



**SOUTH SUDAN NATIONAL BUDGET ANALYSIS REPORT
FOR THE YEAR
2021-2022
(SPENT BUDGET)**



**UNDER THE PROJECT: ENHANCING CITIZEN PARTICIPATION
FOR A TRANSPARENT AND ACCOUNTABLE BUDGET,
FINANCIAL TRANSPARENCY, AND ACCOUNTABILITY**

**CONDUCTED BY:
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ABBREVIATIONS

BN	Billions
BPD	Barrel Per Day
CDF	Constituency Development Funds
CEFoRD	Community Empowerment for Rehabilitation and Development
FY	Financial Year
GDP	Gross Domestic Product
ICT	Information and Communications Technology
ISPR	Institute of Social Policy and Research
NDS	National Development Strategy
PFMAA	Public Financial Management and Accountability Act
PHCU	Primary Health Care Unit
PHCC	Primary Health Care Center
R-ARCSS	Revitalized Agreement on the Resolution of the Conflict in the Republic of South Sudan
R-TGoNU	Revitalized Transitional Government of National Unity
R-TNLA	Revitalized Transitional National Legislative Assembly
SSP	South Sudanese Pounds

INTRODUCTION

Budgetary work is one of the most critical oversight functions of Parliament. The Budget reflects the Government's choices and is the tool it uses to achieve its economic and development goals. In the Budget, the Government sets out what it will spend (expenditure) and the income it collects (revenue), which it needs to finance costs.

The Government must balance a wide range of legitimate demands with limited resources at its disposal. Budget support is intended to help Government move forward to realize its goals by increasing government accountability to citizens. It is essential to measure the effectiveness of public spending and how public resources are spent.

The immediate goals of applied budget work are to ensure that government budget priorities are consistent with declared policy objectives and that the financial resources allocated to priority areas are expended fully and adequately. However, budget work also has a larger purpose: to contribute to democracy by ensuring openness, transparency, and accountability for public resources. Government budgets are not drawn up in a vacuum.

All national, state and local governments face some constraints on the overall size of the Budget. To some extent, they are constrained by the ability or willingness of taxpayers to contribute as well as available natural resources that become the source of revenue for the Government. Other constraints include policy decisions to reduce budget deficits or increase expenditures, such as military funding.

THE RATIONALE FOR BUDGETS

- › On 2 Feb 2022, the Minister of Finance presented the Draft National Budget for FY21/22 to the National Assembly for discussion and approval.
- › South Sudan has been without the approved national Budget for almost two years due to constraints imposed by COVID-19 restrictions and unnecessary bureaucratic delays.
- › Regarding the next step in the budget preparation process, the Parliament was supposed to discuss and approve the Budget within 45 days after the Minister of Finance's submission to Parliament.
- › The Parliamentary Specialized Committees were instructed to scrutinize the Budget and submit their report within 21 days to the Parliament.

- › The Parliament would then study the report, approve the FY21/22, and send it to the President for final approval. (Has this been the case?). This note sets out key highlights of the FY21/22 Budget.

WHY ARE BUDGETS IMPORTANT?

Budgets are the most tangible expression of the Government's actual policy priorities.

Few decisions made by a government are as important as those relating to its Budget. Governments may issue policy statements and policy papers, but it is in government budgets that we see the most practical expression of policy decisions made. These decisions relate to the spending plans and priorities and, equally importantly, those not selected. They also relate to the plans to finance these plans and priorities from tax and other revenues to be paid by citizens and businesses.

Each year suppose the Government presents a statement of revenues and expenditures for the coming financial year. The Budget translates a government's manifesto, policies, and goals into decisions on raising revenue and using this money to meet the Country's competing needs. The Budget directly or indirectly affects the lives of all within a country.

The Government's money is the Government's most powerful economic tool to meet the needs of the people, especially those who are poor and marginalized.

THE PURPOSE OF BUDGET ANALYSIS

The National Budget Analysis is produced for the Transitional National Legislative Assembly, the Ministry of Finance and Planning, and all other government stakeholders, civil society, international institutions supporting South Sudan, and the citizens.

- Since government budgets are the most tangible aspect of public policy, it is essential for all stakeholders – outside and within Government –to understand and analyze them to assess the direction of policy and the quality of policy implementation.
- This especially applies to such policy areas as local Infrastructure and service delivery, which depend critically on the level and quality of public spending.
- South Sudan's Revitalized Transitional Government of National Unity provides a roadmap to resolve the Country's civil war. However, the transition has not been smooth due to profound structural political disputes, deep-seated corruption, inter-communal conflicts, and a shrinking economic base.

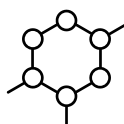
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IMPORTANCE OF BUDGET ANALYSIS

All stakeholders must be concerned with the following sorts of questions around budgets and spending quality:

Analysis of budgets is essential to assess how well the Government's declared policy priorities in different sectors are being planned for and implemented, and the spending quality was underlying critical principles of Efficiency, Effectiveness, Equity, and Transparency.

Efficiency



Is money being spent to ensure the most significant impact on South Sudanese Priorities, or is there unnecessary waste or duplication? Are capital investments being adequately prepared and cost? Are assets being correctly operated and maintained? Are funds allocated to the Budget? Activities being spent and, if not, what are the bottlenecks?

Effectiveness



Are relative sector spending patterns aligned with relative national policy priorities? Are there variations in these patterns across sectors? Do spending patterns also match varying local needs in different local contexts?

Equity



Are geographic spending patterns 'fair'? Do variations in per capita spending in different sectors reflects differing relative poverty and deprivation levels across states/regions, townships, and village tracts?

Transparency



Are budget revenue and spending decisions transparently and well documented and allow for interrogation and accountability from inside Government and by citizens and civil society?

WHAT IS PUBLIC MONEY?

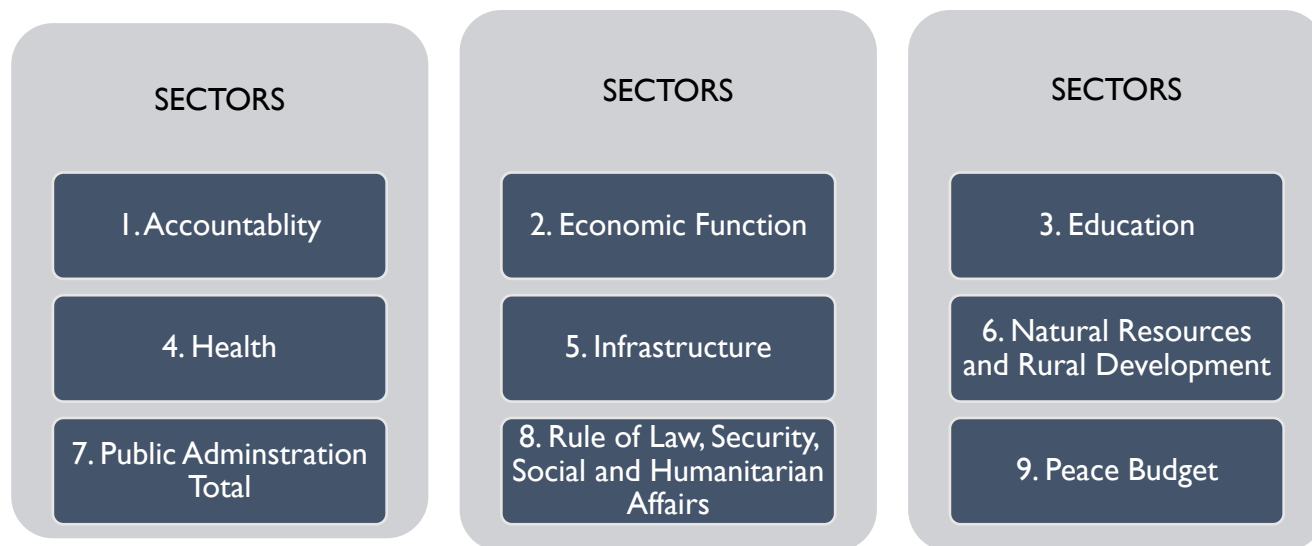
- › Public money is all collected by the Government from oil, tax, donors, and investors and belongs to the citizens of South Sudan.
- › To produce the Budget, the Government is meant to follow the National Budget Cycle. The first step is planning based on the 3-year national and state development strategy.

THE BUDGET ANALYSIS METHODOLOGY

- A budget analysis is a thorough and detailed review of the Budget. It involves the collection, study, and interpretation of budget data, the correlation of budget data to other relevant information such as State policies and programs, and the establishment of findings and results.
- Its primary objective is to provide analysis and information that is credible and accessible. It makes a timely contribution to policy debates to affect how budget issues are decided, and decisions are made.
- Budget analysis is undertaken from several perspectives. The examination assesses financial arrangements covering national and sub-national goals.
- The analysis scrutinizes the effects of budget decisions on programs that affect vulnerable sectors.
- The analysis looked at the relationship of spending for one function against another (for example, military expenditures or debt service compared with economic development). Still, others analyzed budget process issues, policies, and institutions.
- The budget analysis employed a technical lens, which included classifying expenditures by major and minor headings (function or nature of expense), looking at budget figures, studying new allocation items, and understanding the Government's development plans as expressed by budgetary allocations.
- Learn the process by which the Budget is prepared first; it is essential to become familiar with the process by which the government budget is ready and identify the key players in the budget process. This involves securing a copy of the National Development Strategy (NDS), Sector strategic plans, policy statements submitted to the Government, the transitional constitution, the PFMAA, and the audit chamber act, if any. Sometimes, Treasury Regulations and other guidelines on budget preparation are also important documents to look for.
- By carefully studying financial legislation and corresponding guidelines, one would gain the initial information and knowledge needed to begin analyzing the Budget.

THE BUDGET ANALYSIS SECTORS

Important priorities of the 2021-2022 year's Budget include Infrastructure, Economic Functions, and Education, Security, and Public Administration Sectors allocation, accounting for nearly 83% of the FY21/22 budget.



THE NATIONAL DEVELOPMENT STRATEGY (NDS)

Alignment with Priorities of R-TGONU

The first mandate of the R-TGoNU is to “Implement this Agreement and restore permanent and sustainable peace, security and stability in the country.” One of the instruments for that is the NDS. The R-ARCSS requires the Ministry of Finance and planning to “review and implement” the “*National Development Plan*” with a view clearly, to align it to the requirements of the implementation of the R-ARCSS. However, the 2018–2021 NDS was finalized before the R-ARCSS was signed.

The NDS has now been reviewed and is intended to realize the alignment of the R-ARCSS to the NDS. While the R-NDS is critical to implementing the Peace Agreement, it is not the only instrument for implementing the strategic goals outlined in the Agreement. As a sustainable development framework, the R-NDS will contribute to some of the economic governance and social development provisions in the R-ARCSS.





The citizen hopes the approved allocations are consistent with the national development and subnational plans for the various sectors.

National Development Strategy Priorities

<p>Constitution, Rule of Law, Security, And Peace</p> <ul style="list-style-type: none"> › Develop a permanent Constitution. › Strengthen security institutions and personnel. › Build more courts to improve access to justice. › Focus on implementing the Peace Agreement. 	<p>I. Macroeconomic stability</p> <ul style="list-style-type: none"> › Strengthen public financial management. › Manage natural resources. › Manage consumption, savings, and investment › Promote inclusive growth. › Diversify the economy.
<ul style="list-style-type: none"> › Economic and social development › Develop a hierarchy of social safety nets. › Support education and vocational training. › Train and support teachers. › Establish clinics and health centers across the Country. › Ensure quality and safety of the basic package of health and nutrition services. › Build national, state, and local health systems. › Poverty index and targeted support to reduce poverty. › Focus on gender and women’s issues. › Create jobs. 	<p>Governance</p> <ul style="list-style-type: none"> › Strengthen local governments and devolve powers. › Support anticorruption institutions. › Reform the public sector. › Set up and support national elections bodies. › Develop information and communications technology (ICT) and e-governance. › Promote women’s participation in governance.
<p>Infrastructure</p> <ul style="list-style-type: none"> › Upgrade and build new public buildings. › Build and rehabilitate roads. › Invest in broadband. › Develop grid and off-grid energy. 	<p>Environment and Climate</p> <ul style="list-style-type: none"> › Develop policy, institutions, and resources for disaster prevention and response in vulnerable communities. › Manage the environment. › Reduce the carbon footprint. › Address climate vulnerability.

OTHER PRIORITIES OF NDS

Priorities in the services cluster are numerous. After extensive consultations, it was agreed that during the R-NDS 2021- 2024, the Government and its partners would focus on key priorities that will accelerate recovery in the sectors while addressing the dire needs of many citizens.

<p><i>Education</i></p>  <ul style="list-style-type: none"> - National capacity assessment and surveys - Infrastructure and equipment - Teachers' education and training curricula 	<p><i>Health</i></p>  <ul style="list-style-type: none"> - Strengthening of health systems and access to quality care - Repairing and upgrading health infrastructure (hospitals and primary
<p><i>Health care units</i></p>  <ul style="list-style-type: none"> - Increased access to health resources 	<p><i>Social protection (social safety nets)</i></p>  <ul style="list-style-type: none"> - Establishment of the hierarchy of so the social safety nets - Disaster response for the vulnerable - Multidimensional poverty index - Social security funds - Pension fund - Future generation fund

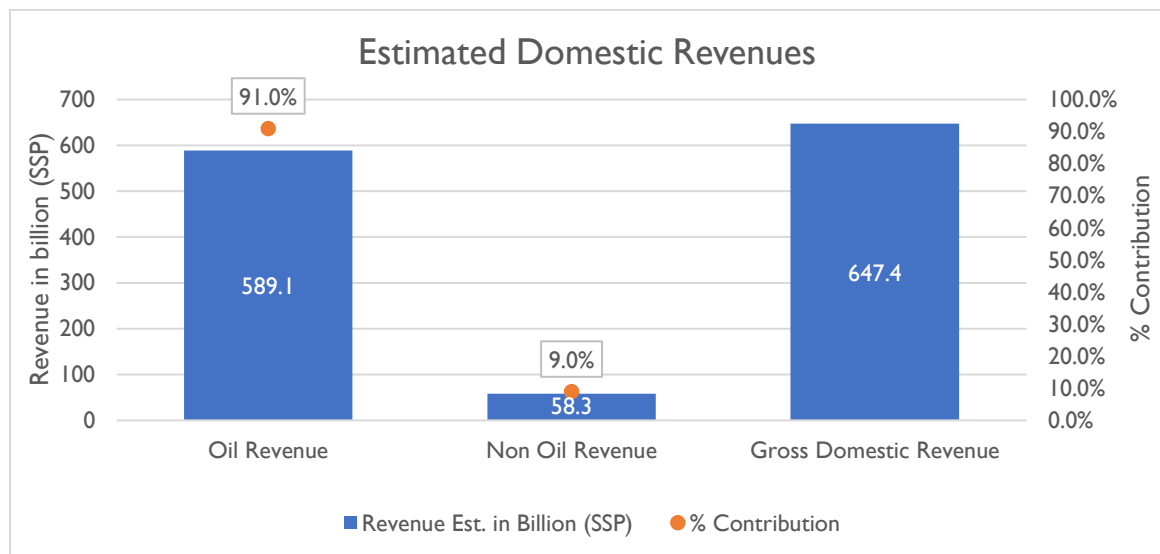
The Estimated Domestic Revenue 2021-2022

- The Government's gross revenues to fund the FY21/22 budget are estimated at US\$ 1.62bn (SSP 647.4BN) – 37% higher than last year's Budget.
- The gross oil revenue was estimated at US\$ 1.5BN (SSP589.1BN), while non-oil revenue is projected to be US\$ 146m (SSP58.3BN). Non- oil revenues stood at SSP58, 248, 999,195BN
- Net oil revenues stood at SSP111,086,935,300BN after deductions of mandatory payments.
- Gross oil revenues were projected to be higher than last year's Budget – because key budget assumptions such as exchange rate and global oil prices were projected to be

higher than the previous year's projections. This results in more revenue projection for the FY21/22 budget.

- This increase is partly because oil revenues (net payments to Sudan) are assumed to be 75% higher than anticipated for last FY in its Budget, amounting to about 40,000 barrels per day.

Figure 1 The Estimated Domestic Revenue 2021-2022



Source: (Author own data construction, 2022)

FY2021/22 NATIONAL BUDGET SIZE & COMPOSITION

Total estimates of the National Budget for the FY2021/22 are SSP338, RTNLA approved 043,747,701.

The National Assembly (RTNLA) approved the FY21/22 budget with several fundamental amendments to the budget assumptions (level of oil production, global oil price per barrel, and exchange rate), which would change.

The National Assembly increased the benchmark oil price for Dar Blend from US\$ 63 per barrel in the draft budget to US\$ 100 per barrel in the approved Budget. Thus, the net oil revenue was increased by US\$436M/SSP174.5BN.

The net resource envelope was increased to US\$ 1,218m/SSP487.2BN in the approved Budget from US\$782/SSP312BN in the draft budget (net of mandatory payments).

As a result, government expenditure on spending agencies was increased (by \$127M/SSP51BN) to US\$ 845M/SSP338BN in the approved Budget from US\$ 718M/SSP287BN in the draft budget.

The National Assembly allocated most of the money to address arrears related to salaries, medical allowances, and cars, CDF (SSP11.2BN (24.6%).

TNLA also approved the 2021-2024 National Development Strategy as the 2021/22 Budget.

TOTAL OIL PRODUCTION PROJECTIONS FY2021/22

Reduced to 156,000BPD in 2021/22 from 170,000BPD in 2020/21. Government oil profit share is 42%, while the benchmark price for Dar-blend is \$63 per barrel. Out of gross oil revenue of SSP 589.1BN, the Government has provided the following:

- SSP478.1BN Mandatory payments leave a balance of SSP111.0BN to support the FY2021/22 Budget.
- Most government revenues have been earmarked for mandatory payments – about 52% of the gross revenues have been allocated for compensatory/required payments, while only 48% of revenues are factored into sectoral allocation.
- The mandatory deductions are estimated at US\$1.2bn or SSP478bn, subtracted from gross revenue (estimated at SSP647BN/\$1.62BN) before sectoral allocations (US\$718m) to government sectors.
- The mandatory transfer payments include the payments to Sudan (US\$160m/SSP64BN); Oil for Roads projects (US\$573m/SSP229.2BN); Oil producing States & Communities (US\$66m/SSP26.4BN); Ministry of Petroleum (US\$39m/SSP15.6BN); and debt service repayment (US\$358m/SSP143.2BN).
- All the mandatory payments are not meant for service delivery directly but are paid out as fiscal and financial obligations.

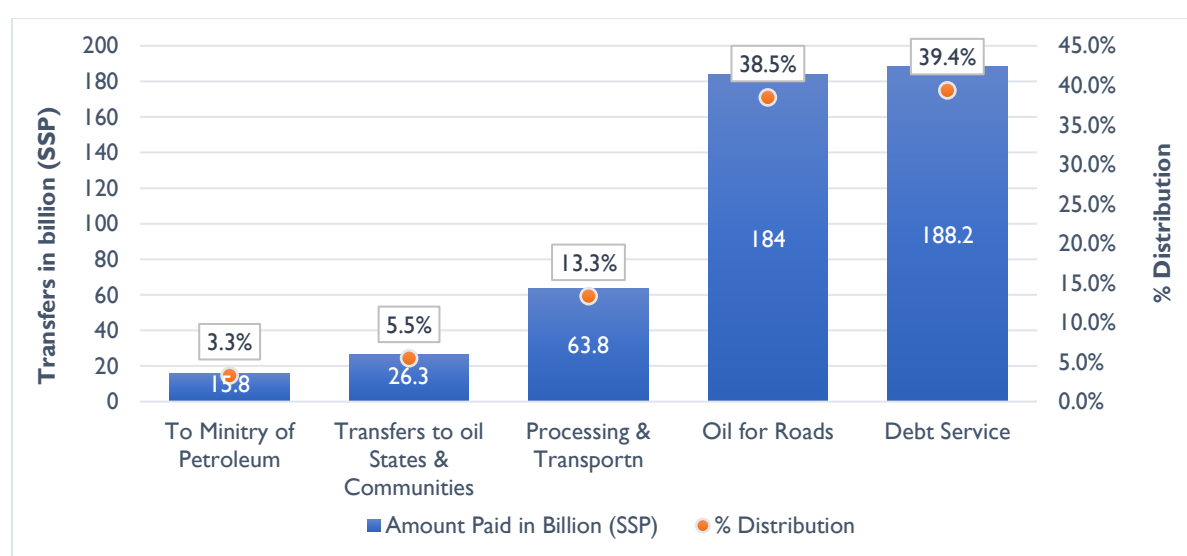
MANDATORY TRANSFERS

The analysis established that during the financial year, there were SSP478.1BN Mandatory Transfers which were indicated as follows;

AMOUNT IN SSP	TRANSFERS
SSP63.8BN	PROCESSING AND TRANSPORTATION TO SUDAN
SSP26.3BN	TRANSFERS TO OIL STATES AND COMMUNITIES
SSP15.8BN	TO MINISTRY OF PETROLEUM
SSP184BN	OIL FOR ROADS

As illustrated below, the diagram shows that out of the mandatory obligations accounted for in the FY2021/22 budget, debt service and oil for roads have taken the most significant share with a combined SSP372billions of the SSP472 deductions. There is a need to review these large allocations going to the new FY2022/23 and consider whether oil for roads, as prioritized previously, has been a suitable investment. It is essential to mention that the indicated SSP184BN oil for road allocation was not part of the nation's Budget approved by the Parliament in FY2021/2022.

Figure 2 MANDATORY TRANSFERS



Source: (Author own data construction, 2022)

FY 2021-2022 INDICATIVE CEILING BY SECTORS AND LINE MINISTRIES

The table below shows the presented Budget by the Minister of Finance and Planning and the one Approved by Parliament Based on the sectors of 1. Accountability, 2. Economic Functions, 3. Education, 4. Health, 5. Infrastructure, 6. National Resources and Rural Development, 7. Public Administration Total, 8. Rule of Law, Security, Social and Humanitarian Affairs and, 9. Peace Budget

Table 1 FY 2021-2022 INDICATIVE CEILING BY SECTORS AND LINE MINISTRIES

Presented to Parliament (draft budget)			Approved by Parliament		
Spending Agencies by Sector	Allocation	%	Spending Agencies by Sector	Allocation	%
Accountability	1,794,005,239	0.6%	Accountability	1,794,005,239	0.5%
Economic Functions	73,046,156,225	25.4%	Economic Functions	40,469,921,998	12.0%

Education	49,166,401,342	17.1%	Education	49,166,401,342	14.5%
Health	27,650,196,633	9.6%	Health	27,650,196,633	8.2%
Infrastructure	10,408,947,217	3.6%	Infrastructure	10,408,947,217	3.1%
National Resources and Rural Development	15,093,674,780	5.3%	National Resources and Rural Development	15,093,674,780	4.5%
Public Administration Total	44,255,264,535	15.4%	Public Administration Total	81,009,289,691	24.0%
Rule of Law, Security, Social and Humanitarian Affairs	65,621,370,128	22.9%	Rule of Law, Security, Social and Humanitarian Affairs	65,621,369,015	19.4%
			Peace Budget	45,364,847,119	13.4%
			Others	1465094682	0.4%
Total	287,036,016,099	100%	Total	338,043,747,716	100%

SECTOR BUDGET ALLOCATIONS ANALYSIS

First, it is essential to mention that It is unrealistic to commit to spending 38.5% of the Budget on road construction. Recognize that poor Infrastructure is a significant constraint to development, but this is not the year to increase spending on it so sharply.

Overreliance on oil revenue: Around 91% of the Budget is financed by oil earnings, which results in unpredictability and undermines budget-planning processes. The government budget is mainly funded by oil revenue, which remains volatile due to global prices and the impact of the civil war on production.

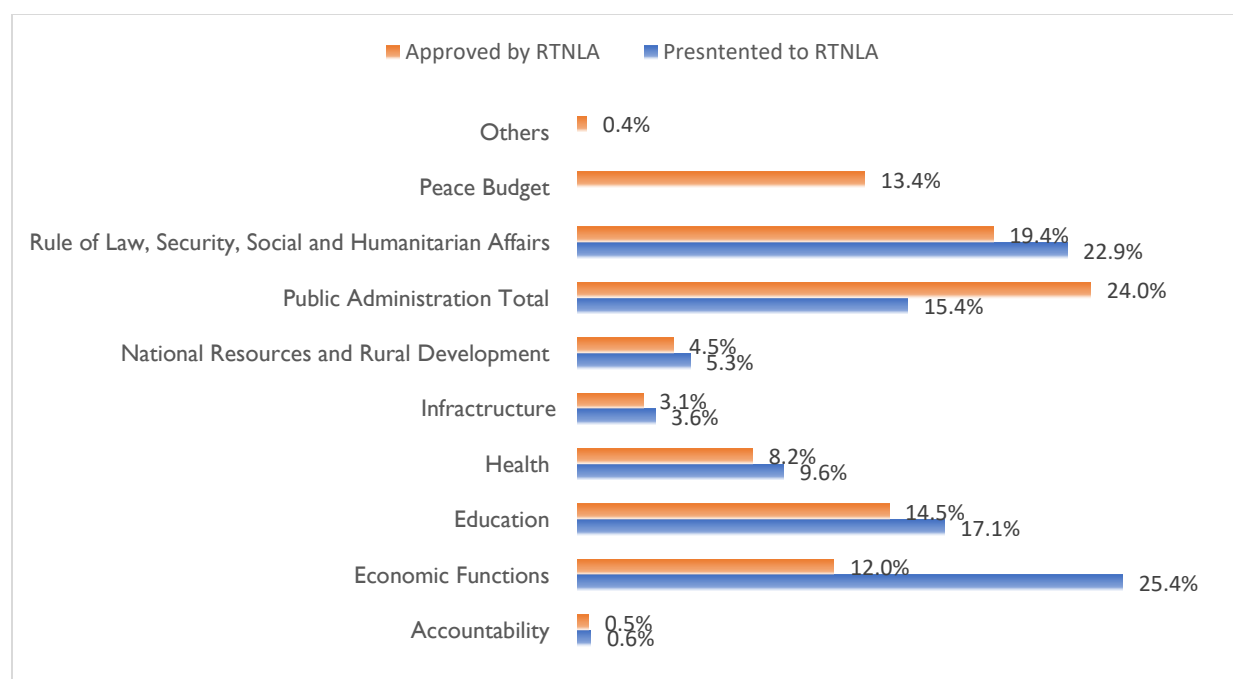
Worsening economic outlook: The macroeconomic situation is characterized by volatile oil revenue, high inflation (although falling), and negative growth over the past few years- with small positive projections for this year, all of which are expected to continue over the next fiscal year.

Essential that Government commits more funding toward health and education. Budgetary allocation to the health sector remains critically underfunded despite the enormous need for increased service delivery across the Country. Essential services have been allocated proportionally less.

The key messages are for the Government to stick to the Budget (i.e., have fiscal discipline) and, in particular, to increase allocations to the social sectors.

Only 13.4% of the Budget is allocated for peace implementation. The FY21/22 R-ARCSS allocation is less than the US\$100m GRSS committed to supporting the peace.

Figure 3 Explanation of the percentage (%) allocation presented to RTNLA and the final approval



Source: (Author own data construction, 2022)

SPENDING AGENCIES BY SECTOR ANALYSIS

Accountability Allocation

Under the accountability sector, the analysis looked at allocated institutions such as the Audit Chamber, National Bureau of Statistics, Anti-Corruption Commission, South Sudan Reconstruction and Development Fund, and South Sudan Fiscal and Financial Allocation and Monitoring Commission.

Table 2 Accountability Allocation

Accountability	1,794,005,239	%
Audit Chamber	1,612,355,589	89.9%
National Bureau of Statistics	67,522,395	3.8%
Anti-Corruption Commission	47,992,583	2.7%
South Sudan Reconstruction and Development Fund	44,677,859	2.5%
South Sudan Fiscal and Financial Allocation and Monitoring Commission	21,456,813	1.2%

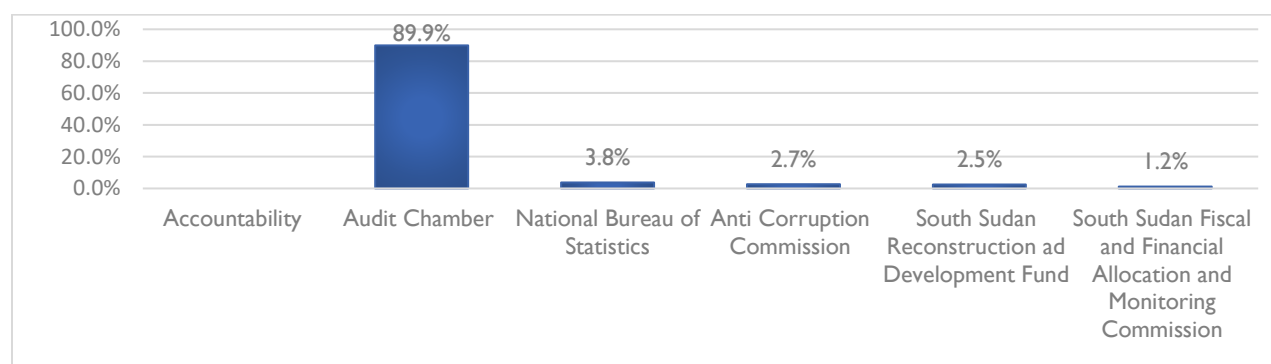
Accountability Sector Allocations Analysis

It has been noted that accountability, allocated about SSPI.7bn of the National Budget, has 89% of its Budget going to the audit chamber, while the Anti-corruption commission takes only 2.7% of the same Budget. The Government is advocating for fighting systemic corruption in the Country, and without allocating sufficient funds to anticorruption activities, it will be difficult for the Government to achieve the enormous task of fighting corruption which currently has a small allocation.

It is also important to mention that the South Sudan Audit Chamber Act 2011 provides for the establishment and governance of the South Sudan Audit Chamber. The Auditor General, the Deputies, Auditors, Support Staff, and the Chamber powers and procedures for auditing and reporting on the accounts of the South Sudan government ministries, and agencies, where public funds have been received, invested or spent. It is therefore essential to review the allocated Budget against the above responsibilities and know that the funds spent are in line with the chamber's duties. Other pillars of the accountability allocation like the national bureau of statistics and anticorruption may require an increase in Budget in the next FY2022/23.

It is also vital for Parliament to examine the allocations to South Sudan Reconstruction and Development Fund and South Sudan Fiscal and Financial Allocation and Monitoring Commission. These two pillars support governance-related tasks necessary for South Sudan. Governance-related.

Figure 4 Accountability Sector Allocations Analysis



Source: (Author own data construction, 2022)

Recommendations

- Since, over the years, the Ministry of finance and planning has not provided financial statements, it is recommended that in the next financial year, Parliament should up its game of oversight and call for the Ministry to produce financial statements as required by law.
- It is recommended that each institution manage its Budget and produce a quarterly report instead of the Budget being kept in the Ministry of finance and planning, which is not the best practice under the Public Finance Management and Accountability Act. This is also per the several resolutions tabled by Parliament to the Ministry of finance to transfer money to all the ministries and institutions and transfer to states.
- Ensure that budget documents and data are open, transparent, and accessible through:
- The availability of precise, factual budget reports which should inform the critical stages of policy
- formulation, consideration, and debate, as well as implementation and review.

- The presentation of budgetary information in a similar format before the final Budget is adopted enough time for adequate discussion and debate on policy choices (e.g., a draft budget or a pre-budget report) during the implementation phase (e.g., a mid-year budget report) and after the end of the budget year (e.g., an end-year report) to promote effective decision making, accountability, and oversight.
- The publication of all Budget reports fully, promptly, routinely, and in a way that is accessible to citizens, civil society organizations, and other stakeholders.
- A clear presentation and explanation of the impact of budget measures, whether to do with tax or expenditure, noting that a “citizen’s budget” or budget summary, in a standard and user-friendly format, is one way of achieving this objective.
- The design and use of budget data to facilitate and support other essential government objectives such as open Government, integrity, program evaluation, and policy coordination across national and sub-national levels of Government.
- It will be good to review the works of the audit chamber against the anticorruption commission, which needs more allocation. As an oversight body, Parliament needs to rethink its spending in the next financial year by suggesting realistic and justifiable budgets to spending agencies.
- The audit chamber is tasked with Examining, verifying, inquiring into, audit, and reporting on the accounts of (i) The Executive, the Assembly, the Judiciary, the accounts of the States Local Government, Independent Commissions, Public institutions, Commercial Corporations, Public Funds, and any other institutions in South Sudan as may be determined by law. It is crucial that Parliament reviews these roles and knows that budget allocations are consistent with the functions and duties of the chamber.
- In the new Budget, allocate more, review the work of the anticorruption commission, and examine its functions considering the high corruption environment where resources do not seem to reach their final allocated destination.

Economic Functions Allocations

The Economic Functions analysis looked at the allocation to institutions such as the Ministry of Finance and Planning, Ministry of Petroleum, Ministry of Mining, Ministry of Trade and Industry, Ministry of Land, Housing and Urban Development, Ministry of Investment, Ministry of Water Resources, and Irrigation.

National Revenue Authority, Petroleum and Gas Commission, National Bureau of Standards, Electricity Cooperation, South Sudan Urban Water Cooperation, Public Procurement and Disposal of Asset Authority.

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and Irrigation, National Revenue Authority, Petroleum and Gas Commission, National Bureau of Standards, Electricity Cooperation, South Sudan Urban Water Cooperation, Public Procurement and Disposal of Asset Authority.

Table 3 Economic Functions Allocations

Economic Functions	40,469,921,998	%
Ministry of Finance and Planning	26,736,746,013	66.1%
Ministry of Petroleum	189,861,295	0.5%
Ministry of Mining	7,683,202,457	19.0%
Ministry of Trade and Industry	804,297,423	2.0%
Ministry of Land, Housing and Urban Development	719,709,964	1.8%
Ministry of Investment	312,315,220	0.8%
Ministry of Water Resources and Irrigation	1,226,306,613	3.0%
National Revenue Authority	1,851,869,117	4.6%
Petroleum and Gas Commission	171,437,985	0.4%
National Bureau of Standards	133,288,163	0.3%
Electricity Cooperation	417,931,741	1.0%
South Sudan Urban Water Cooperation	222,956,007	0.6%
Public Procurement and Disposal of Asset Authority	-	0.0%

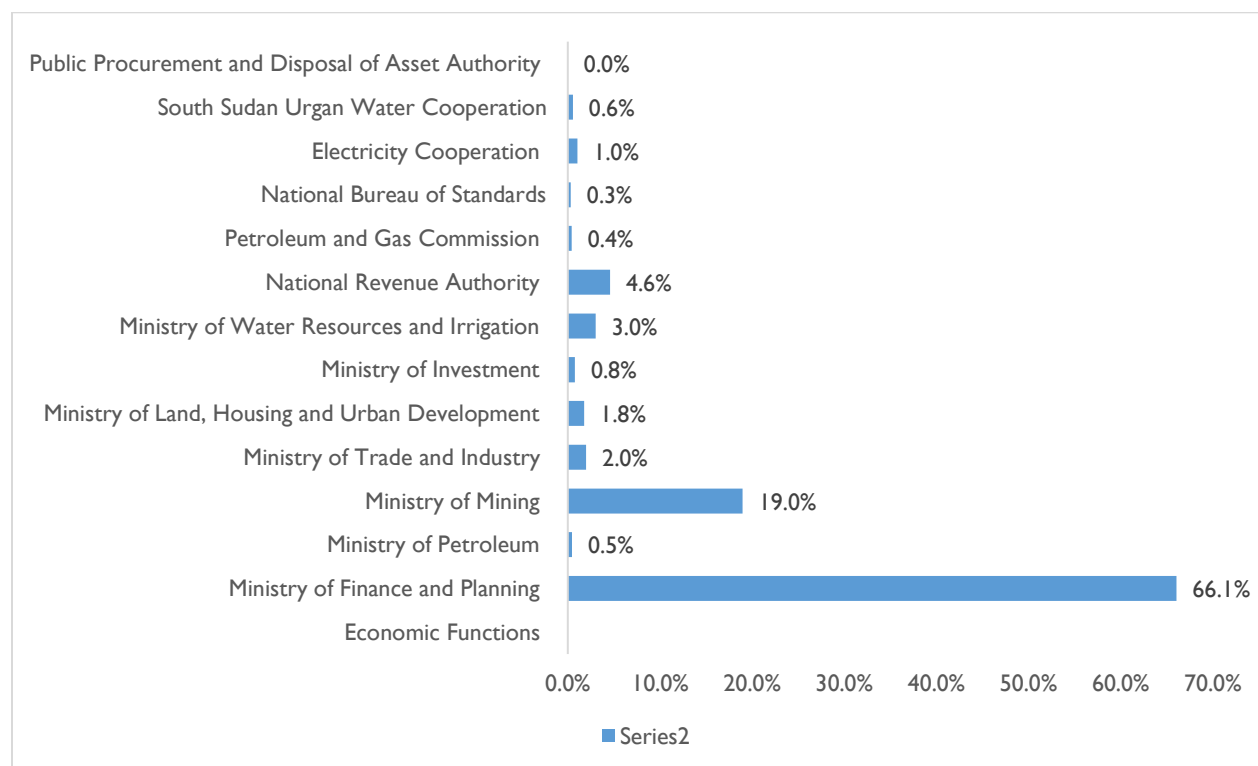
Economic Function Analysis

Under economic function allocations, the analysis established that of the SSP40BN allocation, 66% and 19% are allocated to the Ministry of Finance and Mining, respectively. Critical services delivery sectors such as South Sudan Urban Water Cooperation, Electricity Cooperation, Ministry of Land, Housing and Urban Development, and Electricity Cooperation were insufficiently allocated resources. Yet, these sectors are critical service delivery sectors that are the core needs of vital for addressing direct South Sudanese citizen's needs. Furthermore, it was affirmed that South Sudanese witnessed the Government spends a large amount of its Budget on public sectors involving massive procurement but without following legal procurement practice. On the contrary the analyzed financial year, the Government did not willingly allocate resources to a single resource for establishing the Public Procurement and Disposal of Asset Authority which is necessary to provide authority on public resource wasting.

It also appears that the Government has prioritized other institutions mandated to generate revenue over those supposed to deliver vital services to the South Sudanese population. For example, the Government allocated 19.0% for Mining, yet from the projected income to finance the Budget, and there is no revenue from such Ministry. It is essential to review and re-allocate such funds to areas like land, housing, investment, or water and urban development, which are critical. The issue of land disputes has been a massive problem in South Sudan. Allocating more funds to develop and strengthen land policies would be more relevant. It is also vital for Parliament to review all its allocations by understanding how much of the allocated funds are

meant for services or operational costs. It seems that most, if not all, allocations are meant to cover running costs with few activities aligned to the NDS.

Figure 5 Economic Function Analysis



Source: (Author own data construction, 2022)

Recommendation

- Considering the Country's current situation where South Sudanese citizens do not feel a peace dividend, it is vital to review and re-allocate future budgets to areas like land, housing, investment, or water and urban development, which are critical. The issue of land disputes has been a massive problem in South Sudan. Allocating more funds to develop and strengthen land policies would be more relevant. It is also essential for Parliament to review all its allocations by understanding how much of the allocated funds are meant for services or operational costs.
- It is explicitly recommended that the R- TNLA members advocate for the Ministry of finance and planning to establish the public procurement act.
- A fundamental discussion involving public participation is required on the projected rebound in oil production and exports, which are vital to support economic recovery and contribute to GDP growth. The expected GDP growth is 0.1 percent in 2021 and 2.5 percent in 2022.
- Future economic function budget allocation should consider the issues documented during the R-NDS passage, which require the Country to rethink its.
 - Current over-dependence on oil with no clear strategy for diversification,

- Its inadequate macroeconomic data,
- It's a very narrow private sector base and negligible presence and influence of South Sudanese in the private sector.
- And the issue of instability and uncertainties in the macroeconomic landscape.
- It is also essential to consider that the benefits of effective economic governance – a more robust economy, increased investment, more job opportunities for youth and women, and poverty reduction, among others – should be a preoccupation of the governance and economic functions.
- The Government needs to focus on the PFM reform agenda, anticorruption, Natural resource management, and Institutional reforms.
- South Sudan has faced significant challenges with corruption and leakages in public institutions. The Country has consistently ranked poorly on major international corruption indices. There is a strong need for Government and Parliament to focus resources on these areas before prioritizing the pillars under the economic functions.

Education Allocation

Education was allocated to institutions such as the Ministry of General Education and Instruction, Ministry of High Education Science and Technology, South Sudan National Examination Council, Research and Development Center, and Students Support Funds.

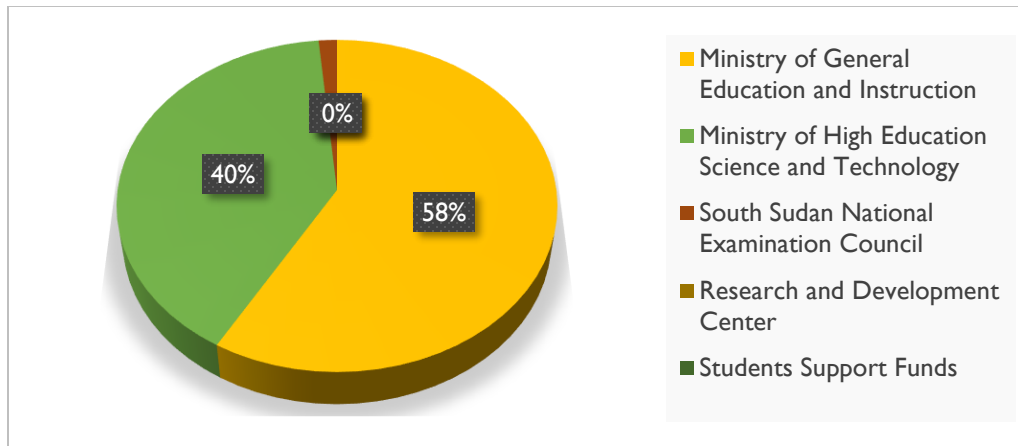
Table 4 Education Allocation

Education	49,166,401,342	%
<i>Ministry of General Education and Instruction</i>	<i>28,704,000,000</i>	<i>58.4%</i>
<i>Ministry of High Education Science and Technology</i>	<i>19,741,213,097</i>	<i>40.2%</i>
<i>South Sudan National Examination Council</i>	<i>721,188,245</i>	<i>1.5%</i>
<i>Research and Development Center</i>	-	<i>0.0%</i>
<i>Students Support Funds</i>	-	<i>0.0%</i>

Education Allocation Analysis

The analysis recognized that at least SSP49bn had been allocated to the Ministry of General Education and Instruction and Ministry of High Education Science and Technology, each taking 58.4% and 40.2%, respectively. These allocations show some remarkable progress in considering the existing education situation. The allocations to South Sudan National Examination Council, Research and Development Center, and Students Support Funds have fallen short of what is expected to be allocated to them. Throughout the Country, education needs are dire and highly funded by the International community.

Figure 6 Education Allocation Analysis



Source: (Author own data construction, 2022)

Recommendations

- To strengthen these ministries, it is recommended that the Government should allocate more funds to the research and examination council. As noted from recent government criticism by the public about low Resources supporting examination council handling exams.
- It is also recommended that the Government increase education and vocational training support.
- Much as the Government allocated more resources for salaries and arrears, consideration should be equally given to resources.
 - Train and support teachers.
 - National capacity assessment and surveys
 - Infrastructure and equipment
 - Teachers’ education and training curricula

Health Allocation

The analysis of Health Allocation assessed institutions such as the Ministry of Health HIV/AIDS Commission, Drugs and Food Control Authority, and Health Care Support Funds.

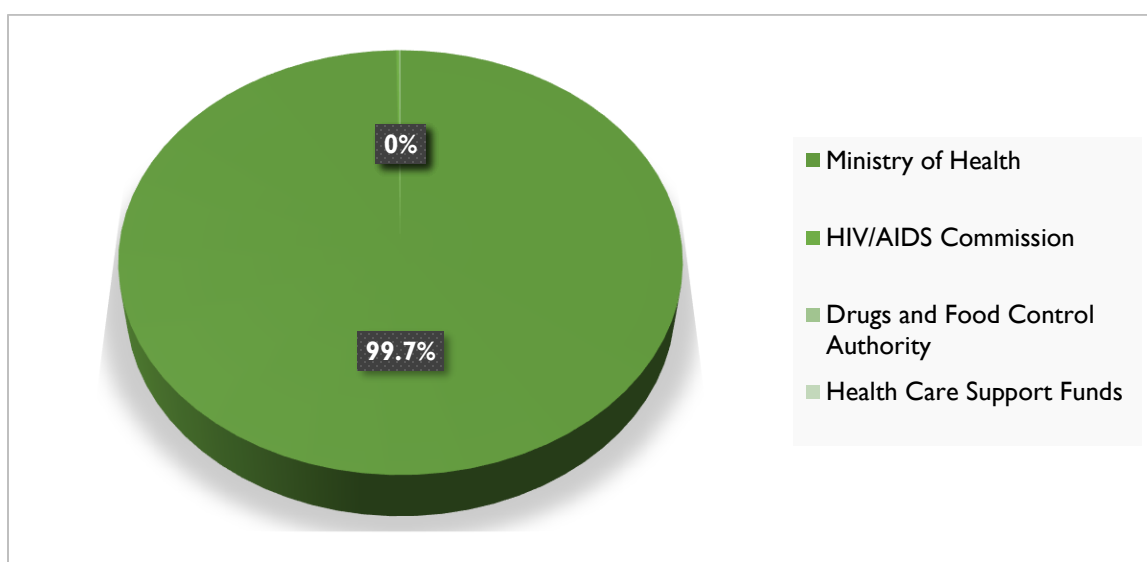
Table 5 Health Allocation

Health	27,650,196,633	%
Ministry of Health	27,575,519,918	99.7%
HIV/AIDS Commission	52,434,504	0.2%
Drugs and Food Control Authority	22,242,211	0.1%
Health Care Support Funds	-	0.0%

Health Allocation Analysis

There is a slight increase in the health allocation compared to last FY2020/21. However, 97% of this allocation goes to health and leaves the other essential pillars like health care (0%), drugs authority (0.1%), and HIV/AIDS commissions with 0.2%. The health sector in South Sudan continues to face enormous challenges with alarming consequences. With maternal mortality of 789 per 100,000 live births, neonatal mortality of 39 per 1,000 live births, and an under-five mortality rate of 91 per 1,000 live births, the task of reversing these conditions is urgent. Much as there is allocation to health, the following situation continues to be experienced in South Sudan.

- Nearly 71% of the population lived more than 5 kilometers (km) from the nearest public health facility.
- Access is further compromised because 13% of existing primary care facilities are not functional.
- The general health service readiness to deliver primary health care services is estimated at 37% of international minimum standards.



Source: (Author own data construction, 2022)

Recommendations

- The Government needs to put determined efforts into improving health service delivery and improved management of health system resources and partnerships.
- The health allocation needs to be reviewed if the other pillars are to see any improved results.
- Strengthening of health systems and access to quality care
- In the next Budget, it is recommended that the Government begin shouldering its responsibility by increasing funding for repairing and upgrading health infrastructure (hospitals and primary health care units)

- Allocating Budget for establishing PHCU and PHCC across the Country, including support for building national, state, and local health systems.
- Allocate funds to improve the quality and safety of the basic package of health and nutrition services.
- To raise accountability issues, including the implementation of the national budget process, members of Parliament need to work with civil society and journalists.
- As that analysis has established, it is unclear how the allocated Budget reaches the commission under each Ministry. Given this, it's recommended that for the independent commission to deliver their mandates as enshrined in the constitution, commissions' budgets must be separated from their mother ministries.

Infrastructure Allocation

Analysis under Infrastructure assessed allocation to Ministry of Energy and Dams, Ministry of Transport Ministry of Roads and Bridges, South Sudan Roads Authority, and South Sudan Civil Aviation Authority.

Table 6 Infrastructure Allocation

Infrastructure	10,408,947,217	%
Ministry of Energy and Dams	1,868,524,119	18%
Ministry of Transport	1,779,237,600	17%
Ministry of Roads and Bridges	3,603,645,628	35%
South Sudan Roads Authority	2,633,265,189	25%
South Sudan Civil Aviation Authority	524,274,681	5%

Infrastructure Allocation Analysis

South Sudan currently has inadequate essential infrastructure services such as roads, Fewer networks, electric power systems, Internet capacity and penetration, and a host of other infrastructural requirements. Infrastructure is seen as a catalyst for development and plays a pivotal role in the equitable development of the Country. These needs have informed the selection of the goal and objectives for this cluster which the Government has prioritized in implementing the R-NDS.

The infrastructure network of South Sudan makes it difficult for the economy to compete with those of its neighbors and for its people to have expanded opportunities. Roads, sewerage systems, electric power systems, Internet capacity, and penetration are minimal.

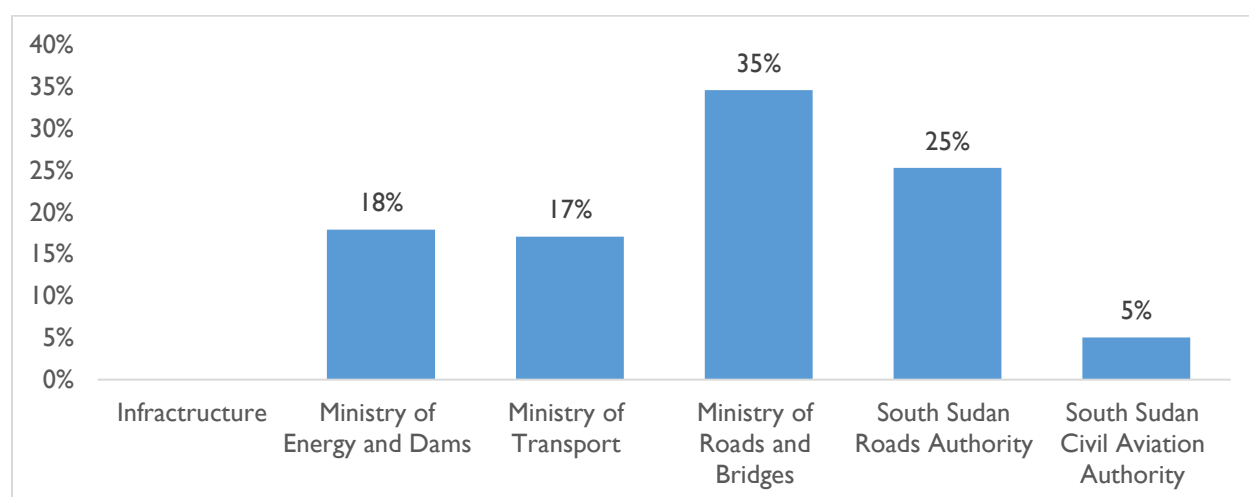
The main goal of allocating more funds to this cluster is to build critical Infrastructure for sustainable development, including roads, energy supply, public buildings, and broadband capability. However, as indicated in the Budget, 35% of the allocation goes to roads and bridges

while 25% goes to the road's authority. This is on top of the SSP184billions already allocated for oil for roads.

Under Infrastructure with an allocation of SSP10bn, the more significant share (35%) goes to roads and bridges as well as energy, dams, and transport combining to 35%. It is recalled that out of the mandatory payments of SSP484bn, SSP184bn was already earmarked for oil for roads (38%).

The overarching priorities of the Budget are Infrastructure (roads), bridges, dams, and transport, which increasingly crowd out social sector investments.

Figure 7 Infrastructure Allocation Analysis



Source: (Author own data construction, 2022)

Recommendations

- Enhancing Infrastructure requires the Parliament to query these allocations and seek accountability statements from the Ministry of Finance.
- Infrastructure is a catalyst for accelerated growth and is pivotal in nation-building. R-ARCSS section 1.2.12 mandates the R-TGoNU to "Rebuild and recover destroyed physical Infrastructure and give special attention to prioritizing the rebuilding of livelihoods of those affected by the conflict; therefore, more allocation to these sectors is paramount.
- Government rethinking infrastructure development is vital as it is a central pillar to implementing the R-ARCSS and achieving sustainable peace. Through the R-NDS, the GRSS needs to continue to invest in infrastructure development with an emphasis on roads and energy. In addition, as indicated in the governance chapter, Government needs to build broadband capability during this period as a foundation for the transition to e-government.
- Investing in infrastructure development is an integral part of social development as it facilitates access to health facilities and schools, including agriculture and security.

- Investment in the infrastructure sector plays a central role in supporting coordinated action to deliver on many other R-NDS goals, including education, health, security, job creation, and the environment. Therefore, the R-NDS needs to continue to focus on infrastructure development. It will restore and maintain essential roads and bridges that connect communities to services; expand and enhance telecommunication services internally and between South Sudan and other countries; work towards the provision of affordable and sustainable power supply in all ten states; create the legal, regulatory and enabling environment for private sector investment in infrastructure development.

National Resources and Rural Development Allocations

The National Resources and Rural Development Allocations include the Ministry of Agriculture and Food Security, the Ministry of Livestock and Fisheries Industries, Environment and Forestry, Wildlife Conservation and Tourism, the South Sudan Land Commission, and the Environment Management Authority.

Table 7 National Resources and Rural Development Allocations

National Resources and Rural Development	15,093,674,780	%
<i>Ministry of Agriculture and Food Security</i>	8,275,192,176	54.8%
<i>Ministry of Livestock and Fisheries Industries</i>	2,832,723,491	18.8%
<i>Ministry of Environment and Forestry</i>	357,403,995	2.4%
<i>Wildlife Conservation and Tourism</i>	3,574,394,006	23.7%
<i>South Sudan Land Commission</i>	53,961,112	0.4%
<i>Environment Management Authority</i>	-	0.0%

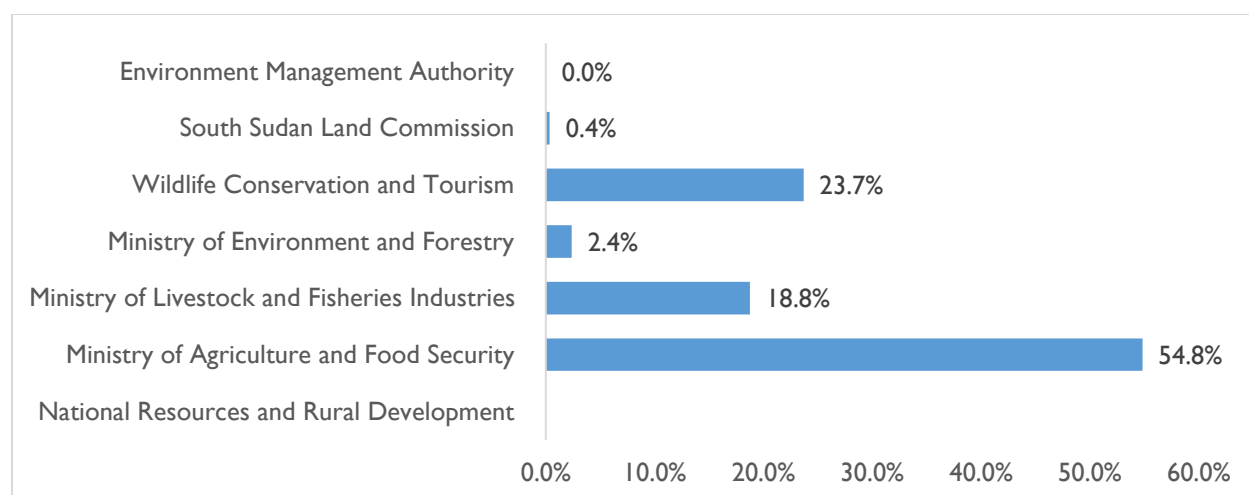
National Resources and Rural Development Allocation Analysis

SSPI5bn has been allocated to the national Resource and rural development sector. This is just 4% of the entire national Budget. 54% of this allocation goes to the Ministry of Agriculture and Food Security.

The outcome of the budget analysis pointed out that the allocation under the National Resources and Rural Development did not broadly consider the aspirations outlined in the National Development Strategy 2018–2021 (NDS), South Sudan's second development blueprint. It has also not followed the desired contribution to operationalizing the Revitalized Agreement on the Resolution of the Conflict in South Sudan (R-ARCSS) mandates the Revitalized Transitional Government of National Unity (R-TGoNU).

As clearly noted in the Budget and illustrated, the environment management authority, a core pillar of land management, has received 0% allocation, and yet agriculture gets 54%. Given non-allocation to this institution, it has become difficult for the Country to manage wetlands, swamps, and climate change issues. The budget allocation also did not consider investing in social development as currently seen as low and with the increased cycle of poverty.

Figure 8 National Resources and Rural Development Allocation Analysis



Source: (Author own data construction, 2022)

Recommendations

- To improve the Government's deeper involvement in managing issues of wetlands, swamps, and climate change, establishing the environmental management authority will be necessary.
- It is recommended to the Government that a new vision of rural development must extend beyond agriculture, recognizing the income potential and economic importance of diversified interests such as on-farm non-agricultural activities, ecotourism, cottage industries, and off-farm activities. Physical and Social Infrastructure, such as recreational activities, must be funded.
- Under Agriculture, more allocation is needed to improve a multisectoral extension network as it offers an inclusive approach to rural development. It brings together agricultural extension providers, promotes communication for rural development, and establishes rural extension activities for non-agricultural populations in rural areas and an agricultural extension/communication strategy. In all cases where nationally integrated food security systems are being advanced, multiple sectors are encouraged to work collaboratively to combat food insecurity and generate income.
- In the next Budget, the allocation should consider New credit arrangements and financial mechanisms which will assist South Sudanese who live below the poverty line.
- The Government needs to ensure commitment on the part of the Government, a strategic vision, and a clear long-term development plan that informs spending and investment decisions and recognizes the inherent volatility and finitude of natural resource revenues and absorptive capacity constraints. Any prioritization of development-related expenditure which underwrites broad-based and inclusive development must be preceded by a commitment to sound and consistent macroeconomic management of natural resource revenues.

Public Administration Total Allocation

Allocation analyzed under Public Administration looked at the Ministry of Presidential Affairs, Ministry of Foreign Affairs and International Cooperation, Transitional Legislative Assembly, Council of States, and Others.

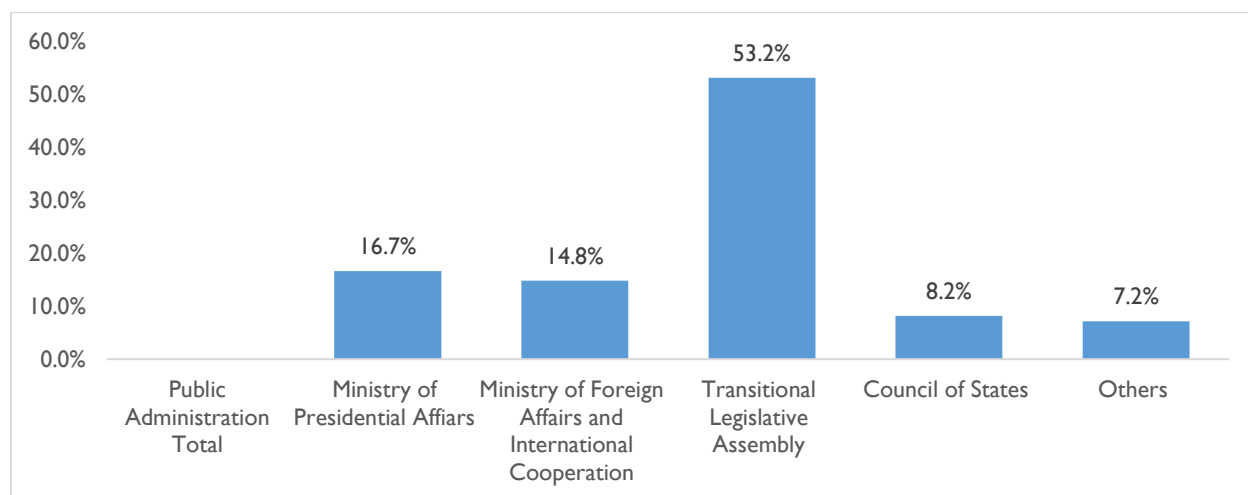
Table 8 Public Administration Total Allocation

Public Administration Total	81,009,289,691	%
Ministry of Presidential Affairs	13,500,858,533	16.7%
Ministry of Foreign Affairs and International Cooperation	12,002,273,150	14.8%
Transitional Legislative Assembly	43,062,712,557	53.2%
Council of States	6,626,454,855	8.2%
Others	5,816,990,596	7.2%

Public Administration Allocation Analysis

The analysis of Public administration showed that the sector took 24% of the national allocations (SSP81billions). This is seen from the fact that 53% of the Budget went to the Revitalized Transitional National Legislative Assembly. The presented Budget by the Minister of Finance and Planning to Parliament for Public Administration was around SSP44bn, but Parliament raised the budget ceiling to SSP81BN. It was reported that Parliament increased the allocation to cater for salaries and arrears, leaving the other pillars with very little only for operational support. In the allocation, Parliament took 53.2%, followed by the Ministry of Presidential Affairs, which is the office of the President, 16.7%, and 14.8% to the Ministry of Foreign Affairs and International Cooperation. The office of the President was allocated more Budget than the Council of States, which only received 8.2%.

Figure 9 Public Administration Allocation Analysis



Source: (Authors Own Construction, 2022)

Recommendations

Provide for an inclusive, participative, and realistic debate on budgetary choices by:

- Offering opportunities for the Parliament and its committees to engage with the budget process at all key stages of the budget cycle, both ex-ante and ex-post, as appropriate.
 - Facilitating the engagement of parliaments, citizens, and civil society organizations in an honest debate about crucial priorities, trade-offs, opportunity costs, and value for money.
 - Providing clarity about the relative costs and benefits of the wide range of public and tax expenditure programs
- .
- It ensured that all significant decisions in these areas were handled within the context of the budget process. Government budgeting is crucial because it enables the Government to plan and manage its financial resources to support the implementation of various programs and projects that best promote the development of the Country.

Rule of Law, Security, Social and Humanitarian Affairs

The Rule of Law, Security, Social and Humanitarian Affairs Allocation assessment focused on Rule of Law, Security, and Social and Humanitarian Affairs.

Table 9 Rule of Law, Security, Social and Humanitarian Affairs Allocation

Rule of Law, Security, Social and Humanitarian Affairs	65,621,369,000	%
Rule of Law	18,922,727,000	28.8%
Security	43,393,900,000	66.1%
Social and Humanitarian Affairs	3,304,742,000	5.0%

Rule of Law, Security, Social and Humanitarian Affairs Allocation Analysis

Regarding the Rule of Law, security, and humanitarian affairs function, out of the SSP65bn allocated, 66% was meant for security. The rule of law was allocated 28.8%. Social and Humanitarian Affairs was only allocated 5.0% of the Budget.

During the budget year, the Government did not consider the Country's situation. As of 2021, the Country saw a deterioration in humanitarian. The Country was confronted by social and political instability due to violence and a series of interconnected shocks, including conflict, persistent and unprecedented flooding, inflation, and the impact and economic weight of COVID-19. This has led to massive internal and cross-border displacement, straining scarce resources, livelihoods, and essential services, and increased protection risks, particularly for the most vulnerable groups. Insecurity, fueled by sub-national intercommunal violence, crime, and wide-scale impunity, continued to hamper the Country's roadmap to peace.

Over 8.9 million people (including 4.6 million children) will need humanitarian assistance and protection in South Sudan in 2022.

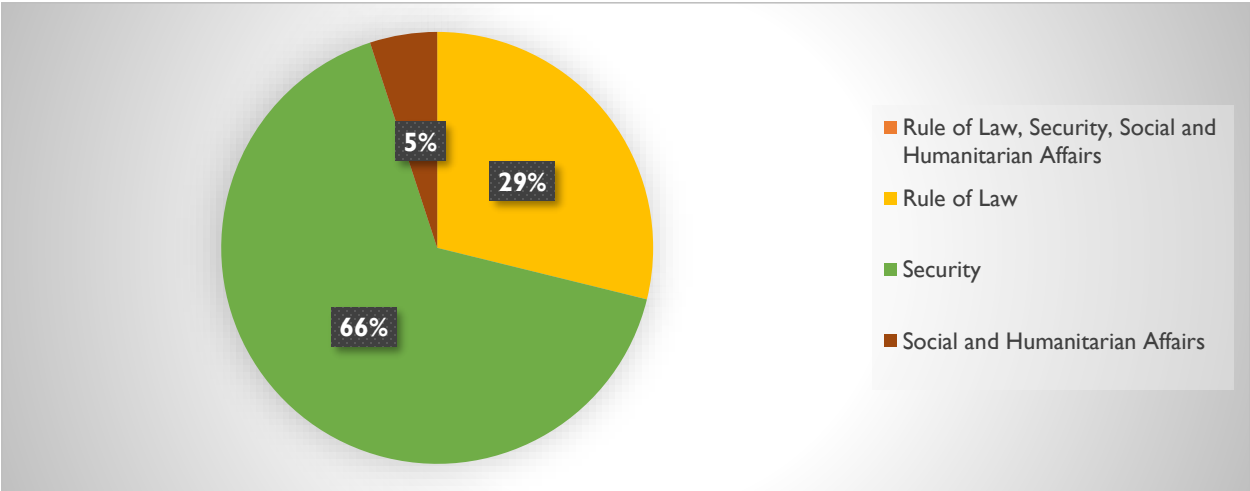
Extreme levels of food insecurity and malnutrition, affecting two-thirds of the Country's population, make South Sudan one of the worst food insecurity emergencies in the world.

An estimated 8.3 million people, including refugees, are expected to experience severe food insecurity. This represents a 7% increase from the 7.7 million people in 2021. Extreme weather events have led to the degradation of natural resources, reduced agricultural production, food insecurity, and lost livelihoods. In addition, the armed conflict has devastated the Country's food security situation, including asset stripping, mobility restrictions, displacement, and impediments to food assistance.

Climate change has affected the weather variability, exposing the Country to torrential rains, seasonal flooding, and drought. Extreme weather events have had direct repercussions on peace and security. Flooding has been a significant driver of displacement, followed by conflict. In 2021, 835,000 people were affected by floods in 33 counties across eight states.

The above situation calls for the Government to consider allocating more funds to Social and Humanitarian Affairs.

Figure 10 Rule of Law, Security, Social and Humanitarian Affairs Analysis



Source: (Author own data construction, 2022)

Recommendations

- the Government to consider allocating more funds to Social and Humanitarian Affairs.
- Support anticorruption institutions by reducing g the allocation in other pillars.

- Continue to discuss how the funding rule of law as the rule of law is integral to the future stability of South Sudan and its security.
- Increase funds to develop a permanent Constitution in line with the R-NDS.
- Strengthen security institutions and personnel professionally
- Build more courts to improve access to justice.
- Focus on implementing the revitalized Peace Agreement, which must be aligned to the R-NDS.

Peace Budget Allocation

The allocation to peace fund is mainly done as Transfers to State, Block Transfers, County Block Transfers, County Development Grants, State Equalization Grants Transfers, Salaries Arrears, National and State Governments, and others (Interest and Contingencies.

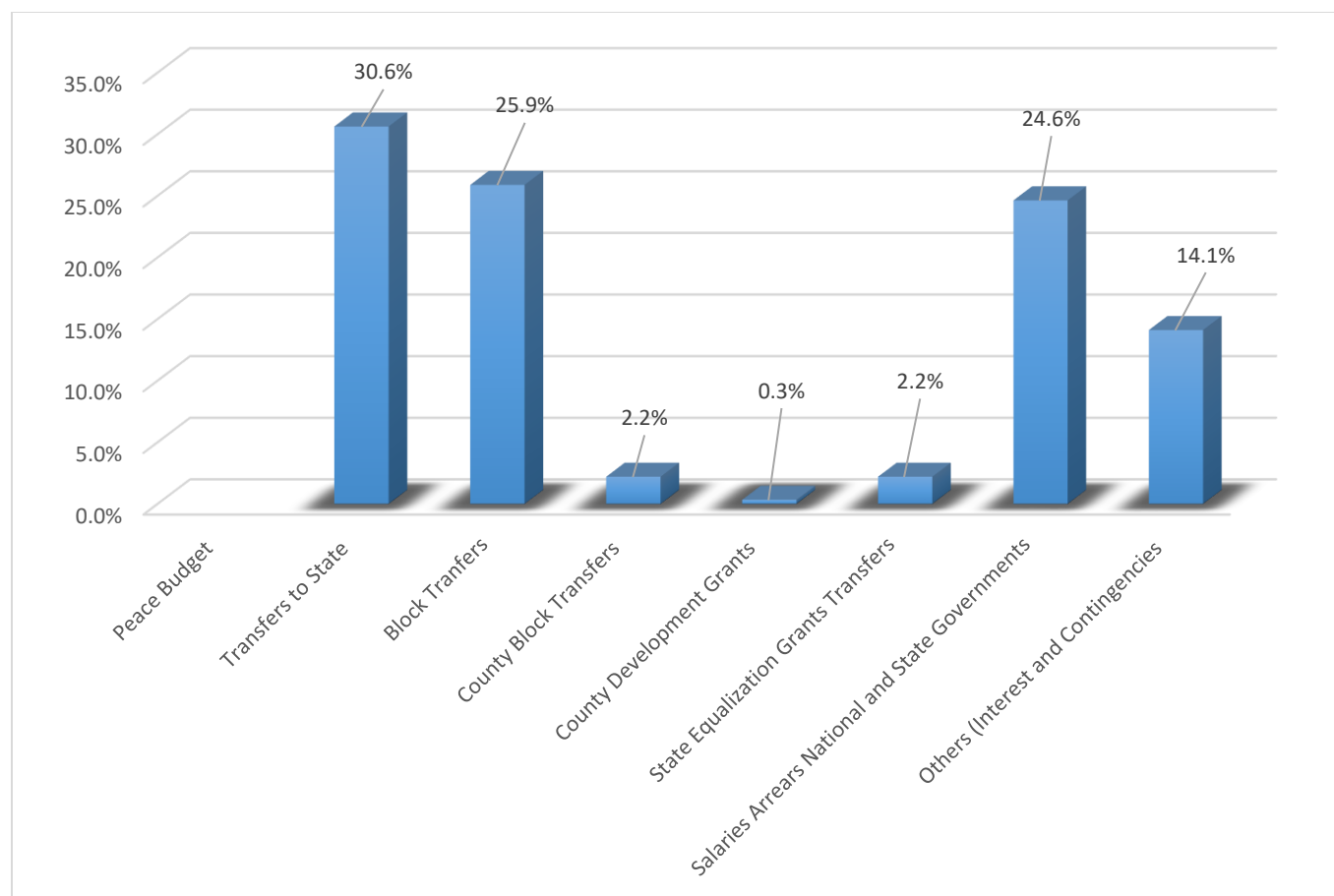
Table 10 Peace Budget Allocation

Peace Budget	45,364,847,119	%
<i>Transfers to State</i>	<i>13,894,306,446</i>	<i>30.6%</i>
<i>Block Transfers</i>	<i>11,744,306,446</i>	<i>25.9%</i>
<i>County Block Transfers</i>	<i>1,000,000,000</i>	<i>2.2%</i>
<i>County Development Grants</i>	<i>150,000,000</i>	<i>0.3%</i>
<i>State Equalization Grants Transfers</i>	<i>1,000,000,000</i>	<i>2.2%</i>
<i>Salaries Arrears National and State Governments</i>	<i>11,175,046,707</i>	<i>24.6%</i>
<i>Others (Interest and Contingencies)</i>	<i>6,401,187,520</i>	<i>14.1%</i>

Peace Budget Allocation Analysis

Out of the SSP45billions allocated for peace implementation, it is noted that 24% share goes to salaries, 25% to block transfers, and 30% is transferred to states. During the validation discussions, members of Parliament noted that there had not been adequate transfers to states. It is also unknown if the peace implementation budget is meant for salaries and arrears. Parliament also acknowledged that they could not establish if state equalization transfers have been made as the Ministry of Finance and Planning shares no expenditure reports.

Figure 11 Peace Budget Allocation Analysis



Source: (Author own data construction, 2022)

Recommendations

- To strengthen state governments, the subsequent budget allocations must be increased on:
 - Transfers to State
 - Block Transfers
 - County Block Transfers
 - County Development Grants
 - State Equalization Grants Transfers.
- There is also a need for transfer to the states to reach directly to the county level as the current practice does not sufficiently allow the counties to receive what they are allocated because the Budget ends up with the state governors.

GENDER, YOUTH, AND OTHER CROSS-CUTTING ISSUES

The four cross-cutting issues – gender, youth, the environment, and capacity development – are critical for sustainable development, human rights, and effectiveness. The broad nature of these

issues means they cannot be categorized into any other clusters. The R-NDS recognizes the importance placed on gender and youth by the R-ARCSS, with their importance as cross-cutting issues in this strategy, along with environment and capacity development.

Mainstream gender into the national Budget and all-important cross-cutting development objectives in development policies and programs and empower women and youth as drivers of growth and nation building. CHAPTER IV of R-ARCSS calls for Resource, Economic, And Financial Management which needs to be realized by the National Budget.

GOOD BUDGETARY GOVERNANCE

In the view of the analysis, South Sudan, in the following future budget process, should underpin its budget development process if the Country is to align itself to international best budget development practices.

1. Manage budgets with clear, transparent, credible, and predictable limits for fiscal policy
2. Closely align budgets with the medium-term strategic priorities of the Government.
3. Design the capital budgeting framework to meet national development needs in a cost-effective and coherent manner
4. Ensure that budget documents and data are open, transparent, and accessible
5. Provide for an inclusive, participative, and realistic debate on budgetary choices
6. Present a comprehensive, accurate, and reliable account of the public finances
7. Actively plan, manage, and monitor budget execution
8. Ensure that performance, evaluation & value for money are integral to the budget process
9. Identify, assess, and manage prudently longer-term sustainability and other fiscal risks
10. Promote the integrity and quality of budgetary forecasts, fiscal plans, and budgetary implementation through rigorous quality assurance, including independent audits.

CONCLUSION

The importance of good Public Financial Management for the effectiveness of the state has become increasingly clear over the years, which more often informs the budget development process. The current method of planning the national Budget an old-fashioned and does not address the needs of the citizens.

The process is not done in a way that becomes citizens of South Sudan friendly. Members of Parliament should analyze the Budget from their committees and let the respective ministries come up with their Budget.

Delivery of essential services to the citizens of South Sudan will benefit from the recent and welcome momentum for improvement in how public finances are managed. The TNLA decision to increase the education and health sector allocation is a good move. Previously, these sectors had abandoned the provision of essential services and relied on donors to provide most of the education and health service of the Budget. Donors are unwilling to pour resources through the

government budget without accountability and public sector reforms. Despite the increase in the allocation, the national budget allocation to the health and education sectors has been meager over the years and often amounts to less than 2 percent and 5 percent, respectively, of the Budget.

Consequently, an estimated 90% of health and education services in the Country are provided by non-governmental organizations. The Budget was not aligned with the national development strategy. The credibility of the annual Budget as the resource allocation mechanism is always in doubt.

Government priorities in the FY21/22 budget have not been synchronized – roads continue to be prioritized at the expense of critical priorities such as agriculture and health. In addition, officials often violate budget regulations with impunity with accountability institutions starved of cash – making them less effective in fighting corruption.

Education and health facilities lie derelict when there is the greatest need for them. Social protection guarantees the welfare and dignity of the most vulnerable among South Sudanese. Currently, considering Budget under analysis does not take into consideration such needs.

There seems to be credible fiscal space to generate more revenues during the budget execution. One sensible way to reduce the deficit would be any positive changes in the critical assumptions in the FY22/23 budget. Any positive difference in the level of oil production, global oil price, and the exchange rate could hold the key to closing the fiscal deficit during the budget execution period. Another possible way to generate more revenue is by reducing the payment to Sudan. The good news is that the TFA has been cleared, releasing more income for service delivery.

We need to stress the importance of the Government reviewing mandatory repayments that take up a more significant share of the resources (52%) – to free up more resources to close the budget deficit. The Government should make public how mandatory payments are used to promote transparency and accountability.

The Government to stick to the Budget (i.e., have fiscal discipline) and, in particular, make increased allocations to the social sectors. This is very important as currently noted, the Budget also does not contribute to building the economy.

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