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# Enabling poor rural people to overcome poverty in **South Sudan**

## **Rural poverty in South Sudan**

On 9 July 2011, the Republic of South Sudan became the world's newest and Africa's 55<sup>th</sup> nation. In a January 2011 referendum on independence, 99 per cent of voters in the south of Sudan had favoured separation from the north.

Even before independence, the authorities in the south were carrying out development activities, which began after the signing of the Comprehensive Peace Agreement between the north and south in 2005. Despite some achievements, many daunting challenges remain.

The 21-year Sudanese civil war took an enormous human toll and left South Sudan impoverished. More than half the population lives below the international poverty line. Most of the poor are in rural areas, where 84 per cent of the population lives. (The Government of South Sudan states that the total population is close to 9 million.)

The relationship between the Government of South Sudan in Juba and the Government of Sudan in Khartoum remains tense due to sporadic military clashes. And several key issues – including the sharing of oil proceeds, border demarcation, cross-border trade and citizenship – have yet to be resolved between the two states.

Against this backdrop, the primary drivers of poverty in South Sudan include conflict, displacement, depletion of assets and limited access to social services. Very low



income levels and purchasing power – along with conflict-related disruptions and inadequate infrastructure – have inhibited economic activity and market development. Most rural households have few or no assets. Even for those with assets, leveraging them to participate in markets is difficult. The vast majority of the population lives in traditional, thatched-roof houses with scant access to safe water and sanitation, education or other necessities.

Despite widespread poverty, South Sudan has higher per capita GDP than any other East African nation. It is rich in oil and natural resources, with oil exports accounting for more than 70 per cent of GDP and about 90 per cent of government revenue. But income inequality is high, and the country has yet to transform its natural endowments into improved infrastructure and livelihoods.

## Eradicating rural poverty in South Sudan

Besides causing an appalling loss of life, Sudan's long civil war eroded the capital base in what is now South Sudan. The war depleted the labour force, while roads, irrigation systems and other key components of rural infrastructure were destroyed, damaged or neglected. It also weakened institutions, diverted financial capital from economic development and undermined interpersonal trust, which is critical to productive business dealings.

Now that South Sudan has won its independence, a new struggle has begun. In the short to medium term, ensuring food security is a prerequisite for the country's post-conflict recovery and development. In the longer term, economic growth, competitiveness and prosperity will be essential for the stability of the fledgling state.

The outcome of this struggle will hinge upon South Sudan's ability to direct the benefits of its abundant natural resources towards investment in social, human and institutional capital – which, in turn, will catalyse and sustain economic growth. The country can also accelerate growth by attracting high-impact foreign direct investment, with a focus on investing in people and infrastructure instead of just resource extraction.

The oil and gas industry holds tremendous promise for South Sudan, but carries significant risks as well. Overdependence on proceeds from the sale of oil restrains investment in other sectors of the economy, many of which would produce more jobs. Oil can also lead to unbalanced growth and destabilization. Development of the agricultural sector would counter this trend towards overdependence, but at present the sector remains subsistence-oriented, with low technology inputs and little marketable surplus.

Yet South Sudan has huge agricultural potential. Favourable soil and climatic conditions render more than 70 per cent of its land area suitable for crop production, while less than 4 per cent is under cultivation. Yields of food crops are considerably below their agronomic potential, and internal markets have not been fully developed. Due to poor roads, the country's marginal areas are not well connected to its greenbelt. Most rural households produce some cereals but rely on livestock as a buffer against seasonal variability in food and income.

At the national level, aggregate production of staple cereals lags behind consumption by about 30 per cent. This deficit is closed by imports, mainly in the form of food aid. Where cereals are commercially available in South Sudan, they are prohibitively expensive for many households.

This situation increases the proportion of the population in need of aid. But at the same time, it points to the country's capacity to absorb a higher volume of domestic production as soon as more food crops are available and can be delivered to active markets. Perhaps paradoxically, the shortfall thus can be seen as an opportunity for generating rapid growth in rural employment and income from smallholder farming.

# IFAD's strategy in South Sudan

In February 2012, South Sudan became an IFAD Member State. But IFAD's development activities in Southern Sudan pre-date the establishment of the Republic of South Sudan. The Southern Sudan Livelihoods Development Project has been active there since 2009 (see project description, page 4). As a developing country, South Sudan is a 'List C' member, which means it is eligible for investments and is formally included in the East and Southern Africa regional division's loan and grant operations.

Prior to development of a Country Strategic Opportunities Programme to guide IFAD's longer-term engagement in South Sudan, a Country Strategy Note will govern activities for the next three to five years. Besides addressing the current situation of rural development and poverty in the country, it will cover relevant policy and institutional issues and shape a strategy for IFAD interventions, including possible options for project funding in IFAD's 2013-2015 financing cycle. An initial Rural Sector Performance Assessment has already been conducted and will help IFAD set benchmarks for its future investments.

IFAD is committed to maintaining and strengthening its presence in South Sudan, working with the government and other development partners. Agriculture is a crucial area for coordinated interventions, given its economic potential as an alternative to oil production, as a job creation vehicle for youth in a post-conflict environment, and its proven capacity to reduce poverty and increase food security.

Maximizing the contribution of agriculture to economic growth in South Sudan will mean improving smallholder farmers' productivity and access to markets, and bolstering distribution systems. Better seed varieties, adequate plant nutrition, effective pest management and other scientific and technological improvements can also boost productivity. After more than two decades of conflict, however, achieving these objectives will be challenging. For example, there is wide support for building rural roads, but there are many obstacles, including lack of resources, high costs and limited local capacity for road construction, operation and maintenance.

To set evidence-based priorities for agricultural investment in South Sudan, the government and its partners need more information on farms and production practices. To this end, IFAD grants have supported an analysis by the Food and Agriculture Organization of the United Nations that examined rural resilience and livelihoods, as well as poverty mapping by the International Center for Agricultural Research in the Dry Areas. In addition, small grants from IFAD have supported two non-governmental organizations operating in South Sudan, BRAC and AMURT.

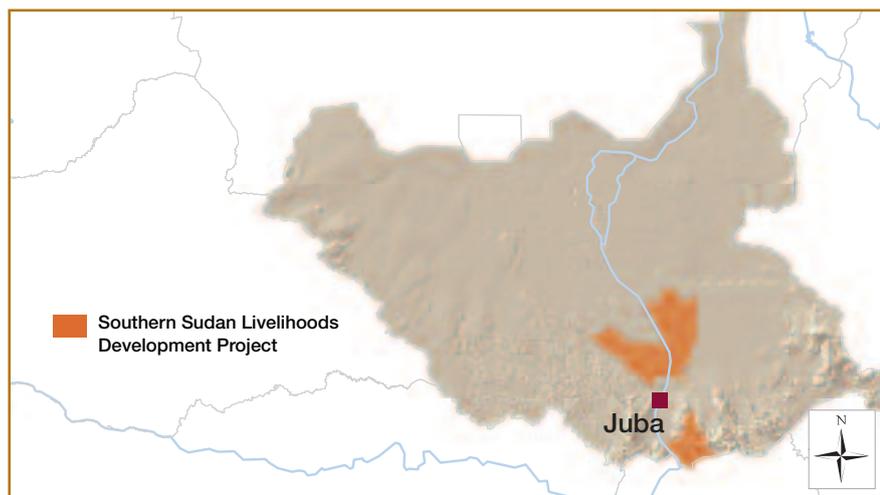
IFAD's ongoing strategy will stress the importance of settling communities that have been in continuous movement for over 20 years due to conflicts and natural hazards. Priorities include:

- Increasing crop production by expanding areas under cultivation
- Strengthening government institutions
- Developing community-level capacity to improve crop production, animal resource management and water use
- Making improved agricultural inputs available to vulnerable households through market-based systems
- Expanding smallholder farmers' access to appropriate technologies, markets and community-owned infrastructure, in order to increase rural incomes
- Contributing to self-reliance and the creation of social capital in rural areas.



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# Ongoing operation



## Southern Sudan Livelihoods Development Project (SSLDP)

**Total cost: US\$25.9 million**

**IFAD financing: US\$13.5 million (Debt Sustainability Framework grant)**

**Duration: 2009-2015**

**Directly benefiting: 38,000 households**

**Cofinancing: US\$9 million (Government of the Netherlands)**

As a result of IFAD's engagement with the Government of Southern Sudan after the end of Sudan's civil war, the Executive Board approved financing for SSLDP in 2008. Cofinanced by the Government of the Netherlands, it is scheduled for completion in 2015. The project is uniquely positioned to develop sustainable, community-based approaches to reducing rural poverty in South Sudan and scaling up such approaches to reach more households.

SSLDP aims to increase food security and incomes through improved agricultural productivity and marketing in six counties located in three South Sudanese states. Its target groups comprise households that depend upon farming, herding and fishing for their livelihoods. Project activities focus on the poorest and most vulnerable rural populations, including households headed by women and households that were displaced by conflict and have returned.

Working at the level of the *boma*, or cluster of villages, SSLDP uses a community-driven approach to ensure that:

- Rural communities are organized and empowered, with equal participation of women and vulnerable groups
- Community-based microprojects increase farm and off-farm production and sales, benefiting poor and vulnerable households
- Communities have improved access to markets through improved roads, as well as access to water and basic services
- County offices build their capacity to plan, budget, supervise and regulate rural development initiatives.

IFAD is directly supervising its investment in SSLDP and working closely with the Ministry of Agriculture, Forestry, Cooperatives and Rural Development – which serves as lead ministry for the project – along with non-governmental partners. The project draws upon successful NGO experiences in community-driven development elsewhere in the region, laying the groundwork for IFAD's future investments in South Sudan.

## Building a poverty-free world

The International Fund for Agricultural Development (IFAD) works with poor rural people to enable them to grow and sell more food, increase their incomes and determine the direction of their own lives. Since 1978, IFAD has invested about US\$14.8 billion in grants and low-interest loans to developing countries through projects empowering over 400 million people to break out of poverty, thereby helping to create vibrant rural communities. IFAD is an international financial institution and a specialized UN agency based in Rome – the United Nations' food and agriculture hub. It is a unique partnership of 169 members from the Organization of the Petroleum Exporting Countries (OPEC), other developing countries and the Organisation for Economic Co-operation and Development (OECD).

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For further information on rural poverty in South Sudan, visit the Rural Poverty Portal: [www.ruralpovertyportal.org](http://www.ruralpovertyportal.org)



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January 2013