months, and foreign diplomatic missions were in arrears of up to 14 months. Low and late payments have taken a toll on civil service motivation and have weakened the contribution of the public payroll to market demand.

49. From the overall macro-economic and fiscal context, the paper now turns to an examination of markets and the links to agriculture in South Sudan's main towns.

MARKETS AND MARKET-LINKED AGRICULTURE⁵⁹

Insecurity has disrupted all elements of the markets that South Sudanese rely on for their livelihoods, from agricultural production to the transformation of produce, trade networks, and demand

50. **Years of conflict have taken a dire toll on agricultural production, despite significant agricultural potential.** Due to its agro-climatic endowments, South Sudan had a rich history of producing and exporting staple and cash crops prior to independence.⁶⁰ Since the onset of conflict, however, production has plummeted and the number of farming households dropped by one quarter between 2013 and 2017.⁶¹ Many farmers have fled their villages for towns, where they have either given up farming or are forced to compete for scarce land in safe areas around towns. Among those who have stayed behind, many have been unable to access enough land to go much beyond subsistence farming or are afraid to travel to town for inputs and sales. This effect has been felt throughout the country and has not spared South Sudan's 'bread baskets' around Renk and Yambio. Thus, conflict has reduced many farmers from market-linked producers to bare-subsistence farmers, exposed them to greater climate risk as they farm more marginal land, and ultimately, has heightened the risk of famine. Since 2018, greater stability allowed for some returns to farms and a modest increase in area planted, as well as a slight decrease in the cereal deficit (to 37 percent of consumption needs—Figure 11), despite flood damage.⁶² Yet, secure access to land remains an serious constraint.

FIGURE 11

Cereal production and shortfall 2019 (thousand tonnes, FAO/WFP estimate)

Sources: Estimates from: FAO and WFP, 2020, Special Report: FAO/WFP Crop and Food Security Assessment Mission (CFSAM) to the Republic of South Sudan.

⁵⁹ This section summarizes results discussed in von der Goltz, Saidi, Mayai & Williams, 2020, *Reviving Markets and Market-Linked Agriculture in South Sudan*.

⁶⁰ Gupta, A. K. (2019). *South Sudan-Linking the Agriculture and Food Sector to the Job Creation Agenda*. World Bank. The Republic of South Sudan (2016). *Comprehensive Agriculture Master Plan*. Ministry of Agriculture, Forestry, Cooperatives and Rural Development Ministry of Livestock and Fisheries Industries.

⁶¹ Food and Agricultural Organization (FAO) and World Food Program (WFP) (2014). Special report: 2013 FAO/WFP crop and food security assessment mission to the Republic of South Sudan. FAO and WFP (2018). Special report: 2017 FAO/WFP crop and food security assessment mission to the Republic of South Sudan.

⁶² FAO and WFP (2020). Special report: 2019 FAO/WFP crop and food security assessment mission to the Republic of South Sudan.

51. **Markets have been profoundly disrupted, and value chains have disintegrated due to the drastic decline in production, insecure roads, loss of assets, and a breakdown in local market demand.** For years, it has been dangerous and expensive for traders, aggregators, and farmers to take goods to market. Many of them have lost their tools and working capital. At the same time, conflict has destroyed livelihoods and diminished purchasing power. In consequence, those who rely on market-linked agriculture for a living face an exceedingly difficult environment in which costs and risks are high and demand is depressed.

Market activity is recovering, but the range of goods and services remains constrained by the effects of conflict, and food system value chains are few and short

52. **Market activity was recovering in 2019, as armed violence declined and a greater sense of security emerged in the aftermath of the Peace Agreement.** Across the five localities surveyed in October 2019, and particularly in Malakal and Rumbek, market traders agreed that activity in markets had increased strongly throughout the previous year (Figure 12). However, traders did not agree on whether there had been an increase in demand. It remains to be seen whether the brief closure of markets for non-food items in response to COVID-19 has had any long-term effect on market activity, along with trade disruptions and the decline in real incomes due to food price hikes.
53. **After years of conflict and disruption, there is little diversity in agricultural products traded, and the food system value chains are few and short.** Most market stalls sell untransformed or transformed agricultural products (52 percent) or re-sell consumer commodities (45 percent). There are far fewer artisans

FIGURE 12

Changes in market activity and demand in 2019

Market traders are two to three times more likely to say that there are more sellers in the market than that there are fewer sellers

However, they are equally likely to say that demand has decreased as they are to say that it has increased

Note: Self-reported changes in different measures of market activity and demand over the twelve months preceding September 2019. Share of market traders who agree with different assessments of change.

Source: Market Trader Survey, 2019.

(9 percent) and service providers (12 percent). Within these categories of goods and services, the range of products is notably narrow (Figure 13). Stalls that sell unprocessed agriculture products are most likely to focus on a few types of vegetables and grains, while flour, juice, and baked goods are the most prominent locally transformed products sold. The main food sector value chains, such as the preparation of groundnut paste, are rudimentary, mostly involving only a single processing step after harvest and little packaging or transport. While a richer range of food products and value chains has survived, those niche activities generate few jobs and little output.

54. **The impoverished range of products reflects the conflict's impact on cultivation, livestock ownership, and the purchasing power of customers.** Historically, South Sudan's exceptionally diverse agroclimatic zone produced a rich range of crops. However, conflict has not only cut overall agricultural yields, but it has also reduced the range of crops being grown. Diversity has decreased due to difficulties in obtaining seeds for less common crops, the destruction of orchards, and restricted access to land suitable to some crops. While livestock herds are enormous, there are few jobs in market-linked livestock value chains, since many farmers in and near towns fear keeping livestock in an insecure environment and have lost animals to disease and theft. On the demand side, cash-strapped households in towns have few resources for enriching their diets, and producers fighting to stay afloat can ill-afford to invest in crops that may take time to mature.

FIGURE 13

Goods and services offered by market traders

Note: Share of market traders who offer different types of goods and services, with exact products and services most commonly mentioned within each category.

Source: Market Trader Survey, 2019.

Although most market activities are small-time and profits are slim, market traders usually provide for most of their household's income, and markets offer significant numbers of jobs

55. **Market traders tend to be fairly well-educated and old enough to have accumulated some savings.** About nine in ten market stalls owners (89 percent) work at their own stalls, while a few maintain a stall as an investment. About two-thirds are men. Women are much more likely to trade in untransformed agricultural products whereas men trade in consumer goods. Market traders are typically in their mid-twenties or thirties—an age when workers have had the opportunity to accumulate some savings. Older stall owners

have higher revenues. While there are some illiterate traders, half have at least completed secondary school (35 percent) or have higher education (14 percent).

56. **About half of those who trade consumer commodities are foreigners, while three in four foodstuffs sellers are South Sudanese farmers, traders, and processors.** South Sudanese own three out of four market stalls selling agricultural goods and almost half of those re-selling consumer goods. Foreign nationals have a greater presence among grain and flour traders (45 percent). South Sudanese active in food sector value chains include farmers who typically sell small surpluses in the market, professional market traders who buy either from farmers or larger traders, and processors who may use a mix of own production and purchased inputs.
57. **Every three market traders employ between them two workers from outside their families, with helpers earning about the going rate for unskilled labor.** About one in three stalls (31 percent) employs workers from outside the owner's family, in addition to family helpers. Those who hire any workers have two helpers at the median, so that on average, any three market stalls provide jobs for two workers. Those who sell untransformed agricultural products are less likely to hire than other types of stalls, in line with lower revenues among these traders. Workers in the market can expect to be paid about SSP 600 (\$2) per day, which is about the going rate for unskilled workers.
58. **While revenues are meaningful relative to local wages, sales are very modest, and few traders sell anywhere close to what they could offer.** At the median, vendors of agricultural products can expect to earn about 3,000 SSP (\$10) during a day in the market, with higher revenues among those who sell consumer goods (about SSP 5,000). While this is about six times the typical daily wage for unskilled workers, it reflects modest sales (Figure 14). The median revenue corresponds to only about 13 kilogram of wheat flour in the Juba retail market, or some 17 bundles of leafy greens in Malakal. In line with modest revenues, traders are likely to say that on a typical day, they have between five and 20 customers and sell much less than they could. Among those who trade in agriculture goods or offer services, about one in four say they typically sell nothing or very little, and more than two thirds say that they sell less than half.
59. **Most market traders rely on their market job for most of their household's livelihood, but profit margins are slim, and processors in particular consider their activity a last resort.** For six out of seven market traders (85 percent), running their market stall is the only or the most important income generating activity for their family, and nearly all come to the market daily and all year round. Faced with strong

FIGURE 14

Livelihoods of market traders

Note: Self-reported median daily revenue among market traders who sell agricultural products. Daily wages of market helpers as reported by traders who employ help from outside the household. Amount of wheat flour equivalent in value to SSP 3,000 in the Juba retail market (FAOStat data 2020) at the time the survey was taken.

Source: Market Trader Survey, 2019.

competition and considerable transport costs, traders and processors alike report that they achieve only small profit margins, such as 2–4 percent profit on grain and groundnut transactions for traders and a few hundred SSP of profit from processing a batch of goods. Processors do not tend to view their activities as a substantive, full-time job, and instead consider them a small-time pursuit to generate some cash income or a last resort when subsistence agriculture fails.

Local agriculture products face competition from imports, as insecurity and its consequences make it difficult for aggregators to operate and for farmers to take products to market

60. **Even though aggregators and farmers continue to take agricultural products to market, their activity is inhibited by low supply, insecurity, high costs, and uncertain rewards.** Some aggregators continue to be active, mostly in buying vegetables, fruit, groundnuts and grains, but their practice is often small-time and seasonal. While aggregators can in principle still expect high margins, low supply, insecurity and bad roads pose obstacles. Due to limited aggregator activity, many farmers are forced to take their goods to markets themselves—but insecurity and bad roads are challenges to them, too. In addition, farmers typically have little access to transport and face low market demand, so that they confront both additional cost and uncertain rewards.
61. **With market integration disrupted, imports of basic foodstuffs compete with local products in the market.** As insecurity continues to curtail South Sudan’s considerable agricultural potential, imports are competitive in the markets despite high transport costs. At the most basic level, insufficient local food production and limited access to storage facilities open a market for imported agriculture products. Further, some traders also argue that imports can compete with local products in terms of quality and (with too little local aggregation) convenience of sourcing (Figure 16). As a result, traders source agricultural products opportunistically, and goods in the market are a mix of imports and local crops (Figure 15). For instance, among market traders who sell vegetables, half report that they buy from local producers (49 percent), and one third say they buy from aggregators who source locally (32 percent). However, more than half (59%) also buy imported produce.

FIGURE 15

Source of fruit and vegetables offered at market stalls

Note: Sourcing of products sold in market stalls that sell fruit and vegetables, excepting traders who only sell own produce.

Source: Market Trader Survey, 2019.

FIGURE 16**Sourcing agricultural product locally—market trader views on advantages and disadvantages**

Better to transport from villages rather than Juba or abroad in terms of...

Note: Views of market traders who sell agricultural products on the advantages and disadvantages of sourcing produce from villages within a day's travel in the dry season as compared to sourcing from Juba (asked of traders outside of Juba) or abroad (asked of traders in Juba).

Source: Market Trader Survey, 2019.

62. From examining the links between the economic mainstay, agriculture, local markets, and jobs the study now turns to businesses, as well as employment in non-government organizations.

JOBS IN BUSINESSES AND NON-GOVERNMENTAL ORGANIZATIONS ⁶³

The business community is typical of a low-income conflict-affected country, but with a particularly weak productive sector and an outside importance of NGOs and foreign-owned businesses

63. **Some 14,000 businesses and Non-Government Organizations (NGOs) employ about 72,000 workers in towns, about six percent of the urban labor force.** Roughly 56,000 of these jobs are held by South Sudanese nationals (about 78 percent). The type of modestly established or permanent businesses surveyed thus employ about six percent of the labor force in towns, but are a much more important employer in Juba, where they provide one in every four jobs. Juba is the center of business activity and employment, with about every other business (51 percent) listed in Juba and two-thirds (66 percent) of all workers in

⁶³ This section summarizes results discussed in Finn & von der Goltz, 2020, *Business and NGO-Related Jobs in South Sudan—Insights from Surveys on Business and Enterprises*.

businesses located in the capital. The concentration of businesses in Juba has risen since independence, with only about one third reported as headquartered in the capital in 2010.

64. **Conflict has affected most surviving businesses.** There are only two businesses among the more than 4,000 surveyed that report not having been affected by armed conflict. Businesses have most commonly suffered a loss of customers (80 percent), followed by loss of assets (50 percent), closures (43 percent), and barriers to investment (37 percent). The four localities with the largest business communities—Aweil, Juba, Rumbek, and Wau—have been less affected than some smaller towns. While conflict has calmed, about one in five businesses (22 percent) still report having been a victim of conflict in the year preceding May 2019.
65. **As is typical in a low-income conflict-affected country, businesses are young and rarely mature into large firms, though a few very large businesses employ about half of all workers.** South Sudanese businesses are young: three in five commercial businesses (59 percent) have started operations since the beginning of the civil war. At the median, businesses have been operating for five years, with NGOs usually having been in business longer. As in other low-income fragile countries, most businesses are very small (72 percent are micro enterprises), with the median business employing three workers including the owners. At the same time, a few large businesses provide nearly half of all employment in established businesses and organizations, and the ten largest employers alone account for 15 percent of these jobs. Out of the ten largest established employers, the two biggest are security firms, the other eight are NGOs. Of the 47 employers with at least 100 workers—which account for 23 percent of jobs in established businesses—half (23) are NGOs. The commercial businesses include five security firms and five banks or money transfer companies, and three each are hotels, medical providers, and trading companies. There is a ‘missing middle’ of medium-sized businesses, a well-known symptom of limited growth opportunities.
66. **Even by the standards of a low-income fragile country there is very little manufacturing, and commerce and basic services businesses dominate.** Commerce and basic services account for most jobs in businesses (88 percent—Figure 17). Commerce is the largest employer (26 percent of jobs, excluding NGOs), followed by hospitality (17 percent), and a category that mainly captures private security services (13 percent). Only about eight percent of workers, some 4,000, are active in manufacturing, the processing of agricultural goods, or construction. To put this number into perspective: private security firms employ

FIGURE 17

Employment in businesses by business activity

Note: Number of workers employed in businesses (including potentially the business's owner), by sector of business activity. Activities coded ‘production’ include manufacturing and agribusiness (including forestry and fisheries), as well as other businesses that report having generated income from “production and processing of goods.” Commercial businesses excluding NGOs.

Source: IBES, 2019.

FIGURE 18**Women's participation in owning and working for businesses**

Note: Share of women among owners of commercial businesses and heads of NGOs, as well as among employees of these entities. Share of women among owners of market stalls.

Sources: IBES, 2019. Market Trader Survey, 2019.

about four times and hospitality employs about six times as many workers as manufacturing businesses. Incomes per worker are also lower for businesses in production than in commerce (a finding consistent with daily incomes reported in the youth jobs survey), and such businesses are less hopeful than others about their prospects. Juba is home to the largest community of manufacturing businesses. Beyond the capital, there is a sizeable number of agribusiness workers in Renk and manufacturing workers in Wau and Rumbek. Compared to established manufacturing businesses, household activities provide far more employment in processing (an estimated 76,000) and artisanship (10,000), although there is no data to compare productivity.

67. **Men outnumber women as business owners and workers by four to one.** About one in four (23 percent) businesses owned by South Sudanese is run by a woman (Figure 18). Similarly, among workers employed by any type of business, about one in four (23 percent) is a woman, with a higher share (32 percent) in NGOs. Women's participation varies greatly across towns and business activities. Women represent about two in every five workers in hospitality (44 percent), health (39 percent), and administration and security services (37 percent), while they account for only one in every nine workers in commerce (11 percent). In the markets, women have a greater presence, and own one in three stalls, including half of those that trade agriculture products.

NGOs and foreign-owned businesses are important employers for South Sudanese workers; foreign-owned firms source some inputs locally, but could become more important customers

68. **NGOs and foreign-owned businesses have an outsize role as employers.** About 400 NGOs employ 15,000 workers, equaling 22 percent of all workers in businesses (Figure 19). Foreign-owned businesses play a major role in providing employment: two in five commercial businesses are foreign-owned (43 percent), and four in five of them hire South Sudanese workers (80 percent). These businesses provide nearly half

FIGURE 19**Hiring by type of business and nationality of worker**

Note: Number of workers employed in businesses (including potentially the business's owner), by nationality of workers, and disaggregating between commercial businesses owned by South Sudanese and foreign nationals, as well as NGOs.

Source: IBES, 2019.

(47 percent) of all jobs in commercial businesses, employ 28 percent of all South Sudanese who work for businesses or NGOs, and hire about three South Sudanese workers for every two foreign workers. Nearly all of these businesses are owned by citizens of South Sudan's neighbors (95 percent), including Sudanese (Khartoum) (54 percent). Because of the importance of commerce and casual services, foreign-owned businesses typically employ workers as shopkeepers (30 percent) or salespeople (29 percent), and only rarely for higher-skilled positions such as artisans or mechanics (seven percent).

69. **Foreign businesses believe they benefit from greater business acumen and access to funds than their locally-owned competitors, while relationships with government and customers pose challenges.** Most foreign businesses feel like their toughest competitors are other foreign-owned businesses (82 percent), but also say that they compete directly with South Sudanese businesses (89 percent). This share is somewhat lower among large firms (75 percent). Owners feel that South Sudanese competitors have an advantage in establishing better relations with government and customers. However, they believe that foreign business owners have better technical and business skills and greater funds, and are also more used to competition.⁶⁴

70. **Foreign-owned businesses integrate into the economy: while many rely on imports, a significant number source some agriculture products locally, and most are hoping to stay permanently.** Many foreign-owned firms re-sell goods or provide services that require inputs produced outside of South Sudan (e.g. manufactured consumer goods, food such as refined sugar, soda and alcoholic beverages). Of those who buy any agricultural crops for processing, about half (54 percent) buy South Sudanese goods. This means that many businesses import goods that they could in principle find in South Sudan, due to lower cost (63 percent) and availability in bulk of imports (74 percent). However, it also reflects a significant engagement of foreign-owned firms as buyers at a time when markets have been significantly disrupted. Similarly, the data (with caveats) also indicates that foreign-owned businesses contribute about one and a half times more to demand for services than South Sudanese businesses. Finally, foreign businesses do not view themselves as serving an aid-driven economy temporarily and would likely stay (72 percent—Figure 20), hoping that greater stability (with a decreased UN presence) would be good for their business (96 percent).

⁶⁴ 'Access to funds' is used instead of the familiar 'access to finance', to emphasize that funding is overwhelmingly drawn from own or family funds.

FIGURE 20**Expected impact of a better security situation and reduced UN/NGO presence****A. Would revenue increase or decrease?** **B. Would you stay in this area?**

Note: Stated expectations of foreign-owned businesses.

Source: Foreign businesses survey, 2019.

FIGURE 21**Views on UN and aid agencies as source of demand****A. Are the UN and aid agencies an important source of income to businesses?** **B. What do the UN and aid agencies buy from local businesses?**

Note: Views of foreign-owned businesses on the importance of UN and aid agencies as customers to the local business community.

Source: Foreign businesses survey, 2019.

71. **Local procurement by the UN and aid agencies is a minor source of demand for businesses in Juba, but a major factor in smaller markets, particularly for food and personal services.** Among foreign-owned firms, 50 percent sell to the UN or aid agencies.⁶⁵ Very few in Juba (six percent) derive the majority of their revenue from such sales, but many do in other towns (42 percent). Similarly, respondents to the foreign businesses survey believe that the UN and aid agencies are a significant customer for 74 percent of businesses outside of Juba, and for 39 percent in Juba (Figure 21). Respondents see such agencies as customers for retail (92 percent) and wholesale (66 percent) food purchases, as well as for personal services (64 percent). Market traders confirm that aid agency demand plays a role in markets such as Bor and Malakal, but much less so in Juba. Still, while the Juba business community does not rely on humanitarian procurement, the many relatively well-paid UN and NGO employees are likely an important source of demand.
72. Having covered the findings related to firms, businesses, non-government organizations and the UN system, the paper now turns to the major challenges hindering business activity.

Constraints limiting activities in households, markets, and businesses⁶⁶

73. **Despite the many obstacles to job activities, hope for recovery was fueled by the peace process and an increase in stability in 2019.** The legacy of conflict, displacement, and disaster has placed a heavy burden on economic activity. However, a turn toward less violence in 2019 was enough to foster optimism about their prospects among traders and businesses alike. In June 2019, businesses were seven times more likely to expect that the impact of insecurity on their business would improve than to believe that it would deteriorate, and sixteen times more likely to think that demand for their business would go up. In September 2019, market traders were nineteen times more likely to say that they expected an improvement in the security situation rather than a deterioration, and six times more likely to believe that demand for their goods and services would rise.

There is a clear set of prominent constraints shared across different types of economic activities

74. **Households, market traders, and businesses consistently stress that insecurity, lack of funding, low demand, and poor roads are the key constraints to economic activity.** Businesses, traders, and households alike point to a lack of funding and low demand (including as a result of inflation) as key constraints to their activities (Figure 22). Traders and businesses emphasize the role of bad and dangerous roads and the direct impact of fighting. Electricity is an important concern for businesses, especially the larger ones, whereas access to inputs and skills are much less urgent concerns. The four key obstacles are consistent across towns, with somewhat varying emphasis. For instance, market traders in Malakal most often cite lack of funds. In Juba, lack of funds or inflation seem to play the biggest role. Traders in Bor and Rumbek particularly stress bad and dangerous roads, and those in Wau emphasize roads and a lack of customers. Businesses in Yambio stress insecurity and roads, whereas those in Wau mention access to funding and a lack of market access.

Insecurity, bad roads, and ad-hoc fees constrain activities

75. **Insecurity continues to obstruct business and market activity and is compounded by poor road quality.** Despite greater stability, insecurity continues to seriously impede economic activity. Outlying fields remain dangerous to access in many localities. Two in five businesses report that they had been victims of crime in the year up to June 2019, and one in five had experienced a shock directly related to conflict. Market traders who transport goods from villages to towns (66 percent) and between towns (72 percent) said in September 2019 that they had recently feared for their security on the road. The poor state of roads compounded with insecurity raises transport cost and poses a formidable obstacle to local and national

⁶⁵ Data on UN and aid agencies as customers is only available from the foreign business survey, but respondents to the survey were asked their views of the importance of humanitarian agencies to the wider business community in their towns.

⁶⁶ This section summarizes relevant results in the *Technical Reports I–IV*.

FIGURE 22**Constraints on different types of business activities****A. Household business activities
(most important constraint)** **B. Market traders (most important constraint)** **C. Businesses (significant constraint)**

Note: Constraints reported by owners of different types of business activities. Only constraints mentioned by at least 10% of respondents shown, as well as skills. Lists of constraints posed were not the same across surveys. Most important constraint reported by owners of household business activities and owners or managers of market stalls. 'Serious' or 'very serious' problem reported by respondents in business survey.

Sources: IBES, 2019; Market Trader Survey, 2019; Youth Jobs Survey, 2019.

trade.⁶⁷ Compared to its arable land, South Sudan has less than half the road density of Sudan, and less than one-sixth that of other East African countries.⁶⁸ In the rainy seasons, 60 percent of roads are impassable, and the only paved road outside of cities is the highway linking Juba to Uganda.⁶⁹

76. Road checkpoints and market fees impose an additional burden and contribute to high prices.

Insecurity also raises the cost of doing business through a multitude of payments extracted from businesses. Six out of ten (60 percent) traders who travel between towns have to pay fees at checkpoints (Figure 23). With a median payment of 5,000 SSP (about \$17) at each checkpoint, fees can quickly add up to a multiple of a trader's typical daily revenue. In addition, most market traders (93 percent) pay fees to operate in the market, including the traders with the lowest revenues. A majority of traders say that fees amount to a significant share of their revenue—particularly in Juba.

⁶⁷ Pape, U. J., Benson, M. S., Ebrahim, M. F., & Lole, J. Y. (2017). *Reducing poverty through improved agro-logistics in a fragile country: findings from a trader survey in South Sudan*. World Bank.

⁶⁸ World Bank (2019). *Assessing conditions for an efficient engagement in the road sector in South Sudan*.

⁶⁹ World Bank (2016), *Rural roads*. UNOPS (2016) *Roads sector development plan*.

FIGURE 23**Fees traders pay at checkpoints and in the market****A. Payments at checkpoints between towns** **B. Market fees**

"If you load a land cruiser [with goods], they can demand 10,000 SSP [at a checkpoint] if they are merciful... Hence, when you reach the market you have to demand high prices for your goods to compensate for all the taxes you incurred on the way to the market."

Trader focus group, Renk

Note: Number of checkpoints encountered on a typical business trip by traders who transport goods between towns. Self-reported payments of market fees, by average daily revenue.

Source: Market Trader Survey, 2019.

77. Rebuilding roads alone does not necessarily lower transport cost, but an early focus on cutting checkpoint payments and re-opening local feeder roads may help ensure that gains are realized.

Evidence from road construction initiatives elsewhere in Africa shows that better physical infrastructure alone may not reduce transport cost for traders. Trucking company monopolies as well as ongoing informal taxation via checkpoints can erase the potential gains.⁷⁰ As noted, checkpoints are a constraint to traders, but poor competition in the transport sector may perhaps be a lesser concern in the short run, as long as investments focus on rural to urban feeder roads, which currently pose the key constraint for small businesses and producers. Unlike on trunk-roads, there are fewer barriers for individual traders, aggregators, and farmers to cooperate and compete in transporting goods on feeder roads, as they are accessible with bicycles, tuk-tuks, and motorcycles rather than larger trucks.

There is barely any use of credit, and businesses rely on limited own resources

78. In a high-risk, low-demand environment, nearly all business activities rely on limited own and family funds, and hardly anyone takes loans. Bank account ownership has risen significantly since independence, and about two in five businesses (44 percent) have an account. However, firms essentially do not use formal finance. Hardly any firms (three percent) have taken a bank loan over the past three years,

⁷⁰ Teravaninthorn, S., & Raballand, G. (2009). *Transport prices and costs in Africa: a review of the main international corridors*. World Bank.

and even among large firms, the share is only slightly higher (six percent). Instead, businesses say they cover losses from shocks through loans or gifts from family and friends (67 percent), or use their own earnings and cut salaries (30 percent—Figure 24). Similarly, among market traders, few (11 percent) say they would finance large purchases by borrowing formally. Rather, most would rely on their own savings (81 percent) or borrow from family, friends, neighbors, or colleagues (31 percent).

FIGURE 24

Access to funding

A. Businesses: funding used to cover losses due to shocks

B. Market traders: expected ways of funding large purchases

Note: Panel A: funding sources respondent businesses used to cover actual losses experienced due to shocks in the twelve months preceding the survey (multiple answers possible). Panel B: funding sources market traders report they would be likely to use in order to fund a (hypothetical) large purchase (multiple answers possible).

Sources: IBES, 2019; Market Trader Survey, 2019.

Low market demand limits productivity and makes investments risky

79. Market traders face constrained demand due to an increase in competition, little diversification, few purchases from humanitarian actors, and low purchasing power among households. Among market traders who sell agricultural products, one in four say they sell nothing or very little on a typical day, and an additional 42 percent say they sell less than half of what they could offer (Figure 25). Nearly universally, market traders report that they have many direct competitors, as is to be expected given the low degree of diversification. With individual customers cash-strapped and only few able to buy wholesale, market traders find it hard to find sufficient demand. The UN and aid organizations play some role as buyers, but only one in six traders of agricultural products outside of Juba (and one in eight overall) considers the UN an important customer. Those active in the markets of Bor (31 percent) and Malakal (14 percent) are most likely to rely on UN organizations as customers, which may reflect the recency of recovery in the two locations. With few traders selling at capacity, it is intriguing to ask whether the UN family

FIGURE 25**Market traders—competition and level of sales****A. Number of vendors in market offering same goods or services** **B. Daily sales—stalls trading agricultural products**

Source: Market Trader Survey, 2019.

and humanitarian organizations could play a larger role in increasing demand, for instance, by expanding WFP's smallholder purchase programs and similar efforts.⁷¹

80. **Among the negative effects of inflation, businesses identify its toll on demand as the most pressing concern.** Inflation poses a tough challenge to businesses, particularly through its impact on demand and business risk. While the main business dataset did not ask about the impact of inflation, polling among foreign-owned businesses shows that most (87 percent) consider inflation one of their main challenges (see Figure 8, above). A large majority (70 percent) feels that the impact of inflation had worsened over the year leading up to June 2019. Market traders confirm this observation (70 percent). Businesses point to a number of inflation impacts, most commonly a drop in demand (73 percent) and incurring losses from their regular activities (68 percent).

Skills are unlikely to be a key constraint in the short run, but support to education must continue to build a skills base for the longer term

81. **While conflict has taken a heavy toll on education, skills are unlikely to be a major constraint on jobs outcomes in early recovery.** In the towns of South Sudan, seven in ten workers have at least some formal schooling and three in ten have received more than primary education. Education levels are higher among workers in businesses: two fifths have tertiary or vocational education (43 percent) and one third (33 percent) have completed secondary education. As a result, only nine percent of businesses consider hiring a serious problem (9th in the list of issues). Both foreign and domestically owned business by a large margin find it easier to hire South Sudanese than foreigners. Education has improved and only one in twelve

⁷¹ WFP reported that its Smallholder Agriculture Market Support program in 2019 purchased some 700 tons of grain from 3,700 farmers, and 877 tons between January and May 2020. Overall, WFP sourced some 8,300 tons from South Sudanese producers in 2019, including through commercial purchases.

FIGURE 26**Education attainment among the working-age population**

Note: Highest level of education attended.

Source: High Frequency Survey South Sudan, 2017.

15–19-year-olds have no education compared to 41 percent among 35–39 year-olds (Figure 26). However, conflict is eroding these gains. As of 2015, about one in three primary school-age children in towns were out of school, with lower enrollment among young women.⁷² While labor supply is therefore unlikely to be a significant constraint on businesses in the immediate term, the breakdown in schooling is likely going to affect the employability of young South Sudanese in the long term.

⁷² UNESCO and South Sudan's Ministry of General Education and Instruction (2018). *Global Initiative on Out of School Children: South Sudan Country Study*.

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3. POLICY AND OPERATIONAL IMPLICATIONS

82. **Policy can effectively support urban jobs, but it must align with the peace process, consider lessons from international experience, and operate at a scale commensurate with the challenge.** To complement the assessment of jobs laid out above, the following section (i) provides a framework for jobs support as an integral part of peacebuilding and economic recovery in South Sudan and summarizes global evidence on what works. It (ii) assesses the cost of an effective support program and (iii) provides detailed sectoral recommendations for jobs support.

A FRAMEWORK FOR SUPPORT TO JOBS IN PEACEBUILDING AND RECOVERY

What would a recovery process look like in South Sudan?

83. **Substantial literature calls for a focus on jobs as an important component of peacebuilding processes, with careful attention to avoid reinforcing inequities, displacement and militarization.** Significant literature highlights the key role of jobs and economic opportunity in peacebuilding.⁷³ The literature also holds that the recovery process after war is not one of reconstructing the *status quo ante*⁷⁴ but one which allows for transformation.⁷⁵ In the case of South Sudan, this transformation requires navigating two dynamics: the move from a subsistence to a cash economy,⁷⁶ as well as the emergence of a war economy driven by the political-economic interests of those who have benefited from the war.⁷⁷ Support must tread carefully to help build job activities that thrive on stability and contribute to it, rather than those shaped by conflict.
84. **To move to a sustainable growth path, policy must gradually put in place a sound macro-fiscal framework and raise investment that supports productive business activities.** In the long-term, South Sudan, like other low-income economies that have experienced conflict and heavily depend on natural resources, faces an unavoidable challenge: It must begin managing budgets more transparently and reorient public spending away from crisis response and toward supporting the emergence of productive sectors and value chains. Resource revenue will at some point vanish—and once it does, there is far less opportunity to make the investments in infrastructure, markets, and people that can help grow alternative sources of wealth.
85. **Given the pervasive toll of conflict, second-best measures and gradual changes have a role to play in early recovery aligned with a peacebuilding process.** Conflict has taken a heavy toll on household job

⁷³ Reviewed in: World Bank (2013). *World Development Report 2013: Jobs*; von der Goltz, Hallward-Driemeier, Piffaretti, Rutkowski, & Jha (2016). *An integrated framework for jobs in fragile and conflict situations*. World Bank; Von Der Goltz, J., & Mavridis, D. (2020). *Supporting Jobs in Fragility, Conflict, and Violence Situations*.

⁷⁴ Cooper, N., Pugh, M. C., & Turner, M. (Eds.). (2008). *Whose Peace? Critical Perspectives on the Political Economy of Peacebuilding*. Palgrave Macmillan.

⁷⁵ United Nations and World Bank (2018). *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict*.

⁷⁶ Thomas, E. (2019). Moving Towards Markets: Cash, Commodification and Conflict in South Sudan. *Rift Valley Institute*.

⁷⁷ World Bank (2020). South Sudan conflict-economy (unpublished).

activities, value chains, markets, and businesses and has left macro-economic management in a very poor state. Little in the economy today is as it should be, and the level of capacity and resources is very low. In choosing ways to support jobs, it is therefore particularly important to be realistic about what is possible and effective in the immediate term, and to allow for some second-best solutions until more sustainable approaches become viable. Thus, the following paragraphs outline a set of policy actions that start from modest steps designed to promote early recovery. Despite their short time horizon, the goal of these proposed actions is to lay the groundwork for increasingly ambitious reforms, spanning the arc toward a sustainable policy framework.

What does global experience tell us about job-centric recovery and peacebuilding processes?

86. **Each armed conflict context calls for an adaptive ‘menu of options’ for peacebuilding and recovery; in South Sudan, job creation should be central to such a recovery strategy, from policy to public investment.** This study recommends some reform in macro-economic policy and puts forward proposals for publicly financed programming. Raising public investment is crucial, since several years of stability will be required before external private sector actors can meaningfully engage. In the short-term, private sector development means public investment to create the conditions for indigenous and largely small informal businesses to begin taking small risks and grow their activities, particularly those related to agriculture.
87. **Program-level jobs support in an adaptive peacebuilding and job-centric recovery strategy should build on some essential lessons learned elsewhere.** Programs to support jobs at the individual or group level complement actions at the policy level. To close the urban poverty gap, average consumption would have to rise by some 45 percent. Even successful jobs programs do not typically quite achieve such an impact. However, they can expect to raise outcomes by 20–40 percent, which would be a meaningful change relative to needs. The literature evaluating such approaches in fragile and conflict environments⁷⁸ highlights the following findings:
- i. Cash grants for individuals to support job activities (and similar in-kind support in agriculture) have a good record in terms of results.⁷⁹ Grants to businesses have had success as well, but face greater operational hurdles;
 - ii. Labor-intensive public works (LIPW) can provide short term support but should not be expected to lead to sustainable impacts;
 - iii. Orthodox demobilization and reintegration programs are unlikely to have much impact in a context where so many (primarily) men are under arms;⁸⁰
 - iv. Traditional “skills only” training (such as TVET programs) does not have a good track record in improving jobs outcomes;⁸¹
 - v. Psycho-social support for jobs outcomes has been successful but there are few examples at scale;
 - vi. Research will need to accompany programmatic interventions to ensure the necessary data and analytics to allow for adaptation.
88. **In adapting such approaches, spatial variation will be required.** Differences exist between groups such as IDPs and urban residents, but also across different towns. For instance, agriculture employs 70 percent of urban workers in Yambio, but only 20 percent in Aweil and Wau. Thus, while challenges of poverty, conflict, insecurity and resilience may be common across all of South Sudan, a one-size-fits-all solution will not succeed.

⁷⁸ Summarized in von der Goltz & Mavridis, 2020, *Supporting Jobs in Fragility, Conflict, and Violence Situations*.

⁷⁹ Blattman, C., & Ralston, L. (2015). *Generating employment in poor and fragile states: Evidence from labor market and entrepreneurship programs*.

⁸⁰ Boswell, A. & de Waal, A. (2019). South Sudan: The Perils of Payroll Peace. *Conflict Research Programme Payroll Peace Memo*.

⁸¹ The findings presented here suggest that currently, a mismatch in skills is not a major obstacle to doing better in business activities; additional vocational training is not a short-run priority for jobs support. However, efforts to provide good basic education remain crucial, and in short-term jobs support, there indeed should be an attendant life-skill and psycho-social support which are offered in addition to livelihood assistance and small grants.

89. **A heuristic is useful to recommend different support modalities that are relevant to the local context.** To shed light on which of the support programs and policies identified above may be most appropriate at what point in recovery, a heuristic for applying policy and operational recommendations in different localities that is contingent on three basic scenarios was developed:

- i. ***Status quo insecurity and food scarcity***: some market and business activity remain, but close to bare subsistence.
- ii. ***Area by area improvement in security on the roads and in the fields and basic recovery in food production***: a recovery based on local demand from more food-secure households with some external funding (plus some import substitution) can improve job outcomes to the point where people are at least less precarious. South Sudan made some progress toward this kind of situation in 2019.
- iii. ***A shift toward broader security across the nation***: some further gains in recovery based on national trade and broader import substitution can continue to improve outcomes and begin to allow for some greater investment in productivity.

While difficult in practice, this heuristic places emphasis on local area-based and integrated programming that encompasses peace and security interventions allied with programs that support individuals and stimulate the recovery of local markets. Table 1 maps actions in different policy areas to scenarios.

TABLE 1

Suggested policy actions for jobs support at different stages of stabilization

Policy area	Policies to stabilize the status quo	Policies to boost local recovery	Policies to transition to broader recovery
Macro-fiscal	<ul style="list-style-type: none"> • Avoid monetizing deficits 	<ul style="list-style-type: none"> • Avoid monetizing deficits • Dedicate some additional investment to agriculture and local roads 	<ul style="list-style-type: none"> • PFM reform • Raise investment in agriculture and roads • Unify exchange rates
Aggregate demand	<ul style="list-style-type: none"> • Pay public sector salaries • Purchase programs 	<ul style="list-style-type: none"> • Pay and adjust public sector salaries • Purchase programs 	<ul style="list-style-type: none"> • Maintain salaries
Direct livelihood support	<ul style="list-style-type: none"> • Food aid • Public works and cash transfers 	<ul style="list-style-type: none"> • Public works and cash transfers 	<ul style="list-style-type: none"> • Targeted cash transfers
Agriculture productivity	<ul style="list-style-type: none"> • Inputs to restore basic production 	<ul style="list-style-type: none"> • Grants or vouchers to support production • Incentives for aggregators • Capacity building for producer organizations 	<ul style="list-style-type: none"> • Grants to support production • Support producer organization for VC revival
Self-employed business activities	<ul style="list-style-type: none"> • Ease fees in the market and at checkpoint 	<ul style="list-style-type: none"> • Grants for self-employed activities • Psycho-social support 	<ul style="list-style-type: none"> • Grants for self-employed activities • Psycho-social support • Access to finance for more established businesses

Source: World Bank.

90. **The pandemic and locust outbreak do not change the set of key jobs policies, but they are critical for the timing and prioritization of different activities.** A long series of crises and disasters, both natural and human-made, has shaped the state of the economy. The pandemic and locust outbreak—while serious—are a continuation of the challenges workers and businesses have long been facing and therefore do not change the set of suggested policies. However, they do have important implications for timing and prioritization; adjusting both will crucially require data on the impact of the crisis on jobs, food security, and market activity. First, the targeting of livelihood support must consider the degree to which different job activities have been disrupted. Early lockdown policies had a severe impact on households in Juba that depend on small market activities in commerce and services. If agriculture inputs become less available due to lockdown measures, households in agriculture will be at risk. Second, while cash support (including humanitarian purchases) are a crucial tool in recovery, it is only helpful and appropriate once markets have overcome some of the friction caused by control measures. Third, with falling government revenue, macro-fiscal reform has become more urgent to use resources well and avoid depressing aggregate demand as far as possible.

THE COST OF JOBS-BASED RECOVERY

What would a jobs-recovery engagement in South Sudan cost?

91. **Despite high aid levels, needs are enormous, as poverty remains pervasive and deep, with an annual poverty gap of \$618m for urban and \$2.8 billion for rural communities.** In 2017, the poverty gap was 31 percent and 50 percent for urban and rural South Sudan, respectively, translating into an average poverty gap per capita of \$199 among the urban and of \$321 among the rural population. Despite ODA amounting to 24 percent of the annual poverty-line income, the aggregate poverty gap was \$618m per year for urban and \$2.8bn for rural areas.
92. **This study is not designed to provide a full assessment of the recovery cost in South Sudan, but it tries to shed some light on what is needed to make program-level support for jobs meaningful.** This study does not consider the cost of policy actions and is also not designed to consider general equilibrium implications of investments. It also cannot provide a full fiscal framework (see Box 2, below). However, it does provide enough insights to inform a discussion on what level of support would be required for an urban-led recovery effort to make a noticeable difference on jobs outcomes.
93. **To illustrate the scale of support needed for an urban jobs recovery, this calculation focuses on urban households that depend on self-employed activities.** The urban population is not very large, at about 3m, or 350,000 households (eight members at the median). Targeting of jobs support will involve subtle considerations related to reducing poverty, promoting good business ideas, and avoiding exclusion. However, to illustrate what scale of support would be meaningful, a good starting point is to consider the 60 percent of urban households that have no waged job activity. They tend to be poorer than other households, and most others either have a public-sector employee and would benefit from clearing wage arrears or rely on a member who works for aid organizations at a typically higher income. Of the roughly 228,000 households without waged work, about equal numbers rely exclusively on agriculture, on agriculture and a market activity, and on a market activity only. World Bank and partner programs have previously operated in South Sudan at similar scales, with LIPW reaching 40,000–150,000 beneficiaries and programs supporting agriculture extending to 130,000–200,000 beneficiaries.
94. **Experience in South Sudan and neighboring countries provides a benchmark for the cost of some proven ways of supporting urban jobs outcomes at the individual level:**
- Cash grants for self-employed activities** in agriculture and beyond have a good track record in low-income economies.⁸² This includes fragile and post-conflict environments, where cash grants have been

⁸² von der Goltz & Mavridis, 2020, *Supporting Jobs in Fragility, Conflict and Violence Situations*.

evaluated, for instance, in Burkina Faso, Liberia, Niger, and Uganda.⁸³ DfID and World Bank projects in Kenya have recently incurred costs of about \$452 and \$496 per beneficiary. We assume a cost of \$420, based on a \$350 cash grant and 20 percent overhead cost.

- ii. **Input provision** has a well-established role in relaunching agriculture production. In Kenya, the World Bank spent \$64 per beneficiary on vouchers for agriculture inputs.
- iii. **Labor-intensive public works** are a form of temporary income support that may in some instances serve a community-building purpose. World Bank and DfID LIPW in South Sudan have recently budgeted between \$140 and \$297 per beneficiary. We assume a cost of \$216, based on 60 workdays at SSP 600 plus \$60 materials per worker and 20 percent overhead. Similar support could be provided through cash transfers.
- iv. The importance of **psycho-social support** in a country shaken by violence, gender-based violence, and trauma cannot be overstated.⁸⁴ Support programs have shown promise with limited investment, but they have been small in scale.⁸⁵ Costs per beneficiary were \$189 and \$756 for projects in Liberia and Togo (via NGO-implemented projects). Interventions would have to be piloted with rigorous learning and randomized comparison for results. We assume a cost of \$250 per beneficiary, and based on the literature, assume a caseload of 20 percent of the beneficiary population.⁸⁶
- v. **Infrastructure, and particularly roads, is a high priority for the Government, and a number of partners have supported these efforts.** Over the years, several partners, such as the WFP, the EU, UNOPS, and the World Bank, have provided assistance for the construction of both trunk roads for access to neighboring countries as well as for arterial connections between main towns. In recent projects focused on rural roads that connect agricultural producing areas to towns, the cost per km ranged from \$60,000 to \$130,000.⁸⁷ We assume that a recovery program would have to work at scale and would require a minimum of \$250m for a rural roads program that would aspire to repair or build new roads equivalent to the current network within about 25 km of the major towns (about 2,200 km in total).⁸⁸
- vi. **Agriculture purchase programs** to source humanitarian supplies from smallholders are operating at small scale in South Sudan. Local smallholder procurement reportedly added a premium of 20 percent to regular procurement in Tanzania.⁸⁹ Applying the premium to maize prices in Yambio, the hypothetical premium for buying grain equivalent to the entire surplus of the county would have been \$0.4m, and \$2.3m for the equivalent of the estimated 2019 surplus in Western Equatoria.⁹⁰ Assuming that households with small surpluses could sell about 0.25t of grains (the average 2019 surplus per household in Yambio county), the incremental cost of buying from one household might be about \$18.75.

95. A comprehensive urban-based program to support jobs in recovery would cost about \$500 million in addition to the cost of policy-level support. An approximate costing of program-level support suggests that an investment of about \$0.5bn could significantly advance urban recovery (Table 2). Half

⁸³ Liberia: Blattman, C. and Annan, J. (2016). "Can employment reduce lawlessness and rebellion? A field experiment with high-risk men in a fragile state." *American Political Science Review*; Uganda: Blattman, C., Fiala, N., & Martinez, S. (2014). "Generating skilled self-employment in developing countries: experimental evidence from Uganda," *Quarterly Journal of Economics*; Burkina Faso and Niger: unpublished results from an ongoing multi-country evaluation of World Bank productive inclusion projects.

⁸⁴ Kumar, S., and A. Willman (2016). "Healing invisible wounds and rebuilding livelihoods" . *Journal of Public Health Policy*.

⁸⁵ von der Goltz & Mavridis, 2020, *Supporting Jobs in Fragility, Conflict and Violence Situations*.

⁸⁶ Mogga, J. L. K. (2019). The mental health treatment gap in South Sudan. *South Sudan Medical Journal*, 12(1), 28–29.

⁸⁷ Between 2006–2012, the World Bank invested \$216m rehabilitating or building 3,500 km of rural roads; between 2012–2019 smaller projects included an EU investment of \$42 m in 350 km of rural roads and the World Bank \$38m for 465 km of roads (World Bank (2019). Assessing conditions for an efficient engagement in the Road Sector in South Sudan). A WFP program rehabilitated 144 km for \$19 (World Food Program (WFP) (2018). Feeder Roads Special Operation, South Sudan End of Project Review Report).

⁸⁸ Road data from: Meijer, J.R. et al. (2018). "Global patterns of current and future road infrastructure." *Environmental Research Letters*.

⁸⁹ Kelly, S., & Swensson, L. F. J. (2017). Leveraging institutional food procurement for linking small farmers to markets. *FAO Agricultural Development Economics Technical Study*.

⁹⁰ Using surplus reported in the Special Report of the FAO/WFP 2019 crop and food security assessment mission (FAO and WFP (2020). Special report: 2019 FAO/WFP crop and food security assessment mission to the Republic of South Sudan), and price data from FAO/GIEWS.

of this estimated cost arises from support to individuals. Initially, input provision and public works could provide direct but temporary livelihood support during early recovery. Assuming some progress toward local stability, a second wave of activities would focus on psycho-social support and capital support. The latter could, and likely should, come in multiple guises, provided in cash or in-kind, and to individuals, or groups such as cooperatives and producer organizations.⁹¹ Finally, about half of the overall estimated cost results from the need to restore and expand local feeder roads and to step up local procurement of food aid (subject to surplus production being achieved) with the goal of reviving integration between towns and rural areas.

96. **Implementing such a recovery program in a complex context will be very challenging.** The goal of this study is to better understand how individuals, communities and firms are coping and to identify

TABLE 2

Estimated cost of an urban jobs recovery program

Activity	Unit Cost	Potential beneficiaries	Coverage ambition	Program cost
Inputs for agriculture	\$64 per beneficiary	169,524	Every household primarily active in agriculture, two years	\$22 million
Labor intensive public works	\$216 per beneficiary	116,141	Every poor household not primarily active in agriculture, two years	\$50 million
Cash grants	\$420 per beneficiary	256,016	Every household with a primary business activity (agriculture and non-agriculture)	\$108 million
Psycho-social support	\$250 per beneficiary	364,800	All affected workers (assuming 20% case-load)	\$75 million
Rural-urban feeder roads	\$125,000 per km	2,000km	Repair or build the equivalent of all current roads within 25km of ten towns	\$250 million
Agriculture purchase programs	\$18.75 per beneficiary	175,000	Scale up humanitarian purchase programs for agricultural products for three years	\$11 million
Total cost				\$516 million

Source: World Bank data.

successful approaches to early recovery programming. Its purpose is not to outline the detail of how such a program would be implemented. However, it is worth noting some issues that will be critical in terms of design. This would include the targeting of beneficiaries and avoiding unintended consequences⁹² such as

⁹¹ As cash grant programs scale up, there is increasing attention toward the possibility of both positive and negative spill-over on those who do not receive grants, including through a potential effect of grants on local prices. Positive spillover effects have been observed, with little inflation, including in localities where two thirds of households received support (Egger, D., Haushofer, J., Miguel, E., Niehaus, P., & Walker, M. W. (2019). General equilibrium effects of cash transfers: experimental evidence from Kenya. *National Bureau of Economic Research*). However, another study finds adverse effects on non-grantees (Haushofer, J., & Shapiro, J. (2018). The long-term impact of unconditional cash transfers: experimental evidence from Kenya. *Busara Center for Behavioral Economics, Nairobi, Kenya*).

⁹² Idris, I. (2017). Conflict-sensitive cash transfers: social cohesion. GSDRC.

exposing recipients to predation. In turn, there is now plenty of evidence about what kinds of activities best accompany cash provision,⁹³ and how they can be best optimized.⁹⁴

With the primary focus on humanitarian assistance, what can South Sudan afford?

97. **Official Development Assistance (ODA) is the single biggest financing flow to South Sudan, yet only about one tenth of it is used for purposes other than humanitarian aid and human capital.** The average (net) ODA over the years 2017–2018 was about \$1.9bn or about \$171 per capita, roughly four times the government's oil revenue. However, 71 percent of this funding is assigned to humanitarian purposes and an additional 18 percent to human capital investments (education, health, and social infrastructure). Therefore, spending on more long-term development amounts to about \$203m, or a bit less than half the government's estimated oil revenues. Because of the preponderance of humanitarian spending, fully funding an urban jobs recovery program out of ODA would require a near-doubling of non-humanitarian ODA (an 85 percent increase), sustained over three years, but only a nine percent increase in overall ODA, over three years.
98. **No single actor can undertake such a process alone; Government revenues are potentially a big lever, even if seriously diminished by the recent oil price fall.** Most Government revenue comes from oil sales. The projected FY20 net revenue at current prices yields an expected net oil revenue of \$431m per annum, which is about two thirds of the aggregate urban poverty gap (\$618m), though only about 14 percent of the entire national poverty gap. If the Government were able to dedicate an additional 10 percent of net revenue to jobs investments, the available budget would be equivalent to \$135 per urban household, which over three years would cover about one-quarter (26 percent) of the cost of a full recovery program.

RECOMMENDATION FOR SECTORAL ACTIONS TO SUPPORT JOBS

Three key enablers for a jobs-intensive recovery at the policy level are: security and roads, macro-economic reform, and actions to support aggregate demand

Security and roads

99. **Greater security is the single most important condition for a recovery in job opportunities.** Conflict has affected nearly all surviving businesses, disrupted markets, and lowered productivity of self-employed activities. It continues to affect job activities directly through predation and extortion, as well as indirectly through poor access to markets and low demand. Progress toward peace at the local level. Careful conflict mapping will be required to factor local variances into any recovery process.⁹⁵
100. **The Government has placed a high priority on roadbuilding as a route to development; yet this must be accompanied by efforts to ensure the security of people and vehicles.** It is estimated that the country needs to spend some \$1.4 billion per year on infrastructure.⁹⁶ However, such investments need to be synchronized with area-based peacebuilding and assurances from the Government that persons and traffic can move freely, protected from extortion or banditry. They also need to be guided by a consultative

⁹³ Blattman, C., Jamison, J. C., & Sheridan, M. (2017). Reducing crime and violence: Experimental evidence from cognitive behavioral therapy in Liberia. *American Economic Review*, 107(4), 1165–1206.

⁹⁴ Slim, H., Banfield, R., Adenhof, T. S., & Burton, J. (2018). Cash Transfer Programming in Armed Conflict: The ICRC's Experience. *ICRC*.

⁹⁵ Autesserre, S. (2010). *The trouble with the Congo: Local violence and the failure of international peacebuilding* (Vol. 115). Cambridge University Press.

⁹⁶ Ranganathan, R., & Briceño-Garmendia, C. M. (2011). *South Sudan's infrastructure: a continental perspective*. World Bank.

process to ensure that investment benefits rural access roads that can re-connect local markets.⁹⁷ Better security on the roads⁹⁸ and some recovery of primary production are preconditions to restoring market activity and market-linked agriculture.⁹⁹ Market-linked activities can in turn feed into a recovery of agriculture more broadly. Yet, as long as insecurity remains a constraint and food production is precarious, fear and scarcity will continue to weigh heavily on market activity.

Macro-fiscal management

101. **The political economy of reform is very difficult, but the Government can make a real difference with first steps toward reform.** Re-shaping macro-fiscal management will take political will, time, and effort and will likely be very challenging. Yet, some policy opportunities, while far from perfect, can make a concrete difference in making it easier for workers to make a living. While due to data limitations, these recommendations cannot be embedded in a proper fiscal framework, Box 2 seeks to provide a perspective on feasibility. International experience can provide guidance in designing an effective long-term reform agenda centered around public financial management and in particular around the use of oil revenue. The key short-term measures to create better conditions for local markets, small business and livelihoods include the following:

- i. **The Government should abstain from monetizing deficits while also implementing the peace agreement.** Businesses and households are vocal about the difficulty of dealing with inflation, and sustained efforts to reduce price hikes are vital for economic recovery and better jobs. Greater peace and stability would help a resurgence in food production and lower the pressure on food prices. It would also allow for a gradual return of some confidence, which would release pressure on the exchange rate. In addition to peacebuilding, the Government's key policy lever to control inflation is to abstain from monetizing budget deficits.
- ii. **The Government should dedicate some oil revenue to development priorities to ensure that oil wealth supports better jobs and economic opportunity.** There is a well-known set of best practice for transparency and effective use of resource revenue, and reform efforts should begin. In the short run, given the outsize role of oil in the economy, even a limited investment of oil revenue in infrastructure and basic services would make a difference for jobs and recovery. One option would be to dedicate resources to visible flagship public investment projects and to invite greater scrutiny of their implementation. Significant foreign investment is going to take several years of stability to attract—at least in the case of investment outside of sectors that provide high rents but few jobs. In the short-term, private sector development thus needs public investment to support growth of indigenous businesses, particularly those related to agriculture, and to gradually encourage re-investment of revenues and of some of the significant remittances (\$1.3bn in 2018¹⁰⁰) South Sudanese living abroad send home.
- iii. **Lifting fees in the market and at road checkpoints would boost market activity but may require compensating security forces in a transparent manner through the public payroll.** Fees in the market and on the road are a significant burden, including on the smallest traders and producers. Those who levy the fees must carefully consider whether the use of the revenue raised in this way justifies imposing this burden. In many instances, these fees may be alternative channels of income for security forces that do not receive sufficient salaries. A serious effort is thus needed to pay forces in a transparent way from the public payroll.

⁹⁷ Indeed, while there is undoubtedly demand for improvements in the quality of trunk roads, experience in Africa suggests that the impact such investments have on transport cost may be limited where there are powerful trucking oligopolies (Raballand & Teravaninthorn, 2009, *Transport Prices and Costs in Africa*).

⁹⁸ World Bank (2016). A Triumph Over Long Odds: Building Rural Roads in South Sudan. www.worldbank.org/en/news/feature/2016/02/09/a-triumph-over-long-odds-building-rural-roads-in-south-sudan.

⁹⁹ Mulauzi, B. (2018). South Sudan needs roads for peace. Literally. African Arguments. <https://africanarguments.org/2018/10/18/south-sudan-needs-roads-for-peace-literally/>.

¹⁰⁰ World Bank (2017). Migration and Remittances Data. <https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data>.

BOX 2: A CONSISTENT FISCAL FRAMEWORK FOR JOBS?

This study highlights key macro-fiscal policy actions to support jobs in recovery. It would be customary to embed them in a fiscal framework that demonstrates how the budget can be balanced with such investments in jobs. Regrettably, at time of writing, there is not enough information available to offer such a framework.

Perhaps most notably, any assessment of revenues is limited by the dearth of reliable information on oil sales (projections put oil revenue at about \$431m for FY21), and on whether additional resources could be mobilized through better oil revenue management.

As far as expenditure is concerned, it is possible to at least shed some light on the magnitude of fiscal cost associated with the three macro-fiscal policy actions suggested in this report. Of these, a policy of abstaining from monetizing deficits is likely to have the largest direct budget implications. After COVID-19, the projected FY21 shortfall could reach up to \$0.75bn. This is equivalent to roughly 44 percent of projected FY21 expenditure, so that financing the deficit on-budget will require important resources. Second, keeping current on domestic public service salaries also involves significant resources, though less so than monetary discipline: six months of domestic salary arrears amount to roughly \$130m. Finally, while there is no reliable data on revenue raised from informal checkpoints and market fees, it is worth considering that revenue from customs has been projected at only about \$5m. Easing such fees is therefore likely to come with a more limited cost than the other key policies recommended.

On balance, making investments in jobs amid a tight macroeconomic environment will require both much more transparent budget management and astute political judgment. With reduced resources, progress is likely to be imperfect. Yet, partial success may make a real difference for businesses and jobs, for instance, in keeping inflation at levels that are at least manageable.

- iv. **To make progress toward its development priorities, the Government must improve budget transparency and end the practice of extra-budgetary contracting.** Maintaining security will continue to absorb significant resources, but the Government should gradually shift spending toward development priorities. Resource and budget management remain very opaque. While fiscal transparency is no cure-all, more information is needed to help the Government successfully prepare investment plans, track execution, and improve scrutiny that keeps policy on track.
- v. **The Government should formulate a sustainable exchange rate policy that promotes jobs; to develop such a policy, transparency on foreign currency flows is needed.** The dual exchange rate system is constraining domestic government spending and taking some toll on competitiveness and needs reform. To chart a responsible path for reform, clarity on US Dollar flows is urgently needed. This will help clarify whether the level of the official exchange rate has a bearing upon the price of key commodities, including imported food staples and fuel.

Aggregate demand

- 102. **Policy to stimulate local demand has a role to play in the short term, but should keep a close eye on inflation and ensure that local producers benefit.** Limited demand depresses revenue and makes even small investments risky for those with few resources. In the longer-term, South Sudan has the potential to once again become an exporter of agricultural products and significantly expand demand for its products. However, in the immediate term, a recovery of local demand in towns is a more realistic prospect, followed by a gradual revival of exchange between towns, and substitution of some food imports. Support that boosts such local demand is important, in conjunction with careful price tracking to make sure support does not unintentionally stoke inflation.

- i. **During early recovery, the Government should look to the public payroll as a way to channel resources to revive demand.** An obvious starting point for supporting demand is to ensure that public sector salaries are paid and adapted to inflation. With greater stability, the Government must renew its post-independence commitment to building a professional civil service that provides real services to the people, and it must re-orient its spending toward investment. In the short term, however, it can use the existing payroll as a ready conduit to inject much-needed demand in the market by paying arrears and considering a reasonable adjustment of salaries to account for inflation. Public servants, employed by central, state and county institutions, are important clients for market traders and resuming salary payments can directly help address depressed demand.
- ii. **Local food aid purchases and market guarantees in surplus areas could stimulate market activity.** In towns outside of Juba, the UN and aid agencies are important customers and could make a greater difference in reviving activity. Under its Purchase for Progress approach, WFP has been pursuing opportunities to source food aid locally, including with the intention to revive aggregation. Given the large volumes of food aid imported, stepping up purchases in surplus areas should be explored, not only for grains, but also for some processed agriculture products, such as peanut paste or dried fish. Such programs must avoid possible elite capture. The feasibility of innovative instruments, such as a temporary purchase guarantee for aggregators, should also be explored to directly target the revival of aggregation networks. Finally, programs that give cash transfers or food for public works to support consumption should consider how they can encourage purchases from local suppliers. A starting point could be to alert farmer cooperatives and others to program schedules.

A jobs-centric recovery strategy will require some key sector components to support agricultural production, productivity in self-employment activities, and small business activities

Direct livelihood support

103. **This study focuses on job activities that can be self-sustaining.** However, it is worth noting that temporary income support through cash transfers or public works has an important role to play in moving from humanitarian food aid to promoting economic opportunity. Such temporary support has also in some instances been found to increase savings and the productivity of job activities.¹⁰¹

Support to productivity in agriculture

104. **Agriculture and the food sector can offer job activities for a significant number of urban workers, with the potential for higher productivity.** Agriculture is a surprisingly big employer in urban areas. There is potential for higher productivity and for linkages up and down value chain that could provide jobs in processing and services. Support to such activities can thus hope to reach an important share of the work force, and it can aspire to promote activities that can eventually provide more than mere subsistence income.
 - i. **Support to agriculture can build on a broad base, even in towns and among youth, which should be leveraged.** Agriculture is the main source of livelihoods for half of all urban households and has the potential to become more productive as stability returns. Half of all young workers view jobs in agriculture favorably: youth active in the sector are more likely to want to continue their activities than those in other sectors, and many express interest in receiving support to do better. There is therefore a broad base for better jobs linked to agriculture, and support programs are likely to encounter some interest, even in towns.
 - ii. **In agriculture value chains, cash grants could allow actors to take on some minimal risk.** Aggregators, traders, processors, and farmers shy away from small investments because risk is pervasive

¹⁰¹ von der Goltz & Mavridis, 2020, *Supporting Jobs in Fragility, Conflict and Violence Situations*.

and they have few resources to bear those risks. While not all risks can be alleviated, small grants can help workers overcome some of them. Cash (or in-kind support) could help aggregators bear demand risk and allow farmers and processors to inch back into the production of a slightly broader variety of goods, and it could help farmers improve storage to spread out supply. Because of the very low asset base and use of credit, it is unlikely that loans would be a promising way to pursue these goals.

- iii. **Farmer cooperatives could be a lever to restore market-linked agriculture, but capacity and elite capture need close monitoring.** South Sudan has a tradition of strong farmer cooperatives. While mostly dormant now, these associations could help address many of the constraints that beset market-linked agriculture, for instance, by making a broader range of seeds available, using group bargaining power to provide storage, arranging aggregation and sharing information on prices. However, cooperatives must rebuild depleted capacity and guard against elite capture.
- iv. **If and when food security improves, market links will benefit from a gradual shift from the production of subsistence crops to diversification.** Agriculture today revolves around a narrow set of crops. As basic production and demand recover, it will be important to revive production of a broader set of goods. This could include support to accessing a broader range of seeds, restoring orchards, providing knowledge lost on former value chains, and re-stocking livestock that is not too dangerous to own. Such efforts must, however, be carefully sequenced with support to recovery in key subsistence crops.
- v. **Better analysis is urgently needed to understand the challenge of re-integrating the displaced and demobilized fighters into the work force.** Many workers have been internally displaced or fled the country. Re-integrating them into the labor force will pose specific challenges, as many have experienced trauma,¹⁰² lost assets, land, and networks, and have been out of work. Given the sheer scale of displacement, their return could represent a sizeable shock to local labor markets.

TABLE 3

Priorities for analytical work to support jobs in recovery and peacebuilding

Monitor the pandemic's effect on jobs, food security and market activity.
Better understand the working lives, attitudes, and aspirations of members of armed groups to chart a path to re-integration in the workforce.
Assess ways to step up humanitarian purchases of agricultural products.
Review public financial management and identify viable paths to improvement.
Assess how to help grow household businesses active in food sector value chains and in making artisan products—including the many business activities run by women.
Study steps needed to re-engage aggregators.

Source: World Bank.

Support to self-employed business activities

- 105. **Self-employed activities and household enterprises provide the broadest base for support to business activities.** Most jobs outside of the public and NGO sector are self-employed activities in agriculture, commerce, and basic services, few of which provide more than poverty-level income. The future of jobs need not reflect this present state. However, the first steps toward recovery need to take account

¹⁰² Kumar, S., & Willman, A. (2016). Healing invisible wounds and rebuilding livelihoods: Emerging lessons for combining livelihood and psychosocial support in fragile and conflict-affected settings. *Journal of public health policy*, 37(1), 32–50.

of today's reality: broad progress toward better jobs is most likely to come from a recovery of productivity in these activities and a resumption of the many market-linked activities lost to conflict.

- i. **Cash grants stand a chance of recovering productivity in self-employed activities.** Many households report that they have lost activities to conflict, households show little diversification of activities, and most respondents say that lack of funds is the greatest obstacle in their job activities. In the immediate term, helping households recover some lost activities and raise productivity may merely mean responding to this need and making modest funds available.
- ii. **With minimal use of bank loans, grant financing is likely to be a reasonable approach for broad business support in the short run.** Neither households, nor market traders and hardly any firms—large and small—take loans to support their business activity or deal with shocks. In markets where demand is low and cost as well as risk are high, outright grant funding is likely to be more viable during early recovery than access to finance support, if the goal is to operate at scale.
- iii. **In the short-term, it may be easier to reach scale by supporting household production activities rather than manufacturing businesses.** Very few businesses are active in production, which is a profound concern that must eventually change. However, because of the minimal baseline of activity, it will be difficult to create many jobs in manufacturing businesses in the short run. In early recovery, small household-based productive activities offer a clearer path to reaching scale.
- iv. **Programs to support small business activities should look to engage women and young workers.** Women and young workers are disproportionately limited to roles as helpers in household income-generating activities. Support for them can build on their prior experience and seize opportunities to help households diversify their jobs portfolios. Data suggests that reservation wages and overly optimistic expectations of government employment are unlikely to still pose an obstacle to engaging youth in modest job activities. Support to women's business activities can build on their significant presence among market traders, in particular among those selling agricultural goods.
- v. **Skills are unlikely to be a binding constraint in the immediate term, but the erosion of education must be reversed to avoid weakening the skills base of the future workforce.** As conflict has so profoundly disrupted economic activities, it is likely that jobs outcomes can significantly improve in the short term without dedicated investments in skills training (for instance, TVET). Neither businesses nor individuals currently view skills as a key constraint. However, as conflict is taking a major toll on access to education, reversing losses in access to schooling is key to avoiding damage to the skill base. Evidence also shows promising results for on-the-job training such as farmer field schools.
- vi. **It makes sense to embrace the foreign business community as a large source of employment for South Sudanese workers, and to foster their ability to source products locally.** Foreign-owned businesses are an important source of employment for South Sudanese, both as direct employers but also indirectly through their sourcing of some local goods and services. Committed to being in the country for the longer term, they could eventually become initial nodes in recovering trade networks. Programs to expand local sourcing should therefore seek to engage foreign businesses. A limitation to the potential of foreign businesses is that they largely engage in the same commerce and services activities as South Sudanese-owned businesses and are thus unlikely to be the vanguard of higher-skill sectors.

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