

**International Food and Agribusiness
Management Association (IFAMA),
23rd Symposium**

**The Importance of Promoting Food and Agribusiness
Sectors in the Republic of South Sudan: *Policy
Implications for Food Security Strategy.***

**By: Prof. Dr. Valeriano Orasio Loyalala and Bol Andrew
Wieu (M.Sc.)**

Outline of the paper

- o Overview of South Sudan Economy
- o The experience of reliance on oil revenue (2005 – 2011).
- o What is the impact of the closure of oil pipe lines?
- o How can we come out from this economic quagmire?
- o What is fiscal policy?
- o What are the necessary policies to be adopted to address the aftermath of closure of oil pipe lines?
- o Recommendations for effecting food security policy in the Republic of South Sudan
- o The way Forward

Overview of South Sudan Economy

South Sudan is an emerging nation which achieved its independence on 9th July, 2011. The country is characterized by various types of vegetation and climatic zones ranging from semi-desert in far north, poor savannah, rich savannah, and equatorial rain forests. This varieties of climatic zones, has made the country to be endowed with huge agricultural potentials.

Huge agricultural potentials

- o Indeed, the agricultural sector in the South Sudan has more potential than the much talked of oil, gas and minerals potentials. In spite of the huge potentials that the agricultural sector has, it has not received the deserved attention from both the national and foreign investors compared to the other three resources alluded to above. Southern Sudan has 80 per cent arable land.
- o For many years now, the vast agricultural potentials have not been utilized, and hence there is need to embark on development of Agribusiness activities by involving the local farmers.

Four Key issues to be addressed

In order to realize these opportunities, we must address inter alia some key areas:

1. We must strive to change the attitudes of our farmers, and to demonstrate to them that, agriculture could be a well-paying economic activity by organizing trade fairs where farmers would exchange ideas and learn about opportunities. Hence they would be able to increase their innovative abilities in order to cope up with the dynamics of agricultural sector.

Cont'd

2. There is need to create an enabling environment to govern the use of essential inputs such as pesticides and fertilizers where necessary including extension education services for farmers.
3. Equally important is the need to increase farmer's access to agricultural inputs both financial and non-financial, including provision of appropriate technology.
4. The government can generate enough revenue from agribusiness activities in form of value added tax.

The experience of reliance on oil revenue (2005 – 2011).

- o Since the signing of the Comprehensive peace Agreement in Kenya in January 9th, 2005 and the establishment of Government of South Sudan (GoSS) in July 2005, the economy of the latter depended very much on the oil revenue transfers from Khartoum which was used for government expenditure to meet payment of wages and salaries for government employees, services and funding of developmental projects.
- o The oil revenue formed the great bulk of public revenue accounting for 98%.

Cont'd

- Hence much of cash transfers from Khartoum throughout this period went to service sectors such as health, education, relief and rehabilitation to mention but a few. Productive sectors such as agriculture received less attention reflected in poor budgetary allocation.

Cont'd

- Thereby, the much expected oil revenue failed to address pertinent issues of using the funds as a vehicle for sustained peace, economic growth, and poverty eradication in South Sudan.
- Until we attained our Independence on 9th July 2011 our hopes were all focused on oil revenue forgetting other potential sources of non-oil revenue.

What is the impact of the closure of oil pipe lines?

- o On January 2012, the Government of Republic of South Sudan in Juba endorsed a decision to close down oil production in all the oil fields.
- o This was evidenced when to the surprise of Government of Republic of South Sudan that over 800 Million US \$ was stolen by the Government of Republic of Sudan which rejected to pay back the amount leading to the radical decision to shut down oil Production activities in which we lost 98% of revenue forcing the Government of South Sudan to adopt austerity measures to redress the economic shock.

How can we come out from this economic quagmire?

- There is a great necessity to rethink our position as a newly emerging nation to explore other sources of revenue.
- There is need to adopt fiscal policies that could have positive impact on the national economy at least in the short term period (2-3) years.

What is fiscal policy?

- o In Economics and Political Science, fiscal policy is the use of government revenue collection (taxation) and expenditure (spending) to influence the economy. The two main instruments of fiscal policy are government taxation and expenditure. Changes in the level and composition of taxation and government spending can impact the following variables in the economy namely; increase in GDP, incomes, job creation and poverty eradication.

What are the necessary policies to be adopted to address the aftermath of closure of oil pipe lines?

- o It is my considered opinion that we should shift from relying on oil revenue to non-oil revenue strategy by focusing on the agricultural sector with emphasis on agribusiness subsector. There has been too much talk in the media about food security strategy, but little work has been done on ground.

Cont'd

- o The government should look at the agricultural sector as the next leading sector in the economy of South Sudan, because the sector has greater potentials to contribute to our national economy in terms of generation of high GDP, creation of jobs for rural farmers, increasing income, raising standards of living and thereby eradicating poverty

- In fact, it has been documented that, donors and other organizations very concerned about promotion of the agricultural sector are active in many areas related to agribusiness, including policy reform, privatization, and development of analytical capability, investment promotion, and development of capital markets, commodity imports, and infrastructure.

Cont'd

- o . Government policies have important impacts in all these areas, so an understanding of these impacts is crucial to good project and program design as far as the agricultural sector is concerned

Recommendations for effecting food security policy in the Republic of South Sudan

- o Having pointed out the importance of the agricultural sector, I would like to discuss about the pertinent strategies inherent in food security strategy in South Sudan.
- o The below matrix summaries a comprehensive approach to food security and implications for agribusiness subsector.

The six Ps in food Security strategies

Variable	Explanation	Strategy (Plan of Action
Production	Factors of production (land, labour, capital, management).	<ul style="list-style-type: none">• Land reform• Provision of subsidies for inputs, energy, water etc
Processing	Production should be commercialized, industrialized and to add value to products	<ul style="list-style-type: none">• Improve Taxation through value added tax system• Improve infrastructure for better marketing
Population	Demographic profile of the population, age, education, gender, density	<ul style="list-style-type: none">• Target the Population that can produce sufficient food sustainably.

Cont'd

Variable	Explanation	Strategy (Plan of Action
Pathology (Challenges	Diseases affecting human, plants and livestock	<ul style="list-style-type: none">• Fighting diseases such as HIV/Aids, Malaria, TB, pests
Poverty	Production of sufficient food in terms of quantity and quality for the population	<ul style="list-style-type: none">• Providing employment ,incomes for poor households and thereby elimination of poverty
Policies	Formulation of appropriate macroeconomic policies	<ul style="list-style-type: none">• Policies targeting food security• National Economic policies should reflect agriculture as the leading sector

The Way Forward

- In the process of promoting Agribusiness activities, the following three parameters should be taken into account.

Environmental Health

Which ensures that food production and procurement do not compromise the land, air, or water now or for future generations.

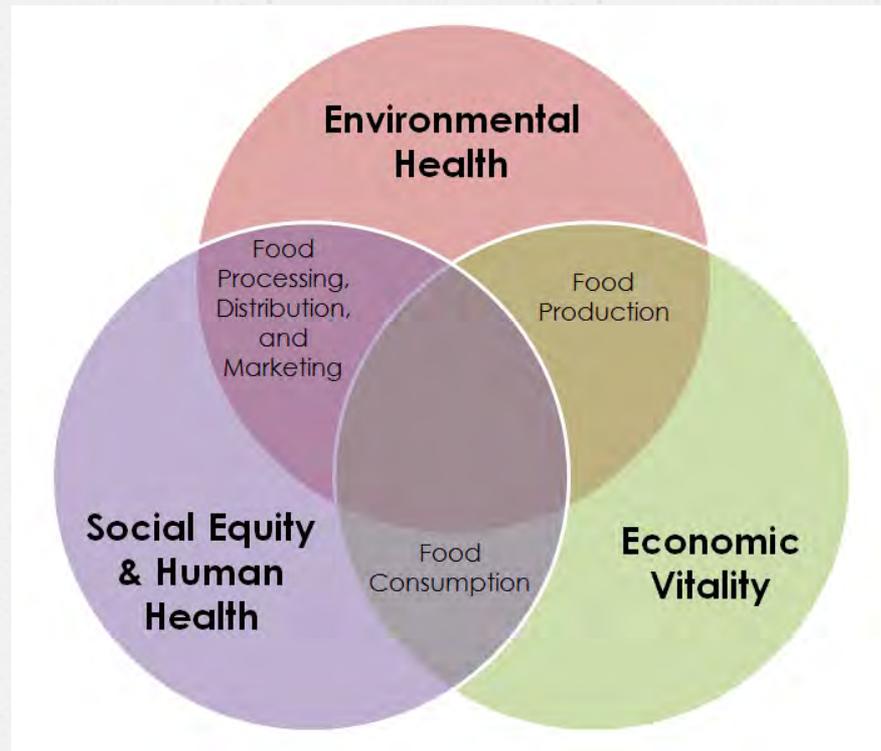
Economic Vitality

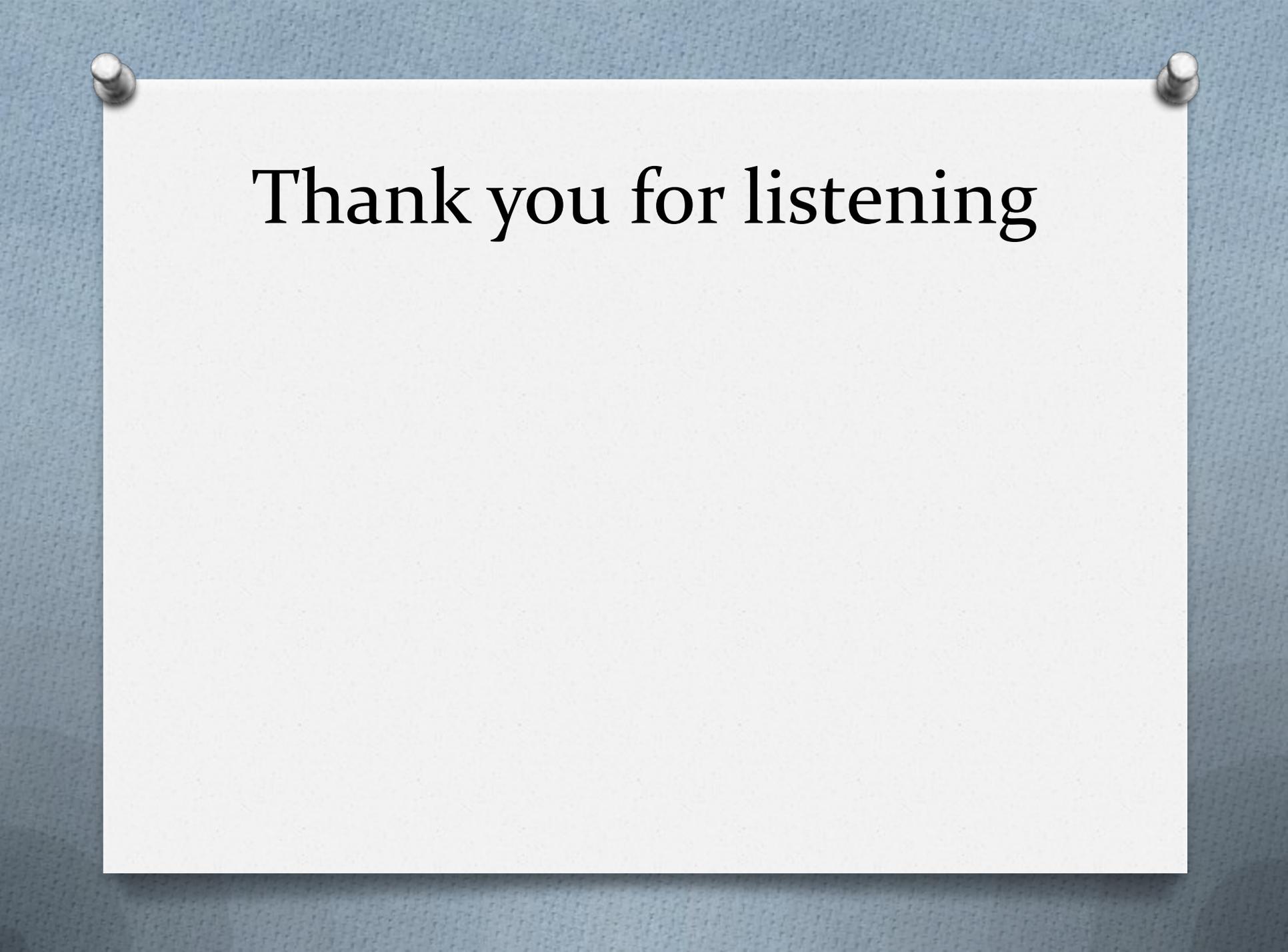
which ensures that the people who are producing our food are able to earn a decent living wage doing so. This ensures that producers can continue to produce our food.

Human Health & Social Equity

- o – ensures that particular importance is placed on community development and the health of the community, making sure that healthy foods are available economically and physically to the community and that people are able to access these foods in a dignified manner.

Sustainable Food systems





Thank you for listening