Ebony Center for Strategic Studies
Customs Road, Zain Building Opp. MTN, Juba - South Sudan
Tel: +211 921626272 | +211 923771456
Email: nyandengguot@ebonycenter.org
www.ebonycenter.org
'Advancing Critical Thinking and Innovation'

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Development in the Absence of Growth[1]: A New Approach for South Sudan

I. The Challenge

The pursuit of economic growth—and the subsequent elimination of poverty—stands as the defining purpose of much development assistance. For South Sudan, the quest for growth and "poverty eradication" remain at the center of a national conversation about the way forward. As the twelfth anniversary of independence recedes into history, it is useful to reconsider this standard notion as a guide to how the Government of South Sudan should continue discussions with the international donor community—the World Bank, the United Nations Development Programme, the African Development Bank, and country-based development agencies such as the U.S. Agency for International Development (USAID), the British Foreign Commonwealth Development Office (FCDO), and the Norwegian Agency for Development Cooperation (NORAD).

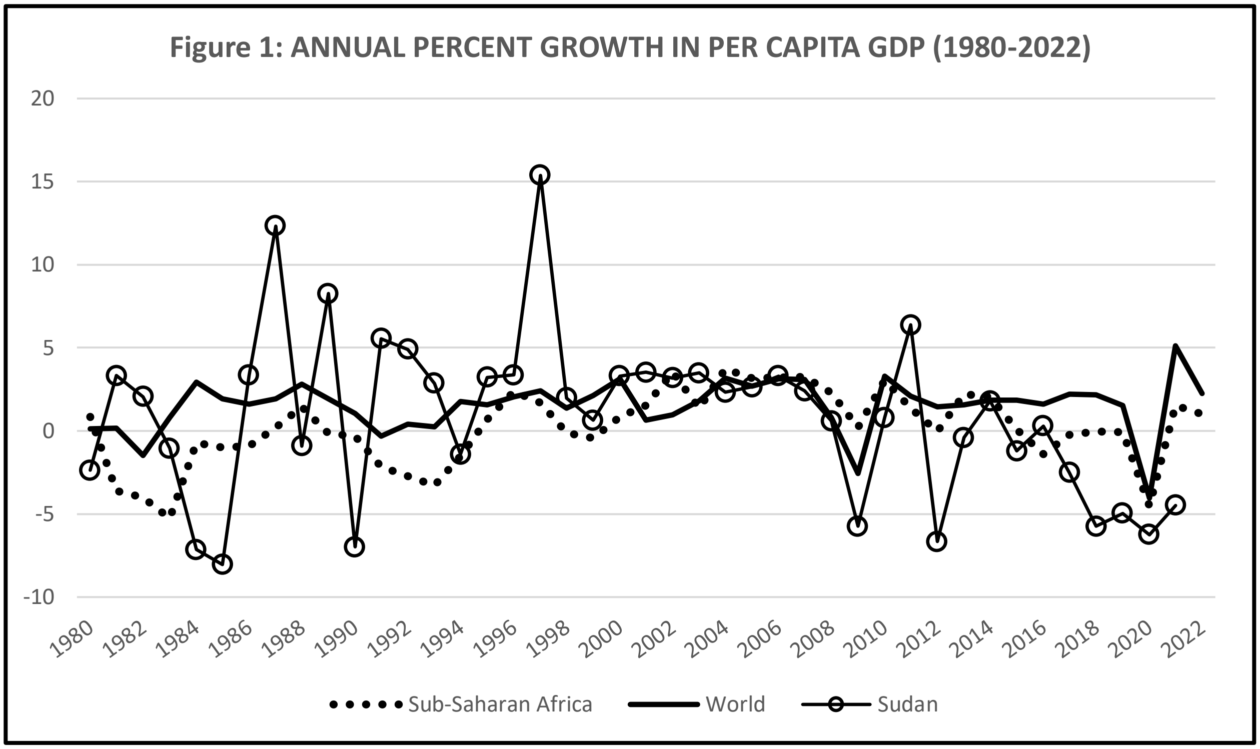
The standard idea of growth is obvious in its appeal—how else will the poor be lifted out of poverty? In 2022, the World Bank set the poverty line at US$2.15 per day for the poorest countries. The poverty line was higher—US$3.65—for lower-middle-income countries, and US$6.85 for upper-middle-income countries. Notice that growth in per capita incomes will lift people out of poverty, but that growth also lifts the poverty line—which then requires yet more growth in order to escape a rising definition of poverty. Are the donors chasing a moving target?

A more fundamental challenge for poor countries such as South Sudan concerns precisely what these numerical targets represent. Consider Figure 1. Here we see historic data indicating the annual percentage rate of growth in per capita Gross Domestic Production (GDP) calculated as follows:

> GDP per capita is gross domestic product divided by midyear population. GDP at purchaser's prices is the sum of gross value added by all resident producers in the economy

[1] Prepared by Dan Bromley, on behalf of VEST, Ebony Center.

plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources [World Development Indicators].



The Figure reveals that for sub-Saharan Africa, there were very few years since 1980 in which the average growth across all countries was above 2 percent. In fact, prior to 1994, every year seems to reveal negative rates of economic growth. Between 1994 and 2008, growth bounced around 2 percent per year, until the Great Recession of 2007-2009 struck. But also notice that sub-Saharan Africa was largely tracking the experience elsewhere in the world. If we strike an average rate of growth since 1994 for sub-Saharan Africa of about 1 percent, and combine that with actual per capita GDP of around $1,863 (in current US dollars) over the past 5 years, growth of 1 percent per year would have brought in an additional $18.63 per person per year. If we express this amount in the starkest terms, it works out to be approximately $0.05 per day.

The World Development Indicators lack data for South Sudan for most of this period. But the record of Sudan would seem instructive—and very few economists could make a case that South Sudan has outperformed Sudan since 2011. Sadly, since 2012, Figure 1 reveals that Sudan's growth record is very much worse than the average for 38 other countries in sub-Saharan Africa. Annual economic growth of 1 percent in South Sudan seems as if it might bring forth less than $0.05 per day. Is growth of 2-4 percent likely for South Sudan over the next several years? It is exceedingly unlikely, but even if possible, the gains would amount to a little more than $0.10 per day per person. In light of the many governance problems in South Sudan—Transparency International ranked South Sudan as the most corrupt country in the world in 2022—the success of a focus on economic growth is seriously problematic. **Other ideas must be considered**.

Much development assistance since the founding of the Bretton Woods organizations—the World Bank and the International Monetary Fund—has been based on the idea of ***convergence***. That is, economic growth across the poorer parts of the world would gradually bring their living standards (per capita incomes) in line with those enjoyed in the industrialized countries. With the exception of China, there has been very little convergence—especially across the African continent. However, there has been a different sort of convergence over the past 3-4 decades. Specifically, it is the ***rates*** of economic growth that have now converged as we see in Figure 1 above. Global incomes have ***not*** converged—and they seem unlikely to do so in the near future.

The problem is even more discouraging than this might imply. We must focus on the actual money available to individuals as a share of the official GDP of their country. This available currency is called "broad money." Broad money is the sum of: (1) currency outside banks; (2) demand deposits (in banks) other than those of the central government; (3) the time, savings, and foreign currency deposits of resident sectors other than the central government; (4) bank and traveler's checks; and (5) other securities such as certificates of deposit and commercial paper. In practical terms, this is the share of a country's Gross Domestic Product that is available for households to spend. We can get a general picture of the proportion of per capita GDP available to a population (broad money) by considering Table 1 below.

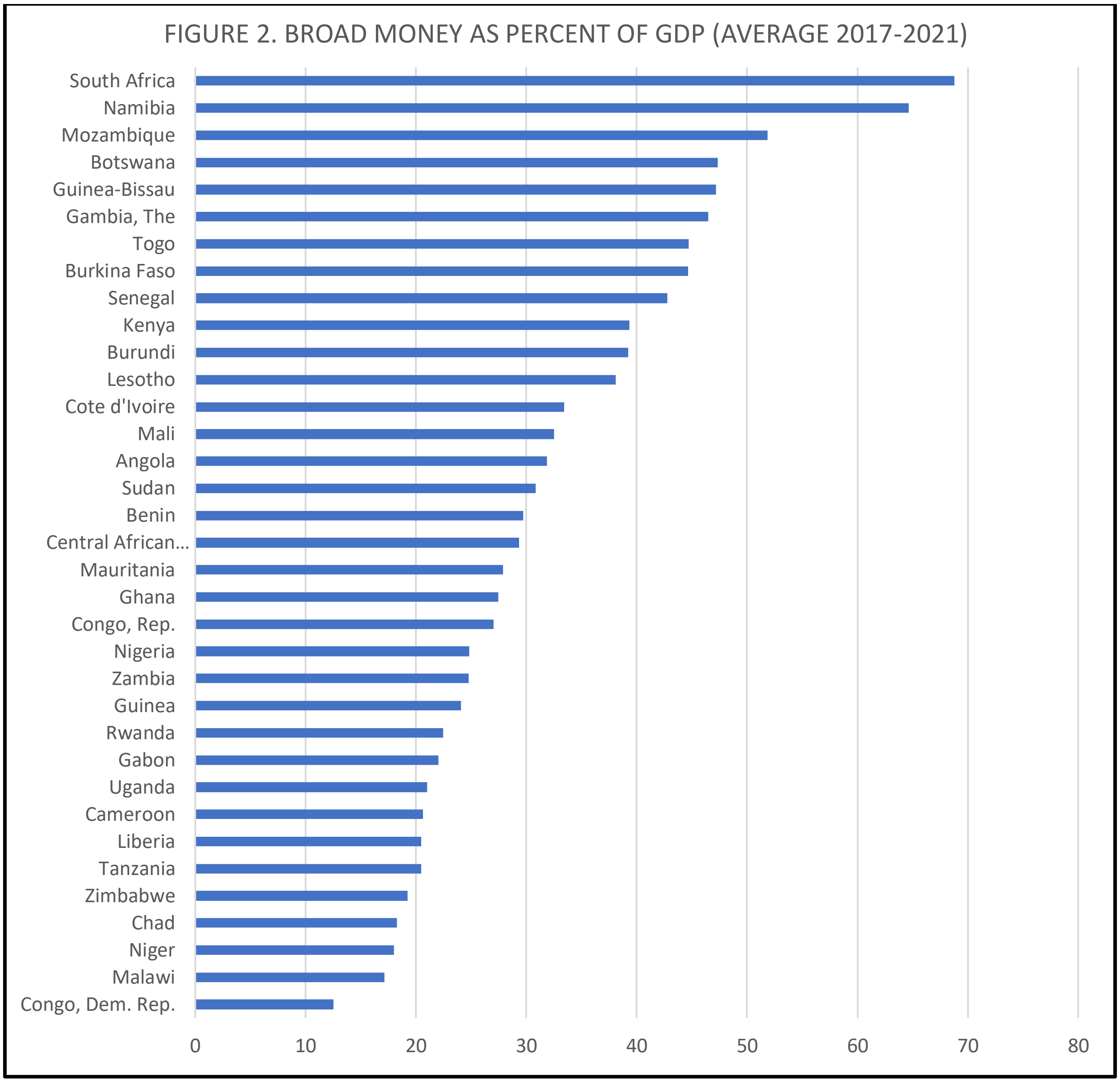
Table 1. Broad Money As Percent of GDP By Region and Classification
(Average of 2018-2021)

REGION	PERCENT OF GDP
Sub-Saharan Africa	39.7
Latin America & Caribbean	67.1
South Asia	75.1
Central Europe and the Baltics	92.3
North America	102.5
East Asia & Pacific	197.8
World	133.4
CLASSIFICATION	**PERCENT OF GDP**
Least developed countries	46.5
OECD members	126.2
High income	133.4
Middle income	134.0

Source: World Development Indicators

Notice that broad money is generally inversely related to the per capita GDP of a country. For sub-Saharan Africa, broad money comprised less than 40 percent of the official GDP averaging over the period 2018-2021. Where is the rest of a nation's GDP? It resides in national treasuries, government banks, or investment funds controlled by governments. Recall that national exports of oil, coal, natural gas, timber, and other natural resources generate income streams that often go directly into national accounts. Here, the funds are available to pay for necessary imports, and government expenses (salaries, military costs, etc.). With this 40 percent figure in mind, the per capita GDP available to the typical resident of sub-Saharan Africa is not $1,863 per year as derived above, but rather $745. Notice that this implies real money in purses and pockets that might approach $2.00 per day across sub-Saharan Africa. Obviously not everyone enjoys this alleged "bounty." In fact, consider Figure 2 below.

Here we see that 26 countries have less than 40 percent of their per capita GDP available as broad money. For Sudan, per capita GDP in 2021 was estimated to be about $750. With broad money at about 30 percent, this would imply about $225 of ready cash annually per person. For South Sudan it must be similar—if not below this meager amount. On a daily basis, we are getting close to $0.62.



Source: World Development Indicators

II. What Can Be Done?

In the wake of more than a decade of little economic growth in South Sudan, perhaps it is time to re-think priorities. The pursuit of growth seems incoherent. Given the current low level of per capita GDP actually available to millions of South Sudanese—but especially those struggling to survive across the vast ignored rural landscape. It now seems urgent to turn away from "fighting poverty" and to focus, instead, on improving the many defects of rural livelihoods in South Sudan. This brings us to the "two Africas problem" shown in Table 2 below.

The countries in sub-Saharan Africa—but especially South Sudan—offer an abundance of meaningful development activities that would make significant improvements in millions of livelihoods. In Table 2 we are not comparing countries in sub-Saharan Africa with the rest of the world. Rather, the reference here is to just five countries in North Africa (Algeria, Egypt, Libya, Morocco and Tunisia) since 2017. Notice that only three economic indicators favor sub-Saharan Africa compared to those in North Africa: (1) growth in broad money as a percent of GDP; (2) foreign direct investment as a percent of GDP; and (3) annual growth in gross capital formation. Perhaps North Africa is still struggling with the after-effects of the Arab Spring (2010 and 2011). All other economic indicators are seriously deficient when compared to this northern tier of countries.

Table 2. Comparative Economic Indicators for SSA and North Africa
(Average of 2017-2021)

	NORTH AFRICA	SSA
Broad money (% of GDP)	95.3	30.9
Broad money growth (annual %)	8.7	19.6
Domestic credit to private sector (% of GDP)	46.5	20.5
Domestic credit to private sector by banks (% of GDP)	38.4	18.4
Foreign direct investment, net inflows (% of GDP)	1.3	3.3
GDP per capita growth (annual %)	1.52	-0.01
GDP per capita, (current US$)	$4,638	$1,863
Gross capital formation (annual % growth)	-0.52	8.30
Gross domestic savings (current US$ per person)	$612	$367
Inflation, consumer prices (annual %)	6.0	16.0
Inflation, GDP deflator (annual %)	9.7	14.4
Net ODA received (% of gross capital formation)	5.1	38.5
Net ODA received per capita (current US$)	$39	$60
Total reserves (% of total external debt)	356.2	36.7
Rural population (% of total population)	34.3	56.9
Population	203,166,582	1,070,929,898

Source: World Development Indicators

It is obvious that in the economic sphere, several problems are particularly troubling: (1) low domestic savings; (2) low domestic credit to the private sector (by all sources); and (3) inflation. Turning to public health outcomes, there are a number of meaningful development opportunities (Table 3).

Table 3. Comparative Health Indicators for SSA and North Africa (Average of 2017-2021)

	NORTH AFRICA	**SSA**
Current health expenditure per capita (current US$)	$191	$91
Domestic general government health expenditure per capita (current US$)	$97	$38
Fertility rate, total (births per woman)	2.6	4.6
Immunization, measles (% of children ages 12-23 months)	89.9	74.3
Life expectancy at birth, total (years)	73.7	61.3
Literacy rate, adult female (% of females ages 15 and above)	71.1	57.9
Literacy rate, adult male (% of males ages 15 and above)	84.6	71.1
Maternal mortality ratio (modeled estimate, per 100,000 live births)	56.9	443.8
Mortality rate, under-5 (per 1,000 live births)	18.3	69.6
People using at least basic drinking water services (% of population)	95.7	65.3
People using at least basic drinking water services, rural (% of rural population)	88.4	51.3
People using at least basic drinking water services, urban (% of urban population)	98.0	84.2
People using at least basic sanitation services (% of population)	91.4	34.3
People using at least basic sanitation services, rural (% of rural population)	84.2	24.8
People using at least basic sanitation services, urban (% of urban population)	95.2	45.6

Source: World Development Indicators

Finally, the presence of the World Food Program in South Sudan indicates that the food system—not only here but across the Continent—is uniformly grim. For sub-Saharan Africa, fertilizer is generally unavailable, yields are approximately one-half of those obtained across the Maghreb, and per capita cereal production is close, but inferior (Table 4).

Table 4. Comparative Agricultural Indicators for SSA and North Africa (Average of 2017-2021)

	NORTH AFRICA	**SSA**
Fertilizer consumption (kilograms per hectare of arable land)	134.5	24.7
Cereal yield (kg per hectare)	2,455	1,432
Cereal production (metric tons)	7,146,554	4,430,342
Cereal Production (MT/person)	0.18	0.16

Source: World Development Indicators

III. Several Considerations

Tables 3 and 4 above list a number of profound deficiencies in sub-Saharan Africa compared to countries across the Maghreb. South Sudan stands far below the performance of these countries listed in the Tables. Addressing many of these defects will make profound contributions to improved livelihoods in South Sudan and are consistent with our focus on "development in the absence of growth." It is important to focus on several important failures in rural livelihoods and create simple programs that will help to alleviate current deficiencies. From Table 3, it is obvious that much attention must be devoted to: (1) high rates of fertility; (2) low rates of immunization against measles; (3) low literacy—especially among girls and women; (4) high maternal mortality; (5) high under-5 infant mortality; (6) low access to basic drinking water; and (7) low access to basic sanitation services. From Table 4 two glaring defects in food production are apparent: (1) little or no fertilizer; and (2) the subsequent defective yields per hectare.

Each of these defects will require some assistance from—and participation by—the central government. But concerted action at the local level can illustrate an acute awareness of these defects, and will demonstrate to national and state authorities a local commitment to work together to begin to address these problems. Local action can contribute to improved literacy by keeping girls (and boys) in school, maternal mortality and infant mortality can be improved by local initiatives to bring para-medical practitioners to a community, and local efforts to improve both water facilities and sanitation services can make important contributions to reduced mortality and morbidity.

There are a variety of means and mechanisms to improve on the dismal livelihood realities on display in Tables 3 and 4. We list just a few examples here. Some of these activities have been discussed in earlier Ebony Policy Briefs.

Community Development Program (CDP)

The Government of South Sudan lacks the staff and knowledge to identify high priority needs across the entire country. Only rural residents, faced with a daily struggle to establish plausible livelihoods, understand the problems and impediments that block their urgent aspirations. The government also lacks the ability—the necessary organizational and institutional capacity—to synthesize and rank all of the disparate needs of the citizenry.

A Community Development Program (**CDP**) offers the organizational ability to carry out these essential tasks. This program will empower residents of local communities—villages, bomas, payams—to come together to decide upon and create much-needed investments at the local level. Possible activities include constructing drainage ditches to reduce local flooding during the rainy season, installation of village water sources, improved sanitation facilities, school repairs, purchase of textbooks, supplemental salary for local teachers, etc.

The community would create a Board of Directors to facilitate establishment of a **CDP**. The Board would have several functions: (1) to help select priority projects; (2) to determine the required financial contribution—however small—expected from each household; (3) to organize and monitor local labor participation; and (4) to arrange for outside technical assistance if required.

Once specific projects have been identified, the Board would oversee the process of setting priorities for submission to a state-level Rural Development Council (**RDC**). The ten **RDC**s will have an annual fund provided by the central government that will support high-priority projects submitted by the local communities. The successful model for this idea is the Aga Khan Rural Support Programme in South Asia.

Youth Employment Scheme (YES)

The purpose of the **YES** initiative is two-fold: (1) to create an activity that will teach young people the value and discipline of structured employment; and (2) to instill in the youth of South Sudan a commitment to their local community. **YES** participants would perform tasks of great visibility in the local community. Examples include collecting litter and other wastes, keeping the school grounds and other common areas well maintained, painting local highway markers and other signage, and pruning trees and shrubs that block road signs or intersections. They could also assist local officials in various tasks at public meetings. **YES** participants would wear bright T-shirts in the colors of the South Sudan flag with the letters “YES” in bold relief.

Outstanding students would be identified by local schools with importance on keeping children in school. Students would participate in the **YES** program for one year. There should be equal participation by girls and boys. Students would work after school, on weekends, and during the summer recess—but probably not more than 6-10 hours per week. **YES** participants would receive a modest wage for their work, with the money being paid to their mother or other female adult relative. This modest payment would bestow additional esteem on the mothers and families of the **YES** participants, and the incremental cash infusion would stimulate local businesses.

Civic Redeployment Program (CRP)

One of the pressing challenges in South Sudan is to create meaningful employment possibilities that will attract soldiers to leave the military and settle down on their home village or one of the capital cities. The **CRP** would provide an important exit opportunity for these individuals. Re-deployed soldiers would continue to receive a portion of their military pay, but would be gradually moved into other paying jobs. The transition period might be for a period of 3-5 years, with the level of pay from the military gradually diminishing.

At the end of the transition, these re-deployed individuals would be expected to find work in the private sector or to work at public-sector jobs. Such individuals would be well-positioned to play important roles in the activities identified from Tables 3 and 4.

IV. Conclusions

The World Bank declares that:

> We face big challenges to help the world's poorest people and ensure that everyone sees benefits from economic growth. Data and research help us understand these challenges and set priorities, share knowledge of what works, and measure progress.[2]

The **Ebony Center for Strategic Studies** takes the position that the citizens of South Sudan cannot expect much from the alleged "benefits from economic growth." Their current livelihoods are impecunious in the extreme. With annual disposal income—money in pockets and purses—in the range of $225 per person, and with plausible rates of economic growth at less than 1 percent annually, the alleged "benefits from economic growth" would work out to approximately $2.00 per person per year. There is nothing about the economy of South Sudan that would lead any economist to expect economic growth above 1 percent per year. Indeed, there are a number of reasons to believe that growth could plausibly be less than that minimal figure. Negative growth is not unrealistic.

We conclude that the standard approach of the international donor community serves to fetishize economic growth when, in reality, growth is both unlikely and of little significance to the millions of individuals in sub-Saharan Africa. Growth is especially irrelevant to the struggling families of South Sudan. In fact, pursuing growth exposes donors to criticism when, year after year, few countries are able to achieve plausible growth outcomes. It was no surprise when few African countries managed to achieve the bulk of the Millennium Development Goals by 2015. And now there is a new and equally doomed campaign of Sustainable Development Goals in which "growth" seems to have been replaced by the twin (growth-related) goals of "no poverty" and "reduced inequality." Obviously, these two goals cannot possibly be achieved. Until every citizen of the world enjoys identical annual (real) incomes, there will be inequality, and hence there will be something relative called "poverty."

It is now urgent that the international donor community abandon its ineffective pursuit of growth and begin to engage countries such as South Sudan in ways that feasible results, not fanciful imaginings, become the basis for meaningful collaboration. We here offer a number of much-needed and cost-effective development activities—each of which is feasible, and each of which offers grounds for measurable achievement. Success or failure will be clearly apparent. Most importantly, the struggling citizens of South Sudan will be enormously grateful for newly enhanced livelihoods, and for meaningful ***development in the absence of economic growth.***

[2] https://www.worldbank.org/en/understanding-poverty. July 3, 2023.