ISS | AFRICAN FUTURES

South Sudan

South Sudan: Current Path

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Last updated 08 September 2024 using IFs v7.63

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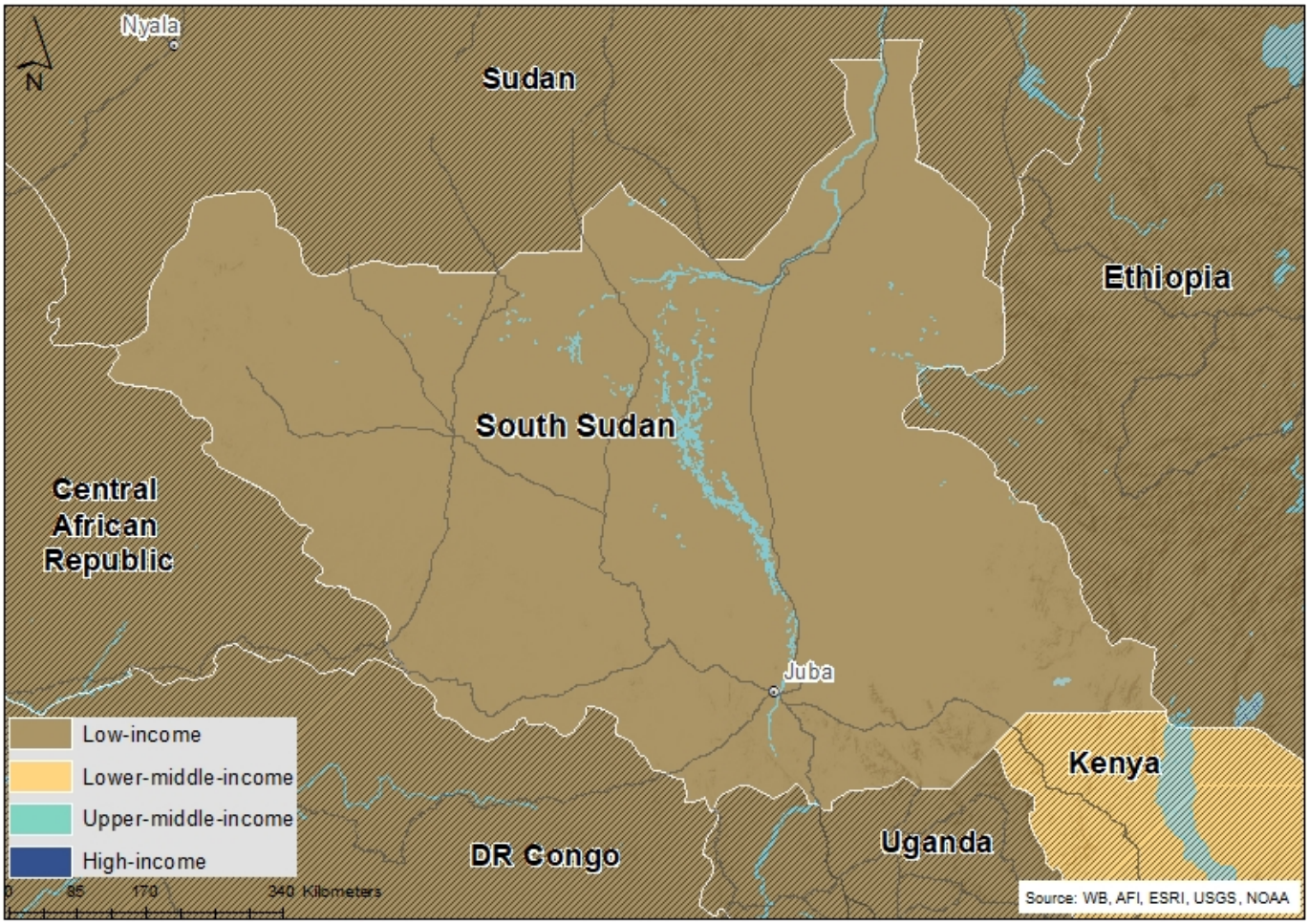
South Sudan: Current Path

South Sudan: Current Path forecast

Chart 1: Political map of South Sudan



This page provides an overview of the key characteristics of South Sudan along its likely (or Current Path) development trajectory. The Current Path forecast from the International Futures forecasting (IFs) platform is a dynamic scenario that imitates the continuation of current policies and environmental conditions. The Current Path is therefore in congruence with historical patterns and produces a series of dynamic forecasts endogenised in relationships across crucial global systems. We use 2019 as a standard reference year. The forecasts generally extend to 2043 to coincide with the end of the third ten-year implementation plan of the African Union's Agenda 2063 long-term development vision.

South Sudan is a landlocked country in East Africa, bordered by Ethiopia, Sudan, the Central African Republic, the

Democratic Republic of the Congo, Uganda and Kenya.

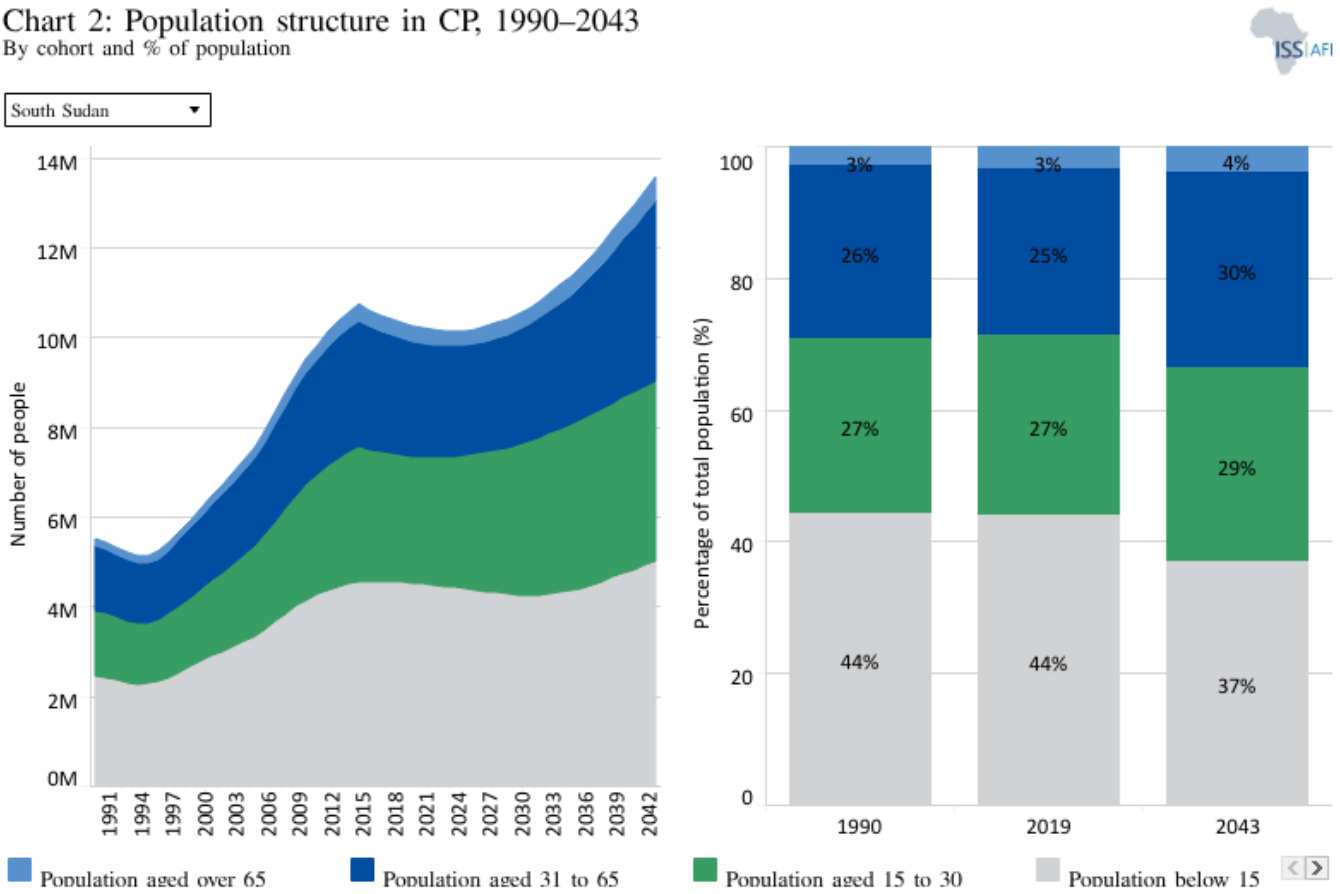
South Sudan gained its independence from Sudan on 9 July 2011, following 98.83% support for the split in a referendum in January 2011, and so became the world's newest nation and Africa's 54th country. It has a surface area of 644329 km^2 and, by 2019, had a population of more than 10 million. The country is also a member of the Intergovernmental Authority on Development (IGAD), an eight-country regional bloc in Africa with ambitions to embark on regional integration.

South Sudan is classified as a low-income country, relying largely on oil for revenue (oil accounts for more than 90% of the country's total exports).

Despite its abundant natural resources, South Sudan ranks near the bottom in various human and economic development indicators. For most of its recent history, the country has been plagued by persistent political instability, violent conflicts, corruption and poor governance.

Thanks to a peace treaty negotiated in 2018, the devastating civil war experienced by the country between 2013 and 2018 has subsided. The main protagonists, Salva Kiir Mayardit and Riek Machar, agreed to form a unity government, but the situation remains fragile and the pact could, as before, crumble again. Aside from a recent ceasefire, little else has been achieved, and mistrust among the various parties persists. Insecurity, lack of basic services, and unresolved housing, land and property issues prevented many people from returning home in large numbers. Some 8.3 million people in South Sudan are estimated to have needed humanitarian assistance in 2021. In sum, South Sudan faces many development challenges, which require decisive action.

Demographics: Current Path



The characteristics of a country's population can shape its long-term social, economic and political foundations; thus, understanding a nation's demographic profile indicates its development prospects.

The South Sudan government's negligible provision of medical care, along with poverty, violence and endemic disease, has limited life expectancy, which is far below the global average for both men and women.

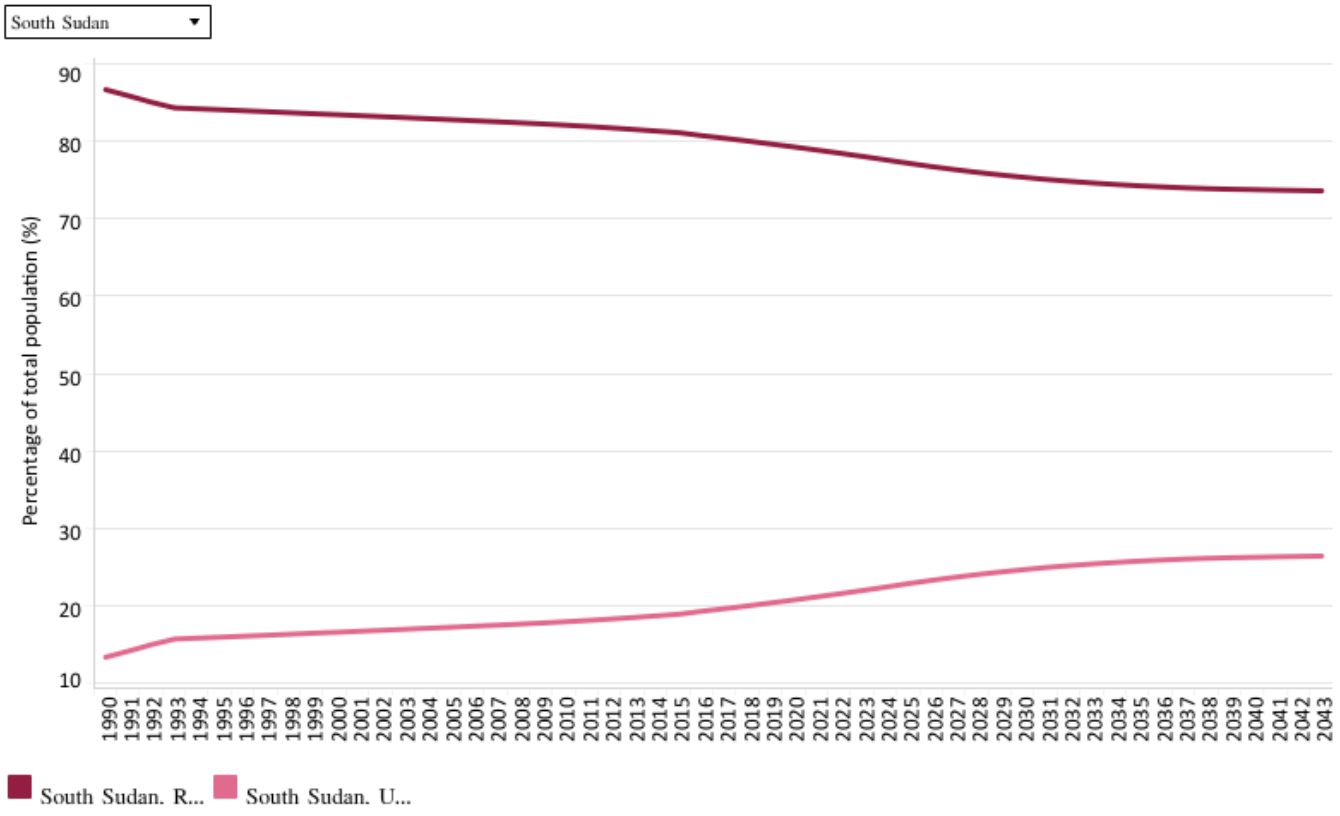
At 4.7 children per woman, South Sudan had the 17th highest total fertility rate in Africa in 2020.

The population of South Sudan was 11.1 million in 2019, and on the Current Path it is forecast to be roughly 13.6 million by 2043, a 23% increase over a period of 24 years.

South Sudan also has an overwhelmingly young population. The median age in 2019 was 17.6 years and the country had a youth bulge of about 49% in the same year. As of 2019, about 44% of the country's population is under the age of 15, and 27.4% is under 30. This means that a large portion of the population is dependent on the workforce to provide for its needs. The population under 15 years is expected to decline, but will still constitute about 37% of the population by 2043. The share of the elderly (65 and older) has been stable at 3.4% over time and it is projected to increase slightly across the forecast horizon to reach 4% by 2043.

In 2019, 55.3% of South Sudan's population was in the 15–64-year age group, which is forecast to increase to 59% by 2043. The working-age group constitutes the largest share of the population, and this can be a potential source of growth provided the labour force is well trained and sufficient jobs are created.

Chart 3: Urban and rural population in CP, 1990–2043
% of population



Source: IFs 7.63 initialising from UN World Urbanization Prospects estimate

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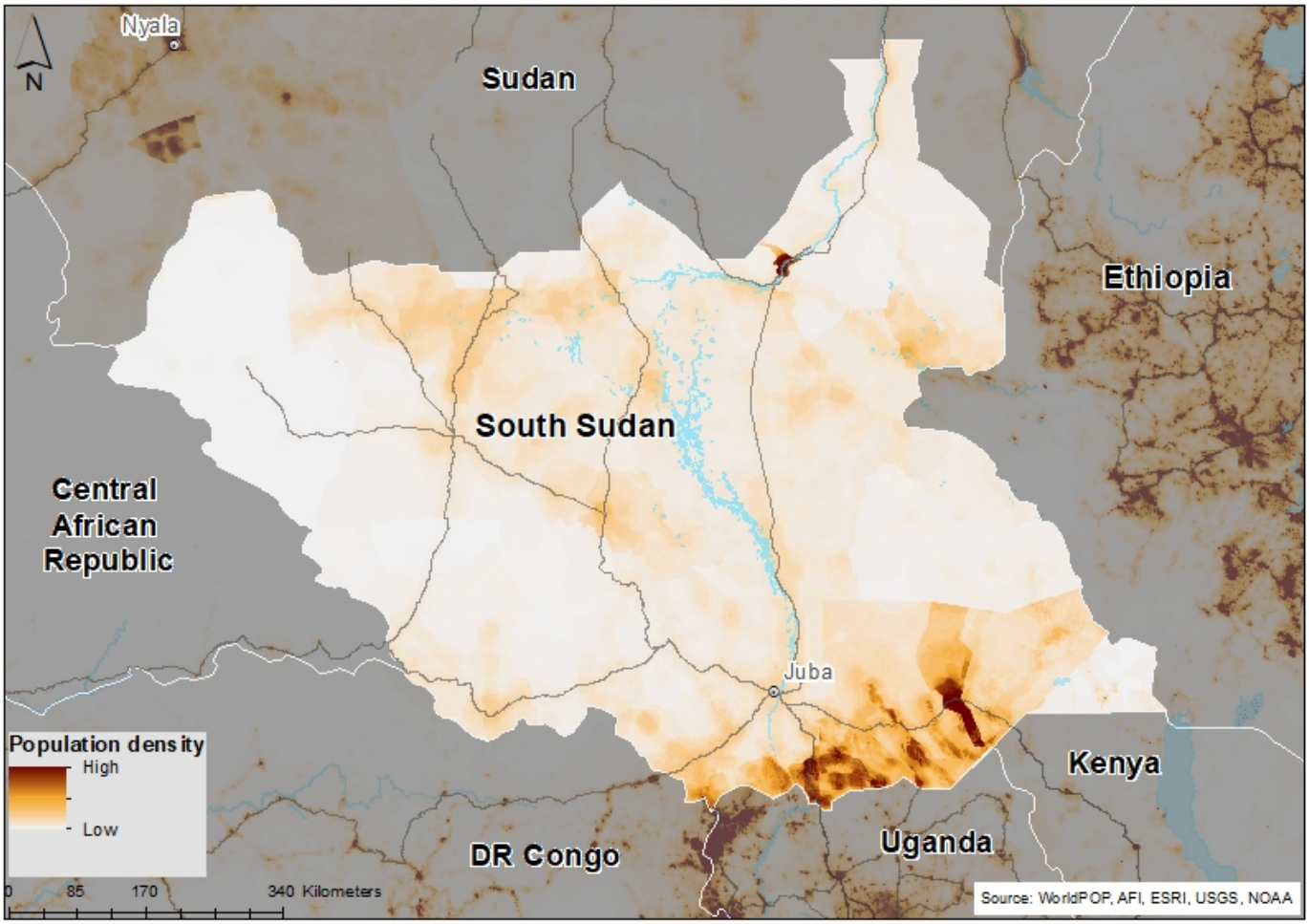
As of 2019, only 20.3% of South Sudan's population lived in urban areas, which makes the country one of the least urbanised in the Horn, East and Central Africa (HECA) region. This is nearly 11 percentage points below the average of 31% for low-income countries in Africa. On the Current Path, the rate of urbanisation in South Sudan is projected to increase to 26.4% by 2043, while the rural population will have dropped from 79.7% in 2019 to 73.6%. South Sudan will therefore remain largely rural across the Current Path forecast horizon.

In addition to forced urban migration driven by armed conflict and its effects, rural-to-urban migration is driven by the search for employment opportunities and education, as well as 'push factors' such as poverty, food insecurity, crop failure, land shortage and lack of cattle.

If not well managed, urbanisation could lead to problems such as unemployment, poverty, inadequate health, poor sanitation, urban slums and environmental degradation. Nearly the entire number of urban residents (91%) in South Sudan live in slums.

Good urban planning could foster an inclusive economy by improving service delivery and reducing urban poverty. In addition, adequate and appropriate urban planning is essential to mitigate the impacts of climate change such as flooding.

Chart 4: Population density map for 2019



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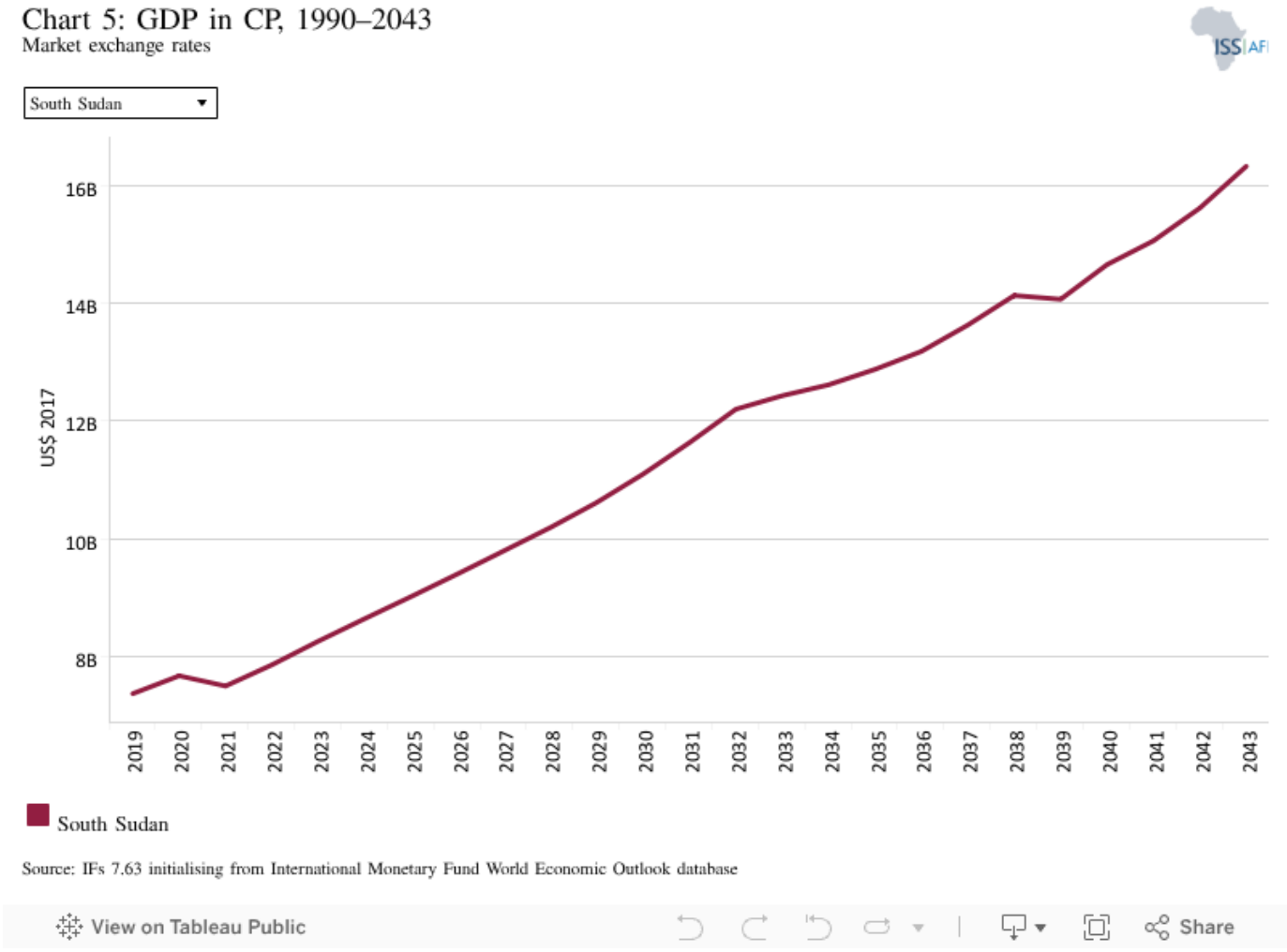
Economics: Current Path



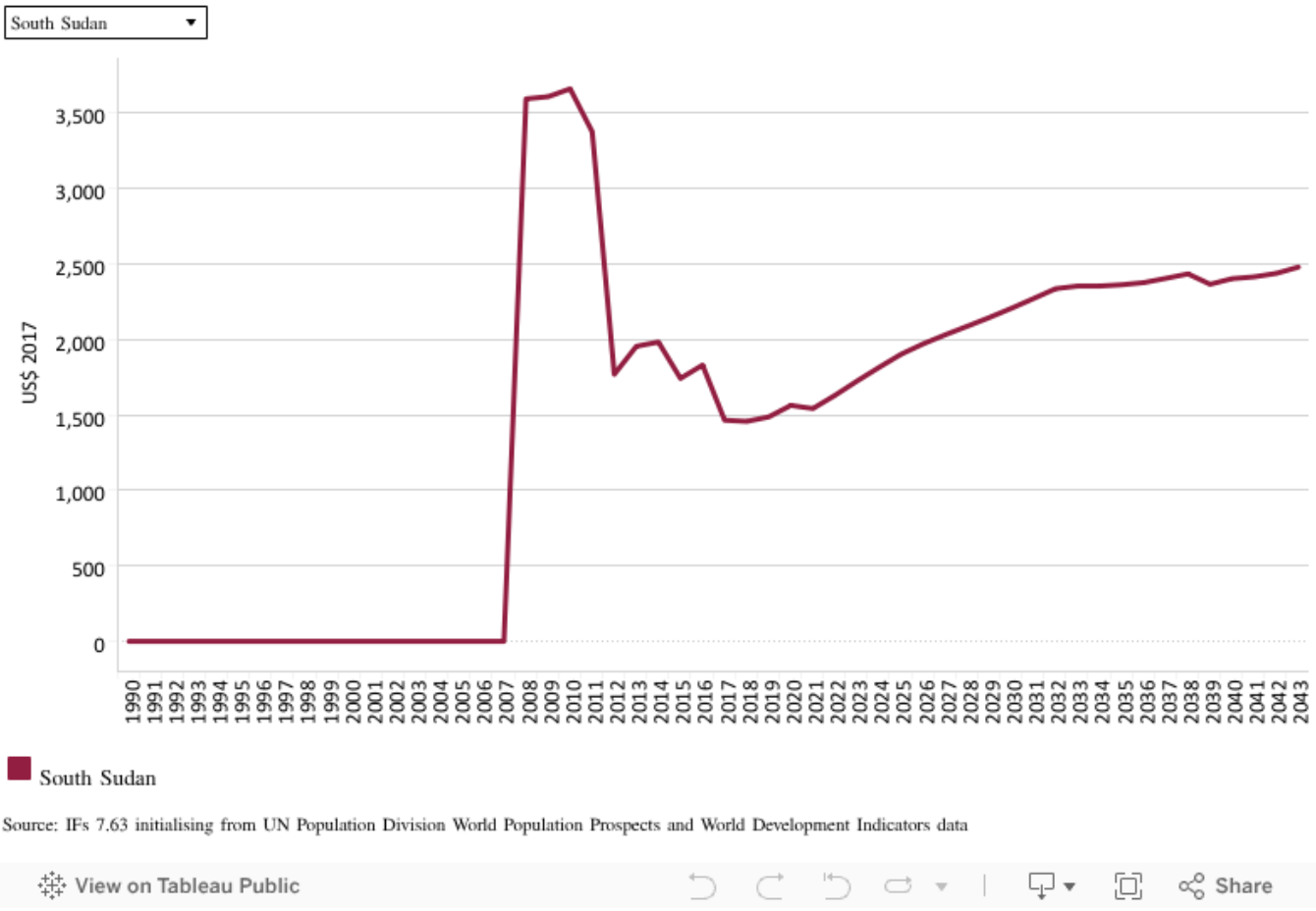
The South Sudanese economy is especially vulnerable to weather fluctuations, oil price volatility and conflict-related shocks. The civil war that began in late 2013 severely disrupted the economy of South Sudan.

Oil extraction continues to be the backbone of the economy, accounting for nearly 90% of government revenue and more than 30% of the country's GDP. Outside the oil sector, economic activities are concentrated in rudimentary agriculture and pastoral farming.

In 2019, the size of the South Sudanese economy was US$7.4 billion. The economy is projected to grow to US$16.3 billion by 2043, which will make it the 40th largest economy in Africa under the Current Path assumptions for other countries.

The current growth model of South Sudan, which is based on the oil sector, is fragile and holds little promise for improving livelihoods. Without significant structural transformation of the economy, growth will continue to be at the mercy of international commodity price shocks.
Therefore, sustainable economic recovery in South Sudan will require addressing the underlying causes of the conflicts. Comprehensive macroeconomic reforms and policy changes will be needed to combat inflation, address foreign exchange distortions and diversify the economy away from oil.

Chart 6: GDP per capita in CP, 1990–2043
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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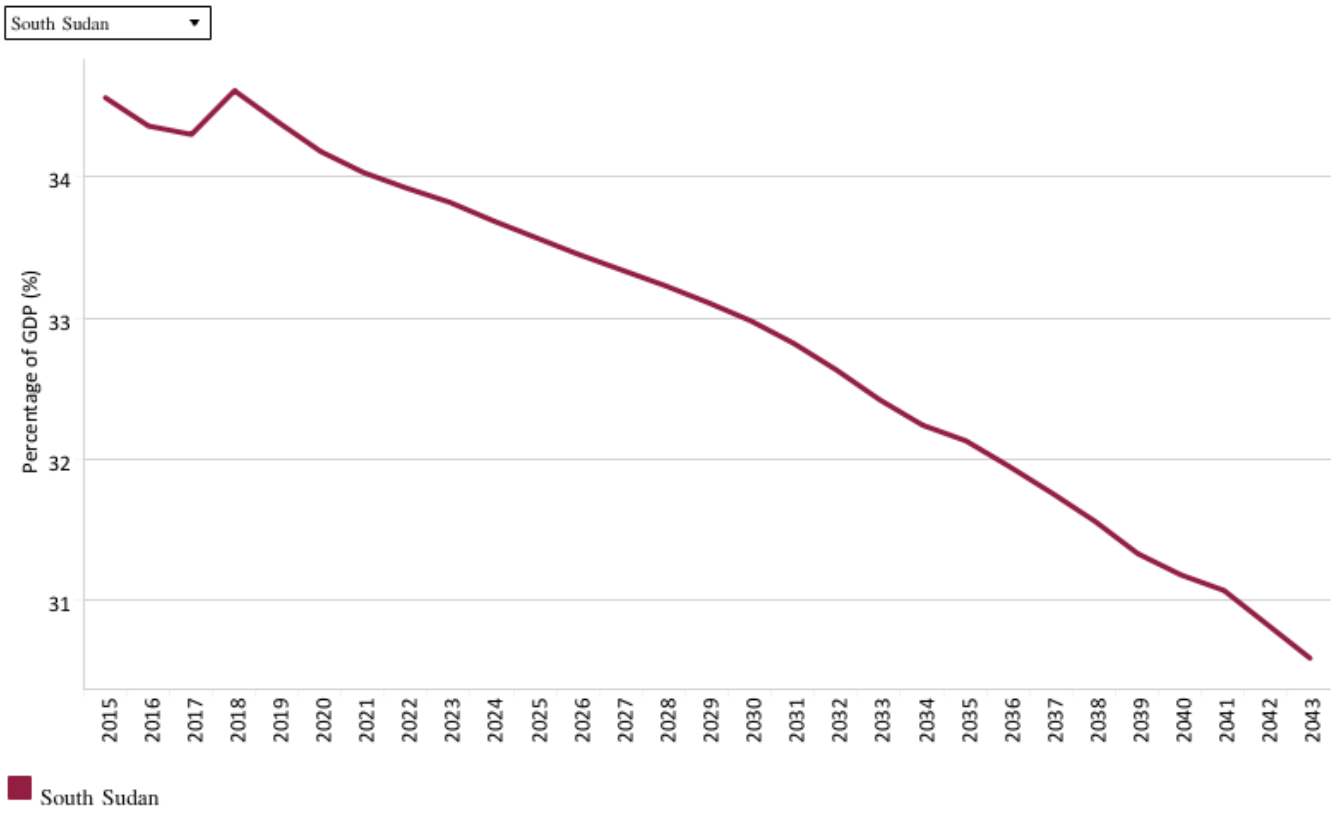
Although many of the charts in the sectoral scenarios also include GDP per capita, this overview is an essential point of departure for interpreting the general economic outlook of South Sudan.

The South Sudanese economy has been particularly hard hit by the violent conflict that raged between 2013 and 2018. For example, in 2017 the GDP per capita was about 17% lower than its level in 2012. The GDP per capita (PPP) was US$1 486 in 2019, and on the Current Path it is forecast to increase to US$2 478 by 2043. This will be US$1 312 lower than the projected average of US$3 790 for low-income countries in Africa in the same year.

Chart 7: Informal sector value in CP, 2015–2043
% of GDP



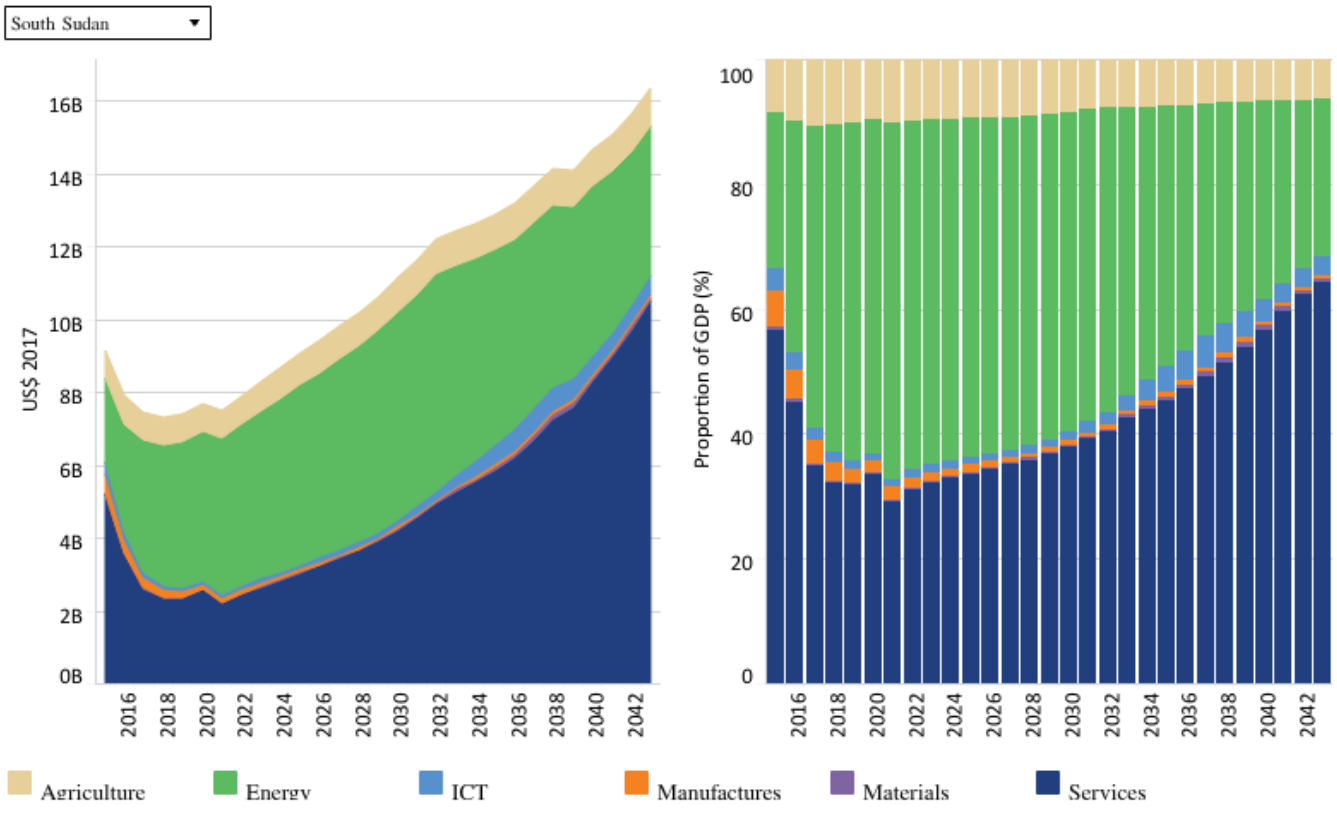
Source: IFs 7.63 initialising from UN Economic Commission for Europe [2008]; Elgin and Oztunali [2012]; Schneider and Enste [2012]

The informal economy comprises activities with market value and that would add to tax revenue and GDP if they were recorded. The informal sector is a lifeline for many people in South Sudan and, in 2019, represented 66% of the total labour force.

In 2019, the size of the informal economy was equivalent to 34.4% of the country's GDP. It is projected to decline modestly — to 30.6% — by 2043, which will be above the average of 25.8% for low-income countries in Africa.

Although the informal economy provides a safety net for the country's large and growing working-age population, it impedes economic growth and hinders improved economic policies. Reducing informality will allow more people to benefit from better wages and redistributive measures. Therefore, South Sudan needs to reduce the size of its informal economy with the least friction possible, by removing obstacles to business registration, tackling corruption and improving access to education and finance.

Chart 8: Value added by sector in CP, 2015–2043
Billions US$ 2017 and % of GDP



Source: IFs 7.63 initialising from International Monetary Fund World Economic Outlook database

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The IFs platform uses data from the Global Trade and Analysis Project (GTAP) to classify economic activity into six sectors: agriculture, energy, materials (including mining), manufacturing, service and information and communications technology (ICT). Most other sources use a threefold distinction between only agriculture, industry and services, with the result that data may differ.

Oil extraction is the backbone of the South Sudanese economy, making the energy sector dominant in the economy. In 2019, energy accounted for 54.2% of the country's GDP (US$4 billion), while the service sector, the second largest contributor to GDP, represented 32% (US$2.3 billion). Agriculture has the third largest contribution to the country's GDP, representing 10.1% of GDP in 2019 (US$750 million).

On the Current Path, the service sector will overtake the energy sector to become the largest contributor to GDP by 2034. Thus, the share of the service sector in GDP is projected to reach 64.3% (US$10.5 billion) by 2043 compared with 25.1% (US$4.1 billion) for the energy sector.

As a result of the structural transformation of the economy, the share of agriculture in GDP is forecast to decline to 6.4% (US$1.04 billion) by 2043. ICT and materials contribute marginally to the country's GDP.

The manufacturing sector historically has been small, its development being hindered by factors such as the long-running civil war and severe shortages of trained labour. The manufacturing sector's contribution to GDP in 2019 was 2.2%, and is

forecast to decline to 0.5% by 2043. In order words, South Sudan will deindustrialise while it is still poor (premature deindustrialisation). This is not good for the country's development prospects, as it will make it difficult to sustain growth, create jobs and reduce poverty.

The data on agricultural production and demand in the IFs forecasting platform initialises from data provided on food balances by the Food and Agriculture Organization (FAO). IFs contains data on numerous types of agriculture, but aggregates its forecast into crops, meat and fish, presented in million metric tons. Chart 9 shows agricultural production and demand as a total of all three categories.

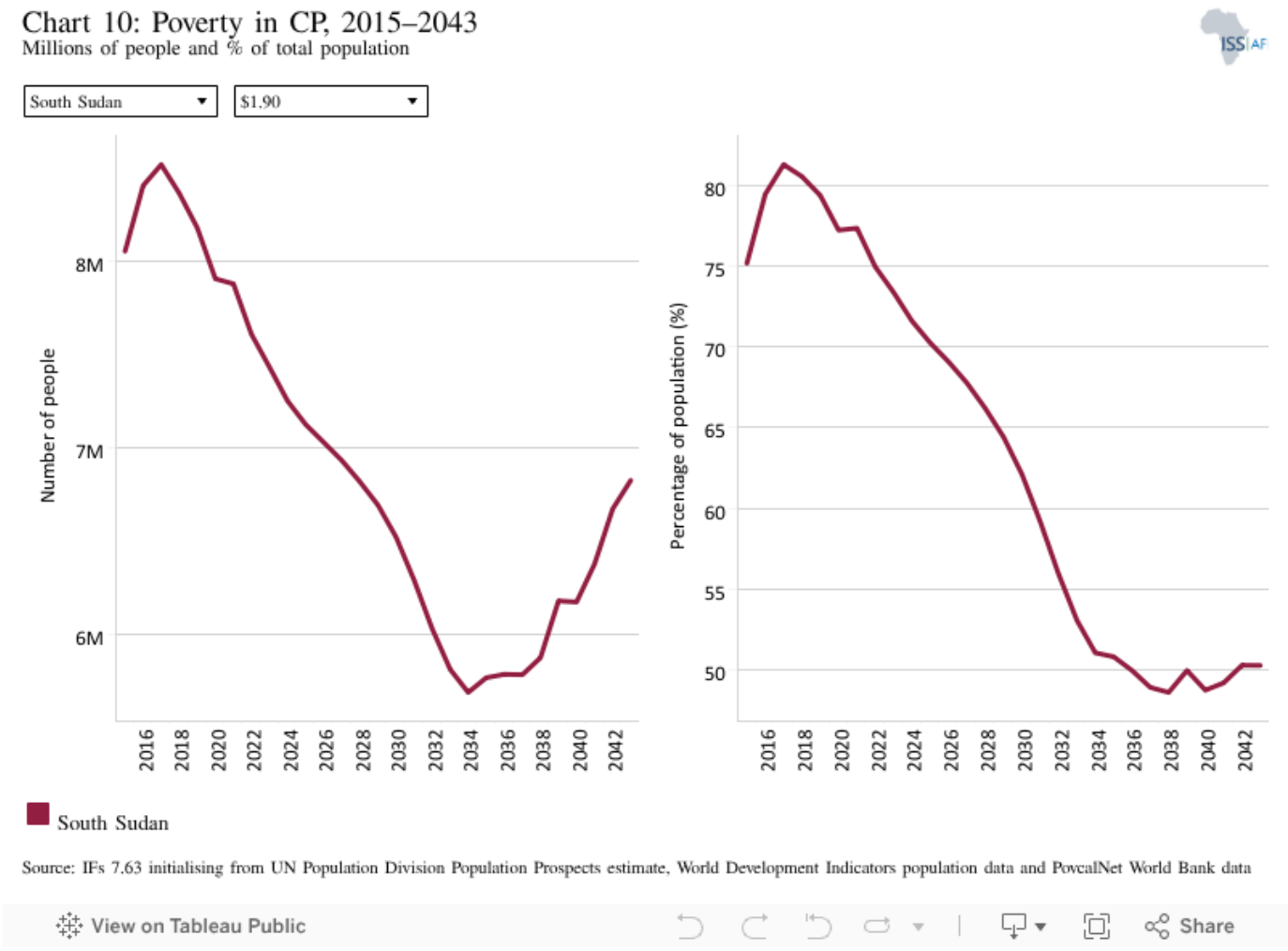
South Sudan has considerable agricultural potential. Favourable soil, water and climatic conditions make 75% of its total land area suitable for agriculture. However, only 4% of the total land area is cultivated continually. Limited use of productivity-enhancing technologies, capacity constraints, poor infrastructure and protracted conflict have constrained agricultural production and the country continues to face recurrent episodes of acute food insecurity.

As South Sudan became independent from Sudan only in 2011, there is no historical data regarding agricultural production and demand for the country. The IFs model therefore initialises from 2015. According to the forecast, South Sudan will have an agricultural surplus until 2040. This seems unrealistic, given the country's recurrent food insecurity and widespread malnutrition.

According to a study by the African Development Bank, South Sudan is a net importer of food, and it imports 40% of its cereals from neighbouring countries, particularly Uganda and Kenya. IFs forecast on this issue will improve over time as

data becomes available. By 2043, agricultural demand is forecast to be 0.55 million metric tons higher than agricultural production.

Poverty: Current Path



There are numerous methodologies and approaches to defining poverty. We measure income poverty and use GDP per capita as a proxy. In 2015, the World Bank adopted the measure of US$1.90 per person a day (in 2011 international prices), also used to measure progress towards the achievement of Sustainable Development Goal 1 of eradicating extreme poverty. To account for extreme poverty in richer countries occurring at slightly higher levels of income than in poor countries, the World Bank introduced three additional poverty lines in 2017:

- US$3.20 for lower middle-income countries
- US$5.50 for upper middle-income countries
- US$22.70 for high-income countries.

Although South Sudan is rich in oil, the citizens are yet to fully benefit from it. Expenditures on key social sectors, including health, education, water and sanitation, and agricultural and rural development, which could significantly reduce poverty, are limited. The government prioritises defence and security expenditures over basic service delivery. For example, military expenditure increased from about 6% of GDP in 2011 to nearly 21% in 2018, and the security payroll represents 58% of South Sudan's total government expenditure. As a result, poverty is ubiquitous in the country and reinforced by intercommunal conflict, displacement and external shocks.

Based on the $1.90 threshold, the poverty rate in South Sudan was 79.4% in 2019, equivalent to 8.2 million people. The rate is almost twice the average of 47.7% for low-income countries in Africa, and the highest in the Horn of Africa.

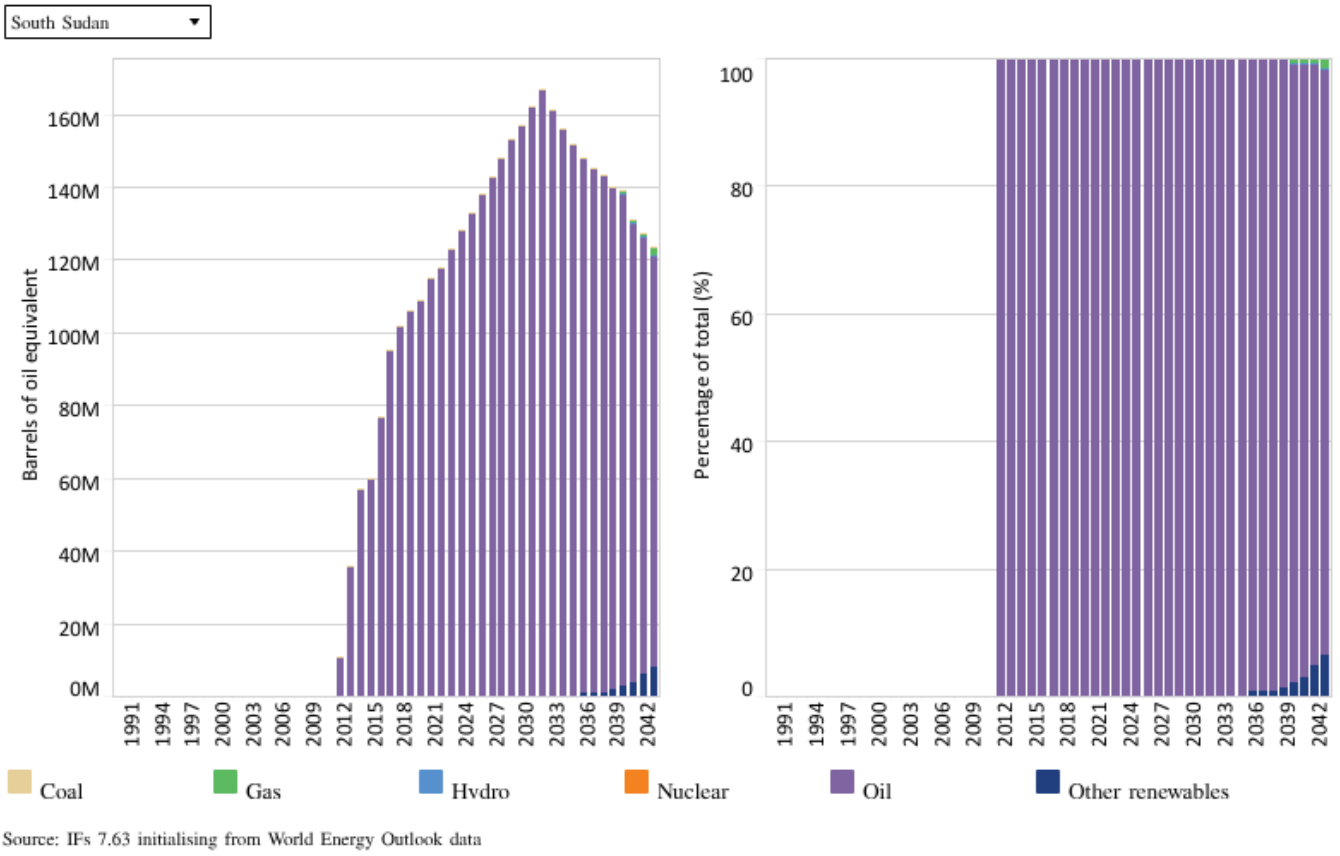
In the Current Path forecast, the rate of extreme poverty is projected to decline to its lowest point (48.6%) by 2038, before slightly increasing to 50.3% (6.8 million people) by 2043. This rate is twice the projected average of 25.1% for low-income countries in Africa in the same year.

However, poverty goes beyond income, as it also impacts individuals' access to basic nutrition, health and education (multidimensional poverty). About 92% of the South Sudanese population is multidimensionally poor, with 74.3% of them in severe multidimensional poverty – the highest rate in the Horn of Africa.

Policymakers in South Sudan should make growth more inclusive by integrating the most vulnerable segments of the population, especially women, into the economy and enhancing human capital formation to meet the needs of the labour market and hence create more gainful jobs and accelerate poverty reduction. The government of South Sudan should prioritise investing in its people by allocating its income from oil into schools, hospitals, roads and agriculture to ensure sustainable, inclusive growth and poverty reduction.

Carbon Emissions/Energy: Current Path

Chart 11: Energy production by type in CP, 1990–2043
Barrels of oil equivalent and % of energy production



Source: IFs 7.63 initialising from World Energy Outlook data

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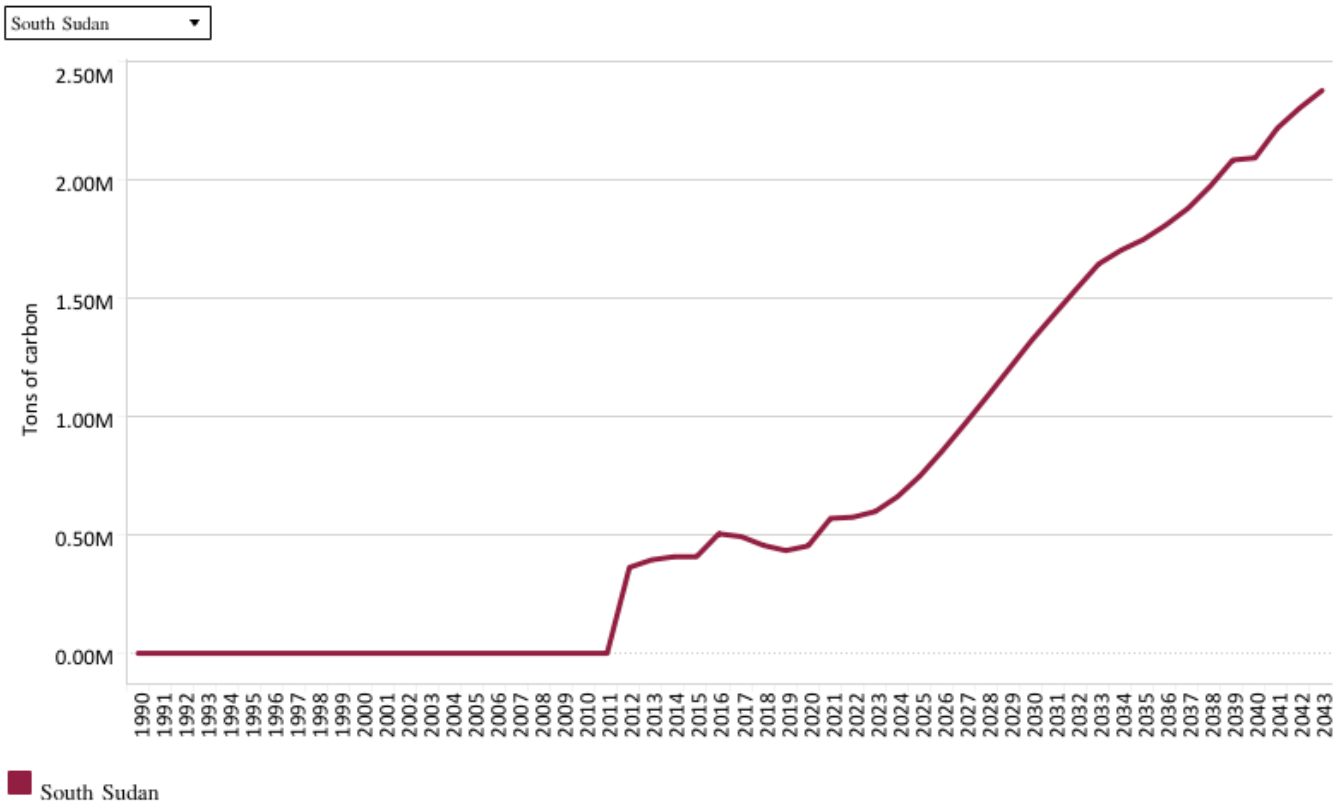
The IFs platform forecasts six types of energy, namely oil, gas, coal, hydro, nuclear and other renewables. To allow for comparisons between different types of energy, the data is converted into billion barrels of oil equivalent. The energy contained in a barrel of oil is approximately 5.8 million British thermal units (MBTUs) or 1 700 kilowatt-hours (kWh) of energy.

Oil was the sole type of energy produced in South Sudan in 2019 (106 million barrels of oil). On the Current Path, oil will account for 91.6% of energy production by 2043.

Energy production from other renewable sources is currently at the embryonic stage. From a very low base, other renewable energy will account for 6.5% of total energy production (8 million barrels of oil equivalent) by 2043, despite South Sudan's vast potential for renewable energy. For instance, the country has about 8 hours of sunshine per day, with a solar potential 436 W/m2/year. Wind power density is between 285 and 380 W/m2, which implies good resources for wind power generation.

Chart 12: Carbon emissions in CP, 1990–2043

Million tons of carbon (note, not CO_2 equivalent)



Source: IFs 7.63 initialising from Carbon Dioxide Information Analysis Center data

Carbon is released in many ways, but the three most important contributors to greenhouse gases are carbon dioxide (CO2), carbon monoxide (CO) and methane (CH4). Since each has a different molecular weight, IFs uses carbon. Many other sites and calculations use CO2 equivalent.

Annual carbon emissions, which were 0.4 million tons in 2019, are forecast to reach 2.4 million tons by 2043, an increase of 500% between 2019 and 2043. However, this increase comes from a very low base and South Sudan's total emissions in 2043 will only constitute about 0.02% of global carbon emissions.

Developed economies must help South Sudan and the many other developing African countries deal with the impact of climate change, which will disproportionately affect them.

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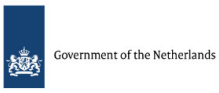

Cite this research

Kouassi Yeboua (2025) South Sudan. Published online at futures.issafrica.org. Retrieved from https://futures.issafrica.org/geographic/countries/south-sudan/ [Online Resource] Updated 08 September 2024.

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Dr Kouassi Yeboua previously worked as a Senior Researcher at AFI, where he led significant ISS studies on the long-term development prospects of the Democratic Republic of Congo, the Horn of Africa, Nigeria, Malawi, and Mozambique. His research focuses on development economics, macroeconomics, gender, and economic modeling. He holds a PhD in Economics.

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