



Institute of Social Policy and Research
RESEARCH FOR DEVELOPMENT



SOUTH SUDAN NATIONAL BUDGET ANALYSIS REPORT
FOR THE YEAR
2023-2024

**UNDER THE PROJECT: ENHANCING CITIZEN PARTICIPATION FOR A TRANSPARENT AND
ACCOUNTABLE BUDGET**

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Abbreviations

BPD	Barrels per Day
CDF	Constituency Development Fund
DPOC	The Dar Petroleum Operating Company
FIU	Financial Intelligence Unit
FY	Financial Year
GDP	Gross Domestic Product
GPOC	Greater Pioneer Operating Company
IMF	International Monetary Fund
MOP	Ministry of Petroleum
MTEF	Medium-Term Expenditure Framework
NBS	National Bureau of Statistics
NRA	National Revenue Authority
NMFA	Norwegian Ministry of Foreign Affairs
MoFP	Ministry of Finance and Planning
ORSA	Oil Revenue Stabilization Fund Authority
PFM	Public Financial Management
PIT	Personal Income Tax
R-ARCSS	Revitalized Agreement on the Resolution of the Conflict in South Sudan
R-NDS	Revitalized National Development Strategy
SPLM-IO	Sudan People's Liberation Movement-in-Opposition
SPOC	Sudd Petroleum Operating Co. Ltd.
SSP	South Sudanese Pounds
ISPR	The Institute of Social Policy and Research
USD	United States Dollar

Executive Summary

This executive summary encapsulates the essence of the FY2023/2024 South Sudan national budget analysis report. It presents a comprehensive overview of its key findings, strategic recommendations, and the transformative potential they hold for South Sudan's developmental journey.

The analysis of the FY2023/2024 South Sudan national budget compared to FY2021/2022 and FY2022/2023 has brought to light a multi-dimensional landscape that intertwines peacebuilding aspirations, resource constraints, capacity challenges, and diverse risks. At its core, the budget demonstrates a commendable alignment with the objectives of the Revitalized Agreement on the Resolution of the Conflict in South Sudan (R-ARCSS) and the Revitalized National Development Strategy (R-NDS). This alignment sets the stage for synergizing immediate peacebuilding needs with long-term development goals.

However, the analysis has also underscored the vulnerability stemming from the nation's heavy reliance on oil revenue. Fluctuations in global oil prices present a formidable external risk that could disrupt revenue streams and undermine budget execution. Concurrently, internal challenges, encompassing governance issues, capacity limitations, and persistent security concerns, could impede the effective management of resources and the implementation of projects. This intricate interplay of external and internal factors demands a comprehensive approach to harness opportunities and mitigate risks.

Considering these challenges and opportunities, the report's recommendations are strategically tailored to navigate the complexities and elevate South Sudan's developmental trajectory. The first recommendation advocates diversifying revenue sources, steering away from sole dependence on oil, to mitigate the volatility inherent in global oil markets. This strategic shift is closely intertwined with the second recommendation: strengthening fiscal discipline through implementing transparent fiscal rules and policies. This approach promotes responsible spending and establishes a robust foundation for economic stability.

Capacity building emerges as a linchpin in the third recommendation. By investing in programs that enhance skills in budget management, project execution, and monitoring, South Sudan can empower a competent workforce capable of driving efficient execution and amplifying development outcomes. Transparent governance reforms, as the fourth recommendation, counteract the corrosive impact of corruption and mismanagement. Embracing this recommendation would foster an environment conducive to effective resource utilization and accountability.

The fifth recommendation introduces a results-based management approach, aligning budget allocations with measurable outcomes. This strategic alignment ensures that every allocated resource contributes tangibly to South Sudan's progress. Public participation, the sixth recommendation, emphasizes the role of citizens as active stakeholders. South Sudan can engage its citizens in a collaborative development journey by fostering awareness campaigns and participatory budgeting processes. Other recommendations hinge on the need for comprehensive long term multi-year cross-sectoral planning, flexible budget reallocation, private sector engagement, and developing robust monitoring and evaluation frameworks to monitor budget execution and outcomes.

Collectively, these recommendations hold the potential to catalyze a transformational impact on South Sudan's development trajectory. Revenue diversification stabilizes the budget, reducing susceptibility to external shocks and providing a sustainable economic foundation. Strengthened fiscal discipline ensures efficient allocation, underpinning the nation's economic stability. Capacity building equips South Sudan with the human capital to drive efficient budget execution and project implementation.

Transparent governance reforms foster a culture of integrity, enhancing trust and attractiveness to potential investors. Results-based management links budgetary allocations with tangible outcomes, maximizing the impact of development initiatives. Public participation empowers citizens, aligning national priorities with the aspirations of the people. Moreover, proactive risk management strategies fortify South Sudan against unforeseen challenges, ensuring budget stability and continuity of projects.

Therefore, the FY2023/2024 South Sudan national budget analysis encapsulates a roadmap for South Sudan's journey towards sustainable peace, stability, and socio-economic progress. It delineates a strategic path that demands the collaborative effort of stakeholders, encompassing government entities, civil society, and the citizenry. By navigating the intricacies of budget execution with diligence and foresight, South Sudan can forge a future characterized by sustainable growth, resilience, and shared prosperity.

1.1 Introduction

As South Sudan navigates its path toward stability and development, analyzing its national budget for the fiscal year 2023/2024 emerges as a crucial undertaking. This analysis delves into the intricate details of revenue generation, expenditure allocation, and funding priorities to illuminate the financial blueprint that will shape the nation's progress over the coming year.

Against the backdrop of a dynamic economic and political landscape, this budget analysis aims to uncover insights that go beyond the surface figures. By dissecting the budget's components, scrutinizing allocation patterns, and assessing alignment with overarching developmental strategies, this analysis seeks to empower policymakers, stakeholders, and citizens with the information needed to drive informed decision-making and resource management.

The 2023/2024 South Sudan national budget is not merely a collection of financial numbers; it represents a strategic framework that can determine the nation's growth, stability, and prosperity trajectory. With a history marked by challenges and aspirations, this analysis aims to shed light on the critical areas where the budget is aligned with or divergent from national development goals, such as the Revitalized Agreement on the Resolution of the Conflict in South Sudan (R-ARCSS) and the Revised National Development Strategy (R-NDS).

This analysis seeks to equip the South Sudanese government and its citizens with actionable insights by identifying potential inefficiencies, addressing resource gaps, and highlighting risks. These insights can guide the optimization of budget allocations, enhance fiscal transparency and accountability, and ultimately contribute to realizing a more prosperous South Sudan.

As we embark on this comprehensive analysis of the FY2023/2024 while benchmarking to FY2021/2022 and FY2022/2023 budgets, we recognize that every financial commitment made within this budget has the potential to shape the lives of individuals, communities, and the Country as a whole. By critically examining each element, from revenue streams to expenditure priorities, this analysis aims to empower South Sudan with the knowledge needed to create a budget that reflects its aspirations and paves the way for a brighter and more inclusive future.

The findings of this analysis were validated during a validation workshop at Landmark Hotel on September 16, 2023. The Validation workshop was attended by National and State Members of Parliament, Chairpersons, and Deputies of Finance and Planning, Trade and industry, the Council of States, officials from the State Ministry of Finance and Planning, Official from the National Audit Chamber, Anti-corruption, Civil Society, Media, and Councilor from Juba City Council.

1.2 Importance of undertaking a comprehensive analysis of FY2023/2024 South Sudan national budget

Undertaking a thorough budget analysis in South Sudan holds immense significance, especially given the nation's complex challenges and aspirations. As the country strives to navigate its political, social, and economic landscape while pursuing its development priorities, a comprehensive budget analysis offers several crucial benefits:

- **Informed decision-making for development priorities:** A thorough budget analysis provides South Sudan's policymakers and government officials with a clear understanding of allocating financial resources. This information enables informed decision-making, aligning budget allocations with the nation's development priorities, as the Revised National Development Strategy (R-NDS) outlines. It ensures that funds are directed towards critical sectors such as education, healthcare, infrastructure, and economic diversification, maximizing the impact of each allocation on the nation's growth.
- **Effective resource allocation:** Budget analysis helps identify inefficiencies, overlaps, and gaps in resource allocation. By examining past budgetary trends and outcomes, South Sudan can optimize resource distribution to ensure that critical sectors receive adequate funding. This process enables the government to direct resources where needed most, whether it's improving public services, building infrastructure, or addressing pressing social issues.
- **Transparency and accountability:** A comprehensive budget analysis promotes transparency and accountability within the government and among stakeholders. South Sudan's citizens, international partners, and investors gain insight into how public funds are used. This transparency builds trust, reduces corruption risks, and encourages responsible fiscal management.
- **Alignment with peacebuilding efforts:** The Revitalized Agreement on the Resolution of the Conflict in South Sudan (R-ARCSS) emphasizes the importance of stability and peace. Through budget analysis, the government can allocate resources to support the implementation of the R-ARCSS, ensuring that provisions related to security sector reform, disarmament, reintegration, and governance reforms are adequately funded. This alignment reinforces the nation's commitment to achieving lasting peace.
- **Risk management and adaptation:** Budget analysis helps South Sudan identify and manage financial risks. It allows the government to anticipate potential economic challenges, such as fluctuations in oil prices or global economic trends. By understanding these risks, South Sudan can develop strategies to mitigate their impact and ensure budget stability.
- **Long-term planning and fiscal sustainability:** Thorough budget analysis supports long-term planning and fiscal sustainability. By analyzing trends over multiple budget cycles, South Sudan can begin to forecast future financial needs accurately. This foresight is vital for managing resources effectively, avoiding financial crises, and ensuring the continuity of essential services.
- **Improved socio-economic outcomes:** A comprehensive budget analysis ensures that budget allocations are aligned with improving socioeconomic indicators, such as education, healthcare,

and poverty reduction. By directing resources to these areas, South Sudan can enhance human capital, reduce inequalities, and promote overall well-being among its citizens.

- **Public participation and engagement:** Incorporating budget analysis allows for public participation and engagement in the budgeting process. South Sudan's citizens can understand the government's priorities, advocate for specific sectors, and hold authorities accountable for implementing budget allocations.
- **Development partnerships:** A thorough budget analysis enhances South Sudan's ability to collaborate with international development partners. It demonstrates the nation's commitment to efficient resource utilization, making it more attractive for partners to support development projects aligned with the country's needs.

Therefore, a comprehensive budget analysis in South Sudan is pivotal for translating policies and priorities into actionable financial plans. It promotes effective resource management, transparency, accountability, and alignment with development goals. By capitalizing on the insights gained from such analysis, South Sudan can navigate its challenges and work towards building a stable, prosperous, and inclusive future.

1.3 Overview of South Sudan's political, social, economic challenges, and development priorities

As South Sudan prepared its 2023/2024 national budget, it stood at a critical juncture, balancing the need for addressing pressing challenges with advancing its developmental aspirations. The interplay of political dynamics, social complexities, economic struggles, and targeted development priorities illuminates the nation's journey. An overview of these facets within the context of the FY2023/2024 budget sheds light on the intricate path South Sudan is charting.

1.3.1 Political landscape and challenges

- **Internal conflicts:** South Sudan's political landscape has been marred by internal conflicts since its inception. The power struggle between President Salva Kiir and former Vice President Riek Machar led to a civil war from 2013 to 2018. Despite multiple peace agreements, sporadic violence still erupts, underscoring the fragility of peace.
- **Implementation of peace agreements:** While the Revitalized Agreement on the Resolution of the Conflict in South Sudan (R-ARCSS) in 2018 marked a significant step toward peace, its full implementation remains elusive. Disagreements among political factions and a lack of trust have impeded progress.
- **Institutional weakness:** South Sudan faces institutional weaknesses, including corruption, nepotism, and a lack of capacity within government institutions. These issues hinder effective governance and service delivery.
- **Human rights:** During periods of conflict and instability, South Sudan has been marred by human rights abuses, including violence against civilians and restrictions on freedom of expression. The pursuit of justice and accountability remains a challenge.

1.3.2 Social complexities

- Ethnic divisions: South Sudan's social fabric is diverse, yet ethnic divisions have sometimes ignited conflicts and tensions. The diversity of ethnic groups contributes to complex social dynamics that have exacerbated violence and impeded unity.
- Gender disparities: Gender disparities persist, with limited opportunities for women's participation in decision-making processes. High rates of gender-based violence and cultural norms that discriminate against women further hinder their empowerment.
- Access to education and healthcare: Access to quality education and healthcare services is limited, especially in rural areas. This has resulted in low literacy rates, poor health outcomes, and a lack of human capital development.
- Displacement: The ongoing conflicts have led to internal and external displacement, creating humanitarian crises and straining resources. Communities have been uprooted from their homes, leading to immense suffering.

1.3.3 Economic struggles

- Overreliance on oil: South Sudan's economy relies heavily on oil exports, making it susceptible to global oil price fluctuations. This overreliance on a single commodity has hindered economic diversification.
- Economic instability: The country has faced economic instability, characterized by hyperinflation, currency devaluation, and budget deficits. These economic woes have resulted in hardship for many citizens.
- Infrastructure deficits: South Sudan has inadequate infrastructure, including roads, energy, and telecommunications. This hampers economic development, connectivity, and access to basic services.
- Lack of economic diversification: The limited development of non-oil sectors, such as agriculture and manufacturing, has hindered economic diversification and job creation.

1.3.4 Development priorities

The Revised National Development Strategy (R-NDS) articulates South Sudan's development priorities, offering a roadmap to a sustainable future.

- Peace and security: Achieving lasting peace and security is paramount. This includes fully implementing peace agreements, addressing the root causes of conflict, and promoting reconciliation and social cohesion.
- Governance and institutional strengthening: Building solid and transparent institutions, combating corruption, and promoting good governance are essential for effective public administration and service delivery.
- Economic diversification: Economic diversification should be prioritized through agriculture, manufacturing, and services investments to reduce reliance on oil and stimulate job creation.
- Infrastructure development: Investment in critical infrastructure, including roads, energy, and telecommunications, can enhance connectivity, facilitate trade, and spur economic growth. Infrastructure development aligns with the R-NDS's focus on connectivity, and investments in sectors beyond oil resonate with the strategy's goal of economic diversification. As the budget

process unfolds, the nation's commitment to sustainable development is mirrored through targeted allocations that echo the R-NDS's blueprint.

- Education and healthcare: Expanding access to quality education and healthcare services is essential for human capital development and improving citizens' well-being. Education and healthcare take precedence as the nation invests in human capital, but quality service delivery requires financial support. Allocating funds to these sectors within the budget is an investment in the present and a foundation for a more prosperous future.
- Gender equality: Promoting gender equality and women's empowerment is crucial to ensure the full participation of women in all aspects of society.
- Humanitarian assistance: Addressing the humanitarian needs of displaced and vulnerable populations should be prioritized, focusing on delivering aid, protecting human rights, and facilitating reintegration.
- Environmental sustainability: As development progresses, South Sudan should ensure responsible management of natural resources to prevent environmental degradation.

Therefore, the 2023/2024 national budget is a canvas upon which South Sudan's future is painted. Addressing the political challenges through the R-ARCSS's implementation, navigating the social complexities with inclusivity, and overcoming economic struggles with diversification and infrastructure investments—will all align with the nation's aspirations for progress. However, the budget's essence lies in fiscal allocations and in its ability to translate political stability, social harmony, economic growth, and development aspirations into reality. Through strategic planning and transparent execution, the 2023/2024 budget has the potential to lay the foundation for a South Sudan that embraces unity, inclusivity, and sustainable prosperity.

1.4 National Frameworks informing South Sudan's national budget.

In the intricate tapestry of nation-building, South Sudan has stitched together two essential frameworks—the Revitalized Agreement on the Resolution of the Conflict in South Sudan (R-ARCSS) and the Revised National Development Strategy (R-NDS). As South Sudan's national budget takes center stage, the significance of these frameworks is magnified. They serve as the compass guiding financial allocations, ensuring that the path to stability, prosperity, and inclusive growth is steadfastly pursued.

1.4.1 The Revitalized Agreement on the Resolution of the Conflict in South Sudan (R-ARCSS)

The R-ARCSS, etched into history in 2018, promises a brighter future by seeking to end a long history of internal strife. This agreement, born from arduous negotiations, encapsulates South Sudan's commitment to shatter the shackles of conflict. In the context of the national budget, the R-ARCSS carries immense weight as it informs fiscal decisions that echo the principles of unity, reconciliation, and peace.

A cornerstone of the R-ARCSS is establishing a transitional government that embraces diverse political factions. This formation necessitates thoughtful budgetary allocations that underpin the operation of this inclusive governance structure. Beyond monetary figures, these allocations represent a tangible commitment to shared governance, transcending past divisions, and fostering national cohesion.

Moreover, the R-ARCSS emphasizes security sector reform, which calls for strategic budget allocations to facilitate demilitarization, unification, and integration of armed forces, and capacity-building. These

investments resonate beyond finance—they embody a commitment to creating a stable, secure environment that is indispensable for progress. In this context, the national budget becomes a tool to manifest the security objectives enshrined in the agreement.

1.4.2 The Revised National Development Strategy (R-NDS)

Simultaneously, the 2021-2024 R-NDS outlines a holistic development blueprint, envisaging a diversified economy, human capital enhancement, and environmental sustainability. As the national budget takes shape, the R-NDS acts as a guide that ensures financial resources are channeled toward targeted developmental priorities.

Nested within the spectrum of the R-NDS are sectors of strategic importance—infrastructure, education, healthcare, and economic diversification. The budget's emphasis on infrastructure development paves the way for connectivity, trade, and access to essential services, thereby fostering economic growth and societal welfare. Investment in education and healthcare contributes to nurturing a skilled and healthy workforce, which is vital for sustainable progress.

Central to the R-NDS is economic diversification, demanding budgetary allocations that invigorate non-oil sectors like agriculture and manufacturing. These allocations catalyze job creation, enhance economic resilience, and mitigate the risks of overreliance on a single revenue source.

1.4.3 Symbiosis in the national budget process

The synergy between the R-ARCSS and the R-NDS becomes pronounced in South Sudan's national budget. As fiscal resources are allocated, these frameworks act as guiding lights that ensure coherence, inclusivity, and sustainability.

Budget provisions for security sector reform mirror the peace-building objectives of the R-ARCSS, fortifying stability and trust among communities. Simultaneously, education, healthcare, and infrastructure allocations resonate with the R-NDS's vision of human capital development and economic diversification, nurturing sustainable growth.

Therefore, as South Sudan navigates the intricacies of crafting its national budget, the resonance of the R-ARCSS and the R-NDS becomes palpable. These frameworks transform the budget from a mere fiscal exercise into a canvas on which the nation's aspirations are painted. They infuse the process with the spirit of unity, prosperity, and resilience.

Thus, budget allocations aligned with the R-ARCSS represent a commitment to healing divisions and fostering unity. Conversely, financial provisions echoing the tenets of the R-NDS stimulate economic growth, human development, and environmental stewardship. The R-ARCSS and the R-NDS harmonize the national budget, intertwining it with South Sudan's pursuit of stability and progress. By threading these frameworks into fiscal decisions, South Sudan lays the foundation for a journey of advancement that is economically robust, socially cohesive, and inclusive.

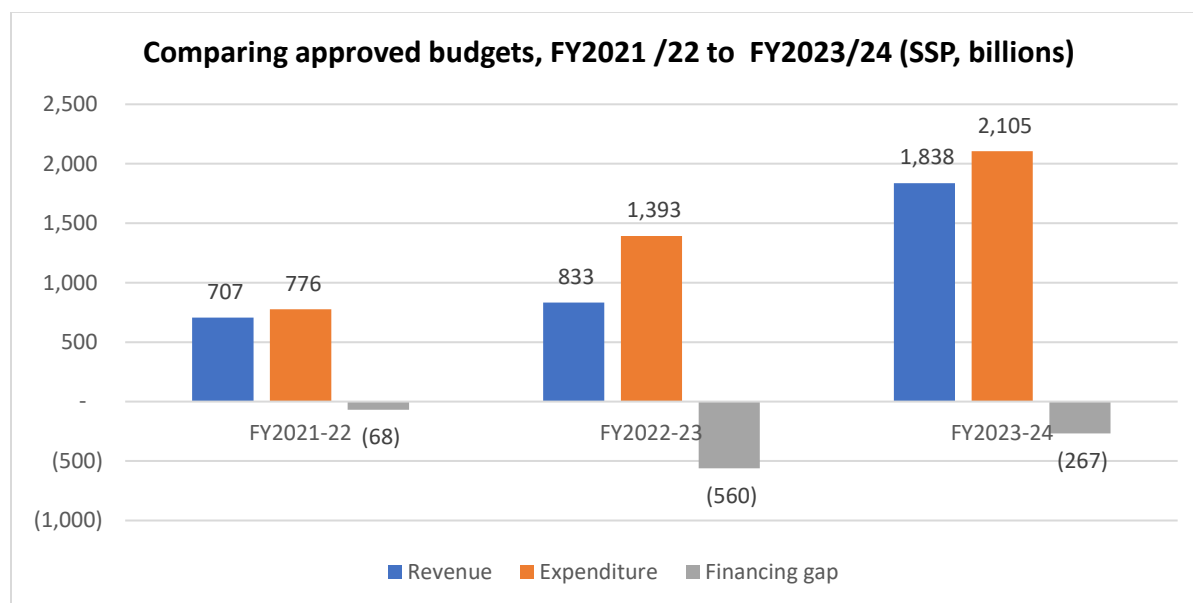
2.1 FY2023/2024 budget allocation and expenditure analysis

On 20 June 2023, Hon Dr Dier Tong Ngor, Minister of Finance and Planning presented the Draft national budget FY2023/2024 to the Parliament. The 2023/2024 fiscal year budget was passed on 11 August 2023 despite strong opposition and the walkout from the SPLM-IO.

The overall size of the FY2023/24 national budget is SSP 2.105 trillion for all expenditures compared to SSP 1.393 trillion in FY2022/23. The gross revenue projection for this year is estimated at SSP 1,838 billion, much lower than the spending plan of SSP 2.105 trillion. This results in a financing gap/ budget deficit of SSP 267 billion with no credible plan to finance the gap.

The financing gap translates to a fiscal deficit of 4.6% of GDP, 14.5% of gross revenue, or 12.7% of total expenditure. However, on a positive note, this year's budget deficit (12.7% of total spending) is much lower than last year's deficit of SSP 560 billion or 40% of the expenditure. The IMF has asked the government to reduce further the budget deficit to qualify for future loans from the IMF.

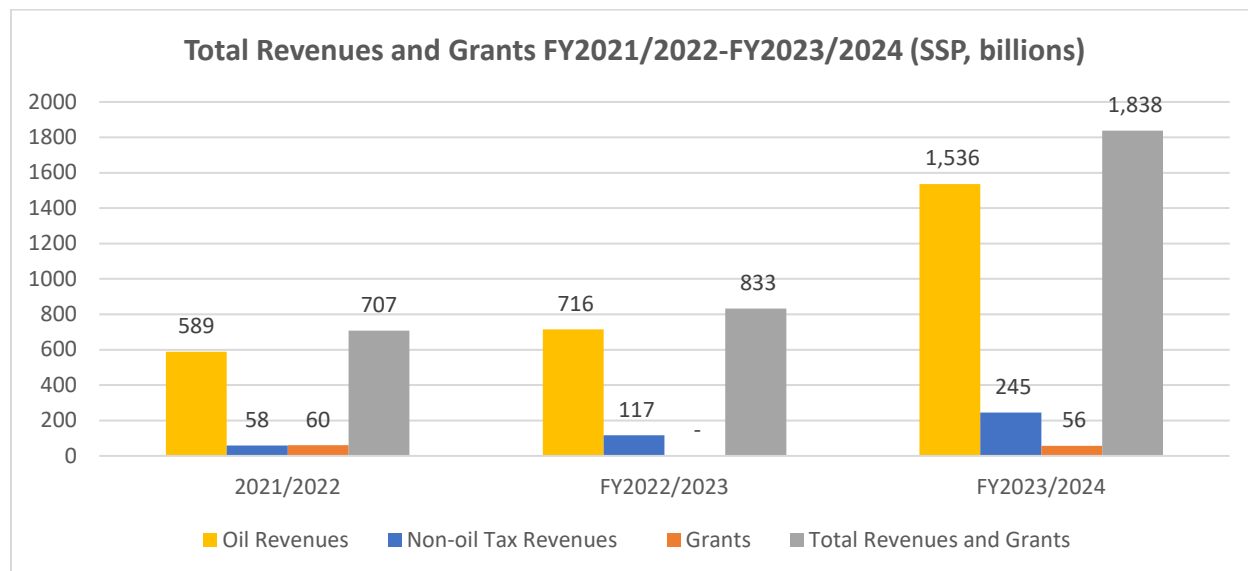
However, it should be noted that after the passing of the FY2022/2023 budget, there was appreciation in oil prices in the global market. The 2022 annual average OPEC oil price stood at 100.08 U.S. dollars per barrel. This is up from 69.89 U.S. dollars the previous year and comes in the wake of an energy supply shortage and sanctions on Russia following the Russia-Ukraine war. This resulted into increased oil revenue for the government of South Sudan than initially projected at the time of preparing the budget. Based on preliminary 9 months outturns in FY2022/2023, oil revenues increased to SSP 1.2 trillion from projected SSP 715 billion, and non-oil revenues increased to SSP 140 billion from projected SSP 117 billion. This therefore meant that the initial projected SSP 560 billion financing gap at the time of approval of FY 2022/2023 budget was covered by increased oil and non-oil revenues resulting into a financing surplus of SSP 394 billion by the end of Q3 FY2022/2023.



Source: (Author own data construction, 2023)

2.1.1 Revenue projections for the FY2023/24 budget and previous years

The gross revenue projection for the FY2023/24 budget is SSP 1,838 billion compared to SSP 833 billion – an increase of 55% from last year’s gross revenue (see Annex 1 for FY2023/2024 resource envelope). The gross oil revenue is estimated at SSP 1.536 trillion– about 84% of the total revenue; non-oil revenue is projected to be SSP 245 billion or 13%; and grants – mainly from IMF Food Shock Window, estimated at SSP 56 billion or 3% of the revenue for the FY2023/24.



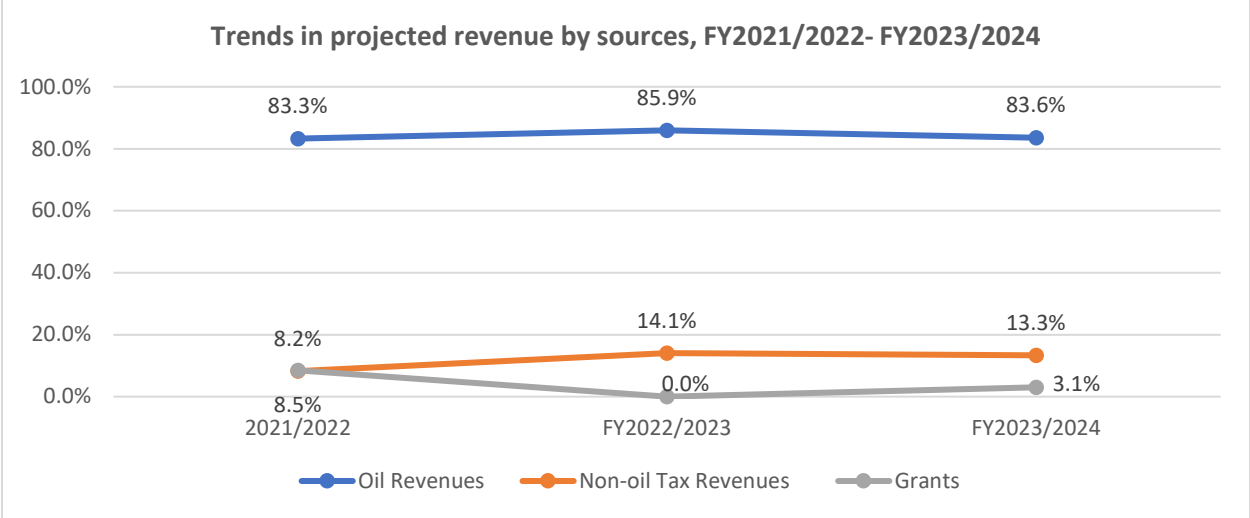
Source: (Author own data construction, 2023)

Oil revenue remains the main source for funding the government budget. Over 80% of the revenue is generated from oil. For FY 2023/2024, 83.6% of the government revenue is projected to come from oil earnings. However, this overdependence on oil has fiscal implications for the country. For instance, oil production is projected to decrease to an annual average of 132,000 barrels per day (bpd) from an assumed 150,000 bpd and 155,000 bpd in the FY2021/2022 budget and FY2022/2023 budget. This means that oil production will decrease by 15% to 132,000 bpd in FY2023/2024 compared to 155,000 in FY2022/2023.

This has severe implications for the government’s ability to finance the budget as oil revenue projection is based on the assumptions of 1) oil production of about 132,000 bpd with the government’s share of oil production estimated at only 40% – the rest is taken by the oil companies and Sudan; 2) oil price of US\$80.7 a barrel; and 3) an exchange rate of SSP917. This also means that the realism and credibility of the FY2023/24 budget rests critically on these assumptions underpinning the oil revenue projections (production of 132,000 bpd; oil price of US\$80.7/barrel; and an exchange rate of SSP917). Any changes to these underlying assumptions will affect the FY2022/23 budget outcomes. By the time of approving the budget, the official exchange rate had already surpassed the SSP 1000/1USD mark – way above the SSP 917/1USD used during the budget preparation. Relatedly, another critical risk is the Sudan crisis and its potential to disrupt oil production and transportation through Port Sudan – which if it happens, it will significantly impact South Sudan’s oil earnings.

Nevertheless, it is noted that over the years, there has been significant improvement in the collection of domestic tax revenue from FY2021/2022. The projected non-oil revenue increased to SSP 245 billion

(13.3% of total revenue and grants) this year compared to SSP 117 billion (14.1% of total revenue and grants) in FY2022/2023 and SSP 58 billion (8.2% of total revenue and grants) in FY2021/22. The National Revenue Authority (NRA) collected about SSP 141 billion from non-oil revenues over nine months into the 2022/2023 fiscal year,¹ surpassing the target set of SSP 117 billion. The NRA has committed to collecting about SSP 40 billion monthly.² However, despite surpassing the target, the actual purchasing value of the collected amount is much lower due to the depreciation of the SSP.



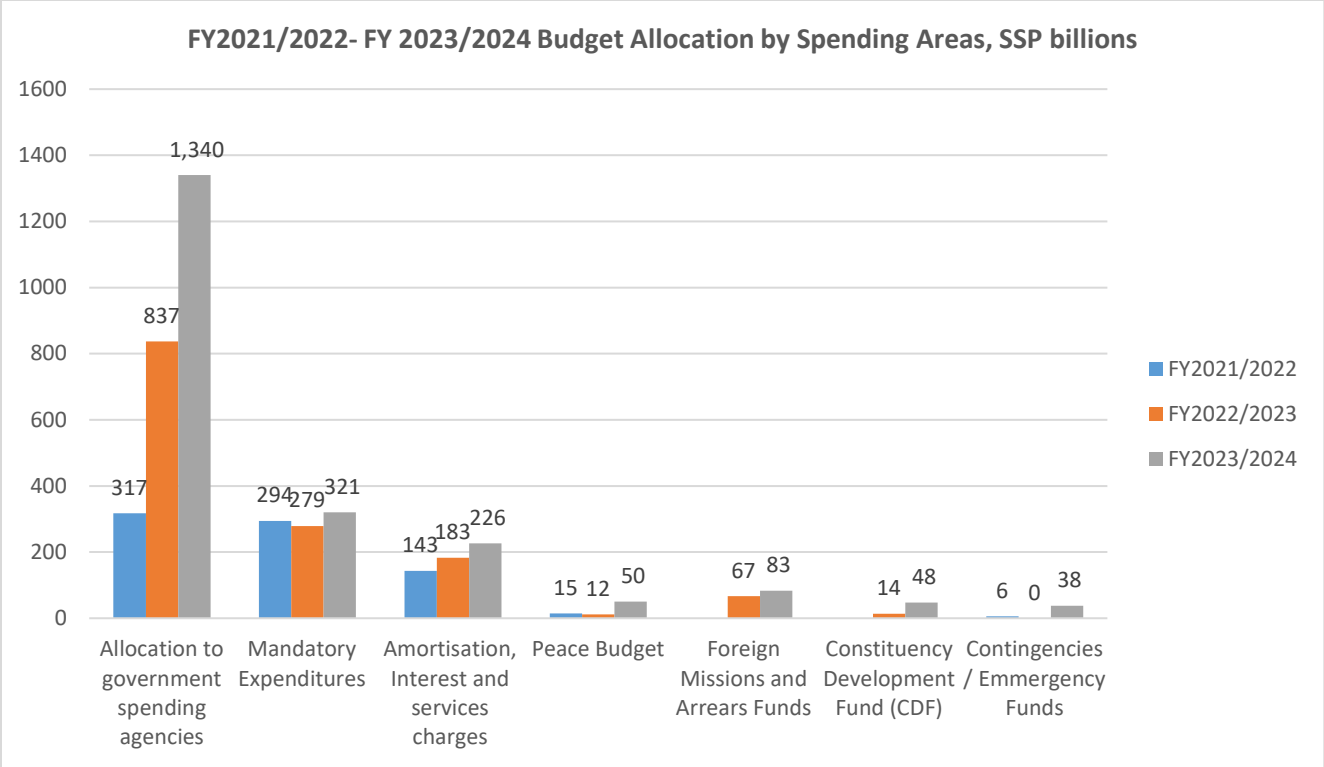
Source: (Author own data construction, 2023)

2.1.2 Composition of the FY2023/24 Budget

Out of the SSP 2,105 billion overall budget in FY2023/2024, SSP1,340 billion or 64% of the budget is allocated to government spending agencies compared to FY2022/2023 overall budget SSP 1,392 billion, of which 60% (SSP 837 billion) was allocated to government spending agencies and overall budget of SSP 775 billion in FY2021/2022 of which 41% (SSP 317 billion) was allocated to government spending agencies. Thus, allocation to government spending entities in FY2023/2024 is SSP 503 billion (60%) higher in absolute terms than in the FY2022/2023 budget (see Annex 2: FY2023-2024 Indicative Ceilings by Sectors and line Ministries). However, the government’s budget is usually characterized by low credibility, driven by poor revenue forecasting coupled with the lack of adherence to the approved budget and planning processes.

¹ Budget Execution Report FY2022/23

² <https://cityreviewss.com/athian-tables-blueprint-to-hit-ssp40b-monthly-revenue-at-nra/>



Source: (Author own data construction, 2023)

Allocations to the sectors is 63.6% in FY2023/2024 compared to 65% in FY2022/2023 and 39.4% in FY2021/2022. Of the SSP 1,340 billion allocated to the sectors in FY2023/2024, top priorities include Infrastructure, Security, Public Administration, and Education Sectors – which together account for 76.5% of the FY2023/24 sectoral budget. Specifically, 33.3% to Infrastructure, 16.7% to Security, 13.6% to Public Administration, and 13.0% to the Education sector (see table below on sectoral allocation).

Allocations to social sectors are lower this year, particularly the health budget – transfers to schools and hospitals have been slashed, worsening the already dire situation. Sectoral allocation this year is 13% (SSP173 billion) to education, 3.3% (SSP 44 billion) to health and less than 1% (SSP 9 billion) to social and humanitarian affairs. Some of this money to the sectors will come from the IMF Food Shock Window money so the government’s commitment to these sectors is even less.

Further, it should also be noted that whereas 63.6% of the overall budget relates to sectoral allocation, almost 32% of the allocation is for wages and salaries, including the salary increment for public workers. The civil servants' salaries have been quadrupled in nominal terms, even though the real purchasing power of the salary increment has been undermined by the depreciation of the SSP, which has inadvertently increased the cost of living due to the resultant inflation.

Table 1 Sectoral Budget allocation (SSP, millions)

	Sectoral Budget allocation (SSP, millions)			As a % of sectoral spending	As a % of overall budget spending	As a % of sectoral spending	As a % of overall budget spending	As a % of sectoral spending	As a % of overall budget spending
	FY2021/2022	FY2022/2023	FY2023/2024	FY2021/2022	FY2021/2022	FY2022/2023	FY2022/2023	FY2023/2024	FY2023/2024
Infrastructure	10,409	250,010	445,822	3.4%	1.3%	27.6%	17.9%	33.3%	21.2%
Security	43,394	72,486	223,833	14.2%	5.6%	8.0%	5.2%	16.7%	10.6%
Public Administration	81,369	196,751	181,951	26.6%	10.5%	21.7%	14.1%	13.6%	8.6%
Education	49,166	110,498	173,836	16.1%	6.3%	12.2%	7.9%	13.0%	8.3%
Rule of Law	18,923	30,327	93,022	6.2%	2.4%	3.4%	2.2%	6.9%	4.4%
Economic Functions	54,364	139,463	90,058	17.8%	7.0%	15.4%	10.0%	6.7%	4.3%
Natural Resources & Rural Development	15,094	64,584	74,070	4.9%	1.9%	7.1%	4.6%	5.5%	3.5%
Health	27,650	33,570	44,249	9.1%	3.6%	3.7%	2.4%	3.3%	2.1%
Social & Humanitarian Affairs	3,305	5,335	9,231	1.1%	0.4%	0.6%	0.4%	0.7%	0.4%
Accountability	1,794	2,077	3,744	0.6%	0.2%	0.2%	0.1%	0.3%	0.2%
Total sectoral budget allocation	305,468	905,103	1,339,816	100.0%		100.0%		100.0%	
Total overall budget	775,703	1,392,890	2,105,014		39.4%		65.0%		63.6%

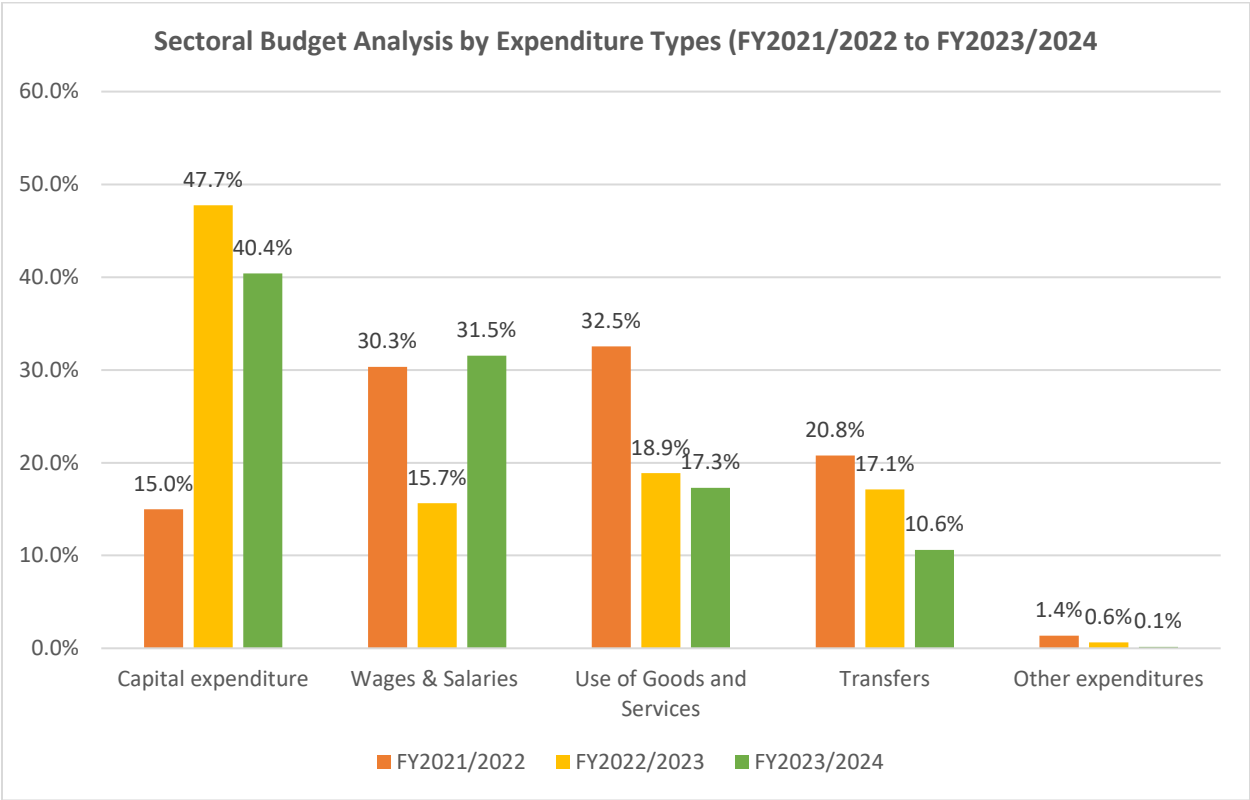
Source: (Author own data construction, 2023)

About 26% of the FY2023/2024 national budget will be used to meet mandatory obligations. Indeed, mandatory commitments and loan repayments will take up a considerable share of expected revenues -- of the SSP1,838 billion revenues, 30% is earmarked for mandatory commitments (SSP 321 billion) and loan amortization and interest payments (SSP 226 billion), leaving very limited discretionary spending to the government spending agencies (70%).

The mandatory commitments and payments include payments to Sudan (for Tariff, Transportation, and Processing); Transfers to Oil producing States and Communities (5%); Ministry of Petroleum (3%); and NRA deductions (10%) and loans and debt servicing (11%). These financial commitments are usually first deducted from gross oil revenue before prioritizing sectoral allocations to government spending agencies. It should also be noted that all the mandatory payments are not meant for service delivery but are paid out as fiscal and financial obligations. In addition, concerns have been raised on the transparent use and reporting of these mandatory payments – with allegations of potential corruption and misuse.

Furthermore, about SSP 50 billion (or 2.4%) of the overall budget is allocated to peace in FY2023/2024, more than doubled from last year's budget (SSP 12 billion). However, no information has been provided on what the allocated money will be spent on. Also, regrettably, no dedicated budget has been prioritized for election preparation at the backdrop of the anticipated elections in 2024.

Further analysis by expenditure type shows that capital expenditure (mostly for road construction) is the largest component – it takes up about 40.4% of the sectoral budget compared to 47.7% in FY2022/2023 and 15% in FY2021/2022. Other allocations this year are 31.5% to salaries and wages compared to 15.7% and 30.3% in FY2022/2023 and FY2021/2022, respectively; 17.3% to operation budget in FY2023/2024 compared to 18.9% and 32.5% in the previous two years; and 10.6% to transfers to states compared to 17.1% and 20.8% in FY2022/2023 and FY2021/2022 respectively. The increase in the allocations to wages and salaries is attributed to the 400% salary increment in FY2023/2024.



Source: (Author own data construction, 2023)

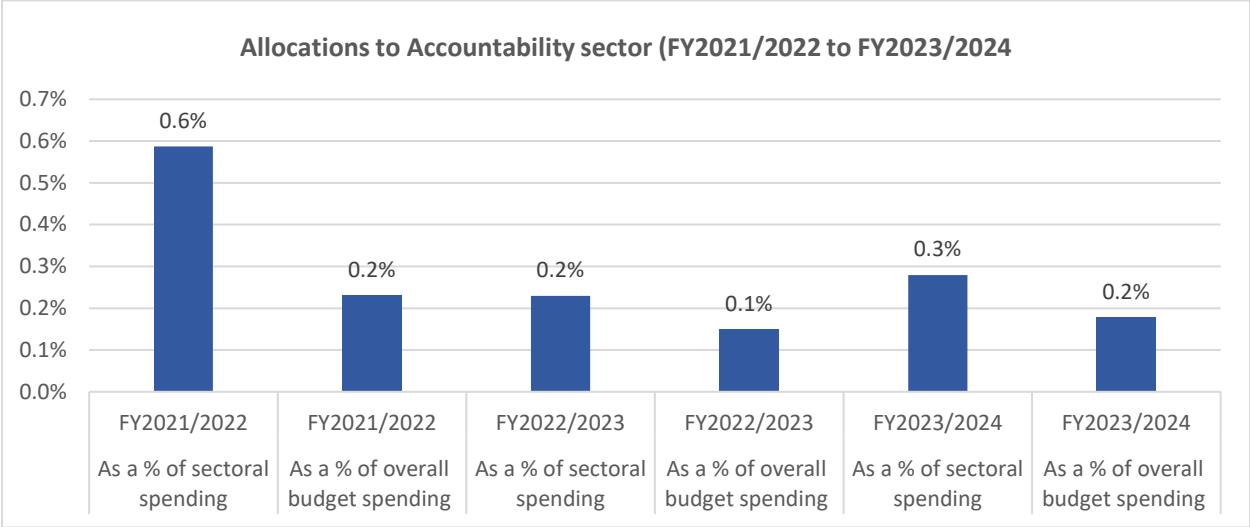
2.1.3 Sectoral Analysis of FY2023/24 Budget

A sectoral analysis of South Sudan's FY2023/24 national budget is crucial for informed decision-making, effective resource allocation, and transparent governance. This analysis involves examining how budget allocations are distributed across different sectors of the economy and evaluating the impact and implications of these allocations.

2.1.3.1 Accountability sector

Allocations to the accountability sector has hovered at less than 1% for the past three years. In FY2023/2024, only 0.2% of the overall budget or 0.3% of the sectoral allocation has been devoted to the accountability sector, which is not significantly different from the previous allocations of 0.1% of the

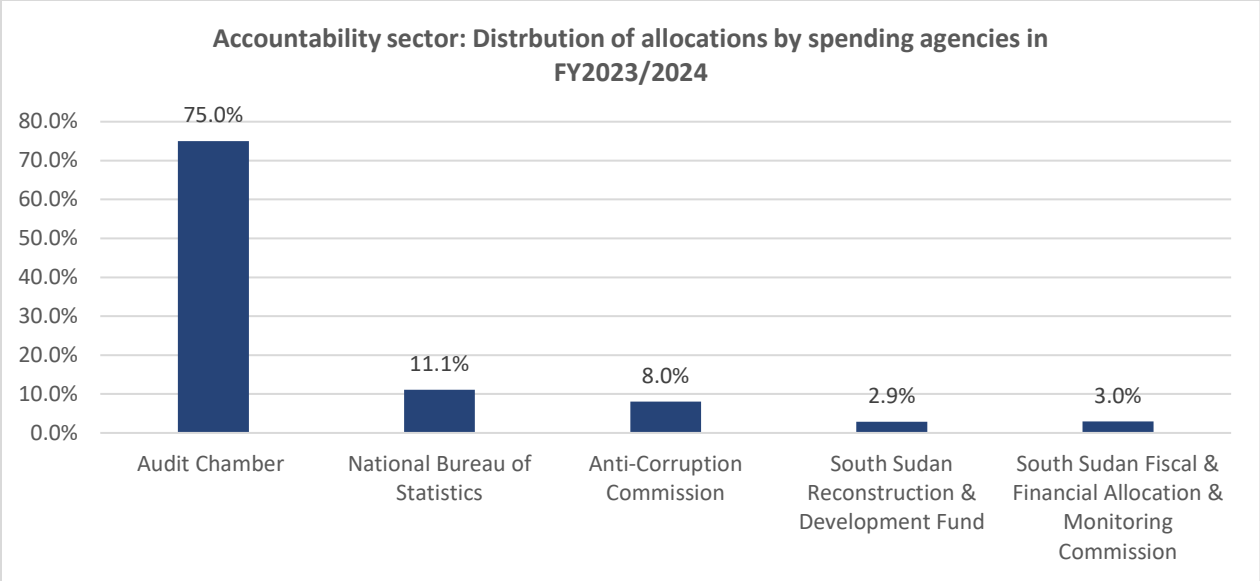
overall budget or 0.2% of the sectoral budget in FY2022/2023 and 0.2% of the overall budget or 0.6% of the sectoral allocation in FY2021/2022.



Source: (Author own data construction, 2023)

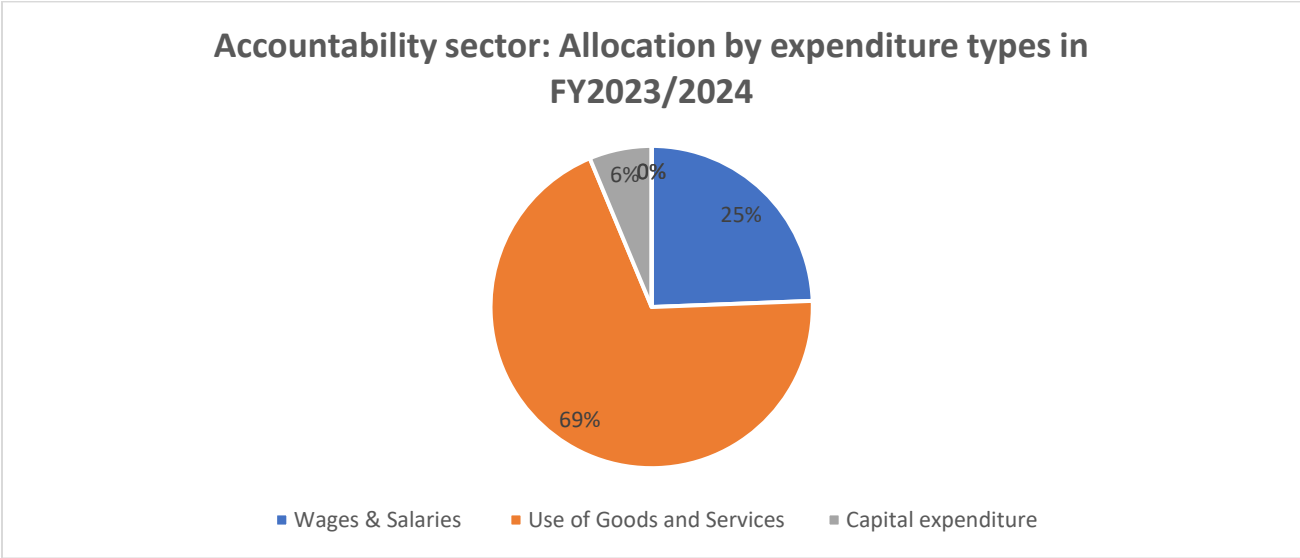
A total of SSP 3,743,518,477 is allocated to the accountability sector, with five (5) spending agencies representing 0.3% of the total sectoral allocation and 0.2% of the overall national budget for FY2023/2024. Allocating only 0.3% of the sectoral allocation to accountability entities in South Sudan presents a significant challenge in ensuring proper oversight and transparency. The negative implications could potentially outweigh the positive ones, as inadequate funding might hinder efforts to combat corruption, maintain transparency, and efficiently allocate resources for development. It's essential for the government to carefully consider the long-term consequences of such a low allocation and seek ways to balance budget priorities to ensure effective governance and sustainable development.

Of the allocated budget to the accountability sector, 75% is for Audit Chamber; 11.1% to National Bureau of Statistics (NBS); 8% to Anti-corruption Commission; 2.9% to South Sudan Reconstruction and Development Fund, and 3% to South Sudan Fiscal Financial Allocation and Monitoring Commission. The high allocation to the Audit Chamber is welcomed as the government strives to strengthen its public financial management system to foster transparency and fight corruption. However, the low allocation to NBS negatively impacts the country's effort to improve its data ecosystem to inform evidence-based planning and reporting. Likewise, as the country makes gradual progress on implementing the revitalized peace, government must begin to provide more funding to the South Sudan Reconstruction and Development Fund to stimulate national development recovery process.



Source: (Author own data construction, 2023)

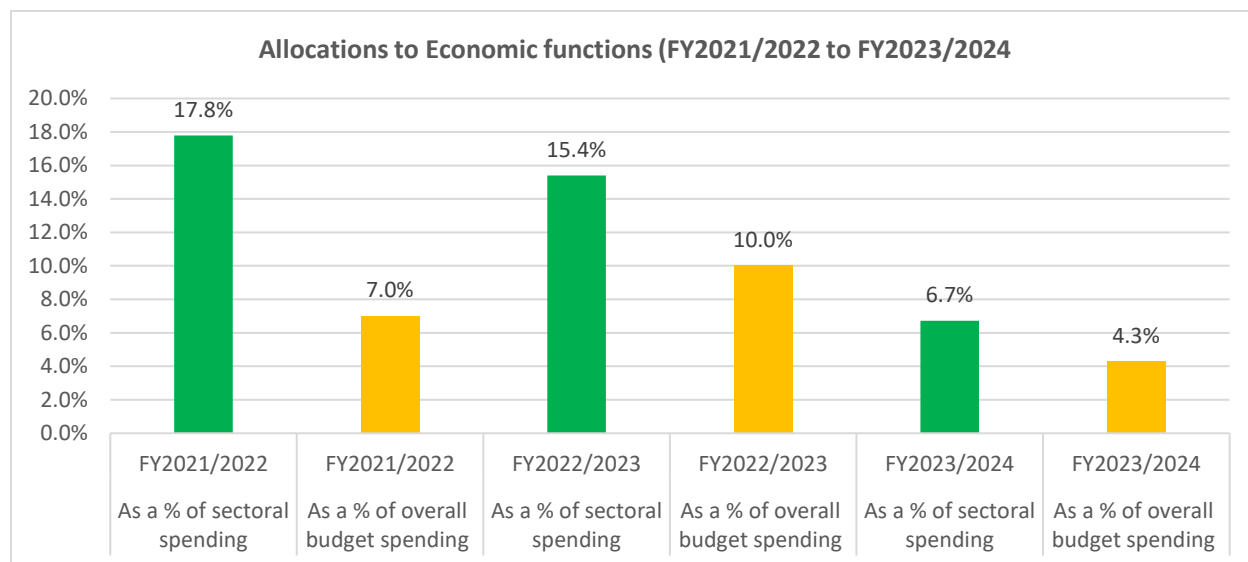
Relatedly, most of the allocated budget to the accountability sector is for consumption (69% for goods and services), 25% for wages and salaries and only 6% for capital expenditure. The low capital expenditure for accountability entities in South Sudan sends a ‘wrong’ signal in terms of government commitment to strengthening governance and public financial management as most accountability institutions now do not have adequate structures and systems for effective operation at both state and national levels.



Source: (Author own data construction, 2023)

2.1.3.2 Economic functions

Allocations to economic functions is 4.3% of the overall budget or 6.7% of the sectoral allocation in FY2023/2024 compared to 10.4% of the overall budget or 15.4% of the sectoral allocation in FY2022/2023 and 7% of the overall budget or 17.8% of the sectoral allocation in FY2021/2022.



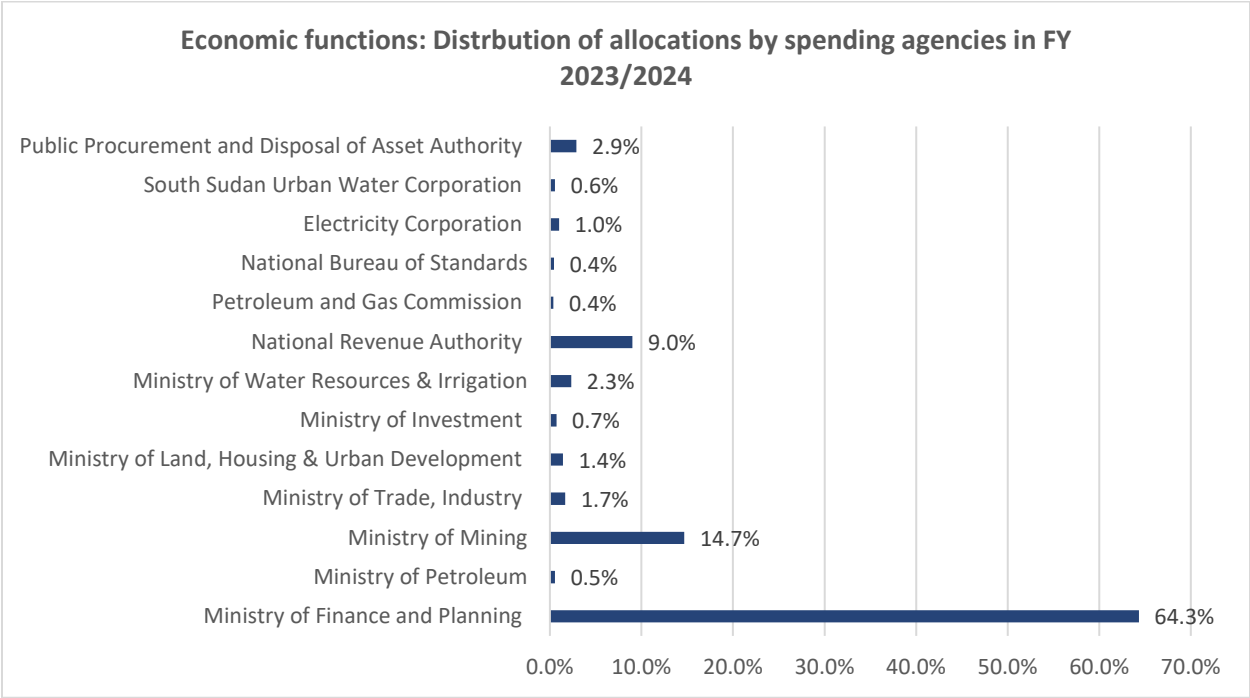
Source: (Author own data construction, 2023)

A total of SSP 90,057,611,081 is allocated to the economic functions with thirteen (13) spending entities representing 6.7% sectoral allocation or 4.3% of the overall national budget for FY2023/2024. As the allocation of budget resources is a pivotal exercise that reflects a nation's priorities, strategies, and aspirations; for South Sudan, the decision to allocate only 6.7% of the sectoral budget to economic functions carries significant implications for the country's economic growth, job creation, infrastructure development, and overall progress. A mere 6.7% allocation to economic functions signifies a potential impediment to South Sudan's economic growth and development ambitions. Economic functions encompass sectors like investment, industry, trade, and petroleum —pillars that underpin sustainable progress. A limited budget allocation could undermine investment in these vital areas, restraining innovation, modernization, and overall productivity enhancement.

Economic functions are instrumental in generating employment, particularly in labor-intensive sectors such as agriculture and small-scale industries. The scarcity of funding might curtail initiatives aimed at expanding job opportunities, leading to elevated unemployment rates and persistent poverty. The insufficient allocation could also hinder efforts to alleviate poverty, as these sectors often serve as essential income sources for marginalized communities.

Furthermore, foreign investors and private enterprises assess a country's commitment to economic development through budget allocations to economic functions. A meager 6.7% allocation may dampen investor confidence, signaling a lack of commitment to fostering a conducive business environment. This could translate into reduced foreign direct investment and hinder the growth of domestic industries, consequently stalling overall economic expansion.

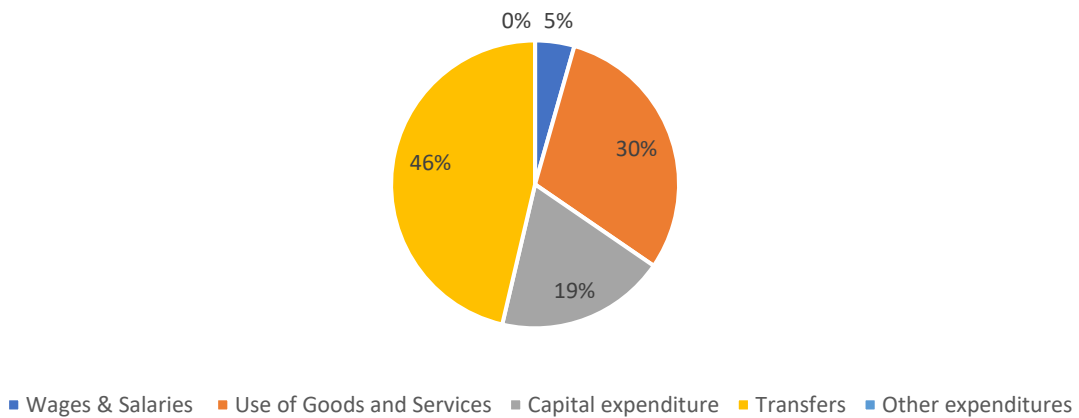
Of the allocated budget to the economic functions, over 64% is allocated to the Ministry of Finance and Planning. However, this means ministries in charge of production like mining, trade and industry are starved of the much-needed resources to spur economic growth. Furthermore, designating a mere 9% of the economic functions budget to the National Revenue Authority (NRA) holds significant implications for revenue generation, fiscal discipline, public service delivery, and overall economic sustainability. Thus, allocating only 9% of the economic functions budget to the NRA might limit its capacity to implement comprehensive strategies for revenue generation. This could lead to missed opportunities to enhance revenue collection. It could also hinder the NRA's ability to adopt modern technologies and practices for tax administration. Also, with limited funding, the NRA might focus on routine revenue collection rather than strategic initiatives to expand the tax base and increase overall revenue generation. The ability of the NRA to train its staff and enhance their skills might be compromised due to insufficient funds, potentially affecting the quality of tax administration.



Source: (Author own data construction, 2023)

It should be noted that most of the allocated budget to economic functions is for transfers (46%), goods and services (30%), capital expenditure (19%), and wages and salaries (5%). The high allocation to transfers is a good indication as the transfers are to state-level functions where most of the population live, and services are critically needed.

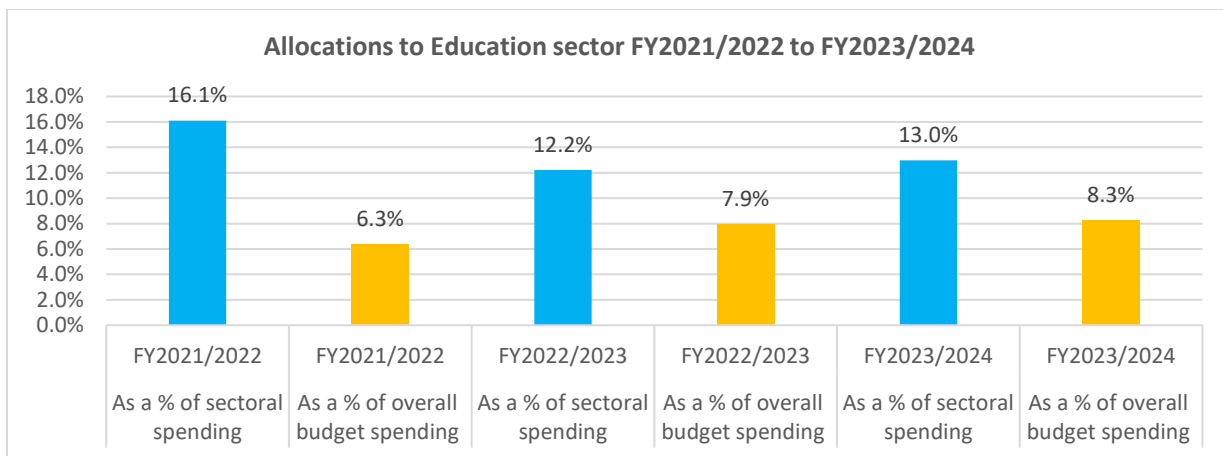
Economic Functions: Allocation by expenditure types in FY 2023/2024



Source: (Author own data construction, 2023)

2.1.3.3 Education

Allocations to the education sector is 8.3% of the overall budget or 13% of the sectoral allocation in FY2023/2024 compared to 7.9% of the overall budget or 12.2% of the sectoral allocation in FY2022/2023 and 6.3% of the overall budget or 16.1% of the sectoral allocation in FY2021/2022.



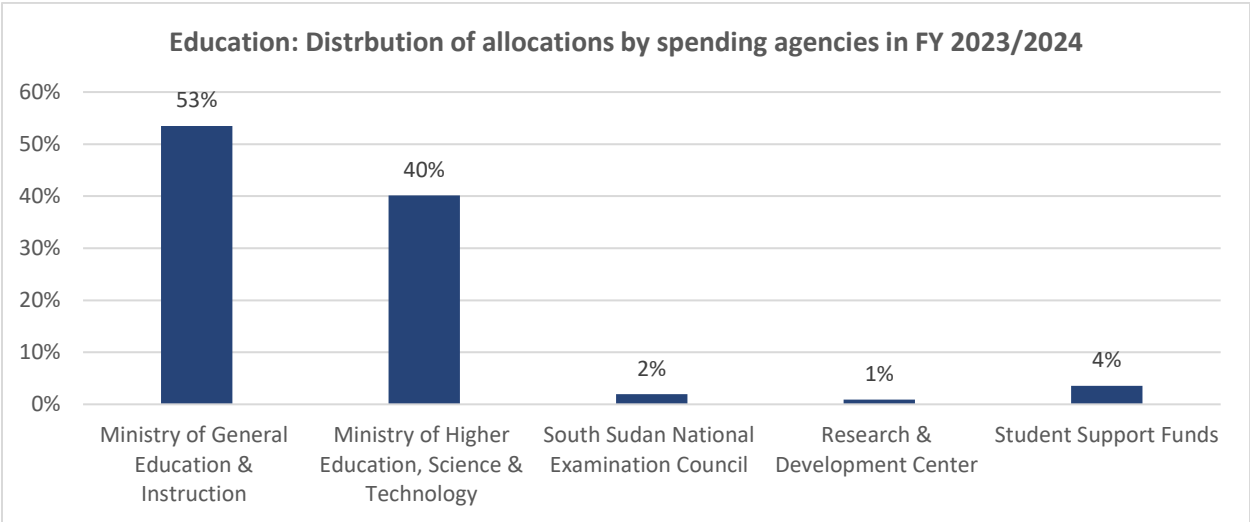
Source: (Author own data construction, 2023)

A total of SSP 173,836,336,713 is allocated to the education sector, with five (5) spending entities representing 13% sectoral allocation and 8.3% of the overall national budget for FY2023/2024. The distribution of the allocation to the education sector is as follows: Ministry of General Education (53%); Ministry of Higher Education; Science and Technology (40%); South Sudan National Examination Council (2%); Research and Development Center (1%); and Student Support Funds (4%).

In the context of South Sudan, designating 13% of the sectoral budget or 8.3% of the national budget to the education sector holds significant implications for human capital development, economic growth,

social mobility, and the overall well-being of the population. Thus, allocating 13% of the sectoral budget to education signifies a commitment to investing in human capital development. A well-educated population can drive innovation, economic diversification, and sustainable growth. By allocating a significant portion of the budget to education, South Sudan is poised to produce a skilled workforce in the future that can contribute to economic productivity across various sectors, leading to increased national competitiveness.

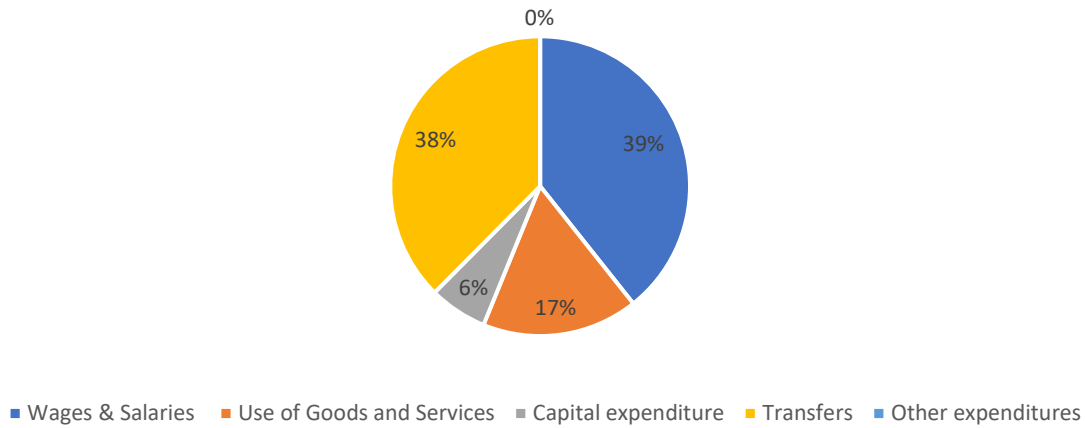
However, while allocating 13% of the sectoral budget or 8.3% of the national budget to education is a positive step, it might be insufficient to address the sector's diverse needs. Challenges such as infrastructure development, teacher training, and curriculum enhancement require sustained funding. Limited funding could impact the quality of education provided. Additionally, equity concerns might arise, as students in underserved states might not have equal access to quality education. Therefore, challenges related to resource allocation and quality concerns in education must be carefully addressed to ensure that the allocated funds have a meaningful impact. Balancing education with other sectoral priorities is essential to achieve a comprehensive and sustainable development strategy for South Sudan.



Source: (Author own data construction, 2023)

It should be noted that most of the allocated budget to the education sector is for transfers (38%), goods and services (17%), capital expenditure (6%), and wages and salaries (39%). The 38% allocation to transfers is a good indication, as the transfers are to schools in the states where most pupils/students go to school. The bulk of transfers to subnational structures and schools are for wages & salaries, and capitation grants for the schools. However, the 6% allocation for capital expenditure is too low considering that several school facilities have been destroyed during the conflict and the government needs to make every effort to rehabilitate or construct new schools as the country recovers from the impact of the conflict.

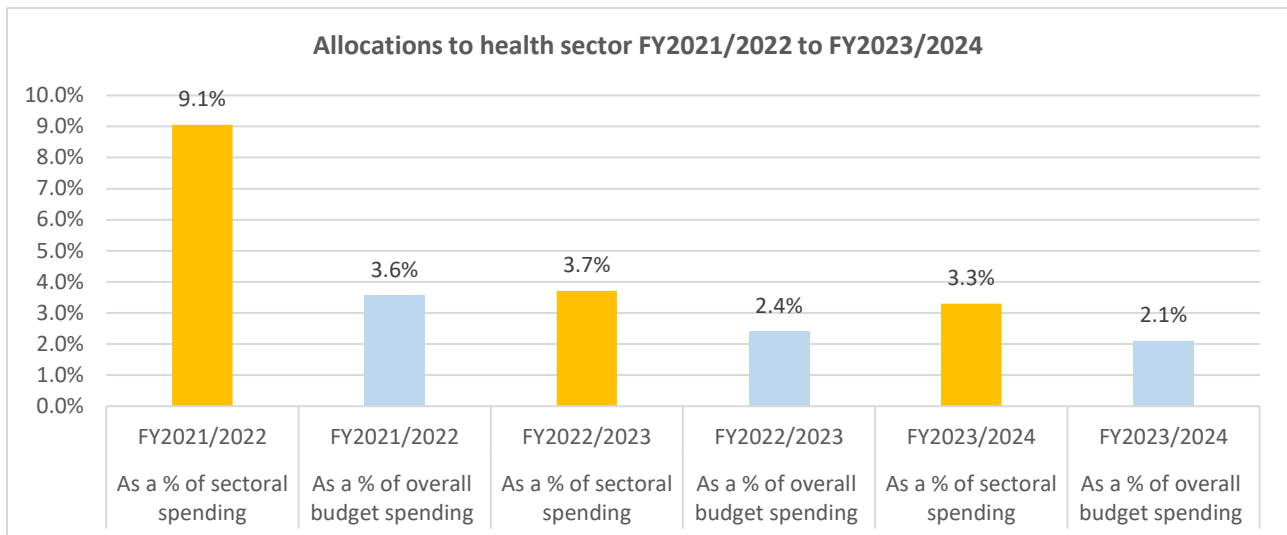
Education: Allocation by expenditure types in FY 2023/2024



Source: (Author own data construction, 2023)

2.1.3.4 Health

Allocations to the health sector is 2.1% of the overall budget or 3.3% of the sectoral allocation in FY2023/2024 compared to 2.4% of the overall budget or 3.7% of the sectoral allocation in FY2022/2023 and 3.6% of the overall budget or 9.1% of the sectoral allocation in FY2021/2022.

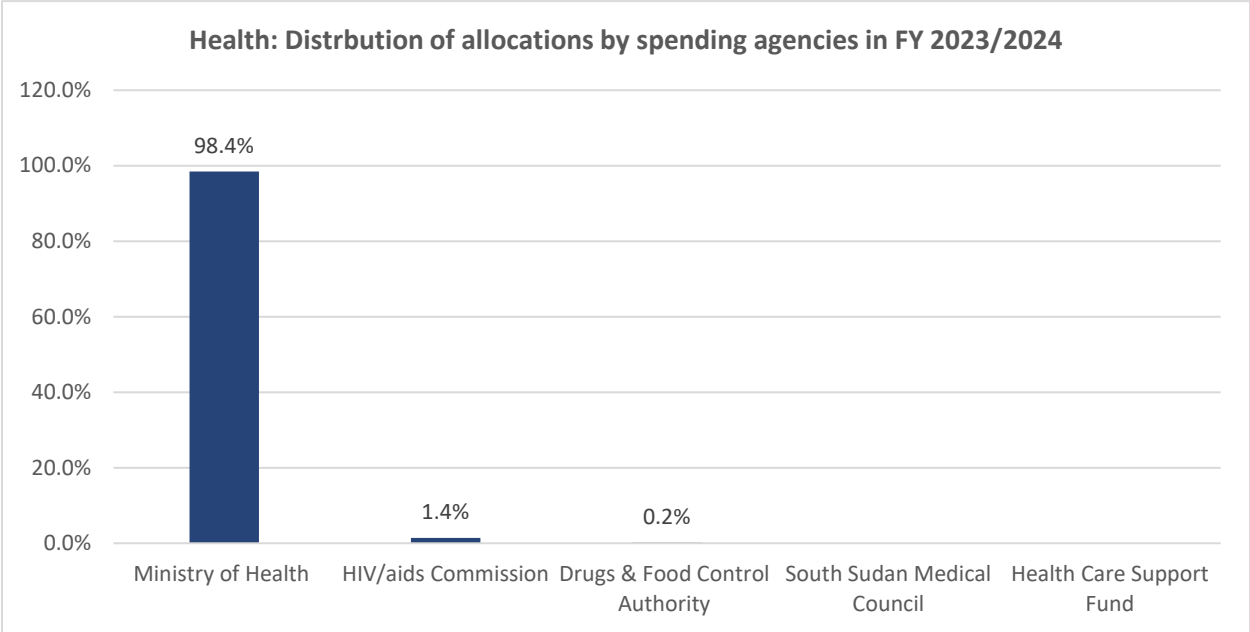


Source: (Author own data construction, 2023)

A total of SSP 44,248,660,544 is allocated to the health sector with five (5) spending entities representing 3.3% sectoral allocation or 2.1% of the overall national budget for FY2023/2024. The distribution of the allocation to the health sector is as follows: Ministry of Health (98.4%); HIV/AIDS Commission (1.4%); Drugs & Food Control Authority (0.2%); South Sudan Medical Council and Health

Care Support Fund (0%). It should be noted that allocation of budget resources to the health sector is a critical factor in determining a nation's overall well-being, public health outcomes, and quality of life. In the context of South Sudan, designating 3.3% of the sectoral budget or 2.1% of the national budget to the health sector carries profound implications for healthcare accessibility, disease prevention, healthcare infrastructure, and the population's overall health.

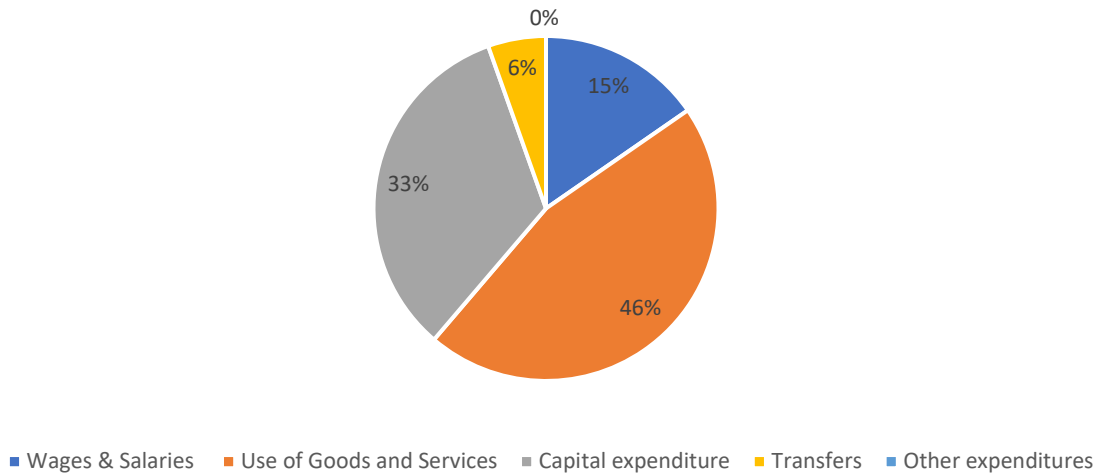
Thus, allocating a relatively small percentage to the health sector will limit the sector's capacity to address the population's diverse needs, including medical services, infrastructure, and public health programs. Limited funding will impact the quality of healthcare services provided. Insufficient resources will lead to challenges in recruiting and retaining skilled medical professionals, affecting the quality of patient care. Indeed, resource constraints to the health sector can result in disparities in healthcare access between different states or socioeconomic groups. Vulnerable populations might struggle to access quality healthcare services. This relatively small allocation could also impact the health sector's preparedness for public health emergencies, such as disease outbreaks like Ebola, cholera, etc.



Source: (Author own data construction, 2023)

Most of the allocated budget to the health sector is for goods and services (46%), capital expenditure (33%), wages and salaries (15%), and transfers (5%). The 46% and 33% allocation for operational functions and capital development is a good indication as these relate to the actual delivery of supplies/services needed by patients and development of health facilities. However, there is a need to strike a balance with wages and salaries as without adequate medical personnel at the health facilities, delivery of health services gets compromised.

Health: Allocation by expenditure types in FY 2023/2024

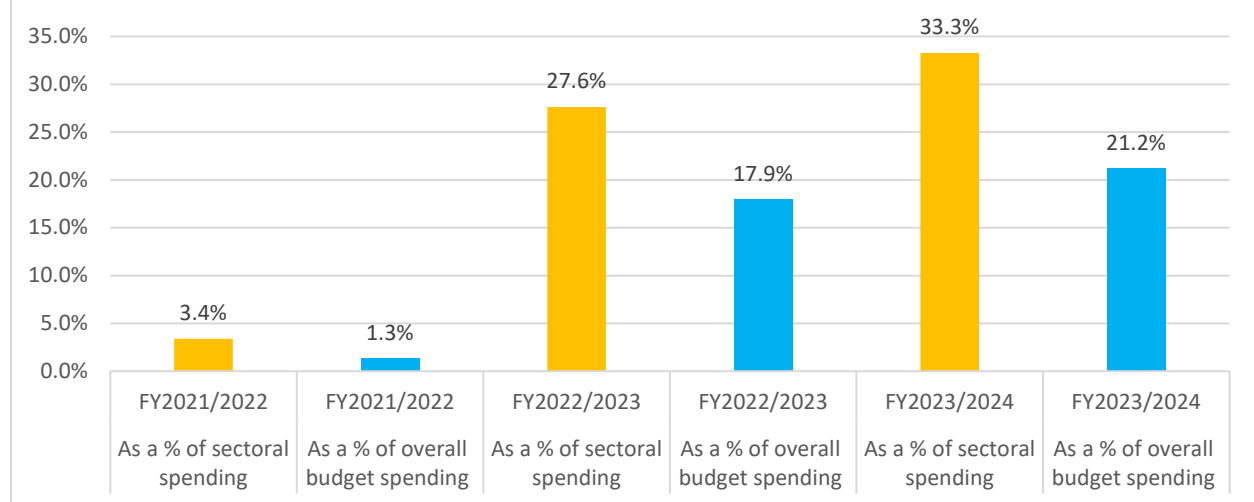


Source: (Author own data construction, 2023)

2.1.3.5 Infrastructure

Allocations to infrastructure sector is 21.2% of the overall budget or 33.3% of the sectoral allocation in FY2023/2024 compared to 17.9% of the overall budget or 27.6% of the sectoral allocation in FY2022/2023 and 1.3% of the overall budget or 3.4% of the sectoral allocation in FY2021/2022.

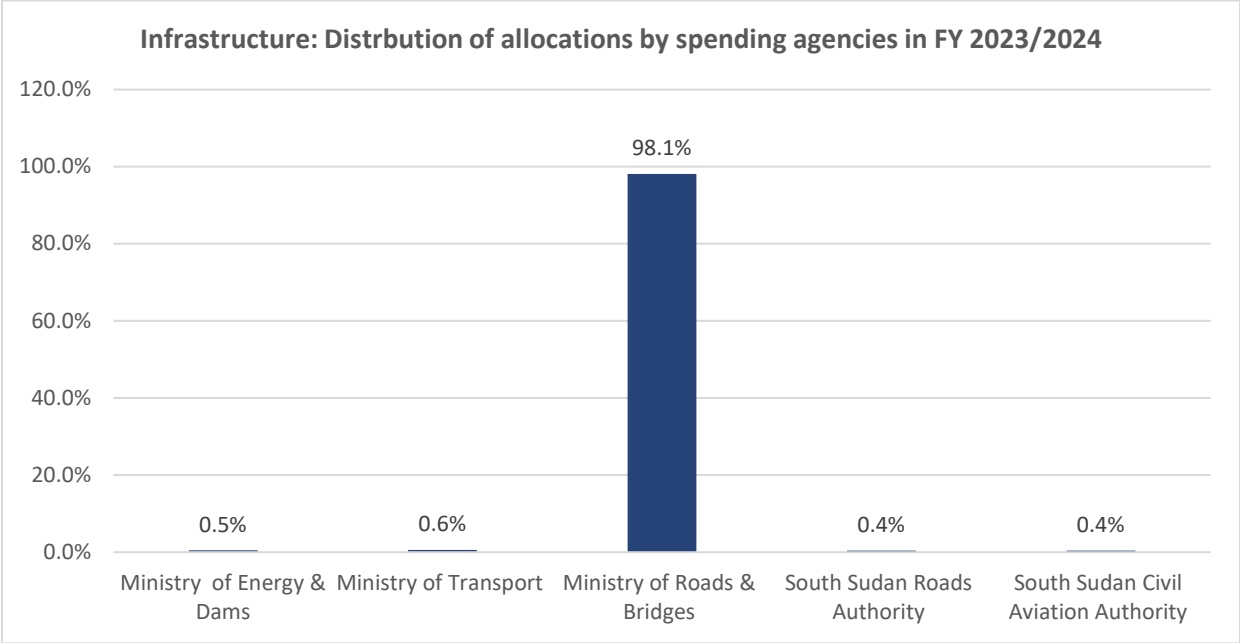
Allocations to infrastructure sector FY2021/2022 to FY2023/2024



Source: (Author own data construction, 2023)

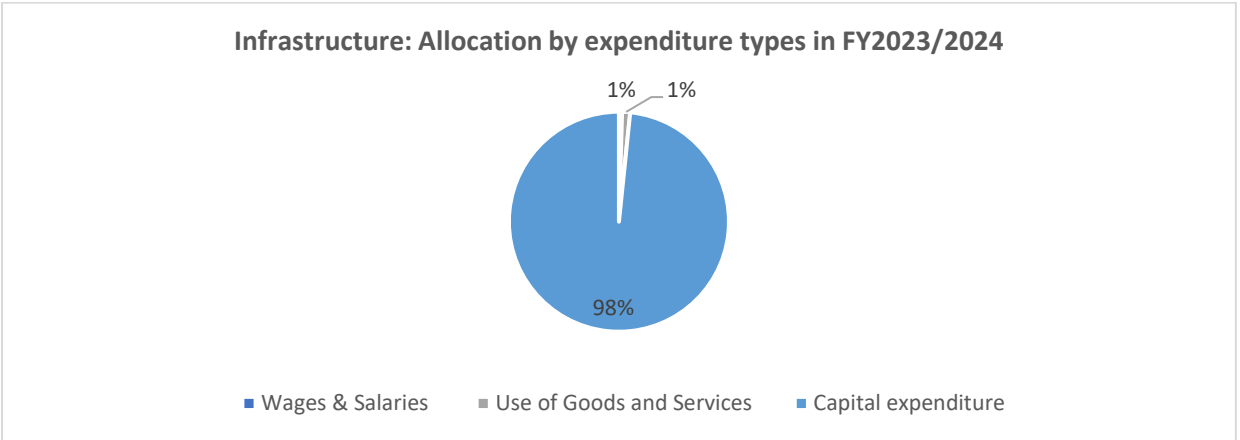
A total of SSP 445,822,268,156 is allocated to the infrastructure sector with five (5) spending entities representing 33.3% sectoral allocation or 21.2% of the overall national budget for FY2023/2024. The distribution of the allocation to infrastructure sector is as follows: Ministry of Energy and Dams (0.5%);

Ministry of Transport (0.6%); Ministry of Roads & Bridges (98.1%); South Sudan Roads Authority (0.4%) and South Sudan Civil Aviation Authority (0.4%).



Source: (Author own data construction, 2023)

98.4% of the allocated budget is for capital expenditure mostly related to road construction while less than 2% left for operations (wages and salaries and goods and services).



Source: (Author own data construction, 2023)

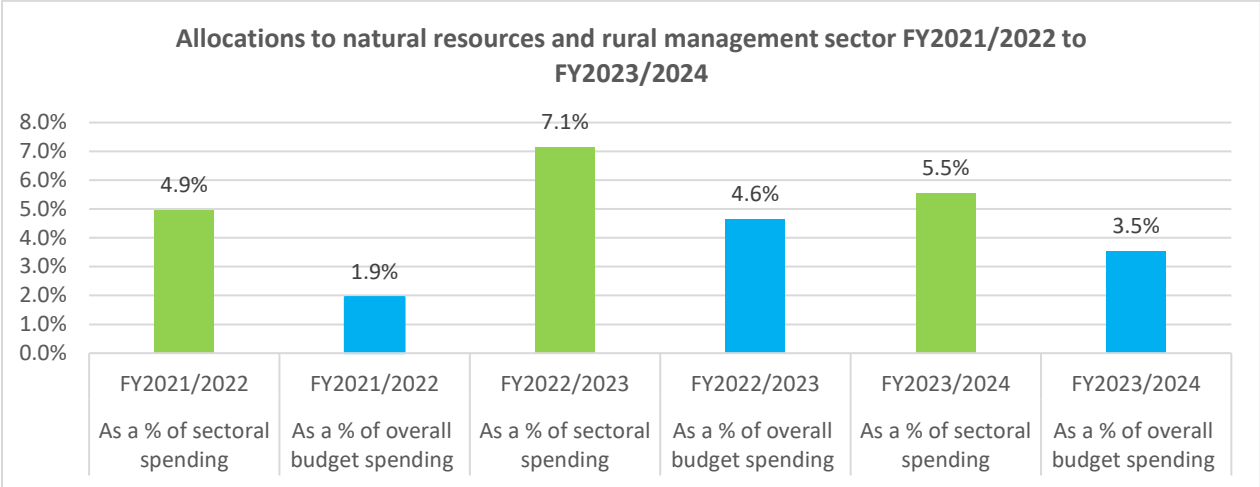
In the context of South Sudan, designating 33.3% of the sectoral allocation or 21.2% of the overall national budget for the fiscal year 2023/2024 to the infrastructure sector holds profound implications for economic growth, connectivity, social progress, and the overall transformation of the nation. Indeed, allocating significant resources to the infrastructure sector signals a commitment to enhancing connectivity by developing roads, bridges, and transportation networks which could foster economic integration, facilitate trade, and enhance access to remote parts of the country.

Furthermore, infrastructure investment could stimulate economic growth by reducing transportation costs, facilitating the movement of goods, and attracting investment. Relatedly, well-developed infrastructure encourages trade and attracts foreign investors. Also, infrastructure projects, such as construction and maintenance of roads and bridges are labor-intensive, which means increased budget allocation and execution to the sector could generate employment opportunities, alleviating unemployment, and poverty. Adequate infrastructure allocation can lead to balanced regional development by connecting previously underserved areas which could help to reduce regional disparities and promote equitable progress. Infrastructure development also has positive impacts on delivery of public services such as healthcare and education by providing better access to facilities which can enhance the overall quality of life for citizens.

However, for South Sudan, resource constraints, maintenance, and implementation challenges must be addressed to ensure that allocated funds result in meaningful improvements. Also, it is essential to balance infrastructure development with other sectoral priorities to achieve comprehensive and sustainable progress that benefits all citizens of South Sudan.

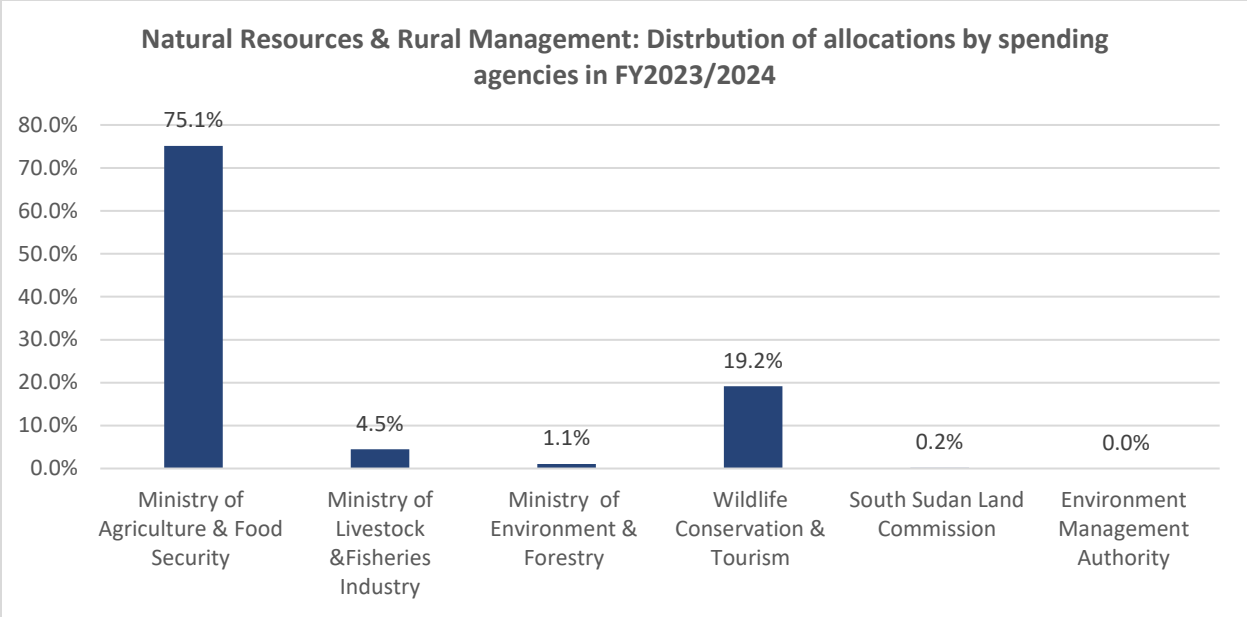
2.1.3.6 Natural Resources and Rural Management

Allocations to natural resources and rural management sector is 3.5% of the overall budget or 5.5% of the sectoral allocation in FY2023/2024 compared to 4.6% of the overall budget or 7.1% of the sectoral allocation in FY2022/2023 and 1.9% of the overall budget or 4.9% of the sectoral allocation in FY2021/2022.



Source: (Author own data construction, 2023)

A total of SSP 74,070,236,011 is allocated to the natural resources and rural management sector with six (6) spending entities representing 5.5% sectoral allocation or 3.5% of the overall national budget for FY2023/2024. The distribution of the allocation to infrastructure sector is as follows: Ministry of Agriculture & Food Security (75.1%); Ministry of Livestock & Fisheries Industry (4.5%); Ministry of Environment & Forestry (1.1%); Wildlife Conservation & Tourism (19.2%); South Sudan Land Commission (0.2%), Environment Management Authority (0%).

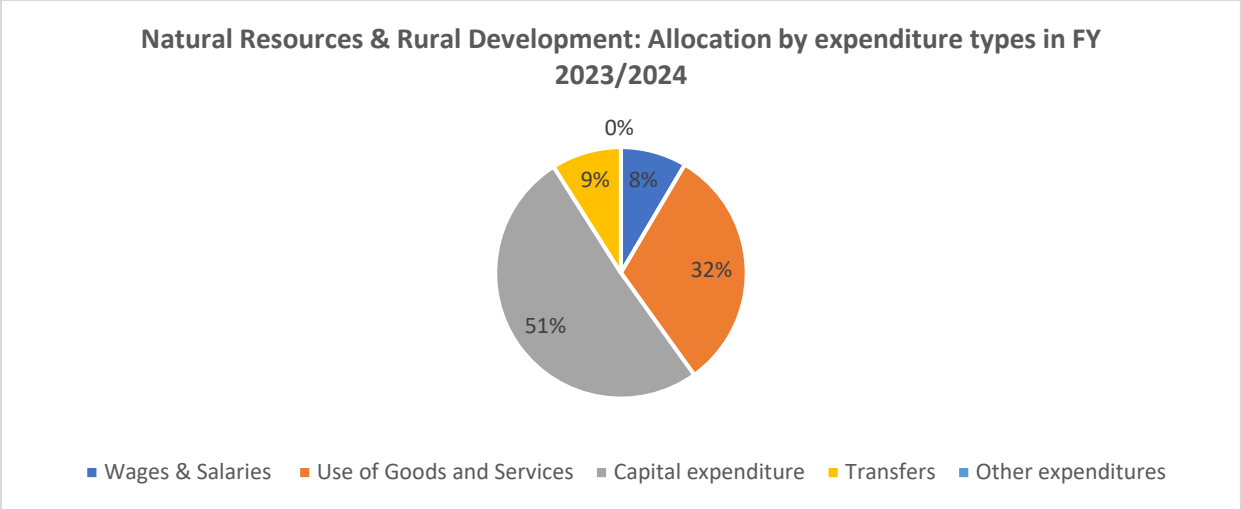


Source: (Author own data construction, 2023)

The modest allocation of only 5.5% of the sectoral allocation or 3.5% of the overall national budget for FY2023/2024 to crucial sectors like agriculture and food security, livestock and fisheries, environment and forestry, wildlife conservation and tourism, and the South Sudan Land Commission has potential negative implications. These include constraints on implementing comprehensive critical projects in the sector, slower progress due to limited resources, challenges in maintaining sustainability in environmental efforts, and potential exacerbation of regional disparities in development.

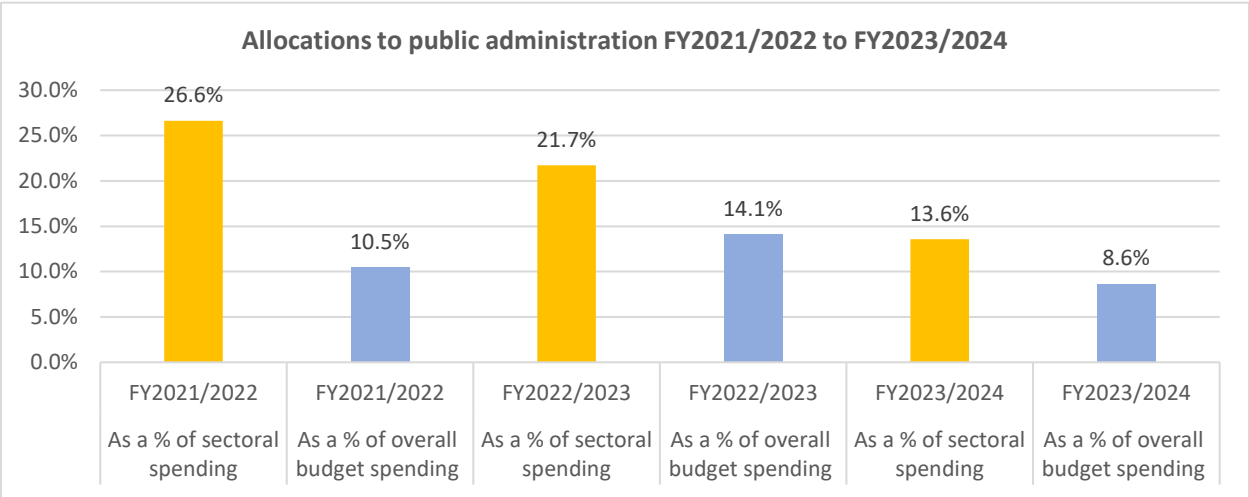
Therefore, government needs to prioritize agriculture to enhance food production, improve food security and reduce reliance on imports. Prioritizing allocation to this sector could also lead to increased agricultural productivity, rural income, and reduced hunger. Investment in livestock and fisheries can elevate small-scale farmers and fishermen, promoting economic self-sufficiency; At the same time, adequate allocation to environment and forestry would signify government’s commitment to environmental protection and conservation efforts to preserve ecosystems, reduce deforestation, and mitigate climate change. Investment in wildlife conservation and tourism could create employment opportunities and generate revenue. Protecting biodiversity and promoting responsible tourism could improve South Sudan's international reputation. Finally, adequate funding for the Land Commission could ensure efficient land management, conflict resolution, and tenure security, which are essential for rural development, economic growth, and peaceful coexistence.

It was noted that most of the allocated budget to the natural resources and rural development sector is for capital expenditure (51%), goods and services (32%), transfers (9%), and wages and salaries (8%). In the context of South Sudan, designating a substantial 51% of the sector budget related to natural resources and rural development to capital expenditure carries profound implications for rural livelihoods, infrastructure development, economic growth, environmental conservation, and overall national progress. High capital investment can lead to improved agricultural practices, modernized equipment, and expanded market access. This directly benefits rural communities by increasing agricultural productivity and income.



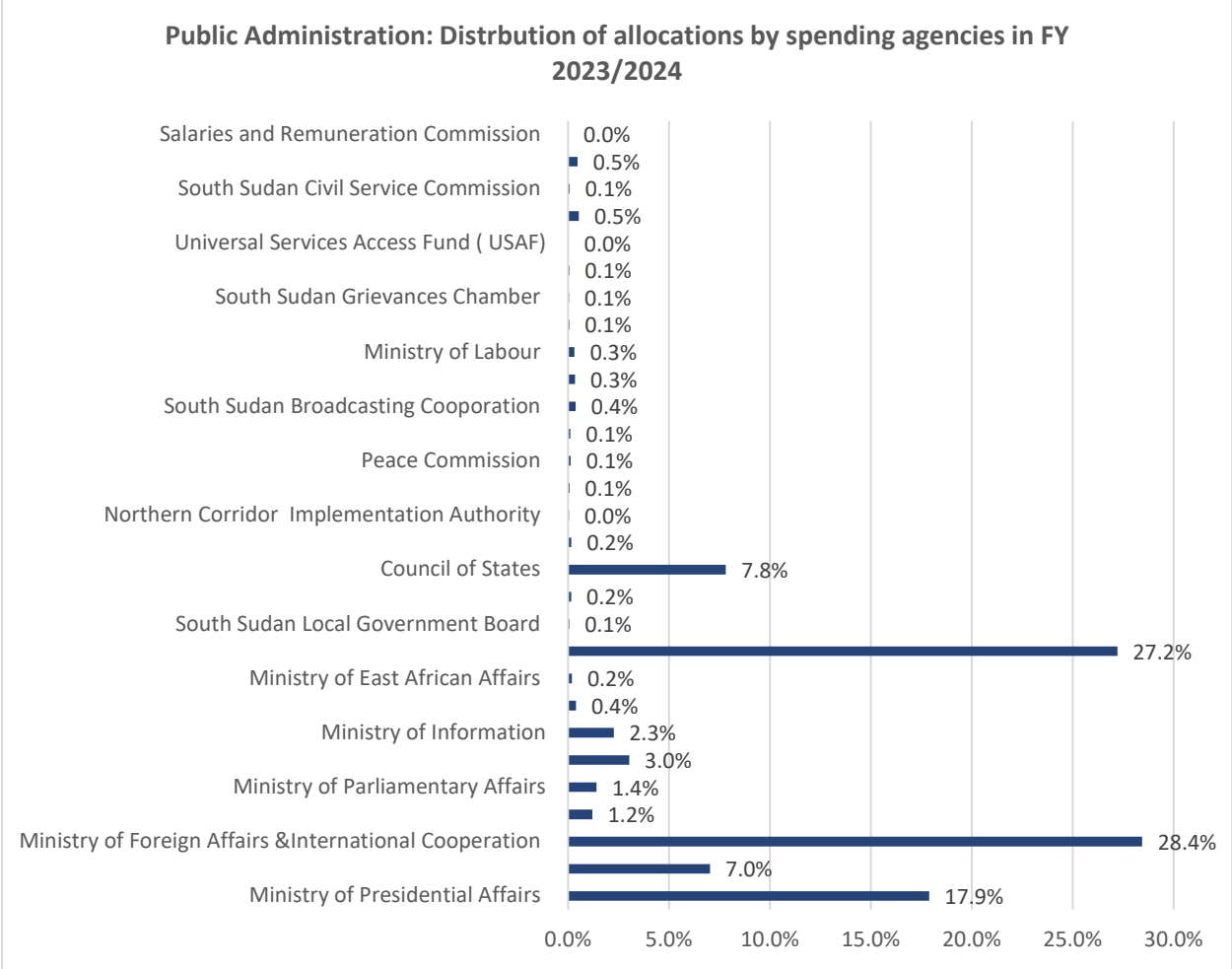
2.1.3.7 Public Administration

Allocations to public administration is 8.6% of the overall budget or 13.6% of the sectoral allocation in FY2023/2024 compared to 14.1% of the overall budget or 21.7% of the sectoral allocation in FY2022/2023 and 10.5% of the overall budget or 26.6% of the sectoral allocation in FY2021/2022.



A total of SSP 181,950,789,692 is allocated to the public administration sector with twenty-nine (29) spending entities representing 13.6% sectoral allocation or 8.6% of the overall national budget for FY2023/2024. The high cost of public administration (13.6%) comes at the cost of ‘starving’ critical sectors like health (3.3%), social and humanitarian (0.3%), and productive/economic sectors (6.7%). Further analysis of the public administration cost reveals that the overall sectoral cost is driven by a few ministries/entities, particularly Ministry of Foreign Affairs and International Cooperation that takes

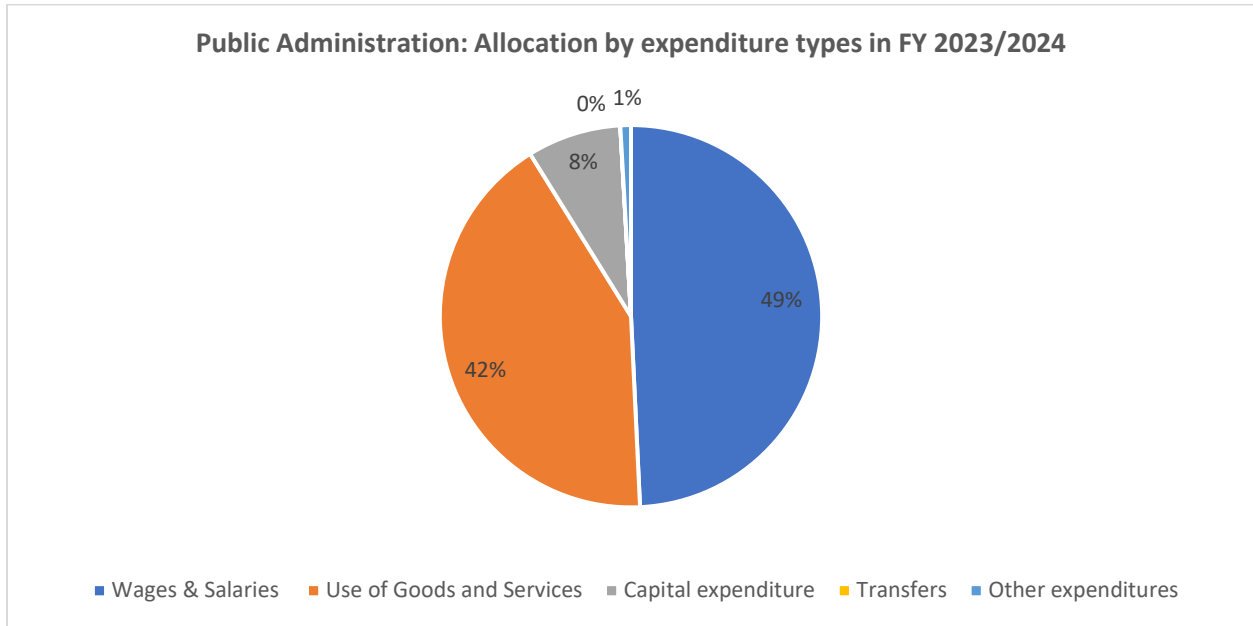
28.4% of the public administration budget, followed by Transitional National Legislative Assembly (27.2%), Ministry of Presidential Affairs (17.9%), Council of States (7.8%), and Ministry of Cabinet Affairs (7%). The remaining 24 spending entities only account for 11.6% of the public administration cost. This has serious implications as institutions critical for implementing the revitalized peace agreement seemed to be ‘starved’ of the much-needed resources including the National Election and Boundaries Commission, National Constitution Review Commission, and Ministry of Peacebuilding.



Source: (Author own data construction, 2023)

It was also noted that most of the allocated budget to public administration is for wages and salaries (49.2 %), goods and services (41.9%), capital expenditure (8%), and other expenditures (0.9%). Allocating 49.2% of the country’s public administration budget to wages and salaries of government employees initially may seem to strain the budget. Still, it also signifies the government's commitment to providing employment opportunities to its citizens. A substantial portion of the population in South Sudan depends on the public sector for livelihoods, and by allocating nearly half of the public administration budget to wages and salaries, the government ensures a stable income source for its citizens, albeit if salaries are paid regularly and on time. However, this allocation also highlights the need for efficient workforce management to avoid overstaffing and ensure that public servants are productive and skilled. Furthermore, efficient governance, transparency, and accountability are crucial for these allocations to

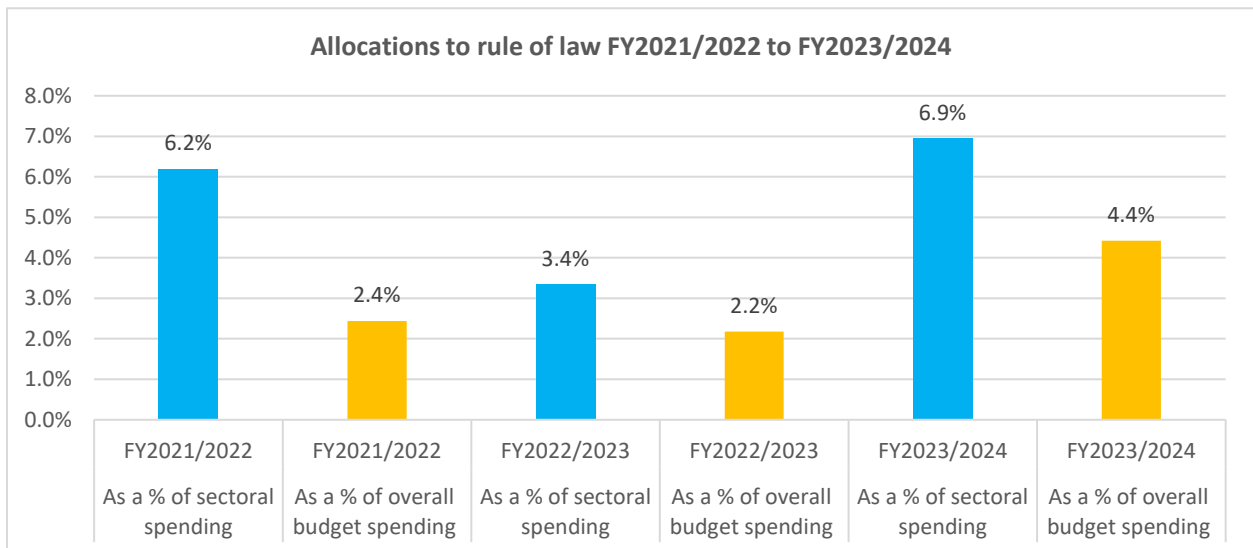
have the desired impact. As South Sudan continues its developmental journey, carefully considering budget allocation to all sectors will be pivotal in shaping the nation's future.



Source: (Author own data construction, 2023)

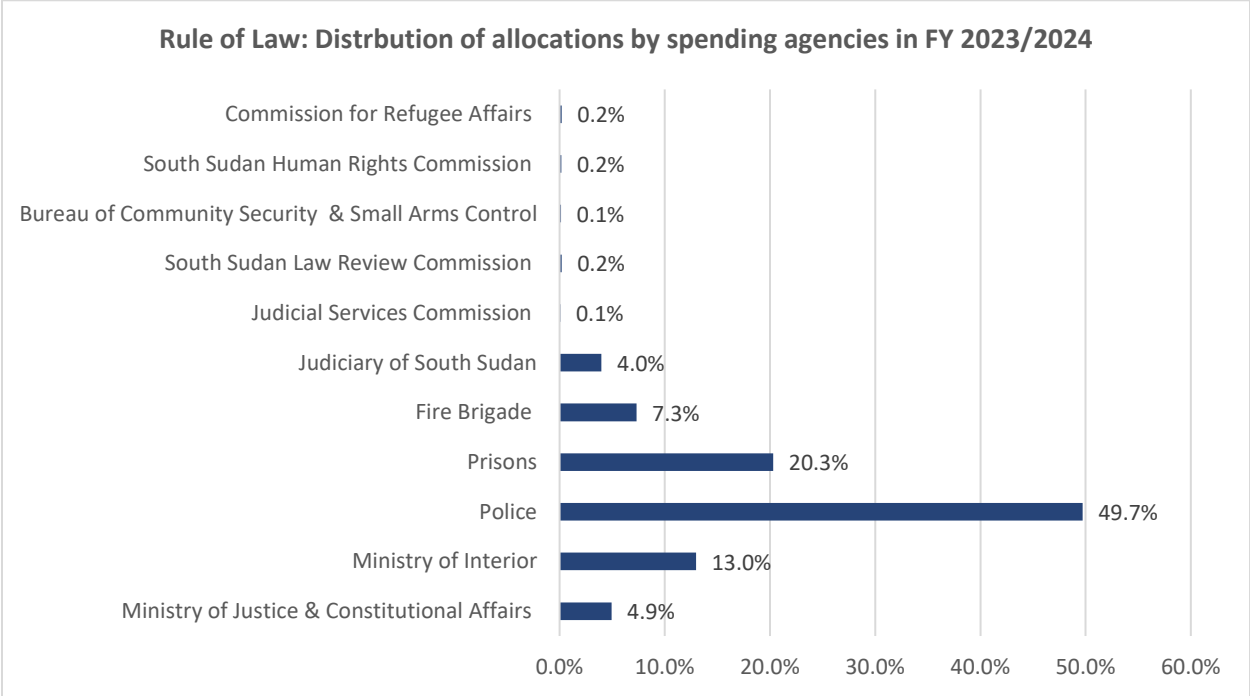
2.1.3.8 Rule of Law

Allocations to rule of law is 4.4% of the overall budget or 6.9% of the sectoral allocation in FY2023/2024 compared to 2.2% of the overall budget or 3.4% of the sectoral allocation in FY2022/2023 and 2.4% of the overall budget or 6.2% of the sectoral allocation in FY2021/2022.



Source: (Author own data construction, 2023)

A total of SSP 93,021,643,887 is allocated to rule of law with eleven (11) spending entities representing 6.9% sectoral allocation or 4.4% of the overall national budget for FY2023/2024. Police takes the large chunk of the allocation (49.7%) , followed by prisons (20.3%) and Ministry of Interior (13%). The low allocation to Ministry of Justice and Constitutional Affairs (4.9%) is worrying in a country where access to justice remains elusive due to missing courts or inadequate judicial personnel. Likewise, the meagre allocation to the Human Rights Commission (0.2%) and Bureau of Community Security and Small Arms Control (0.1%) can indicate the government’s weak commitment to addressing the pervasive human rights issues and proliferation of small arms in the country.



Source: (Author own data construction, 2023)

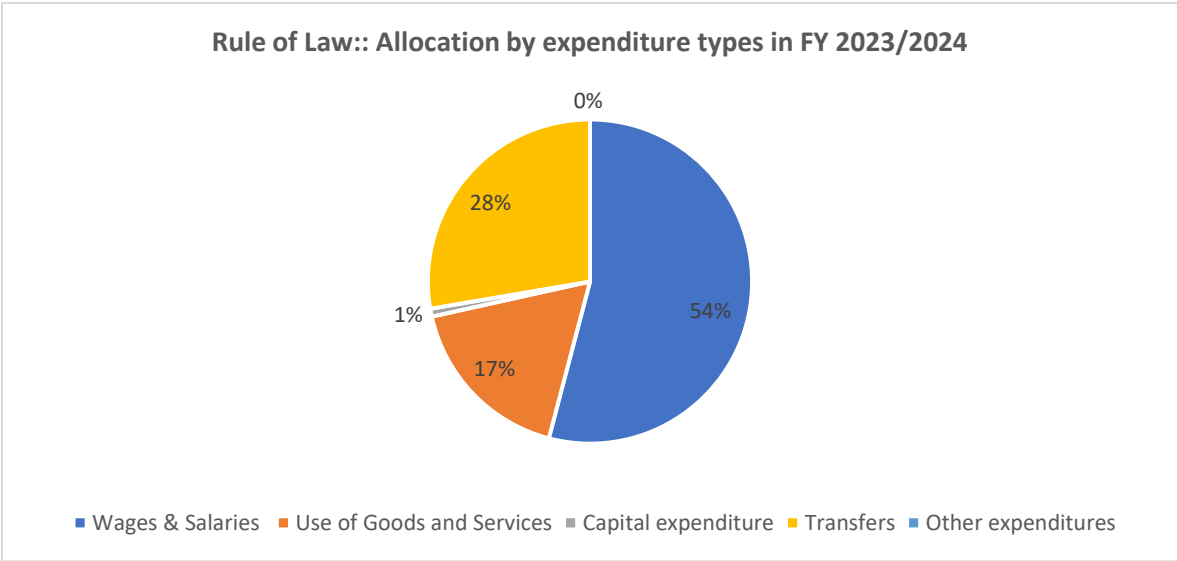
Furthermore, a look at the expenditure types under rule of law shows that wages and salaries will consume over 54% of this sector’s budget, followed by transfers mainly to state-level institutions (27.7%), administrative and operations cost (17.4%) and capital expenditure of only 0.8%. It should be emphasized that budget allocation is not just a financial exercise; it's a reflection of a nation's priorities, values, and developmental aspirations. In the case of South Sudan, a country striving to establish a strong rule of law framework, the distribution of resources within the sector holds profound implications for its social, economic, and political trajectory. The allocation of 54.1% to wages and salaries, 27.7% to transfers to states, 17.4% to administrative and operations costs, and 0.8% for capital development underscores the complexities and challenges inherent in strengthening the rule of law.

Thus, allocating over half of the budget to wages and salaries in the rule of law sector highlights the importance of attracting and retaining skilled and dedicated professionals within the justice system. Adequate compensation can incentivize qualified individuals to pursue careers in law enforcement, judiciary, and legal administration. This allocation acknowledges that a competent and motivated workforce is essential for ensuring efficient and fair legal processes, foundational to a robust rule of law. However, the high allocation to wages and salaries could also indicate a bigger over-staffing problem, particularly in the organized forces (police, prisons, and fire brigade).

The transfers to state-level institutions signify the decentralization of rule of law efforts, recognizing that legal administration and enforcement should not be confined solely to the central government. By providing resources to state-level institutions, South Sudan aims to promote localized solutions to legal challenges, aligning with different states' diverse needs and circumstances. However, effective oversight and coordination are imperative to ensure these resources are utilized effectively and transparently at the local level.

Furthermore, allocating a substantial percentage to administrative and operations costs acknowledges the overhead expenses required for the efficient functioning of the rule of law sector. This includes expenses related to maintaining court facilities, law enforcement agencies, legal aid services, and other operational necessities. While this allocation ensures the sector's day-to-day functionality, prudent management and regular audits are necessary to prevent wastage and ensure optimal resource utilization.

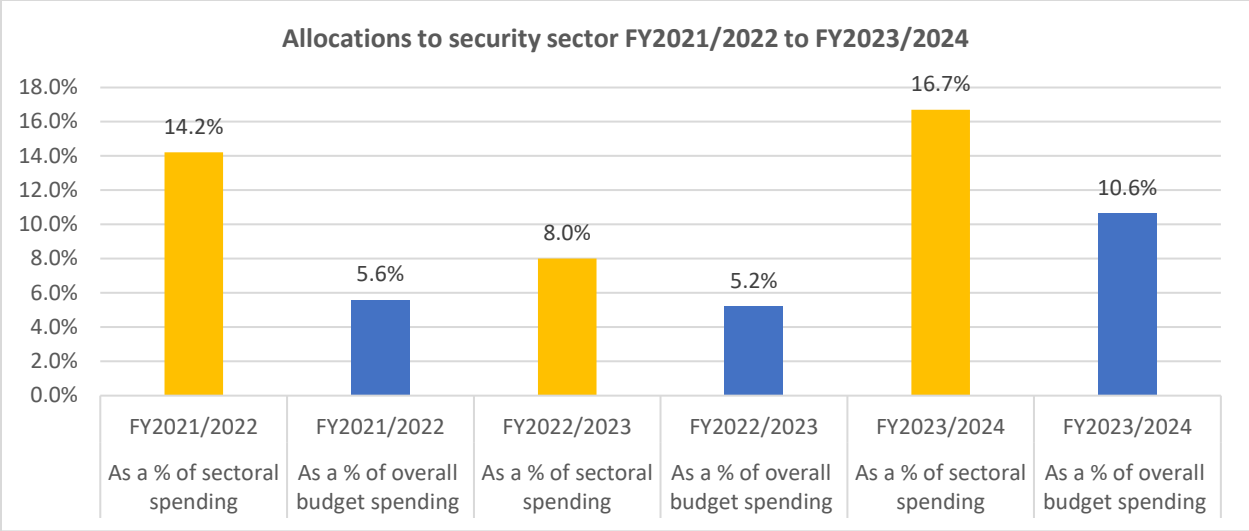
Finally, while the allocation for capital development might appear relatively small, it represents a critical investment in the long-term growth and sustainability of the rule of law sector. Capital development projects, such as constructing modern court facilities, upgrading technology infrastructure, and improving detention centers, can enhance the sector's efficiency, accessibility, and overall effectiveness. Such capital projects must be well-planned, transparent, and executed within stipulated timeframes.



Source: (Author own data construction, 2023)

2.1.3.9 Security

Allocations to security is 10.6% of the overall budget or 16.7% of the sectoral allocation in FY2023/2024 compared to 5.2% of the overall budget or 8% of the sectoral allocation in FY2022/2023 and 5.6% of the overall budget or 14.2% of the sectoral allocation in FY2021/2022.



Source: (Author own data construction, 2023)

A total of SSP 223,833,395,135 is allocated to the security sector with six (6) spending entities representing 16.7% sectoral allocation or 10.6% of the overall national budget for FY2023/2024. Defense takes more than half of the security budget allocation (64%) , followed by Veteran Affairs (18.2%) and National Security service (17.4%). The combined allocation to National Mine Action Authority , Financial Intelligence Unit (FIU), and Disarmament, Demobilization & Reintegration Commission make up less than 1% of the security sector budget.

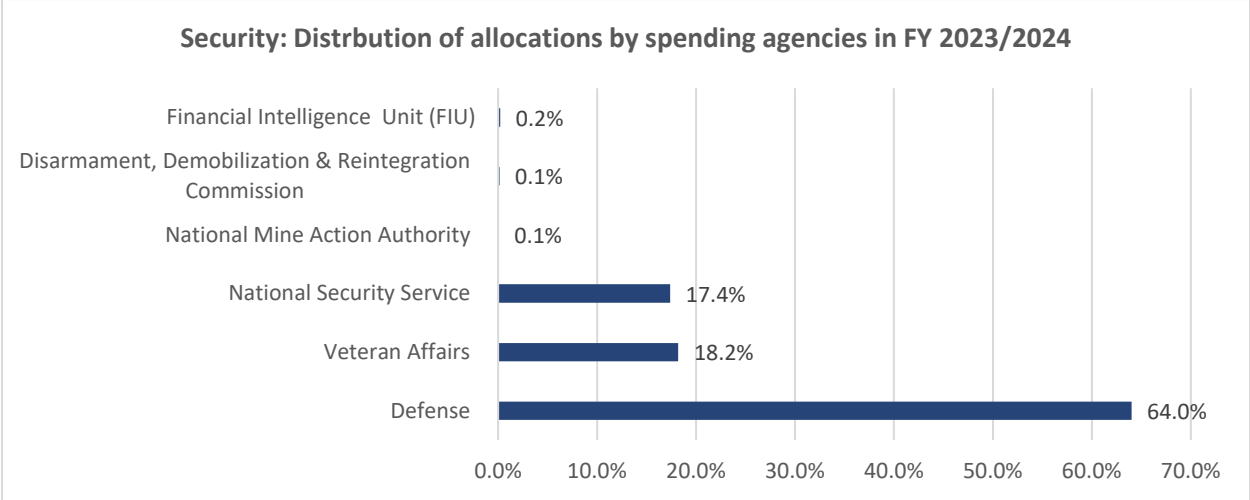
It should be noted that as South Sudan strives to achieve lasting peace and stability through the Revitalized Agreement on the Resolution of the Conflict in South Sudan (R-ARCSS), the allocation of resources to the security sector holds profound implications for the implementation of this crucial agreement and the overall well-being of the nation. The allocation of 10.6% of the overall national budget or 16.7% of the sectoral budget for the fiscal year 2023/2024 to the security sector indicates the government's recognition of the importance of building a stable and secure environment. This allocation supports the objectives of the R-ARCSS, which aims to bring an end to conflict, promote reconciliation, and foster lasting peace in the country. By investing in the security sector, South Sudan signals its commitment to dismantling the structures of violence and creating a conducive atmosphere for the implementation of the agreement's provisions.

The R-ARCSS outlines a comprehensive framework for addressing the root causes of the conflict in South Sudan, including issues related to governance, power-sharing, and security arrangements. The allocation to the security sector is particularly significant in this context, as it signifies the government's dedication to the security sector reform processes prescribed by the agreement. This includes demilitarization, disarmament, and integration of various armed groups, as well as the restructuring of the national security forces to be more inclusive and representative.

Indeed, the allocation to the security sector is a pivotal step toward achieving the peace and stability envisioned by the R-ARCSS. By investing in security reforms, South Sudan aims to create an environment where citizens can trust in the institutions meant to protect them, reducing the likelihood of conflict recurrence. Additionally, a well-funded and well-structured security sector can contribute to deterring

potential spoilers of peace and supporting the nation's development by fostering a sense of safety and stability for both citizens and investors.

However, while investing in the security sector is crucial for the R-ARCSS implementation, it is important to strike a balance between security spending and investments in other vital sectors, such as education, healthcare, infrastructure, and economic development. Adequate funding for these sectors is essential for addressing the underlying socio-economic grievances that often contribute to conflicts. A comprehensive approach that addresses both security concerns and developmental needs is vital for sustainable peace and progress.

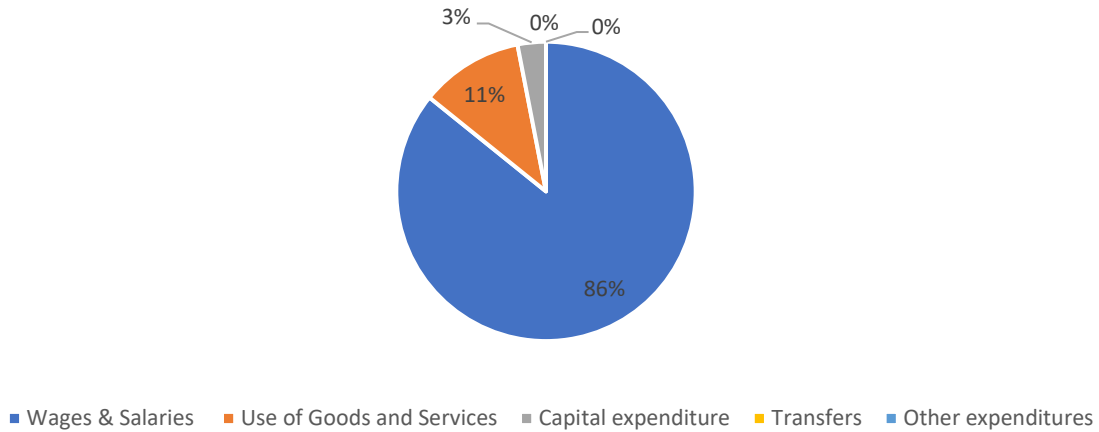


Source: (Author own data construction, 2023)

A look at the security sector budget by expenditure types shows that wages and salaries represent 86% of the security sector budget, followed by administrative and operations cost (11.2%) and capital expenditure of 3.1%. Allocating most of the budget to wages and salaries within the security sector underscores the importance of a well-maintained and adequately compensated workforce. In a country where security forces play a crucial role in maintaining stability and creating instability, ensuring the organized forces are paid on time is very critical. However, a disproportionately high allocation to wages can strain the budget and hinder investments in other critical areas, such as equipment, training, and capacity building. Effective workforce management and performance assessment are essential to ensure that the funds allocated to wages contribute to a capable and efficient security sector.

Therefore, while allocating significant portions of the budget to wages and administrative costs can ensure the immediate functionality of the security sector, it is important to strike a balance with investments in capital development. Neglecting capital development can result in outdated equipment, inadequate training, and an inability to adapt to evolving security challenges. Striking the right balance between personnel expenses and capital development is essential for creating a well-equipped, motivated, and efficient security apparatus. Thus, a balanced approach that considers the immediate needs of security personnel, the operational requirements, and the long-term goal of modernization of the security sector is essential for fostering lasting peace and stability in South Sudan.

Security: Allocation by expenditure types in FY 2023/2024

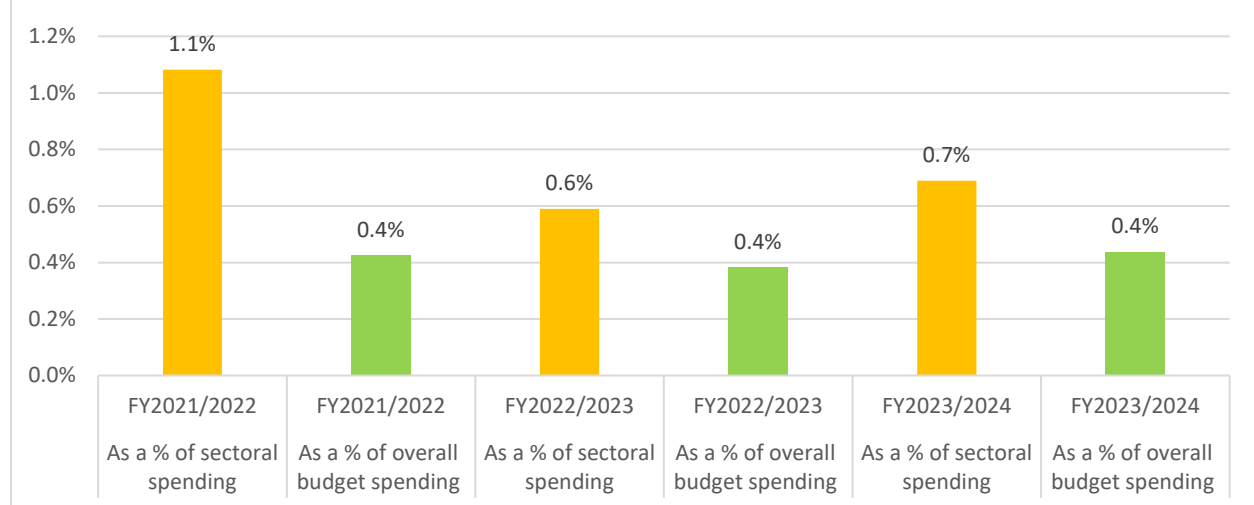


Source: (Author own data construction, 2023)

2.1.3.10 Social and Humanitarian

Allocations to the social and humanitarian sector have remained at 0.4% of the overall budget for the past three years (FY2021/2022 to FY2-23/2024). The social and humanitarian sector took 0.7% of the sectoral allocation in FY2023/2024 compared 0.6% of the sectoral allocation in FY2022/2023 and 1.1% of the sectoral allocation in FY2021/2022.

Allocations to social and humanitarian sector FY2021/2022 to FY2023/2024



Source: (Author own data construction, 2023)

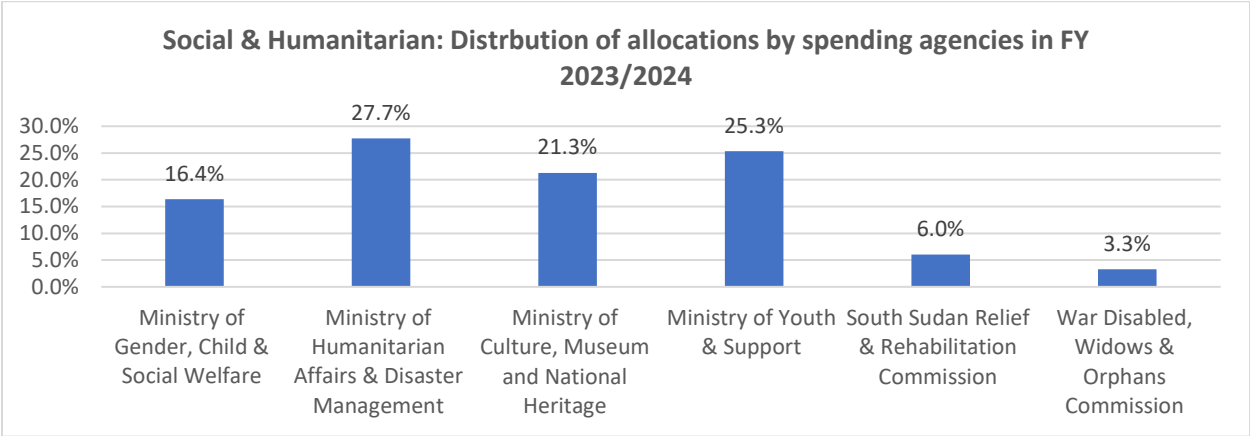
A total of SSP 9,231,266,087 is allocated to social and humanitarian sector with six (6) spending entities representing 0.7% total sectoral allocation or 0.4% of the overall national budget for FY2023/2024. Ministry of Humanitarian Affairs & Disaster Management takes 27.7% of social and humanitarian budget, followed by Ministry of Youth & Support (25.3%), Ministry of Culture, Museum and National Heritage (21.3%), Ministry of Gender, Child & Social Welfare (16.4%), Relief & Rehabilitation Commission (6%)

and commission for the War Disabled, Widows & Orphans (3.3%). In the context of South Sudan, a country marred by conflicts and humanitarian crises, the allocation of resources to the social and humanitarian sector is of paramount importance. However, an allocation of only 0.7% of the sectoral budget or 0.4% of the overall national budget for FY2023/2024 to a sector grappling with the dire reality of 9.4 million people in need of humanitarian assistance has significant negative implications.

Firstly, the fact that 9.4 million people need humanitarian assistance indicates the immense scope of the challenges South Sudan is facing. The challenges encompass food insecurity, lack of healthcare access, inadequate education opportunities, displacement, and more. Allocating only 0.4% of the budget to address these multifaceted needs raises concerns about the government's ability to adequately respond to the pressing demands of its population. Secondly, a budget allocation of this scale is likely to have limited impact on the immediate needs of the population. With such a small portion of the budget earmarked for the social and humanitarian sector, the ability to provide comprehensive aid, such as food, clean water, healthcare, and education, to those in dire need becomes severely constrained. This insufficiency can result in continued suffering, hindering efforts to improve living conditions and alleviate human suffering.

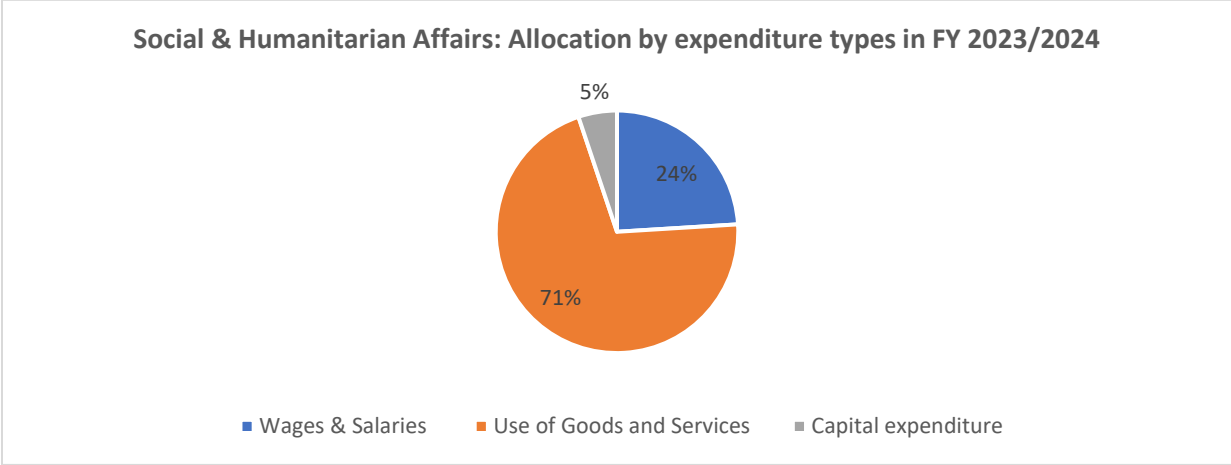
Also, the negative implications extend to the long-term development prospects of South Sudan. A meager allocation to the social and humanitarian sector perpetuates a cycle of vulnerability, preventing the country from breaking free from the grip of crises. Insufficient investment in nutrition, healthcare, and education will hinder the development of a healthy, skilled, and productive population, impeding progress towards sustainable economic growth. Furthermore, the inability to effectively address humanitarian needs can exacerbate existing grievances and potentially fuel further conflicts. A population suffering from food insecurity, lack of basic services, and displacement is more susceptible to manipulation by various actors seeking to exploit their vulnerabilities. Inadequate resources for humanitarian assistance can undermine the nation's stability and contribute to the cycle of violence and displacement.

Therefore, allocating only 0.4% of the overall national budget for FY2023/2024 to the social and humanitarian sector in South Sudan, in the context of a staggering 9.4 million people in need of assistance, presents grave negative implications. The inadequacy of resources to address immediate humanitarian needs, the hindered prospects for long-term development, and the risk of conflict recurrence all underscore the urgency of ensuring more substantial and strategic resource allocation to alleviate the ongoing humanitarian crisis.



Source: (Author own data construction, 2023)

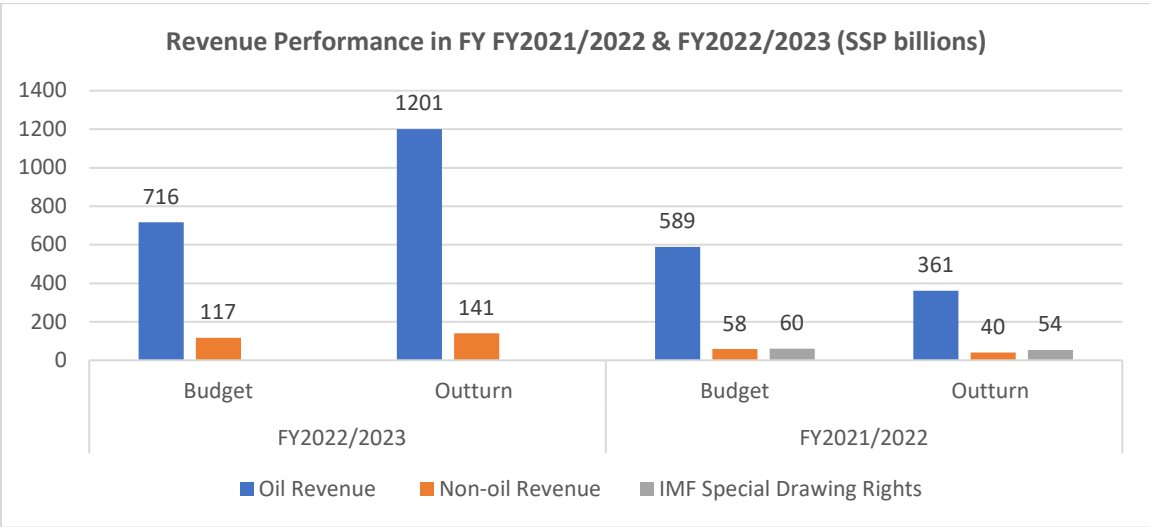
A look at the social and humanitarian sector budget by expenditure types shows that administrative and operations cost relating to use of goods and services represent 71% of the sector’s budget, followed by wages and salaries (24%) and capital expenditure (5%). These allocations are consistent with the high need for acquisition of essential goods and services, manpower to deliver and coordination support during humanitarian operations.



Source: (Author own data construction, 2023)

2.1.4 Budget Performance - FY2021/2022 & FY2022/23

Gross revenue performed better last year compared to FY2021/2022 – oil earnings amounted to SSP 1,201 billion compared to the budgeted amount SSP 716 billion up to the Q3 of the financial year 2022/23. This is better than FY2021/2023 oil revenues of SSP 361 billion against a projection of SSP 589 billion. Also, in absolute terms, non-oil revenue outcome was reasonably good compared to FY2021/2022 – NRA collected about 119% of the revenue (SSP 140 billion compared to the target SSP 117 billion) for the nine months reporting period.



Source: (Author own data construction, 2023)

The FY2022/2023 budget outturns reveal widespread budget indiscipline and unexplained anomaly. For instance, payment to Sudan for the pipeline fees almost tripled the budgeted amount in last year's budget. South Sudan paid Sudan over SSP 349 billion compared to SSP 92 billion budgeted for in FY2022/2023 budget with no clear explanation for the overpayment. Relatedly, the analysis reveals weak adherence to prudent public financial management with actual disbursements to government spending agencies (SSP 409 billion) far less than allocations in the budget (SSP 930 billion). Moreover, this is at the backdrop of revenue surplus of SSP 394 billion by end of Q3 of FY 2022/2023.

Budget outturns for FY2022/23 Budget Performance		
	Budget (SSP billion)	Q1-Q3 Outturns (SSP billions)
Total Gross Revenue/ Available Resources	833	1341
Total gross oil revenue	716	1,201
Non-oil revenue	117	140
Direct Mandatory Payments	279	426
Payment to Sudan (Tarriff, Transportation and Processing)	92	349
Transfers to oil producing states and communities	31	43
Transfer to Ministry of Petroleum		25
Payment future generation fund (10% of net gross revenue)	62	0
Oil revenue stabilization fund 15%	94	9
Other Spending	183	112
Loan repayment (amortization)	183	2
Oil for roads projects and other capital		110
Interest and service charges		
Foreign missions salaries arrears		
Arrears funds		
Block transfer to states		
Contingency/emergency funds		
Government agencies spending	930	409
Total Government Expenditure	1393	947
Financing gap/Budget deficit	-560	394

2.1.5 Potential Risks to the execution of FY2023/2024 national budget

The successful execution of a national budget is critical for any country's socio-economic progress. However, in the case of South Sudan, a young nation grappling with a complex array of challenges, the budget execution process is susceptible to a myriad of external and internal risks, including:

2.1.5.1 External risks

Global economic volatility: The global economy's unpredictability, particularly in relation to oil prices, poses a significant external risk. As an oil-dependent nation, South Sudan's budget revenue heavily relies

on oil exports. Fluctuations in global oil prices could lead to revenue shortfalls, affecting the government's ability to fund planned initiatives.

Regional instability: Geopolitical tensions and conflicts in neighboring countries including Sudan crisis can disrupt trade routes, affecting imports and exports. This could lead to supply chain disruptions and inflation, impacting the affordability of essential goods and services.

Climate change and natural disasters: The vulnerability of South Sudan to climate change-related events such as droughts, floods, and other natural disasters can disrupt agricultural activities, infrastructure, and economic productivity. These events strain both financial resources and the implementation of planned projects.

Global health crises: The ongoing impact of health crises, exemplified by the COVID-19 pandemic, can place additional strain on the budget. Increased healthcare expenditures during crises and economic disruptions could affect both revenue generation and the allocation of funds to critical sectors.

2.1.5.2 Internal risks

Security concerns: South Sudan's persistent internal conflicts and security challenges divert resources away from development efforts. The need to allocate resources for security and peacekeeping efforts could impact the implementation of planned projects.

Corruption and mismanagement: Corruption and mismanagement of funds pose a significant internal risk. Funds intended for development projects may be misappropriated, leading to budget leakages, ineffective project execution, and failed outcomes.

Capacity constraints: The lack of skilled personnel in budget management, project implementation, and monitoring hampers effective execution. Inadequate capacity can lead to project delays, inefficiencies, and poor outcomes.

Economic volatility: An unstable macroeconomic environment characterized by inflation and exchange rate depreciation of the SSP can affect the purchasing power of budget allocations. Economic instability can impact the effective execution of planned projects.

Governance challenges: Political instability, policy inconsistencies, and weak governance structures can disrupt budget formulation and execution. Poor policy implementation and inconsistent decision-making can lead to budget execution delays.

Thus, South Sudan's national budget FY2023/2024 faces a dynamic landscape fraught with a diverse range of external and internal risks. Balancing peacebuilding goals and development priorities in a resource-constrained environment is a formidable challenge. To navigate these risks successfully, South Sudan's government must adopt comprehensive risk management strategies. This may include diversifying revenue sources, enhancing fiscal discipline, investing in human capacity, promoting transparency and accountability, and strengthening governance structures. By proactively addressing these challenges, South Sudan can minimize the impact of these risks and ensure that its budget execution contributes to both sustainable peace and development, ultimately fostering a brighter future for its citizens.

2.1.6 Summary of key findings from the analysis of the FY2023/2024 national budget

- The overall FY2023/24 budget is SPP 2,105 billion for all expenditures and revenue is projected at SSP 1,838 billion translating to a budget deficit/financing gap of SSP 226 billion with no credible plan to finance the gap.
- 84% (SSP 1,536 billion) of the projected revenue is expected to come from oil earnings based on the following assumptions 1) oil production of about 132,000 barrels per day (bpd); 2) Benchmark Brent/oil price of US\$ 80.7 per barrel (Dar Blend); 3) reference exchange rate of SSP 917 per US dollar is assumed in the budget.
- The realism and credibility of the FY2023/24 budget critically rests on the above assumptions underpinning the oil revenue projections – any changes to these underlying assumptions will affect the FY2022/23 budget outcomes.
- The FY2023/24 budget has a fiscal deficit of 4.6% of GDP, 14.5% of gross revenue and 12.7% of total expenditure.
- Non-Oil Revenues is projected to generate 13% of the revenue (SSP 245 billion)
- Government projects to raise 3% of the revenue from grants (SSP 56 billion) – mostly from IMF Food Shock Window for budget support.
- 42% of total projected revenue is earmarked for mandatory commitments, loan repayments, arrears and other expenditures leaving only 58% of the total revenue for discretionary spending to government spending agencies.
- Government spending agencies (sectoral allocations) takes up SSP 1,340 billion or 64% of the total FY2023/24 national budget.
- The salaries of civil servants have been quadrupled in nominal terms (400% salary increment). The proposed salary increment for civil servants is broadly sensible due to reduction of purchasing power because of inflation and sustained depreciation of the local currency (SSP).
- Government allocation to social sectors is low this year particularly to the health budget (2.1%); social and humanitarian affairs (0.4%); and education (8.3%) compared to security infrastructure (21.2%), security (10.6%) and public administration (8.6%).
- About SSP 50 billion (or 2.4%) of the budget is allocated to peace, but no notable budget has been provided for elections preparation.
- Finally, the impact of the Sudan crisis coupled with worsening economic and macroeconomic situation characterized by volatile oil revenue, high inflation, depreciation, and slow economic growth could pose a significant constraint to revenue mobilization to finance the FY2023/2024 budget.

3.1 Broad Observations and Conclusions from the FY2023/2024 national budget Analysis

After a comprehensive analysis and stakeholder validation of South Sudan's national budget for the fiscal year 2023/2024, several key observations emerge. The analysis reveals a complex and challenging landscape that requires careful consideration of both internal and external factors. The allocation of budget resources ordinarily reflects the government's priorities; but this may not necessarily resonate with the aspirations of the citizenry in such a complex socio-economic and political landscape like South Sudan. Thus, while the budget allocation decisions are multifaceted and depend on various factors, some overarching takeaways can be drawn.

- **Complex allocation priorities:** The budget allocations across different sectors highlight the intricate nature of balancing competing priorities. In a nation with urgent humanitarian needs, security concerns, and aspirations for development, the allocations strive to address a wide range of challenges. However, the allocation percentages in some sectors, such as social and humanitarian, reveal potential shortcomings in responding to critical needs, particularly in the context of a large population requiring assistance. Thus, the 2023/2024 budget suffers from planning gaps. Indeed, a causal observation shows that the budget is more like an elusive shopping list – not based on the country’s national priorities and missing critical aspects in the resource envelope. This can be observed in the minimum attention given to financing the private sector as mandated in the R-ARCSS ---articles 37(1)(2)(3), 166(6)(c), 166(6)(f), 166(6)(i), 166(6)(j) and the budget not being responsive to Chapter Four of the extended R-ACRSS (2018-2024). Therefore, although balancing these priorities while optimizing resource utilization remains a significant challenge, the country must aim to depart from consumption mentality to priorities in the productive sectors while ensuring the process is interactive, participatory, and inclusive.
- **Sustainable development balance:** The allocation of resources for development, capital expenditure, and long-term growth indicates the government's intent to lay the groundwork for sustainable progress. While allocations to capital development are evident, there is room for further investment in infrastructure, education, healthcare, and other sectors that form the backbone of economic growth and human development. Striking the right balance between immediate needs and long-term development is crucial for ensuring a stable future.
- **Need for transparency and efficiency:** Across all sectors, transparent governance and efficient resource management emerge as crucial elements. The implications of allocations to administrative and operational costs underscore the importance of careful oversight to prevent resource diversion and ensure that funds are effectively directed towards their intended purposes. Transparent use of resources not only enhances accountability but also fosters public trust and international partnerships, which are vital for the nation's progress.
- **Need for collaboration and international assistance:** South Sudan's challenges, ranging from humanitarian crises to security concerns, necessitate collaboration and international assistance. While the budget reflects domestic priorities, international aid and partnerships play a pivotal role in augmenting the government's efforts. Strategic alignment between domestic allocations and international assistance is essential for maximizing resource impact and effectively addressing complex challenges.
- **Need for adaptation to dynamic context:** The budget allocation decisions need to remain adaptive to the evolving context of South Sudan. Political, economic, and security dynamics can shift rapidly, necessitating flexibility in budgeting to accommodate unforeseen challenges and opportunities. This adaptive approach will be vital for ensuring that the budget remains relevant and responsive to the nation's changing needs.
- **Alignment with peacebuilding and development goals:** The FY2023/2024 budget demonstrates a concerted effort to align budget allocations with the priorities outlined in both the R-ARCSS and the R-NDS. By allocating resources to sectors that address conflict-related issues and those that promote economic growth and social development, South Sudan aims to strike a balance between immediate peacebuilding needs and long-term sustainable development.

- **Challenges of resource constraints:** The analysis highlights the challenge of resource constraints, particularly the heavy dependence on oil revenue. Global oil price fluctuations pose a significant risk to revenue generation, potentially impacting the execution of planned projects and programs. This underscores the need for South Sudan to explore alternative revenue sources and promote fiscal diversification to reduce vulnerability to external economic shocks.
- **Capacity building and governance:** Efficient budget execution requires robust governance structures and capacity building. Challenges such as corruption, mismanagement, and inadequate skilled personnel can hinder effective resource allocation and utilization. The conclusion is that South Sudan needs to invest in capacity building programs and implement governance reforms to enhance transparency, accountability, and the effective implementation of budgetary plans.
- **Collaboration and coordination:** The national budget analysis underscores the importance of collaboration and coordination among government ministries, agencies, local governments, and external partners. Given the multi-sectoral nature of the budget and the diverse needs of different regions, effective coordination is essential to avoid duplication, ensure efficient resource allocation, and maximize impact.
- **Risk mitigation and adaptability:** Both internal and external risks, including global economic volatility, security challenges, and climate-related events, can impact budget execution. South Sudan must adopt a proactive risk management approach and build adaptability into its budget plans to address unforeseen challenges and ensure the resilience of its peacebuilding and development efforts.
- **Public participation and communication:** Engaging citizens in the budgeting process and communicating budget priorities and outcomes are crucial for fostering transparency, accountability, and public ownership. *Public awareness campaigns, participatory budgeting, and regular communication mechanisms can enhance citizen understanding and involvement. Since 2005, the budget has been an exercise of a 'cash call' where government spending entities simply indicate their budgetary needs within the provided budget ceiling without due consideration of citizen voices. This has resulted into mismatch of budgets to citizen's aspirations and unacceptable high levels of financing deficits. South Sudan's future budget should be a bottom-up process moving away from such an elusive shopping list of entitlements and privileges of government officials to addressing the critical needs of the citizens.*
- **Long term vision and implementation:** The FY2023/2024 budget analysis highlights the need for South Sudan to adopt a long-term perspective in budget planning. Aligning budget allocations with the strategic goals of the R-NDS requires a focus on multi-year planning and consistent implementation, even as short-term challenges arise.

In conclusion, the analysis of the FY2023/2024 South Sudan national budget underscores the intricate interplay between peacebuilding and development objectives, the challenges of resource constraints, the imperative of capacity building and governance reforms, and the importance of risk mitigation and public engagement. The budget's successful execution will require a holistic approach, involving all

stakeholders, to navigate these complexities and pave the way for sustainable peace, stability, and socio-economic progress in South Sudan.

4.1 Proposed Recommendations to improve Alignment and Effectiveness of South Sudan national budget.

To enhance the alignment and effectiveness of the South Sudan national budgeting process with the Revitalized Agreement on the Resolution of the Conflict in South Sudan (R-ARCSS) and the Revitalized National Development Strategy (R-NDS), the below key recommendations should be considered. However, implementing these recommendations requires a concerted effort from the South Sudanese government, civil society, development partners, and citizens. By addressing these areas, South Sudan can overcome the shortcomings inherent in the FY2023/2024 budget and create a more effective and aligned national budget that contributes to sustainable peace, development, and improved well-being for its people.

1. Fiscal discipline and resource diversification

- Establish a fiscal responsibility framework that includes rules for managing budget deficits and controlling public spending.
- Government/Ministry of Finance and Planning should only borrow funds from international institutions for investments to improve the economy and boost growth rather than borrowing for salary payments.
- Create a task force to explore and implement strategies for diversifying revenue sources, reducing reliance on oil revenues.
- Create institutions/ department in the Ministry of Finance and Planning to deal with budget control to enhance budget discipline.

2. Prioritize capacity building.

- Organize training programs and workshops for government officials, focusing on budget formulation, project management, data analysis, and gender and conflict-sensitive budgeting.
- Create partnerships with academic institutions, Think Tanks, and international organizations to provide technical assistance and capacity-building support.

3. Transparency and accountability

- Implement an electronic budget tracking system that allows citizens to monitor the allocation and utilization of funds in real-time.
- The Transitional National Legislative Assembly should engage with the Ministry of Finance and Planning to produce an annual financial statement to pave the way for audits.
- Strengthen the Audit Chamber or establish an independent oversight body to audit budget execution and ensure compliance with transparency standards.
- The Transitional National Legislative Assembly should strengthen the Public Procurement and Disposal of Assets Authority (PPDAA) by ensuring implementation of the PPDAA Act (2018) provisions to avoid the current procurement practice of single sourcing.
- The Transitional National Legislative Assembly should ensure the 'Oil for Road project' should be allocated through the Annual fiscal budget.

4. Outcome-oriented budgeting

- Define clear and measurable outcomes for each budget allocation, specifying the expected impact on peacebuilding and development goals.
- Use performance-based budgeting techniques to evaluate the effectiveness of budget spending in achieving desired outcomes.
- As recommended by the Transitional National Legislative Assembly, there is a need for institutions or agencies to conduct expenditure analysis and produce reports for public consumption.

5. Multi-stakeholder consultations.

- Organize community meetings, focus group discussions, and public forums to engage citizens in the budget planning process and gather their input on priorities.
- Establish a dedicated platform for regular engagement between the government, civil society, and development partners to discuss budgetary matters.
- Bottom-up budget approach of planning and budgeting is the most appropriate for South Sudan.

6. Comprehensive cross-sectoral planning

- Establish an inter-ministerial committee comprising representatives from both peacebuilding and development sectors to coordinate budgetary decisions and priorities.
- Local Governments (Urban and Rural Councils) should be provided with sufficient funds for service delivery.
- Develop a clear framework for inter-sectoral cooperation, ensuring that ministries collaborate to achieve common goals. This could include revitalizing, operationalization, and strengthening the sector working workings and promoting sectoral collaboration and coordination.
- The Transitional National Legislative Assembly should enact Health Insurance Policy or Law. Health Insurance Policy will reduce financial uncertainty and will make healthcare accessible and affordable for citizens and public officials. It will also reduce the cost of treatment abroad.

7. Flexible budget reallocation

- Develop guidelines and criteria for reallocating funds in response to emergencies or changing circumstances, ensuring that the process remains transparent and accountable.
- Communicate the reallocation process to stakeholders, including citizens, to maintain trust and understanding.
- State governors should stop reallocating education funds transferred to their states for other uses to improve quality education service delivery.

8. Inclusive development

- Allocate a portion of the budget precisely to address the needs of marginalized communities and conflict-affected regions.
- Conduct thorough needs assessments to identify the most pressing challenges and tailor budget allocations accordingly.

- Ensure the national budget is gender sensitive and prioritize programs that promote gender mainstreaming, equity, and empowerment.

9. Long term multi-year planning and state budgets

- Develop a medium-term expenditure framework that outlines budget allocations for the next several years, aligned with the goals of the R-NDS.
- Regularly review and adjust the framework based on changing circumstances and emerging priorities.
- Only Central and Western Equatoria States have prepared annual fiscal year budgets. The other 7 states and three (3) Administrative Areas (Pibor, Abyei, and Ruweng) have not developed state budgets. It is recommended that the national parliament should suspend or peg future funds transfers to states and administrative areas to their budgets.

10. Communication and awareness

- Use multimedia campaigns, including radio broadcasts, community meetings, and social media, to educate citizens about the importance of the budget and its impact on their lives.
- Translate budget documents into local languages to ensure widespread understanding and engagement.

11. Private sector engagement

- Establish public-private partnerships to jointly fund and implement development projects, leveraging the expertise and resources of the private sector.
- Create incentives for private sector investment in critical sectors aligned with R-NDS priorities, such as infrastructure and agriculture.

12. Monitoring and evaluation frameworks

- Develop a comprehensive framework with key performance indicators to track the progress and impact of budget-funded projects and programs.
- Conduct regular evaluations to assess the effectiveness of the budget in contributing to peacebuilding and development goals, adjusting as needed.
- Government institutions should produce quarterly financial reports and share the information with parliament and the public.

5.1 Proposed Strategies to improve South Sudan national budget outcomes.

Improving South Sudan's national budget process requires a multifaceted approach that addresses systemic issues while building capacity and promoting transparency. Below are some suggested strategies that the country can adopt to improve the relevancy, effectiveness, and impact of its national budget. By implementing some of these strategies, South Sudan can mitigate financial and implementation challenges, ensuring that its national budget effectively supports peacebuilding, development, and the well-being of its citizens.

1. Strengthen revenue generation.

- Diversify revenue sources beyond oil, tapping into sectors like agriculture, tourism, and non-oil exports.
- Improve tax collection systems and reduce tax evasion through modernization and digitalization.

2. Enhance fiscal discipline.

- Develop and adhere to fiscal rules and policies that promote responsible spending and deficit control.
- Implement effective debt management practices to avoid unsustainable debt accumulation.

3. Prioritize expenditure.

- Identify critical and high-impact sectors aligned with development and peacebuilding goals and allocate resources accordingly.
- Conduct comprehensive sectoral assessments to ensure resources are targeted at projects with the most significant potential for positive impact.

4. Implement zero-based budgeting.

- Move away from incremental budgeting and adopt zero-based budgeting, where every line item is justified based on its necessity and impact.
- This approach allocates funding based on program efficiency and necessity rather than budget history. As opposed to traditional budgeting, no item is automatically in the next budget hence encourages a thorough review of spending priorities and reduces inefficiencies.

5. Develop Medium-Term Expenditure Framework (MTEF)

- Establish a multi-year budget framework that aligns budget allocations with medium-term development goals and sectoral plans. This helps in long-term planning, resource allocation, and improved implementation.

6. Strengthen budget execution.

- Enhance procurement processes to reduce delays and corruption.
- Implement monitoring mechanisms to track budget execution, detect irregularities, and address bottlenecks promptly.

7. Capacity building

- Invest in training and skill development for government officials involved in budget planning, execution, and oversight.
- Develop a competent workforce capable of managing budgets effectively and efficiently.

8. Public Financial Management (PFM) Reforms

- Implement PFM reforms to enhance transparency, accountability, and efficiency in budget processes.
- Strengthen audit and internal control systems to prevent mismanagement and fraud.

9. Public-Private Partnerships

- Engage the private sector in funding and implementing projects, leveraging their expertise, resources, and efficiency.
- PPPs can improve infrastructure development and service delivery while easing the burden on the government's budget.

10. Results-based management

- Implement a results-based management approach where budgets are tied to specific outcomes and measurable targets.
- Regularly assess progress and make data-driven adjustments for better resource allocation.

11. Donor coordination

- Coordinate with international donors to align their funding priorities with national development goals.
- Ensure that donor support complements the national budget and is used effectively.

12. Strengthen institutional coordination.

- Foster collaboration among government ministries, agencies, and local governments to enhance coordination and implementation. E.g., the sector working groups.
- Establish inter-ministerial committees to ensure seamless execution of cross-cutting projects.

13. Use of technology

- Utilize digital platforms for budget preparation, tracking, and reporting to enhance transparency and efficiency.
- Implement e-procurement systems to reduce corruption risks and expedite procurement processes.

14. Regular performance reviews

- Conduct regular reviews of project performance and budget execution to identify successes, challenges, and areas needing improvement.
- Use these reviews to inform adjustments in resource allocation and project management strategies.

15. Public awareness and participation

- Engage citizens through public awareness campaigns, encouraging them to actively participate in budget processes and hold the government accountable.
- Transparently communicate budget priorities, allocations, and outcomes to build trust and understanding.

Documents consulted to inform the FY2023/2024 budget analysis.

- Approved South Sudan National Budget Fiscal Year 2023-2024
- Approved South Sudan National Budget Fiscal Year 2022-2023
- Revitalized Agreement on the Resolution of Conflict in the Resolution of Conflict in South Sudan (R-ARCSS)
- Revised National Development Strategy (R-NDS) 202-2024
- ISPR National Budget Analysis 2022-2023
- The Public Finance and Accountavlity Act 2011

Annex1: Resource Envelope FY 2023-2024, SSP			
	FY 2022/2023		FY 2023/2024
	Budget	Preliminary Nine Months Outturns	Proposed Budget
Total Revenues and Grants	832,806,935,678	1,341,956,406,014	1,837,873,440,803
Oil Revenues	715,771,575,941	1,201,030,324,390	1,536,362,243,308
DPOC	513,604,359,051		1,194,713,552,093
GPOC	173,447,168,390		272,449,935,970
SPOC	28,720,048,500		69,198,755,245
Non-oil Tax Revenues	117,035,359,737	140,925,867,365	245,331,162,471
PIT	43,630,106,867	100,276,791,317	134,869,019,033
Sales Tax	7,805,073,537	907,168,041	13,284,817,279
Excise duty	20,503,896,118	1,472,409,253	13,220,620,717
Business Profit Tax	37,106,051,697	13,715,160,735	26,154,209,623
Customs duty	6,914,565,042	23,850,452,835	51,617,418,649
Other non-oil revenues (fees and Fines)	1,075,666,475	703,885,184	6,185,077,171
Grants	-	214,259	56,180,035,024
Total Expenditure	1,392,889,894,405	947,086,600,425	2,105,014,441,620
Total Recurrent expenditure	809,702,295,416	835,765,756,600	1,336,902,147,725
Wages and Salaries	131,173,147,802	113,853,406,403	455,095,972,003
Operating expenses	158,157,364,674	205,619,203,763	231,972,520,903
Transfers (To States)	143,451,277,465	70,552,551,749	141,855,545,842
Other expenses	5,201,176,337	19,402,442,122	1,628,043,140
Peace Budget	12,000,000,000	-	50,000,000,000
Arrears Funds	67,080,000,000	-	50,000,000,000
Contingencies / Emergency Funds	-	-	37,882,133,754
Constituency Development Fund (CDF)	13,529,891,770	-	47,882,133,754
South Sudan Pension Fund			

	-	-	
Agriculture Bank of South Sudan	-	-	
Foreign missions salaries arrears			
Other Recurrent expenditure	279,109,437,368	426,338,152,564	320,585,798,330
Transfer to Sudan (Tarrif, Transportation and Processing)	91,968,520,709	349,720,245,461	173,376,766,095
Transfer to Oil Prod. States (2%)	12,476,061,105	17,026,201,579	30,766,612,152
Transfer to Oil Prod. Comm. (3%)	18,714,091,746	25,539,302,368	46,152,567,145
Transfer to MOP (3%)	-	25,539,302,368	46,152,567,145
Payment Future G Fund (10% of net gross revenues)	62,380,305,523	-	0
Oil Revenue Stabilization Fund (ORSA)15%, MoP charge 1%	93,570,458,285	8,513,100,789	0
10%NRA Gross Non-oil revenue(9% Retention and 1%Comm. Bank Charges)	-		24,137,285,793
Net acquisition of non-financial assets	400,039,548,989	109,686,932,029	541,813,643,895
Domestically financed	400,039,548,989	109,686,932,029	541,813,643,895
Oil for Roads Projects	0	79,245,492,883	435,667,219,746
Other Projects (Capital)	400,039,548,989	30,441,439,146	106,146,424,149
Foreign financed			
Covid 19 Funds			
Financing	-	-	-
Total Amortization and Interest Payment	183,148,050,000	1,633,911,796	226,298,650,000
Amortization	155,675,842,500	1,633,911,796	173,706,750,000
Interest payment	27,472,207,500		52,591,900,000
Financing Gap	(560,082,958,727)	394,869,805,589	(267,141,000,817)
GDP			5,835,203,122,226
Deficit as % of GDP			-4.6%
Deficit as % of Gross Revenue			-14.5%
Deficit as % of expenditure			-12.7%

Annex 2: FY2023-2024 Indicative Ceilings by Sectors and line Ministries

Spending Agencies by Sectors	Wages & Salaries	Use of Goods and Services	Capital expenditure	Transfers	Other expenditures	Proposed Expenses
		& Services			Expenditures	FY:2023/2024
Accountability	913,052,299	2,595,573,378	234,892,800	-	-	3,743,518,477
Audit Chamber	576,074,486	1,997,720,800	234,892,800	-		2,808,688,087
National Bureau of Statistics	176,621,357	238,190,456	-	-		414,811,813
Anti-Corruption Commission	106,763,366	193,441,139	-	-		300,204,506
South Sudan Reconstruction & Development Fund	24,797,467	83,643,353	-	-		108,440,820
South Sudan Fiscal & Financial Allocation & Monitoring Commission	28,795,622	82,577,629	-	-		111,373,251
Economic Functions	3,974,449,665	27,158,424,162	17,197,572,964	41,727,164,290	-	90,057,611,081
Ministry of Finance and Planning	806,388,466	13,511,263,501	1,967,306,691	41,640,346,784		57,925,305,442
Ministry of Petroleum	291,220,973	203,887,187	-	-		495,108,160
Ministry of Mining	223,645,853	7,026,127,432	5,974,250,241	-		13,224,023,526
Ministry of Trade, Industry	458,959,862	954,040,067	101,950,000	-		1,514,949,929
Ministry of Land, Housing & Urban Development	215,177,856	1,065,092,985	-	-		1,280,270,841
Ministry of Investment	237,993,365	400,440,117	8,808,480	-		647,241,962
Ministry of Water Resources & Irrigation	278,400,000	1,729,634,546	-	86,817,506		2,094,852,052
National Revenue Authority	-	-	8,125,683,152	-		8,125,683,152
Petroleum and Gas Commission	83,475,221	232,838,784	19,574,400	-		335,888,405
National Bureau of Standards	240,420,173	152,592,890	-	-		393,013,063
Electricity Corporation	314,658,134	577,406,728	-	-		892,064,863
South Sudan Urban Water Corporation	206,982,883	305,099,924	-	-		512,082,808
Public Procurement and Disposal of Asset Authority	617,126,879	1,000,000,000	1,000,000,000	-		2,617,126,879
Education	68,353,061,246	29,291,324,373	10,891,716,436	65,300,234,657	-	173,836,336,713
Ministry of General Education & Instruction	5,274,604,488	11,534,082,059	10,891,716,436	65,300,234,657		93,000,637,640
Ministry of Higher Education, Science & Technology	61,352,096,064	8,392,255,007	-	-		69,744,351,071
South Sudan National Examination Council	1,726,360,694	1,628,746,168	-	-		3,355,106,863

Research & Development Center	-	1,547,248,228	-	-		1,547,248,228
Student Support Funds	-	6,188,992,912	-	-		6,188,992,912
Health	6,797,745,394	20,304,355,925	14,737,904,564	2,408,654,661	-	44,248,660,544
Ministry of Health	6,619,549,234	20,202,518,349	14,330,104,564	2,408,654,661		43,560,826,808
HIV/aids Commission	156,550,262	52,565,804	407,800,000	-		616,916,066
Drugs & Food Control Authority	21,645,898	49,271,772	-	-		70,917,670
South Sudan Medical Council		-				-
Health Care Support Fund	-	-	-	-		-
Infrastructure	2,053,294,531	5,249,511,959	438,519,461,666	-	-	445,822,268,156
Ministry of Energy & Dams	53,053,565	1,021,416,719	1,174,464,000	-		2,248,934,284
Ministry of Transport	348,723,955	1,272,949,760	880,848,000	-		2,502,521,715
Ministry of Roads & Bridges	127,030,061	1,680,998,168	435,667,219,746	-		437,475,247,975
South Sudan Roads Authority	189,237,744	921,286,226	761,696,000	-		1,872,219,970
South Sudan Civil Aviation Authority	1,335,249,206	352,861,085	35,233,920	-		1,723,344,212
Natural Resources & Rural Development	6,287,599,501	23,404,528,033	37,714,463,039	6,663,645,438	-	74,070,236,011
Ministry of Agriculture & Food Security	418,646,501	20,450,626,328	34,778,750,386	-		55,648,023,215
Ministry of Livestock & Fisheries Industry	116,534,371	1,144,495,725	2,016,163,200	32,811,170		3,310,004,466
Ministry of Environment & Forestry	239,363,212	458,029,247	-	83,101,660		780,494,119
Wildlife Conservation & Tourism	5,474,967,556	1,257,452,364	919,549,453	6,547,732,608		14,199,701,981
South Sudan Land Commission	38,087,861	93,924,369	-	-		132,012,230
Environment Management Authority	-	-	-	-		-
Public Administration	89,601,675,686	76,245,267,062	14,472,753,466	3,050,339	1,628,043,140	181,950,789,692
Ministry of Presidential Affairs	17,157,604,181	11,256,936,850	2,509,258,882	-	1,628,043,140	32,551,843,053
Ministry of Cabinet Affairs	773,408,078	5,504,887,870	6,524,800,000	-		12,803,095,949
Ministry of Foreign Affairs & International Cooperation	48,270,959,299	3,070,885,080	407,800,000	-		51,749,644,379
Ministry of Peace Building	77,562,259	2,039,048,812	78,139,097	-		2,194,750,168

Ministry of Parliamentary Affairs	143,295,542	1,635,719,607	794,105,364	-		2,573,120,513
Ministry of Federal Affairs	77,562,259	5,450,874,271	-	-		5,528,436,530
Ministry of Information	213,885,032	3,688,123,165	217,153,785	-		4,119,161,982
Telecommunication and Postal Services	160,000,000	547,754,963	-	-		707,754,963
Ministry of East African Affairs	77,562,259	252,643,922	17,616,960	-		347,823,141
Transitional National Legislative Assembly	17,906,951,158	30,000,000,000	1,604,234,552	-		49,511,185,710
South Sudan Local Government Board	28,947,667	83,894,190	-	-		112,841,857
National Election Commission	179,378,131	102,435,955	-	-		281,814,086
Council of States	2,648,569,882	9,270,603,940	2,302,027,866	-		14,221,201,688
National Constitution Review Commission	183,289,478	104,015,425	-	-		287,304,903
Northern Corridor Implementation Authority	32,577,744	49,784,526	-	-		82,362,270
Political Parties Affairs	24,000,000	111,024,154	-	-		135,024,154
Peace Commission	73,254,653	169,206,506	-	-		242,461,159
National Communication Authority	18,224,381	200,891,050	-	-		219,115,430
South Sudan Broadcasting Cooperation	327,462,218	363,237,698	-	-		690,699,916
Ministry of Public Service & Human Resource Development	323,875,498	301,625,275	-	-		625,500,772
Ministry of Labour	362,864,006	205,741,705	17,616,960	-		586,222,671
South Sudan Employees Justice Chamber	29,084,813	83,331,162	-	3,050,339		115,466,314
South Sudan Grievances Chamber	19,504,982	84,114,635	-	-		103,619,617
Access for Information Commission	38,684,093	83,803,206	-	-		122,487,299
Universal Services Access Fund (USAF)	40,000,000	26,303,220	-	-		66,303,220
Media Authority	15,525,840	953,885,668	-	-		969,411,508
South Sudan Civil Service Commission	63,973,568	84,595,997	-	-		148,569,565
Parliamentary Service Commission	333,668,664	519,898,213	-	-		853,566,877
Salaries and Remuneration Commission	-	-	-	-		-
Rule of Law	50,315,409,133	16,224,335,602	729,102,695	25,752,796,457	-	93,021,643,887
Ministry of Justice & Constitutional Affairs	1,272,819,840	3,321,376,053	-	-		4,594,195,893
Ministry of Interior	8,267,642,880	3,394,281,023	396,337,895	-		12,058,261,798
Police	31,826,322,362	3,030,749,520	-	11,388,134,455		46,245,206,337
Prisons	3,551,489,304	4,178,726,328	332,764,800	10,818,437,2		18,881,417,717

				85		
Fire Brigade	1,887,715,516	1,360,982,267		3,546,224,717		6,794,922,500
Judiciary of South Sudan	3,255,177,816	450,000,000		-		3,705,177,816
Judicial Services Commission	12,373,438	59,760,545		-		72,133,983
South Sudan Law Review Commission	23,350,992	161,316,698	-	-		184,667,690
Bureau of Community Security & Small Arms Control	45,339,610	90,589,881	-	-		135,929,491
South Sudan Human Rights Commission	66,338,650	88,879,757	-	-		155,218,406
Commission for Refugee Affairs	106,838,726	87,673,530	-	-		194,512,256
Security	192,031,915,514	24,961,128,638	6,840,350,983	-	-	223,833,395,135
Defense	121,585,445,436	14,968,448,630	6,703,905,760	-		143,257,799,826
Veteran Affairs	36,116,365,555	4,633,987,753	-	-		40,750,353,308
National Security Service	33,915,889,732	4,918,057,146	82,212,480	-		38,916,159,358
National Mine Action Authority	69,131,654	61,930,234	8,221,248	-		139,283,136
Disarmament, Demobilization & Reintegration Commission	220,897,548	84,471,919	2,758,637	-		308,128,104
Financial Intelligence Unit (FIU)	124,185,588	294,232,956	43,252,858	-		461,671,402
Social & Humanitarian Affairs	2,217,769,034	6,538,071,771	475,425,283	-	-	9,231,266,087
Ministry of Gender, Child & Social Welfare	117,908,272	1,348,045,237	45,457,411	-		1,511,410,920
Ministry of Humanitarian Affairs & Disaster Management	1,316,300,266	1,186,136,874	58,723,200	-		2,561,160,339
Ministry of Culture, Museum and National Heritage	200,281,200	1,393,312,417	371,244,672	-		1,964,838,289
Ministry of Youth & Support	219,625,651	2,118,339,622	-	-		2,337,965,273
South Sudan Relief & Rehabilitation Commission	315,871,872	238,666,193	-	-		554,538,065
War Disabled, Widows & Orphans Commission	47,781,773	253,571,428	-	-		301,353,201
Additionally,	422,545,972,003	231,972,520,903	541,813,643,896	141,855,545,842	1,628,043,140	1,339,815,725,784
Peace Budget	-			-	50,000,000,000	50,000,000,000
Transfers to States	-					-
Block Transfers	-					
County Block Transfers	-					
County Development Grants	-					
STAG Transfers	-					

Foreign mission areas	32,550,000,000			-		32,550,000,000
Arrears Funds	-			-	50,000,000,000	50,000,000,000
Mandatory Expenditures	-			-	320,586,198,330	320,586,198,330
South Sudan Pension Fund	-					
Agriculture Bank of South Sudan	-					
Amortization, Interest, and service charges	-			226,298,250,000		226,298,250,000
Contingencies / Emergency Funds	-			-	37,882,133,754	37,882,133,754
Constituency Development Fund (CDF)	-			-	47,882,133,754	47,882,133,754
	32,550,000,000		-	-	226,298,250,000	506,350,465,838
Total Government Spending	455,095,972,003	231,972,520,903	541,813,643,896	368,153,795,842	507,978,508,978	2,105,014,441,621