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Policy Brief

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The Economic Impacts of COVID-19 Pandemic in South Sudan: An Update

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Summary

This policy brief studies the economic impacts of the COVID-19 pandemic in South Sudan. The findings are educative. First, the health effects of the pandemic in the country have been surprisingly less pronounced than expected, marked by very low morbidity and fatality rates. Second, despite this positive health news, the pandemic has had negative effects on the economy, starting with dramatic declines in domestic production and revenue collection, followed by a very volatile rising cost of living. These economic consequences are far-reaching, severely weakening, for example, human capital formation, especially in education, as the lockdown has deprived some 2 million school-age children of learning opportunities. Finally, economic recovery from COVID-19 will require a coordinated strategy that fosters broadened synergies in response to sector-specific COVID-19 ramifications[1]. Interventions that prioritize smaller firms and women enterprises should be in order.

1 Introduction

The first case of COVID-19 in South Sudan was reported on April 2, 2020. The disease spread quickly thereafter and by June 21, confirmed cases of COVID-19 rose to 1,892 (Mayai 2020). The estimated incident rate stood at around 297 cases per 1000 population, with a greater number of females testing positive for the pandemic. As of June 2020, there were 635 deaths reported in the Eastern African region, with South Sudan contributing only 34. Based on this trajectory, we projected that, all things considered, South Sudan would be registering 1,709 deaths for every 100,000 population, even as its fatality rate was about half of the region's[2].

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[1] This work is part of 'Assessing the impact of COVID-19 pandemic on peace implementation, democratic political processes, the economy and livelihoods in South Sudan' Project, OSIEA's Grant Number OR2020-71025.

[2] Mayai, 2020. The COVID-19 Mortality in South Sudan. *The Sudd Institute.*

To date, South Sudan has performed a total of over 74,000 COVID-19 tests. A December report shows that the rate of infection in the country has fallen to about 20 cases per day, compared to about 100 cases per day earlier in the year. As of December 2020, the Public Health Lab has since recorded 3,540 cumulative positive cases, 3,131 recoveries, and 63 deaths[3], which represent 1.8% of total infections. But there is a caveat. Lack of proper testing or difficulty with contact tracing weighs down on caseloads reported. More cases are unlikely to be reported owing to the country's inadequate testing capabilities.

At the onset, a general consensus prevailed, both domestically and internationally, that the impact of COVID-19 on developing economies, including South Sudan, would be overwhelming[4]. Many predicted that resource constrained states with fragile health systems would be deeply exposed, as they possess very limited wherewithal to withstand the pandemic (Garang 2020)[5]. These settings were projected to experience both severe health and economic crises associated with the pandemic. For example, Bill Gates warned earlier in the year that if nothing is done to insulate them dead bodies would litter the streets of African countries[6]. In March 2020, the UN called for an immediate health and economic response that supposedly insulated the most vulnerable – women, youth, low-wage workers, small and medium-sized enterprises, and the informal sector (UN 2020). The proposed intervention included making available additional resources for strengthening the health systems and earmarking at least 10% of global GDP to sustain the COVID-19 campaign. Meanwhile, the World Health Organization (WHO) advised national governments to restrain their populations, minimizing pervasive transmissions, while buying time for a more encompassing response strategy[7].

South Sudan joined the global effort to combat the pandemic and its myriad consequences on society. So, weeks before the incidents of COVID-19 were detected in the country, the newly formed government, the Revitalized Transitional Government of National Unity (R-TGoNU), established a High-level Taskforce (HLTF) to prepare for the impending pandemic. The HLTF immediately imposed a range of broad-based safety measures, especially in major towns. A curfew that ran from 7PM to 6AM was introduced, and intended to enforce social distancing, lessen infections, and enable the state to develop long-term intervention measures. In South Sudan, as it has been globally, firms temporarily closed or reduced operation, air travel, both internal and external, was immediately terminated, cross border trade ceased, and people and government lost vast proportions of their incomes—all of this culminating in economic recession[8].

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[3] https://moh.gov.ss/covid-19.php
[4] https://www.un.org/sites/un2.un.org/files/sg_report_socio-economic_impact_of_covid19.pdf
[5] Garang, J. A. (2020). Limitations of COVID-19 Pandemic Containment Measures in Fragile Contexts: The Case of South Sudan. A conversation on South Sudan at the IMF, Washington DC, November 3, 2020.
[6] https://www.adomonline.com/covid-19-melinda-gates-says-dead-bodies-will-be-on-streets-in-africa-video/
[7] https://www.who.int/director-general/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---25-march-2020
[8] https://www.wsj.com/articles/covid-lockdowns-economy-pandemic-recession-business-shutdown-sweden-coronavirus-11598281419

As the economy sank, the government was forced to relax some of the above restrictions a few months down the line. This is in line with our April finding that the restrictions were less protective of the population and more hurtful for the economy. Since then, many changes have been observed, starting with a slight recovery in the global oil prices. The borders are gradually opening up, while many businesses have increasingly resumed operation. These intervening changes have compelled us to revisit our initial findings by taking a closer look at more recent evidence. Therefore, the current analysis provides the latest insights into how the South Sudanese economy is holding up to the COVID-19 pandemic. This is a second edition to the April and October publications. A central emphasis is placed on production/employment, imports market, public sector expenditure, and economic policy.

Our analysis proceeds as follows. Section 2 reviews evidence related to the commodity market; Section 3 focuses on production; Section 4 analyzes public expenditure; Section 5 highlights the human capital implications of the pandemic; Section 6 presents an ensuing economic policy; and Section 7 concludes the paper. Every section starts with an April or October evidence as a point of departure into how the economy has performed over the last 8 months during which the pandemic has reigned.

2 Commodity market

In April, the Sudd Institute produced a report that detailed the economic costs of COVID-19 in South Sudan. Part of the analysis was dedicated to the commodity market, with a crucial link made to the foreign exchange market, which determines the country's wherewithal to import essential goods from the region. We documented a precarious situation, as we predicted the potential for the pandemic to become widespread. A survey of commodity prices in Juba revealed a number of fears about the economic impact of the pandemic.

With a health threat came the closure of businesses, which imported goods from the region. As the economy shrunk, the level of imports plummeted, leading to a precipitous rise in prices. Within weeks, average prices of basic commodities rose by a minimum of 30%. Food immediately became costly, as a 50kg bag of maize flour in Konyokonyo, a local market in Juba, for example, sold at 50% above its previous value (vam 2020).

Part of this effect emanates from the country's inherent inability to raise enough foreign reserves to support regional trade. Nevertheless, the pandemic massively cut into the country's already underperforming revenues, which in turn curtails the country's ability to finance key imports. As oil prices plummeted, South Sudan's foreign exchange level followed suit. The South Sudanese pound correspondingly weakened against the US dollar. Prices of commodities, a vast majority imported from the region as referenced above, responded accordingly. As Table 1 illuminates, within March alone, when the government introduced the COVID-19 restrictions, the average prices for various food items doubled. For example, a price of a bag of beans increased 50% between the first and last weeks of March; a basket of groundnut pastes equally went up 50%.

Table 1. Cost of goods in Juba, March 2020.

S/N	Commodity	3/2/20 Unit price (SSP)	30/3/2020 Unit price (SSP)	Difference
1	Sugar 50kg	11,000.00	11,000.00	-
2	Azam 1 Box (flour)	5,500.00	7,000.00	1,500.00 (27%)
3	Cooking Oil 20 Ltr	8,000.00	8,000.00	-
4	Dura 1 Jerdel (basket)	2,000.00	2,000.00	-
5	Somalina 1pc	800.00	800.00	-
6	Beans 1 Basket	4,000.00	6,000.00	2,000.00 (50%)
7	Onions 1 pkt (2 Jerdel)	5,000.00	5,000.00	-
8	Suksukania 1 Box	4,000.00	5,000.00	1,000.00 (25%)
9	Tea Leaves 1 Dozen	3,000.00	3,500.00	500.00 (16.7%)
10	Nescaffe 1 Tin (big)	1,500.00	2,000.00	500.00 (33%)
11	Chocolate 1 Tin	1,500.00	2,500.00	1,000.00 (66.7%)
12	Groundnuts 1 Jerdel (Basket)	4,000.00	6,000.00	2,000.00 (50%)
13	Rice 25kgs	6,000.00	7,500.00	1,500.00(25%)
14	Majet/Benny 1 pkt	800.00	1,000.00	200.00 (25%)
	Total	57,100.00	67,300.00	10,200.00

Source: Mayai et al., 2020.

A lockdown imposed earlier in the year lasted well into August. Soon after, the HLTF relaxed some of the initial restrictions, with businesses slowly opening up. Curfew is technically still in effect, running now between 10 PM and 7 AM, after being moved from 7 PM to 6 AM adopted in March. Nonetheless, the economy continues to deteriorate. Current improved oil sales, though still lower than when the pandemic hit, cannot meet the mounting fiscal pressures of the 2018 agreement[9]. Relaxing these restrictions was envisaged to ease some of the economic burdens associated with the management of the disease, particularly on the ordinary people. Still, basic supplies remain fewer in the market and continue to rise in cost.

Table 2 highlights the commodity market's performance following the relaxation of the restrictions in August in Juba. As could be readily noticed, food cost continued to rise exponentially between September and November 2020. A kilogram of flour across five major Juba markets averaged 35% more in value, which also represents the lowest price surge in relation to other food commodities we have so far considered in this analysis. Rice, which is entirely imported, appears to be the most expensive food item we have analyzed. This is because there has been a nearly 80% (79) increase in the price of rice within 3 months of the relaxation of the lockdown.

Table 2. Food prices in Juba, September-November 2020.

[9] In September 2018, the government and the opposition forces signed a Revitalized Agreement for the Resolution of the Conflict in South Sudan, ending 5 years of political violence.

Month	Flour	Beans	Rice	Oil	Fruits	Vegetables	Sugar
September	230.0	520.0	380.0	820.0	75.0	51.5	390
October	260.0	600.0	450.0	920.0	98.2	61.5	440
November	310.0	770.0	680.0	1140.0	114.3	75	540
Average	266.7	630.0	503.3	960.0	95.8	62.7	456.7

Notes: prices of flour, beans, rice, and sugar are each per kilogram; cooking oil is in liter; fruits and vegetables are per piece (e.g., piece of tomato or onion).

3 Production

The South Sudan's economy is oil dependent. The country's GDP comprises some 60% from oil contribution, generating roughly $1.2 billion annually (MoFP 2019). Revenues from oil bankroll about 90% of South Sudan's expenditure. South Sudan currently produces about 170,000 barrels of crude oil per day. However, COVID-19 has reduced global demand for oil. Before COVID-19 struck in March, the country's crude oil sold at about $50 per barrel in the global market; when the market crashed, South Sudan's crude oil sold at just $30 a barrel[10]. There have now been slight improvements in the global oil prices. South Sudan's oil currently sells at $43 a barrel[11], which remains insufficient to meet the country's enormous fiscal burden.

Following the COVID-19 emergence, the economy has been projected to contract by 3.4% in the FY2020/21, after registering over 9% growth in the FY2019/2020, according to the World Bank. The major impediment to economic growth in South Sudan is conflict, which Frontier Economics (2014) projected to cost between US$22.3 billion and $28 billion if the conflict prevailed for 1 to 5 years and about US$160 billion if it lasted 20 years[12]. But even if the conflict was to cease, an overwhelming dependency on oil has spelled a harmful consequence for the country: it has crowded out investment in other essential sectors, curtailing growth and giving rise to Dutch disease[13].

With oil being awfully volatile, there has been a general consensus that the most reliable sector that fosters socioeconomic resilience in South Sudan is agriculture, which currently supports two-thirds of jobs in the country (World Bank 2020). Many proponents of investment in agriculture advocate for an economic policy that devotes oil rents to this sector to fuel growth[14]. A flagship developmental strategy by the SPLM, the agricultural investment framework was premised on combating poverty by ushering in an era of sustainable socioeconomic development, accomplished by spending a large proportion of

[10] Energy Voice. 2020. South Sudan sets scene for recovery https://www.energyvoice.com/oilandgas/africa/256903/south-sudan-oil-pandemic/
[11] https://www.thebalance.com/oil-price-forecast-3306219
[12] http://www.frontier-economics.com/uk/en/news-and-articles/articles/article-i4976-south-sudan-the-cost-of-war/#
[13] According to Corporate Finance Institute "Dutch disease is a concept that describes an economic phenomenon where the rapid development of one sector of the economy (particularly natural resources) precipitates a decline in other sectors."
[14] SPLM Strategic Framework for War to Peace Transition, 2004.

oil money on the sector. Unfortunately, the movement's plan has fallen through, and the impact of the Dutch disease could readily be noticed in this and other sectors in South Sudan today. Contrary to the movement's policy, the government has virtually neglected agriculture[15] (World Bank 2017). In addition to neglect, contribution of agriculture to the national economy through domestic consumption has remained limited due to conflict and widespread insecurity. Then, COVID-19 struck, with catastrophic implications for livelihoods. FAO (2020) has recently warned that 'the COVID-19 outbreak in South Sudan threatens to paralyze an already fragile food system and negatively impact more than 6.5 million people in South Sudan who remain vulnerable.' A combination of COVID-19 and widespread displacement, localized conflicts, and lack of markets poses a significant threat for food production in the country. Expectedly, FAO has estimated South Sudan's cereal production to have sunk by some 482,000 metric tons in 2020.

3.1 Trade and firms

Trade and firms play an important role in economic production and transactions. Like the rest of the world, South Sudan suffers substantial declines in international, regional, and domestic trade due to COVID-19. This commenced with a near-crash of the global oil market, followed by drastic reductions in oil prices. Second, goods from the region, particularly Uganda and Kenya, continue to flow into South Sudan, but the COVID-19 safety measures have affected how much time a firm delivers its goods to the country, occasioning losses. Essentially, the queues in Nimule port have culminated in reduced supply level. Similarly, the prices of freight services have over the months substantially appreciated. Regionally, the informal sector has suffered more deleterious outcomes. The World Bank estimates that an informal cross-border trade has lost 97% of its operation[16].

The discussed trade predicaments are in turn reflected in the prices of goods delivered and sold in South Sudan. Thus, South Sudan's imports sector has been heavily affected, with firms passing the cost to the consumers, or reducing operations, and in some cases, terminating business. Prices of at least 60% of basic food items, as presented earlier, have since risen following the lockdown in South Sudan. The basket of beans, for instance, rose 50% of the usual cost between March 2 and March 30 alone.

The services sector has faced its fair share of the pandemic's induced problems. Prior to the COVID-19 outbreak, restaurants paid on average SSP200 per kilogram of cassava flour; today, a restaurant merchant pays SSP250 (+25%) per the same kilogram. As well, a kilo of fish went from SSP800 before the COVID-19 outbreak to SSP1200 (+50%) after. Second, the aviation sector is gradually recovering now, but it was initially crashed by the termination of air travel and disruption of supply chains. Some of the aviation firms responded by closing down; those that have held on are now functioning at a capacity of 70-80%. Even if the restrictions were not enforced, many people would have opted out of flying due to the risk of infection in crowded spaces. But the fear of infection would have not been the only explanation why people would have opted out of air travel. With a

[15] https://www.worldbank.org/en/news/press-release/2017/05/23/sudans-agribusiness-indicators-on-the-rise
[16] WBG. South Sudan Economic Update, December 2020.

devastating pandemic, people have been forced to save money for essential needs such as food and medical emergencies.

As discussed elsewhere in this paper, public transport system suffers significant earning losses. In particular, bodaboda (a Ugandan for motorbike) riders and matatus (buses) have lost substantial amounts of their earnings. Take, for example, a bodaboda rider who earned between SSP2000 and SSP4000 per day (about $10-20) before COVID-19 struck. Their daily income plummeted to between zero and a SSP1000. Like in the aviation sector, the social distancing policy has had devastating ramifications for ground transport. Obviously, the restriction on the number of passengers that should board each transport vehicle presents a serious economic implication. The transport businesses have resorted to tripling the fares to recover the cost of empty seats in order to stay in business. This has affected the vast majority of the population who live below $1.91 per day, or in a country where those in poverty stood at 88% in 2020 (IMF 2020).

3.2 Debt, taxes, and aid

When the COVID-19 struck, South Sudan subsequently approached Khartoum to suspend payments under the Transitional Financial Arrangement (TFA), which was reached in 2012. While this transitional aid totaled $3.028 billion in 2012, it has been reduced in recent years to less than or about $500 million of the original value[17]. But how did this obligation come about? In 2011, South Sudan seceded, taking it with it over 70% of Sudan's oil reserves. This posed both economic and political hardships for the Sudan. The African Union (AU) convinced South Sudan to offer Sudan a transitional economic assistance to save a war-torn nation from further collapse.

Second, persistent fiscal gaps have led to debt accumulation in South Sudan. One of the loans South Sudan is currently servicing is that of Qatar National Bank. We learned recently, however, that South Sudan has defaulted on what was originally $700 million loan, with Qatar National Bank threatening to take the matter to the international Arbitration Court[18]. The news is that the payment has been restructured, allowing QNB to be taking about 2 cargoes of crude oil per year, again reducing revenues for South Sudan. Third, a recent media release alleges that the government owes commercial banks $100 million, with pressure currently mounting for repayment[19]. Fourth, the infrastructure project to which 30,000 barrels per day are allocated, slashes into South Sudan's current oil earnings. Fifth, the impact of COVID-19 has led to major reductions in taxes. Major tax sources, including trade and personal earnings, have been severely slashed, owing primarily to disruptions in production and trade, and lost incomes. Information from the National Revenue Authority (NRA) corroborates this fact. Although the amounts collected in the 2019/20 fiscal year are greater than for any comparable fiscal year, Figure 1 indicates that COVID-19 interfered with South Sudan's

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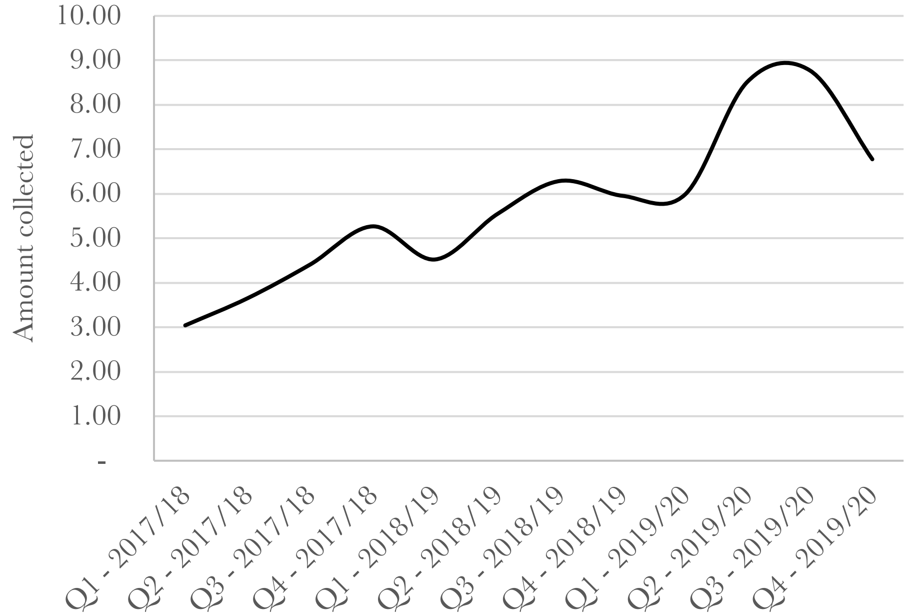
[17] https://www.reuters.com/article/us-southsudan-oil/south-sudan-owes-sudan-1-3-billion-from-2012-oil-deal-official-idUSKBN1DZ2XK

[18] Wither LPP

[19] https://www.sudanspost.com/govt-reveals-it-owes-commercial-banks-almost-100-million-in-debts/

domestic tax effort in the 2019/20 fiscal year. It diminished collections by 22.7% in the 4th quarter, which corresponds to June 2020.

Figure 1. South Sudan's domestic tax effort, 2017-2020 (billion SSP)



Source: NRA; author's calculations.

Finally, South Sudan has since lost development aid due to the recently concluded conflict and the donor apprehension about rampant corruption in the country. Bilateral and multilateral donors currently spend billions of dollars annually on humanitarian activities across the country[20]. Heeding UN calls for support to vulnerable countries, the international community in Juba allocated $35 million toward fighting COVID-19 in South Sudan (Aid Technical Working Group 2020). But the money has been spent through a third-party arrangement, which prevents the South Sudanese government from directly accessing this financial support. The bulk of this assistance has also been utilized to procure health supplies from the region and abroad, making a minimal contribution to the domestic economy.

4 Public sector expenditure, employment, and wages

4.1 Public spending

In the preceding section, we note that South Sudan's economy relies heavily on oil proceeds. Oil prices before the COVID-19 shock stood at an average of roughly $60 per

[20] https://www.unrefugees.org/emergencies/south-sudan/

barrel. The Government of South Sudan planned its FY2019/2020 budget by pricing its oil at $55 per barrel. The reduction in oil value has exacerbated South Sudan's fiscal challenges.

The Revitalize Agreement worsens this fiscal stress. In February, a unity government was formed, expanding public sector employment. The national legislature, for example, went from 332 to 550 members, which was already in need of reduction[21]. The subnational workforce that emanated from the 32 states has been maintained. The Agreement has also added more institutions, all of them set to financially draw from the evidently suffocating national treasury.

As the country continues to lose revenue as a result of the pandemic, the government will experience a significant fiscal crunch. With a depressed growth jobs will certainly be lost. All of this means a receding economy, presenting serious ramifications for the country's peace and stability. That is, these substantial economic contractions influence the government's ability to deliver services and implement the R-ARCSS.

4.2 Employment and wages

Both private and public sectors in South Sudan are experiencing depressed employment and wages, as businesses reduce operation, close down, and/or lay off workers. This ultimately disrupts supply chains and devastates livelihoods, stifling in turn the entire economy. As noted elsewhere, greater effects are felt in the informal sector. Thus, women who dominate this sector in South Sudan are disproportionately affected.

Unfortunately, the government is nagged by mounting salary arrears to improve employment opportunities or raise wages. The public sector is a huge employer in South Sudan, with profound implications for other sectors. As the World Bank notes: "businesses and market traders alike look to public servants as important customers."

To address this fiscal gap, the government obtained additional emergency loans under the International Monetary Fund (IMF) Rapid Credit Facility (RCF), totaling $52.3 million to the unity government as an emergency budgetary support. This is an interest free facility support, with a five-year grace period and which matures in over 10 years. This loan was used to pay two months of salaries for the national and state governments, as well as settling a month bills for foreign missions. While the RCF has been properly deployed based on the preliminary information and pending the audit by the Auditor General (AG) this year, the Federal Government still owes salary arrears estimated at 10-23 months for foreign missions and close to 7 months for domestic employees. The entire RCF loan has been sold to the Central Bank at the official rate, which is now being auctioned out to forexes to stabilize the foreign exchange market. But the AG's forthcoming Audit Report ought to be delivered, as it shows an act of accountability and transparency, serving as one of the instruments that may help South Sudan regain

[21] Garang, J. A. (2013). The Question of Big Government, and Financial Viability: The Case of South Sudan (The Sudd Institute, No. 1, p.1-15).

credibility, both regionally and internationally. So far, the IMF appears to be happy with the authorities over the management of this loan. What remains unclear, however, is how the BSS will continue to manage this support, which has obviously increased reserves.

5 Human capital development disruption

One of the instrumental facets of economic input is human capital. There are two main strands of human capital. The first is the human capabilities that are essential for production and growth. These capabilities are earned through investments in formal training, with resultant skills harnessed to foster growth and promote prosperity. This relationship between economic output and training invokes the role of academic institutions in producing a quality workforce for the economy. The second strand entails human health, which has profound implications for production. The healthier the population the more productive it should be.

The COVID-19 pandemic has tremendously disrupted both the educational and health sectors in South Sudan, weakening human capital formation/accumulation. The following subsections explore how the pandemic has impacted human capital development/accumulation in the country.

5.1 Education

In this section, we note that the 2013 conflict has had an overwhelming effect on the educational sector in the country. A recent publication shows that the conflict had reduced primary school enrollment by at least 80% between 2013 and 2016, with worse effects observed for the boys[22]. This couples with the fact that less than 30% of the South Sudanese adult population is literate. This situation is worse for the female segment of the population: only 20% of female adults are literate. That fewer than 30% of the adult population in South Sudan are literate speaks of a limited access to education and other skills generating opportunities, particularly for school-age children who should benefit from both classroom and home-based learning processes.

Studies have shown that socioeconomic and socio-cultural barriers inhibit access to education in South Sudan, bearing significantly on human capital formation. Over 2 million school-age children are deprived of educational access due to child labor, early marriage, and school distance. Girls are particularly more vulnerable, as they experience a higher risk of never enrolling or dropping out of school. UNESCO (2018) estimates that 60% of the country's children are engaged in pastoralism. Additional evidence shows that 16% of the population are under the age of 5, but only 6% of these children attend an early childhood education (ECE) program.

Despite the above unfavorable conditions, the government of South Sudan has always committed relatively fewer resources to the educational sector; budget appropriations for education are largely ignored, with actual outlays usually lower than the actual allocations. This has meant that many schools have remained closed, teachers accumulate limited

[22] Mayai, War and Schooling in South Sudan, 2013-2016, 2020.

teaching skills, teachers go unpaid for months, limited learning processes for the schools that are operational, and an extremely sluggish human capital formation in the country.
The COVID-19 pandemic has compounded the above problems. First, it has engendered widespread pedagogical and economic predicaments that are nearly crippling the institutions of learning around the globe[23]. Schools have been closed to learning in observance of the COVID-19 health measures; disruptions to the economy pose significant fiscal challenges to educational agencies and individual schools. The attendant radio instructional program, borne of the partnership between the Ministry of General Education and Instruction (MoGEI) and media houses, has a limited coverage, leaving millions of children at the countryside (which represents 80% of the population) with very limited options for learning. The inevitable closure of schools has also placed young girls at higher odds of forced, early marriages and pregnancies, a threat to personal and national development.

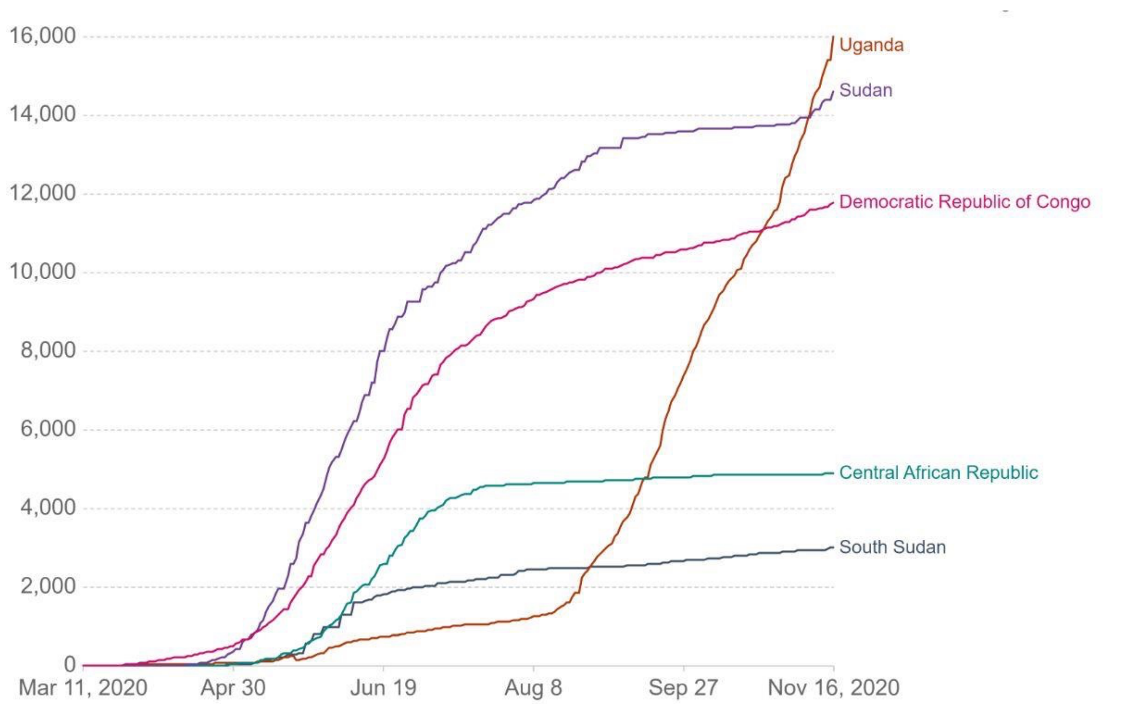
Amidst these colossal barriers, MoGEI has embarked on recovery programs, both from conflict and COVID-19, including a plan to broaden services in anticipation of the return of the displaced millions. However, the government remains fiscally stressed to support the Ministry's ongoing plans. Donor support, therefore, remains the most strategic resource currently available for South Sudan's advancement of human capital development agenda. In the last few years, internationally funded programs have benefited MoGEI's policies that broaden access. For example, now in its 7th year, Girls' Education South Sudan (GESS) program, with funding from UKAID, provides direly needed support in the education sector. As the COVID-19 emergency wanes, it will be necessary to scale up some of these programs, especially those with proven results to speed up educational sector's recovery.

5.2 Health production and outcomes

Eight months on, the South Sudan Public Health Lab reports 3,540 cases of COVID-19, with nearly 90% recovery rate. The government allocated a $5M for preparedness, part of which was spent on case management, isolation centers, equipment, call and operational centers, training, and risk communication. But these funds were not sufficient to keep the health system operational, even in the public sector alone. Thus, the country's level of preparedness was deemed to be inadequate, worrying both local authorities and international counterparts. Seen from this perspective, the country's health system was considered overwhelmingly unprepared to wither the COVID-19 infections. There were concerns that the prevailing health system in South Sudan is ripe for catastrophic human and economic costs. Gladly, the pandemic has turned out to be more forgiving in South Sudan than initially thought, with relatively fewer incidents of both infections and deaths registered over the months (See Figure 2, borrowed from World Bank's recent country update).

Figure 2. COVID-19 infection in the region

[23] Lagi, COVID19 – resilient education in the islands, 2020. https://www.tandfonline.com/doi/full/10.1080/07294360.2020.1825347



Source: European CDC – Situation Update Worldwide – Last updated 16 November, 10:06 (London time) CC BY

Notwithstanding this minimal effect of COVID-19, the South Sudan health sector has suffered significant setbacks. First, as social distancing restrictions heightened, demand for basic health services equally contracted, with serious economic consequences. Many health facilities lost customers. This notable decline in business between the citizens and healthcare institutions emanated from the health threats of COVID-19 itself. Complying with the social distancing measures meant that people had to avoid crowded places, including healthcare centers, evading the hazard of contracting the virus. Second, with COVID-19, incomes have either been reduced or entirely lost. Thus, financial hardships have compelled people to be more judicious with the little money they have. Essential commodities, including food, have become more important to individual households. With priorities reconsidered, spending on other common diseases, such as malaria, typhoid, hepatitis, and many other tropical diseases, went to the backburner.

Declines in demand for health services has presented three interrelated troubles. First, health facilities have lost revenues, crippling their operations. Reduced operations mean economic distress associated with strained sources of revenues for the health establishments. At the early periods of the pandemic, medical clinics and pharmacies shut down in response to revenue shortages. Second, the health facilities that continued operation suffered shortage of supplies, with prices for sanitizers and essential health equipment rising by more than 500%. In our April analysis, we found that a bottle of sanitizer cost $60, a surge of 600%, from $1 in March. To remain in practice, the health clinics had to procure these supplies to ensure safety of the customers, even as they were losing money.

Third, the health providers have to foot an additional bill. A rising cost of transport affected health care workers, as well as health facilities. Because the government had imposed social distancing on public transport, many buses and taxis have now tripled their fares, with a single fare between Juba town and its suburbs now priced at SSP500, from a mere SSP70 at the start of 2020. This fare has suffocated a vast majority of the health sector workers, who make less than SSP30,000, which should be a minimum wage. To this end, a number of health providers have responded with allowances to offset the effect of this rising cost of transport on their workers. These health establishments have had no choice but to intervene in order to insulate their employees from the economic afflictions of the pandemic and to keep their businesses functional. Lastly, enforcing social distancing on public transport increased demand and cut into the operation hours of health facilities. Due to limited availability of seats on public busses, health workers who live far away from work could not make it to work on time. Forcing the affected practices to open an hour later led to additional financial losses.

6 Economic policy

In our October brief, we highlighted South Sudan's economic policy in response to the pandemic. First, we found that the government's effort toward revenue collection was dismal in all material respects. So, then what has the country done to mitigate against the COVID-19 economic impacts?

In July 2020, the BSS' former Governor allocated $5.5 million for investment in gold[24]. The investment was intended to generate jobs in the mineral sector and to bolster the country's generational fund. Second, the government toyed with the idea of replacing the nation's currency. The premise was that there were too many pounds in circulation, affecting the foreign exchange market. The results have been wild and hurtful. When this announcement was made, the market almost collapsed, with a dollar selling at SSP700, up from SSP500 a few days prior. Third, the government established an economic policy committee meant to assess and recommend remedial and recovery measures. The committee's work revealed cases of fraud in revenue collection. More specifically, a customs official was alleged to be defrauding the government by not remitting revenues to Finance. The alleged official was never charged, nonetheless.

Finally, the foreign exchange market keeps deteriorating and has been worsened by the COVID-19 measures. In August 2020, BSS announced that it had run out of foreign reserves[25]. The South Sudanese pound correspondingly weakened against the US dollar. And between August and September, the pound lost 30% of its value. The price of imported goods followed suit. In March, an average commodity cost 30%[26] more, highlighting the significant role the foreign exchange plays in the South Sudanese domestic trade. BSS responded with a measure that is intended to manage domestic

[24] https://www.sudanspost.com/central-bank-of-south-sudan-to-buy-gold/
[25] https://www.voanews.com/africa/south-sudans-central-bank-has-no-more-foreign-cash-reserves
[26] https://www.suddinstitute.org/assets/Publications/5ea90d311d87b_TheEconomicEffectsOfTheCOVIDPandemicIn_Full.pdf

transactions that involve hard currency. But it has never been satisfactorily ascertained how this policy will function.

7 Conclusions

In this brief, we have explored the economic impacts of COVID-19 in South Sudan, updating our April and October evidence. We have learned several lessons, informing economic policy in the country. First, the health effects of the pandemic in the country have been surprisingly less disturbing than previously speculated, marked by a very low morbidity and fatality rates, according to South Sudan's Public Health Lab. Second, the pandemic has had negative effects on the economy, beginning with dramatic declines in domestic production and revenues, followed by a very volatile rising cost of living. The informal sector, the largest of the private sector, has immensely contracted, with women disproportionately affected. These consequences are far-reaching, essentially weakening human capital development, especially in education, in which the lockdown has deprived some 2 million school-age children of learning opportunities. Finally, economic recovery from the COVID-19 will require a coordinated strategy that addresses sector-specific challenges. Attempts at this recovery ought to consider how different economic sectors and segments of the population have responded to the pandemic. Women enterprises and smaller firms, for example, could be rejuvenated through targeted interventions.

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About Sudd Institute

The Sudd Institute is an independent research organization that conducts and facilitates policy relevant research and training to inform public policy and practice, to create opportunities for discussion and debate, and to improve analytical capacity in South Sudan. The Sudd Institute's intention is to significantly improve the quality, impact, and accountability of local, national, and international policy- and decision-making in South Sudan in order to promote a more peaceful, just and prosperous society.

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