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Government of the Republic of South Sudan: Assessment of Public Financial Management Based on the Public Expenditure and Financial Accountability Framework (PEFA)

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Abbreviations and Acronyms

AfDB	African Development Bank
ARCISS	Agreement for the Resolution of Conflict in South Sudan
AV	Average Method
BoSS	Bank of South Sudan
CPI	Consumer Price Index
DFID	Department for International Development of the United Kingdom
EAC	East African Community
EU	European Union
FDI	Foreign Direct Investment
FY	Fiscal Year
GDP	Gross Domestic Product
GFS	Government Financial Standard
GSS	Government of the Republic of South Sudan
IDA	International Development Assistance
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
MAFS	Ministry of Agriculture and Food Security
MoFEP	Ministry of Finance and Economic Planning
MTEF	Medium Term Expenditure Framework
NLA	National Legislative Assembly
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFMAA	Public Financial Management and Accountability Act
PRMA	Petroleum Revenue Management Act
RSS	Republic of South Sudan
STAGs	Sales Tax Adjusted Grants
TFA	Transitional Financial Arrangement
TSA	Treasury Single Account
USAID	United States Agency for International Development
USD	United State Dollar
WB	World Bank
WL	Weakest Link

Executive Summary

This study assesses the economic environment surrounding public finance operations of the Government of the Republic of South Sudan (GSS); the institutions, laws, regulations, and standards used by the government in the PFM process; the budget planning and implementation and how these are intertwined; the government's control system on how mobilized resources are channeled to their intended destinations; the extent to which policy-based strategy and planning are used to integrate public finance with overall national policy directions; and the extent of transparency and accountability in terms of access to information, reporting and audit.

The study provides an overview of the PFM system with evidence-based measurements. It will serve as a foundation for reform planning, dialogue on strategy and priorities, and progress monitoring. This assessment is meant to help the government achieve sustainable improvements in PFM practices across the range of important public financial management institutions, systems, and processes. The government and other stakeholders will also be able to see the implications of the overall performance results for the key goals of fiscal discipline, strategic resource allocation, and efficient service delivery.

The study is initiated and commissioned by the African Capacity Building Foundation. It is a joint work that involved the staff of the Horn Economic and Social Policy Institute; several PFM and accountability institutions, spending agencies, academia, and members of The National Assembly of the Republic of South Sudan. Firsthand information was gathered from the local public constituents through key-informant interviews and group discussions. The study has also benefited from an array of public sector reports, particularly of the Ministry of Finance and Economic Planning. Studies, documentations, databases of multilateral institutions such as, the World Bank (WB); the International Monetary Fund (IMF); and the African Development Bank (AfDB) were good sources of data.

In 2011, before South Sudan's independence, The World Bank (2012a, 2012b) conducted a Public Expenditure and Financial Accountability (PEFA) assessments for selected states and for the central government of South Sudan. The current assessment is, thus, the first PEFA assessment done for the GSS after its independence. The study is focused on recent fiscal years– 2014/15 and 2015/16; with some context reviews and indicators scoring for earlier years as well (2011/12 and 2012/13).

The assessment covers the budgetary central government i.e. the fundamental activities of the national executive, legislative, and judiciary powers, which are funded from the budget approved by the legislature. Although not strictly followed, we have due considered the cautionary note on scope delimitation forwarded in the PEFA guide (2016)[1] . We followed the PEFA guide for its

[1] The PEFA does not measure every factor affecting PFM performance, such as the legal framework or human resource capacities within the government. PEFA also does not involve fiscal or expenditure policy analysis that would determine whether fiscal policy is sustainable. It does not evaluate whether expenditures incurred through the budget ultimately have their desired effect on reducing poverty or achieving other policy objectives, or whether. PEFA focuses on assessing the extent to which the PFM system is an enabling factor for achieving such outcomes. PEFA does not provide recommendations for reforms or make assumptions about the potential impact of ongoing reforms on PFM performance. However, PEFA does acknowledge actions taken by governments to reform PFM systems by describing recent and ongoing measures. The PEFA report thus summarizes the government's reform agenda but does not evaluate that agenda" (PEFA, 2016, pp 11-12).

comprehensiveness in covering several issues associated with PFM. And for its being a standardized tool widely used by other countries, this would enable public authorities in GSS to stage themselves in comparison to experiences elsewhere.

The assessment covers the following pillars of the PEFA:

- **Budget reliability:** if the budget is realistic and is implemented as intended. This is measured by comparing actual revenues and expenditures with the original approved budget.

- **Transparency of public finances:** if information on PFM is comprehensive, consistent, and accessible to users. This is achieved through comprehensive budget classification, transparency of all government revenue and expenditure including intergovernmental transfers, published information on service delivery performance, and ready access to fiscal and budget documentation.

- **Management of assets and liabilities:** if their exists effective management of liabilities to ensure that public investments provide value for money, fiscal risks are identified, and debts and guarantees are prudently planned, approved, and monitored.

- **Policy-based fiscal strategy and budgeting**: if the fiscal strategy and the budget are prepared with due regard to government fiscal policies, strategic plans, and adequate macroeconomic and fiscal projections.

- **Predictability and control in budget execution:** if the budget is implemented within a system of effective standards, processes, and internal controls, ensuring that resources are obtained and used as intended.

- **Accounting and reporting:** if accurate and reliable records are maintained, and information is produced and disseminated at appropriate times to meet decision-making, management, and reporting needs.

- **External scrutiny and audit:** if public finances are independently reviewed and there is external follow-up on the implementation of recommendations for improvement by the executive.

The Republic of South Sudan (RSS) is home for over 12 million people (in 2016) with annual population growth of 3-4 percent. The country has witnessed chronic political and economic volatilities since its independence in 2011 that have reversed progress in economic and social policy formulation, execution and general governance. Economic growth and wellbeing have since then deteriorated. The annual real economic growth has been highly erratic and volatile in recent years. Growth fall to 4.7 and 46 percent below zero in 2011 and 2012, respectively (perhaps because of the oil shutdown with Sudan), and recovered in 2013 by a positive rise of 13 percent before declining again to negative 6.4 percent in 2015. The country has been hard hit by waves of conflicts and economic shocks. Some of these are the oil shutdown with Sudan; the fall in international oil prices; the recurrence of internal conflicts and the subsequent rise in military spending and fall in donor funding.

South Sudan is the most oil-dependent country in the world, with oil accounting for almost the totality of exports, around 60% of its gross domestic product (GDP), and over 95% of government revenues in some years. Global oil prices fell from USD 110 in 2014 to USD 30 before recovering to about USD 50 per barrel in early 2017. South Sudan shut down its export of about 350,000 barrels of crude oil per-day in January 2012, following disagreement with Sudan over the charges to use Sudan's pipeline and other facilities. The loss of oil revenue had pushed the Ministry of Finance and Planning issued austerity budget in March 2012, by cutting about 54 per cent of the planned spending (Jeremy, 2014).

The years since 2014 have witnessed unprecedented high inflation, a significant depreciation of the national currency (South Sudanese pound), and channeling of public resources to the security apparatus that created excessive budget constraints on the economic and social development areas. The budget appropriations and outturns have not been close to each other; the salaries have accounted for over 50 percent of the budget in all of the recent years; and most of the spending agencies have not had capital expenditures. There have been many occasions for payment arrears of salaries and reduction of payment scales. The payroll system employment in the public sector has not been well controlled, and there are Ministry of Finance reports of unplanned and uncontrolled public employment and existence of ghost workers in the payrolls.

In regards to the revenue side of PFM in South Sudan, despite attempts to identify alternative revenue sources other than oil, performances are still very low. The annual revenue plans have never been met with huge shortfalls of revenue outturns. It is hard to track the revenues mobilized as the system is so porous and prone to misappropriation of public funds for lack of strong institutions and robust control mechanisms.

Direct financing of public budget from the Central Bank (the Bank of South Sudan/BSS) is immense. According to IMF report (2017), the BSS financing of the government deficit grew five-fold from June 2013 to June 2016. This credit expansion led to strong money growth which was exacerbated by the exchange rate depreciation. Broad money grew by 219 percent in the 12-months through June 2016. Inflation, rapid money growth, and exchange rate pressure led to the liberalization of the foreign exchange market in December 2015. Moreover, international reserves fell to about two weeks of imports by June 2016 and further to about one week of imports by December 2016.

In regards to legislative constraints to limit the size of the deficit, debt, level of expenditure, or other fiscal aggregate, from 2011-14, when revenue from oil was promising, the size of the deficit and borrowing was limited to less than five percent (5%) of national budget, which is below 2 percent of GDP. But now it is almost out of control reaching 8.7 percent of GDP in 2016 (IMF, 2017). Since the political crisis in December 2013, donors have placed significant financial restrictions on assistance to South Sudan, and spending and support has been heavily cut (Øystein and Nicki, 2017). Domestic debt (40 percent of GDP as of June 2016) was close to double the size of the external debt (28 percent of GDP).

The budget approval process often fails to meet the calendar and late approval is a commonplace. The overall budget process has excessive limitations in Credibility, Comprehensiveness and Transparency.

It is not credible because, when the agency submits their budget request, the Ministry of Finance and Planning only disbursed funds for salaries and some other operating expenditures, and nothing for capital expenditures and others, arguing there is no money. The budget process is not comprehensive because the budgets does not follow agency plans. The budget allocation and utilization by social and development sectors is extremely low with no capital expenditure. Budget utilization for salary and wages component accounts over 50 % of the total budget for all the years. The payroll system is better said out of control. It is not transparent as month of the budget goes to only a few powerful agencies such as those in the security sector.

There has always been institutional and capacity gaps. Establishment of the revenue authority has long been discussed in the legislative body, while it was only recently that the assembly passed the bill. The public procurements system has not been robust. The external and internal control systems are weak and the Audit Chamber has been incapacitated with limited independence to regularly audit and get the reports endorsed by the National Assembly.

There are, however, some reform agendas put in place. In an attempt to control revenue inflows from the major source (oil), a Petroleum Revenue Management Act (PRMA) was enacted in 2015 but has only been partially implemented. The PRMA includes provisions to prevent corruption and mismanagement and to ensure proper use of funds in the future. The PRMA stipulates that oil revenue should flow through specific accounts and that utilization of the resources must go through the budget. It also prescribes prudent financial management guidelines, including for the investments of saved funds and on auditing requirements.

The South Sudan authorities have taken measures to require all revenue to be immediately transferred from government accounts in commercial banks to the treasury account, and established a Cash Management Committee. The authorities devised a short-term reform program in late 2016 to jumpstart the restoration of PFM integrity. According to IMF (2017), the planned measured include: remittance of all revenue collected to the consolidated treasury account; registration of all civil servants (including military) on payroll system; completion of payroll audit and removal of ghost workers; establishment of a Treasury Single Account (TSA) structure; verification of the 2015/16 non-salary arrears and formation of a clearance plan; enactment of the Public Procurement Bill; and enactment of the Public Financial Management and Accountability Act (PFMAA).

Summary of the scores for select PEFA indicators and dimensions

PFM Performance Indicator		**Scoring Method**	**Dimension Ratings**				**Overall Rating**
			i.	**ii.**	**iii.**	**iv.**	
Pillar I. PFM-OUT-TURNS: Budget reliability							
PI-1	Aggregate expenditure outturn	M1	D	x	x	x	D
PI-2	Expenditure composition outturn	M1	D	A	C	x	D
PI-3	Revenue outturn	M1	D	C/D	x	x	D
Pillar II. Transparency of public finances							
PI-4	Budget classification	M1	B	x	x	x	B
PI-5	Budget documentation	M1	C	x	x	x	C
Pillar IV. Policy-based fiscal strategy and budgeting							
PI-14	Macroeconomic and fiscal forecasting	M2	D	D	D	x	D
PI-15	Fiscal strategy	M2	D	D	A	x	C
PI-16	Medium-term Perspective in expenditure Budgeting	M2	D	D	D	C	D
PI-17	Budget preparation process	M2	D	C	D	x	D+
The reset of the pillars are analyzed using qualitative tools and are presented in the assessment results section of the Report							

Note: (1) ‘x’ indicates that there are not dimensions in the PEFA guide. (2) There are no any missing uncovered dimension from the above three pillars and all the mandatory indicators in the PEFA are covered.

1. Introduction

1.1 Background

The Republic of South Sudan (RSS) has witnessed chronic political and economic volatilities since its independence in 2011 that have reversed progress in economic and social policy formulation, execution and general governance. Economic growth and wellbeing have since then been deteriorated. The country is highly dependent on oil resources; and shocks in prices and production of oil have direct effect on the national budget and its export receipts and GDP. In recent years, South Sudan has suffered a lot by the sharp fall in international oil prices and the reduction in its oil production. The oil shutdown in 2012 and later aggravated by the outbreak of civil war in 2013 also led to rounds of instability in the country[2]. Its heavy dependence on oil coupled with the persistent civil war in the country has also put excessive pressure on the Public Finance Management (PFM). As is usually the case, even in normal circumstances, careful management of the revenue and expenditure systems is called for to optimally utilize available scarce resources.

In 2011, before South Sudan's Independence, The World Bank (2012a, 2012b) conducted a Public Expenditure and Financial Accountability (PEFA) assessments for selected States and for the Central Government of South Sudan. There are no such assessments done for South Sudan since its independence in 2011. The current assessment is, thus, the first PEFA assessment done for the GSS after independence. The assessment is mainly focused on recent fiscal years 2014/15, 2015/16; and some context reviews and indicator scoring for earlier years (2011/12; 2012/13).

The years since 2014 have witnessed unprecedented high inflation, a significant depreciation of the national currency (South Sudanese pound), and channeling of public resources to the security apparatus that created excessive budget constraints on the economic and social development areas. The fiscal budget and current account deficits have risen sharply resulting in a huge drop in foreign reserves, an increase in domestic and external debts, depreciation of the parallel domestic currency exchange rate, and acceleration in consumer inflation (Nkamleu and Mugisha, 2017). The budget appropriations and outturns have not been close to each other; the salaries have accounted for over 50

[2] South Sudan's international market access point for its oil export is only through Sudan, using Sudan's oil pipelines and other infrastructure. The major destination for its crude oil export is china that accounted for 94 percent of the crude oil export of it in 2016. Despite such huge resource availability, the country is one of the lowest electrification rates in the world, with only 5% of its population having access to electricity in 2014. In January 2012, South Sudan shut down virtually all of its oil production because of a dispute with Sudan over transit fees. The dispute and agreement was reached in April 2013. In not time after this, in December 2013, a conflict between government forces and rebel factions led to a civil war in South Sudan that lasted until the signing of a peace agreement in August 2015. This was only temporary and another round of conflict erupted in July 2016 and the security situation is still fragile. The border disputes between Sudan and South Sudan is also another unsettled issue (EIA, 2018). Agreement on oil and related economic matters is one component of the set of issues that South Sudan signed with the Sudan. The two states agreed to ensure the reopening of production of oil by South Sudan, and transportation and processing of that oil within the territory of Sudan. The Agreement was meant to enable South Sudanese oil reach the international markets. The Agreement involves a Transitional Financial Arrangements (TFA) whereby the Republic of South Sudan would make a substantial financial contribution to Sudan to be transferred over a period of three and a half years (African Union High Level Implementation Panel for Sudan and South Sudan, 2013).

percent of the budget in all of the recent years; and most of the spending agencies have not had capital expenditures. There have been many occasions for payment arrears of salaries and reduction of payment scales. The payroll system employment in the public sector has not been well controlled, and there are Ministry of Finance and Economic Planning reports of unplanned and uncontrolled public employment and existence of ghost workers in the payrolls.

1.2 Overview of the Economy

South Sudan is home for 12 million people (in 2016) with annual population growth of 3-4 percent. The annual real economic growth has been highly erratic and volatile in recent years. Growth fall to 4.7 percent and 46 percent below zero in 2011 and 2012, respectively (perhaps because of the oil shutdown with Sudan), and recovered in 2013 by a positive rise of 13 percent before declining again to 6.4 percent below zero in 2015.

In the years between 2012 and 2014, monetary growth was relatively steady, but broad money growth rose to 46 percent in 2015, which was more than double the amount registered in 2014 (at 20 percent). In 2016, the Consumer Price Index (CPI) inflation was 381 percent. Annual inflation rose to about 550 percent in September 2016 before declining to 370 percent in January 2017. According to the IMF country report (2017), since December 2015, the South Sudanese pound has lost more than 95 percent of its value against the U.S. dollar. The Report highlighted that monetization of the fiscal deficit led to strong money growth, high inflation and drastic exchange rate depreciation.

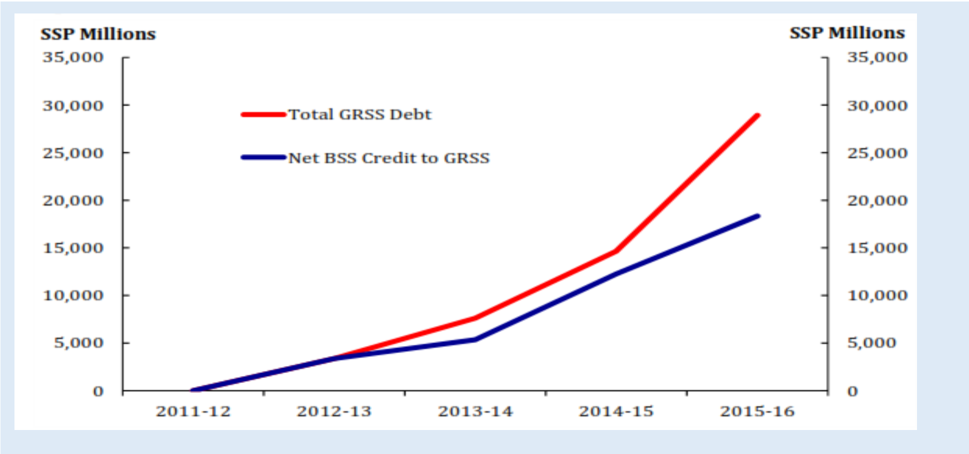
CPI inflation trajectory is quite in contrast to the GDP deflator inflation. The difference between the two, at times, reaches to a high of 50 percent. The gaps between the two entails the dominance of imports in the CPI basket. Of course, import jumped from 27 percent of GDP in 2011 to 46 percent in 2012, just in one year. In 2015 it was 58 percent. For the years 2012-15, final consumption expenditure had overgrown the GDP. In 2015, it reached 137 percent of GDP. The extra consumption is also indicative of the country's huge dependence on imports primarily for consumption. The value of exports that was 66 percent of GDP in 2011 dropped to 9.8 percent in 2015 for the obvious reason of fall in global oil prices and decreased in production. The FDI is almost nonexistent in South Sudan and gross investment in general had been steady between 9 and 12 percent. The domestic saving share of GDP was at 48 percent in 2011 that dropped to negative 24 in just a year. The figure for 2015 of negative 37 percent entailed significant fall of domestic savings.

Public expenditure on education as percent of GDP remained below 2 percent for all the years 2011-16. In 2011-15, of the total public expenditure allocated to education, primary education accounted between 50 and 62 percent followed by 20-30 percent for tertiary education. Secondary education received the least, in the range of 10 to 18 percent for the same period. In 2016, the budget allocated for tertiary education markedly increased from 28 percent in 2015 to an all-time high of 51 percent in 2016. This had dwindled the share of primary education from 54 percent to 36 percent and that of secondary from 18 percent to 13 percent.

The military expenditure was between 5 and 10 percent of GDP for 2011-14, and grew to 13 percent in 2015. This is because of resurgence of the civil war. The fiscal current account deficit, which was 7 percent of GDP in 2014 has risen sharply to reach 34 percent in 2015. Bank claims on government also rose sharply from below 10 percent before 2014 to 37 percent in 2015. The exchange rate has depreciated massively in the recent past. The inflation and the depreciation of the local currency has been a challenge to national budget operations.

Debt position of the country has grown sharply as external reserves declined. The country is constrained by the loss of external financing as confidence in the public financial management and credibility has been deteriorating. Several reports of the Ministry of Finance and Economic Planning (MoFEP) indicated that for loss of other options, the government has massively relied on deficit financing from the Bank of South Sudan (BoSS). The absolute debt trajectory and the extent that the Net BoSS credit to the Government explains much of the growth in the absolute debt position (see Figure 1). The recent inflation that at times reached over 700 percent can be explained by this excessive deficit financing, besides the reduced availability and mobility of goods and services in the market. Financial deepening measured in percent of domestic credits to private sector is below 3 percent for all the years before 2016.

Figure 1 Trends in GSS Debt Position



Source: Ministry of Finance and Economic Planning 2015/16 Full Year Macro-Fiscal Report (2016)

The outturn of the central government transfer to lower level government show huge under spending. The only transfer spending that grew over budget were the conditional transfer for salaries and the Sales Tax Adjusted Grants (STAGs). The transfer amount increases as states employ more people and given the uncontrolled employment in the public sector, this over spending on conditional salaries reflects uncontrolled budget management.

2. Legal Framework and the Government Structure

2.1 The Transitional Constitution of the Republic of South Sudan, 2011

The Constitution defines three levels of government in the country that should deal in a decentralized governance: national level, state level, and local level. The national government has the following organs: the legislature; the executive, and the judiciary. The National Legislature is composed of the National Legislative Assembly (NLA) and the Council of States. Among the Functions of the NLA (Article 55) are overseeing the performance of the national government institutions; Approving plans, programmes and policies of the National Government; and Approving budgets. The president shall cause to be presented to the NLA before the beginning of the financial year, a bill on the general budget, including: A general evaluation of the economic and financial performance and situation; detailed estimates of proposed revenue and expenditure for the forthcoming year compared to those of the previous year; explanation of any special budgets or financial estimates, policies or measures to be taken by the national government in the financial and economic affairs within the framework of the general budge.

According to Article 87 (1) of the Constitution, the President shall cause to be presented to the NLA, before the beginning of the financial year, a bill for the allocation of resources and revenue in accordance with the provisions of this constitution. The NLA shall convene to approve, modify, or reject that bill. Article 87 (2) the financial year of the GSS shall be from July 1 to June 30.

2.2 Public Financial Management and Accountability Act, 2011

This PFM Act Authorizes the Ministry of Finance and Economic Planning to perform and exercise the functions and powers appropriate and necessary for the efficient and effective Public Financial Management and Accountability and that includes but are not limited to the following:(a) Budget Preparation, Execution, Management and Reporting;(b) Public Procurement (c) Internal Audit (d) Preparations of the Government Accounts (e) Inter-Governmental Fiscal and Economic Relations (f) External Reporting to the International Financial Institutions, the President and the assembly; and (g) to perform and exercise any such other functions and powers assigned and or designated thereto by the President, the Assembly, this Act, the Constitution and or any applicable law. The Ministry is authorized, after the appropriation of the Budget, the Undersecretary to set Cash Limits to govern appropriated expenditures during the Financial Year, and also to establish the timeframe for the limits depending on revenue performance and the prevailing macro-economic situation.

Each Spending Agency shall demonstrate outputs and targets relating to service delivery for past and future budgets to the Ministry and the President during the budget preparation, and during and at the end of the financial year. Each Internal Audit Unit shall in accordance with this Act carry out an internal audit of its Spending Agency and submit reports on the internal audits it carries out to the Accounting Officer. The Accounting Officer of a Spending Agency is responsible for ensuring that recommendations contained in internal audit reports are implemented within a timeframe agreed with the Internal Audit Unit. Each Spending Agency or Public Enterprise or Public Corporation shall have a Procurement Officer, who shall be responsible for conducting the Spending Agency's procurement activities in accordance with the public procurement law.

Budget and Appropriations: The President shall cause to be presented to the Assembly, an Act for the allocation of resources and revenue, known as the budget proposal, in accordance with the provisions of the Constitution. The Minister shall prepare and present the budget proposal on behalf of the President. The budget proposal shall include a general evaluation of the economic and financial performance and situation, detailed estimates of the proposed revenue and expenditure for the forthcoming year compared to those of the previous financial year, a statement of the general budget, any reserve funds, transfers thereto or allocations there from, and explanatory notes of any special budgets or financial estimates, policies or measures to be taken by the Government within the framework of the general budget. All revenues and expenditures of the Government shall be on-budget and shall be made public as provided under the provisions of this Act.

To ensure the sustainability of the public finances, the detailed forecast of proposed revenue for the forthcoming year shall be presented to the Assembly within a consistent three (3) year macro-economic framework, which forecasts the annual revenues available to the Government over the coming three year period, consistent with its fiscal and monetary programs and plans for economic and social development. To ensure the sustainability of public spending, including multi-year projects and programmes, the detailed estimates of proposed expenditure for the forthcoming year shall be presented to the Assembly within a three year. Medium Term Expenditure Framework which allocates resources annually by Spending Agency over the coming three year period. Public spending shall match with the available financing. In the event that expenditures proposed in the Budget for the forthcoming financial year are in excess of the proposed revenues, the Budget shall indicate how the shortfall may be financed, whether by raising additional taxes, domestic or external borrowing, or an allocation from reserve funds.

The President shall cause the proposals of total expenditure contained in the Budget to be submitted to the Assembly as an appropriation Bill. The Assembly shall deliberate, and may amend, reject or adopt the Budget chapter by chapter, including schedules, and it shall thereafter pass the Appropriation Bill in its totality. All expenditure proposals contained within the Budget shall be appropriated, and no Government expenditures shall be off-budget. After passing of the Appropriation Bill, no funds shall be transferred from one chapter to another during the financial year, nor shall any money be spent on an item that is not provided for in the budget, without the approval of the Assembly through a Supplementary Appropriation Bill. Supplementary appropriations shall not exceed five percent (5%) of the total annual budget unless approved by the Assembly in the event of a national emergency.

All revenues collected for or by the Government shall be pooled into a National Revenue Fund administered by the Ministry of Finance and Planning. National Revenue Fund and Reserve Funds shall together constitute the Consolidated Fund, from which all Government expenditures shall be made.

No Government expenditures shall be financed from outside the Consolidated Fund. No funds shall be withdrawn from the Consolidated Fund without the authorization of the Assembly through an Appropriation Bill or a Supplementary Appropriation Bill, save in conformity with the provisions of the Constitution and this Act. The National Revenue Fund, Reserve Funds and Consolidated Fund shall be managed by the Ministry. Only particular expenditure items within the budgets of the Ministry of Defense and Veterans' Affairs and National Security Service within the office of the President shall be treated as classified. The expenditures of all other Spending Agencies shall be treated as unclassified. Classified expenditures shall be budgeted within the designated Spending Agencies' budget ceilings, and shall not be considered as outside of the budget. The Minister shall only avail details on classified expenditure items to the Speaker of the Assembly and the Chairpersons of the Standing Specialized Committees on Economy, Development & Finance, and Standing Specialized Committee on Security and Public Order. The audit of the classified expenditures shall be done by the Auditor-General, and the classified audit report shall be reviewed by the Chairperson of the Standing Specialized Committee on Economy, Development & Finance and approved by the Speaker of the Assembly and the President.

The Minister shall present preliminary annual estimates of resources and revenues, consistent with the Government fiscal and monetary programmes and plans for economic and social development, together with indicative budget ceilings for each year of the forthcoming three year Medium Term Expenditure Framework period to the Council of Ministers for approval by the15th of November each financial year. If it is approved by the Council of Ministers, the Ministry shall require Spending

Agencies to prepare three year budget plans for the next three financial years based on the indicative ceilings by the end of January of same financial year. The three-year budget plans shall indicate the activities of each Spending Agency that it intends to finance over the next three financial years, consistent with their indicative budget ceilings and the policy priorities of Government. Once prepared, Spending Agencies' budget plans shall be subjected to a formal review process chaired by the MoFEP.

With the approval of the President, the MoFEP shall present the preliminary annual estimates of resources and revenues and three year budget plans to the Standing Specialized Committee on Economy, Development & Finance of the Assembly by the end of February of the same financial year for consultation. The Minister shall also present revenue and expenditure outturns for the previous Financial Year, and estimated outturns for the current Financial Year. In light of the information provided in the three year budget plans, the consultations with the Standing Specialized Committee on Economy, Development & Finance of the Assembly and any material changes in the prevailing economic or financial situation affecting the estimates of resources and revenues, the Minister shall present the final annual estimates of resources and revenues and budget ceiling proposals for the next three financial years to the Council of Ministers for approval by 15th March of the financial year.

Following approval of the Council of Ministers, the Ministry shall not later than 31st March of the same financial year issue all Government Spending Agencies with their final budget ceilings, along with instructions for preparing their detailed budget estimates. The Minister shall also not later than 31 March of the financial year provide State Ministries of Finance with estimates of Government transfers to States, consistent with the budget ceilings. The Minister shall compile the detailed Budget estimates and submit them to the President to cause its presentation to the Assembly before the 15 day of May of each and every financial year, in accordance with the provisions of the Constitution. In the event that the Assembly fails to pass the Budget within forty-five (45) days of submission to the Assembly, the President shall issue a Presidential Decree on the Budget for that year, and such Budget shall be deemed to have been passed by the Assembly in accordance with the provisions of the Constitution.

Expenditure Reporting: The Minister shall make interim quarterly reports to the Assembly within 30 days of the stated period, on the amounts spent by individual Spending Agencies and the aggregate expenditure as compared to the budgeted amount. The format for reporting shall be detailed in the regulations. All Ministries and other Spending Agencies shall make semi-annual and annual reports to the Assembly on the use of the public funds spent and outputs achieved. The format for reporting shall be detailed in the regulations.

Borrowing Limits: Subject to the powers of the Assembly set forth in the Constitution, limits shall apply to the total indebtedness of the Government. The total gross debt stock of the Government shall not exceed, (1) Twenty percent (20%) of the Gross Domestic Product of South Sudan; and (2) The ratio of total annual debt service including both interest and principal repayments to domestic revenue of the Government shall not exceed 5%.

Accountability, Preparation, Audit and Examination of Accounts: The budget proposal shall be made available to the public immediately after the submission to the Assembly. The Approved Budget shall also be made available to the public within thirty (30) days after approval by the Assembly. The

Minister shall, under the provisions of section 32 above, make interim quarterly expenditure reports to the Assembly within thirty (30) days of the stated period. Such reports shall be made publicly available immediately after their submission to the Assembly. The Auditor-General shall submit his/her report to the President and the Assembly or the Governor and the State Assembly and the Council of States or the County Commissioner and the County Council as the case may be.

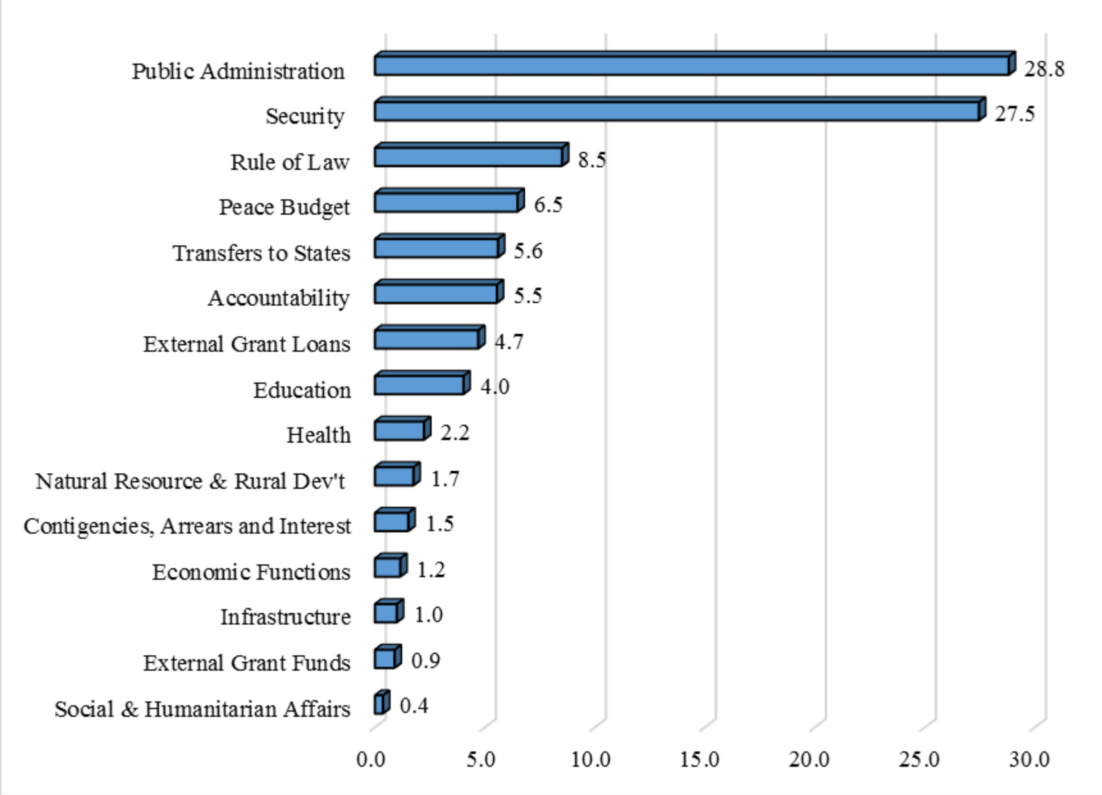
Allocations to State Governments: (1) The Government shall allocate resources from its budget to State and Local Governments each Financial Year in the form of conditional, unconditional, matching or equalization grants. (2) The allocation to each State and Local Government shall be formula-driven, taking into account the population and financial resources of the State, and any other indicators determined by the South Sudan Fiscal and Financial Allocation and Monitoring Commission in collaboration with the Ministry. The unconditional grant shall be the minimum allocation that shall be allocated to each State to run basic administrative and social services. The State Ministry of Finance shall be responsible for accounting all expenditures of the Grant to the Ministry. The conditional grant shall consist of funds given to States to finance programs agreed upon between the Government and the States and shall be utilized only for the purposes for which it was made and in accordance with conditions agreed upon. The Government shall not extend any form of loan or financial guarantee to State Governments, nor extend advances or make pre-payments from their allocated grants. The banking arrangements of the Government shall reflect, to the extent possible, the principles of a treasury single account, in which all accounts of the Government are managed as one from a cash point of view.

3. Recent Budget Appropriations in 2017/18

In regards to the criteria by which resources allocations are made. The respondent from the MoFEP mentioned the following as key criteria: government policy and platform to be addressed. e.g., in the current budget, FY 2017/18, the government felt that basic services at the grassroots were missing; historical spending by agencies based on their activities; available public resource envelope at each budget year. However the actual appropriations and disbursements do not reflect this assertion.

The recent budget appropriation for the year 2017/18 shows huge chunk of budget allocation for the public administration and security sectors. The social and economic development sectors account only very small share of the total appropriated budget. For instance, education, health, and natural resource and rural development accounted for 4 %, 2.2%, and 1% of the total budget for the year (see Figure 1). The ministry of Agriculture is within the Natural Resource and Rural Development budget component so its share is even less than 1 percent. Thus, it can be concluded that the resources are not aligned to the commonly known development priority sectors. For detailed information on both the functional and economic allocation please refer Annex 4.

Figure 2: South Sudan Appropriated Budget for 2017/18 (% share)



1. *Accountability Institutions*

Seven institutions are in this category. Ministry of Finance and planning accounts 83.7 percent of the salary budget-line allocated to the category. The audit chamber is the second highest at 10.5 percent. Capital budget has not, at all, been allocated to this category. Establishment of a National Revenue Authority that has long been discussed in the General Assembly, has this time been allocated a quarter of the accountability category's budget for purchase of goods and services. The authority, however, has not been allocated budget for salaries and wages. This implicates that there are no plans to staff the planned new Revenue Authority in this budget year as well. Not been able to establish a revenue authority had long been mentioned as one of the reason for weak performance in revenue raising. Again, under this category, the Ministry of Finance and the Audit Chamber accounted for 43.5 and 30.4 percent of the budget for the goods and services budget-line.

Looking at the overall budget allocation for the category, 81.4 percent was for the MoFEP, 10.4 percent was for the Audit Chamber, and 6.2 percent was for the National revenue Authority. The rest of the institutions under this category received below a percent share each. This is so for the South Sudan Reconstruction and Development Fund that would have triggered development undertaking in the country.

2. *Economic Functions*

There are 16 institutions under this category. The top recipients of the salary and wage budget-line are the Ministry of Information, Communication, Technology and postal services (12.64 percent); the Ministry of Trade, Investment, and Industry (11.67 percent); and the Electric Corporation (11.56 percent). Capital Budget is allocated only for the National Communication Authority (although is so low at 3.6 Million SSP). One would expect capital budget allocation to be significant in this category as potential long term investments are expected along this line. For instance, the Ministry of Petroleum, the Ministry of Energy and Dams, the Urban water corporation, the Electric Corporation; Ministry of water resources and irrigation , the ministry of mining are all in these category and no capital budget for these institutions implies the budget is weakly aligned to improving long term development trajectory of the South Sudan. On the other end, however, about 72 million SSP is allocated for transfer to the Ministry of Water Resources and Irrigation that might go for the ministry's capital expenditure as well. I would also argue that some of the line ministries and agencies under this categories are misplaced. For instance the Electricity Corporation and urban water corporation are more close to either the infrastructure category or as standalone categories under the social dimensions. This also applies to the ministry of water resource and irrigation that can be set under the natural resources and Agricultural development category. 33 percent of the appropriated budget for purchase of goods and services is for the South Sudan Broadcasting Corporation, while 13 institutions in the same category are assigned 5 percent and less. The presumed high priority institutes are not good recipients of this facility. The communication and information related institutions are principal recipients of the budget.

3. *Education and Health*

The education sector has not been explicitly allocated with capital budgets. However, there is a transfer components for the Ministry of General Education that might partly be utilized for capital expenditures. However, there is no such capital expenditure plan for the Ministry of Higher Education. This entails that fixed investments such as university expansions are not at the core of the 2017/18 budget plan. In terms of salaries and wages, the ministry of higher education takes 83 percent. One the other hand, the ministry of general education is allocated with over 75 percent of the overall budget for education. The fact that the ministry of higher education receives huge budget for salaries and wages and below a quarter share in the total budget leads to concluded that the budget allocated to the ministry of higher education is more to purchases of goods and services and perhaps also to capital expenditures.

According to a respondent from the University of Juba the criteria for budget allocation for the education sector is that the budgets for the five public universities is based on the size of each university, especially the number of staffs in each university. This is so because only the budget for salaries is disbursed by the Ministry of Finance. There are not capital budget disbursements as such. For instance, in the fiscal year 2016/2017 budget where the university was given additional funds for repairs of the university fence. The health sector also has not been allocated with capital budget.

4. *Infrastructure*

There are five institutions under this category. Of the total budget of the category, the South Sudan Roads Authority with 45 percent share is the highest appropriation. The irony is this same institutions has not been allocated with budget for its salary and wages. The south Sudan civil aviation and the ministry of roads and bridges follow with 23 and 18.6 percent share in the total budget of the category. The least recipient in this category is the Ministry of Lands, Housing and Urban Development with only 5 percent share. And this ministry has no budget allocation for capital expenditure. This is indicative of no plans for public investment on urban lands and housings as is true in many countries this days. The aviation industry is allocated with 19 percent of the capital budget of the category that again informs some investment plans in the aviation industry.

5. *Natural Resources and Rural Development*

Seven institutions are in this category. In terms of salary and wages, the Wild Life Conservation takes the lion's share of 68 percent and this same institution has 82 percent share in the total budget of the category. On the other end, the ministry of Agriculture has only 16.8 percent share in wages and salaries and 7.3 percent share from overall budget of the category. The ministry of livestock and fishery with 10 percent wage and salary budget share and only 3.2 percent overall budget share. The rationale for prioritizing the wild life sector has not been clear.

6. Public Administration

There are 16 institutions in this category. The Ministry of Foreign Affairs and International Cooperation is allocated with 84 percent of the category's wage and salary budget. And the office of the President is appropriated with 83 percent of the goods and services budget of the category. Looking at the overall budget, 50 percent goes to the Ministry of Foreign Affairs followed by 24 percent and 21 percent for the Office of the President and the National Legislative Assembly. Capital Budget recipients under this category are the National Legislative Assembly (65 percent) and the Office of the President (35 percent).

7. *Transfers*

Block transfer (74 percent); Abyei block transfer (1.56 percent); County block transfers (5.9 percent); STAG transfers (18.38 percent).

Box-1 Reflections from the Ministry of Agriculture and Food Security Regarding the Budget allocation to the sector

Before the conflict, Ministry of Agriculture and Food Security (MAFS) and other relevant ministries and commissions used to discuss their budgets and planned activities in Working Groups. There were committees tasked with that responsibility from all the relevant public institutions. These committees would be oriented by the Ministry of Finance and other major donors on areas of priorities before actual drafting of their respective budgets. All these changed after the conflict and such planning and consultations are not done anymore. There is no proper synchronization of budget to national priorities because of clarity on national priorities and as well as poor coordination among national agencies in planning and execution.

The budget allocation is not fair from MAFS view point. The Maputo and Malabo declarations categorically stated that 10% of the national budget should be allocated to the Ministries of agriculture in Africa. However, MAFS currently is allocated only about 0.14% of the budget which is far below the Maputo and Malabo stipulations. The budget is not fairly aligned to the Ministry's development targets and priorities. The budget allocated to MAFS is not aligned to planned activities aimed at boosting food production in the country. MAFS has only been getting budget for Chapter 1 (salaries) and a very small portion of Chapter 2 (operations).

The ministry's activity plans and its respective budget allocation is not consistent. Allocations to various directorates/department within MAFS is always based on equal ratios, not based on the needs and plans of each directorate/department and it overall contribution to the national objectives. The respondent said MAFS has never received any supplementary budgets. Although the national assembly had approved SSP 2 Billion to boost agricultural production last year, the same parliament again rejected the breakdown of allocations of 2 Billion when it was presented.

Regarding the flexibly of usage of the budget allocated to the Ministry. There is always flexibility; however, there must always be justifications for reallocation of budgets, which must also conform to the financial and budgetary regulations. Furthermore approvals must be obtained from the MoFEP. Certain budget lines get exhausted quickly and there is always a need to reallocate budgets to such sectors. Due to internal conflicts, huge chunks of budget has been allocated to the security cluster under minimal oversight. Agricultural activities have been affected and this has led to famine and hunger in some parts of the country.

4. Assessment Methodology

The study is largely done under the Public Expenditure and Financial Accountability (PEFA) framework[3]. We derived the mandatory standard quantitative indicators stipulated in the PEFA and added our own qualitative assessment tools. In the PEFA approach a country's overall PFM performance is captured through seven pillars with their own list of corresponding indicators. The indicators in turn are composed of sets of assessment dimensions. Assessment is done first at dimension level, then at indicator level, and finally at pillar level.

Each dimension of the indicators measures performance against a four-point ordinal scale from 'A'

[3] In accord with widespread international agreement on the importance of PFM, the Public Expenditure and Financial Accountability (PEFA) program was initiated in 2001 by seven international development partners: The European Commission, International Monetary Fund, World Bank, and the governments of France, Norway, Switzerland, and the United Kingdom. PEFA began as a means to harmonize assessment of PFM across the partner organizations. It was created to establish a standard methodology and reference tool for PFM diagnostic Assessments. PEFA was also expected to provide a basis for dialogue on PFM reform strategies (PEFA Secretariat, 2016).

to ‘D’. ‘D’ score means that the feature being measured is present at less than the basic level of performance or is absent altogether, or that there is insufficient information to score the dimension. ‘D’ score due to insufficient information is distinguished from one with low-level performance by the use of an asterisk— D*. Aggregate indicator scores will not include an asterisk, and thus the insufficiency of information is only noted at the dimension level.

The scores for multiple dimensions are combined into the overall score for the indicator using either the Weakest Link (WL) method or the Averaging (AV) method. In the Weakest link method, the steps in determining the aggregate indicator score are initially assessed separately and given the A-D score. Then the aggregate score for the indicator is the lowest score given for any dimension. In the Averaging method, each dimension is initially assessed separately and given an A-D score. Aggregate score for the indicators is based on a standard table in the PEFA framework manual (see Annex 1).

Whenever scoring are not possible, the assessment resumes to qualitative tools. In a country with limited data availability, it is hardly possible to quantitatively capture all the indicators. The case for South Sudan is that the Ministry of Finance and Planning keeps several monthly, quarterly, and annual reports. These reports do compile a good amount of aggregated and sub-aggregated public finance related data. Yet, the level of detail provided in the reports are not sufficient to fully capture some pillars, indicators, and dimensions.

The key informant interviews conducted with high-level officials in spending agencies, MoFEP, Audit Chamber, Members of Parliament and others have helped fill significant data and information gaps. We also tried to triangulate between several reports and responses of key informant, budget speeches, and reports by multilateral and bilateral donor agencies. These have been good sources to assess the strengths and weaknesses of the PFM performance trajectory over time.

5. Assessment Results for the PEFA Pillars

5.1 Budget Reliability

It is the implementation of the budget as approved by the legislative body that makes a budget reliable. Proper forecasting and budget estimation with good budget discipline and check-and-balance systems would construct a foundation for ensuring budget reliability. According to the PEFA guide (2016), budget reliability is weak when policy initiatives or other post-budget spending decisions are made outside the annual budget process; major reallocations occur between ministries and programs; unreliable revenue estimates; allocation of grants and other budgetary support by development partners are outside the annual budget cycle; external shocks are faced such as natural disasters or adverse global or regional economic conditions.

Table 1 Budget reliability indicators and dimensions

INDICATORS	DIMENSIONS
1. Aggregate expenditure outturn	1.1 Aggregate expenditure outturn (PI-1)
2. Expenditure composition outturn	2.1 Expenditure composition outturn by function (PI-2.1) 2.2 Expenditure composition outturn by economic type(PI-2.2) 2.3 Expenditure from contingency reserves (PI-2.3)
3. Revenue outturn	3.1 Aggregate revenue outturn ((PI-3.1) 3.2 Revenue composition outturn (PI-3.2)

PI-1. Aggregate expenditure outturn

This indicator measures the extent to which aggregate budget expenditure outturn reflects the amount originally approved, as defined in government budget documentation and fiscal reports. Actual aggregate expenditure that deviates significantly from the original, approved budget undermines fiscal discipline and the ability of governments to control the total budget and, subsequently, to manage risk. It also affects governments' ability to effectively and predictably allocate resources to strategic policy priorities.

The score for the two years after independence (2011/12 and 2012/13) was good at "B". Indicating an aggregate expenditure outturn was from the planned amount was between 90 and 110 percent. This has been worsened in 2014/15 and 2015/16 when the score deteriorated to "D" (Table 2).

Table 2 PFM performance indicators PI-1, results matrix for 2011/12 and 2012/13

year	Total Expenditure outturn (PI-1)	Score	Criteria set in the PEFA guide for the corresponding score
2011/12	111.2%	B	Aggregate expenditure outturn was between 90% and 110% of the approved aggregate budgeted expenditure in at least two of the last three years.
2012/13	102.2%		
2014/15	117.7%	D	Aggregate expenditure outturn was below 85% or above 115% of the approved aggregate budgeted expenditure in at least two of the last three years.
2015/16	165.3%		

PI-2. Expenditure composition outturn

This indicator measures the extent to which reallocations between the main budget categories during execution have contributed to variance in expenditure composition.

Reallocation of resources from one spending agency to another has always been a serious challenge to the GSS. This has been repeatedly mentioned in the key informant interviews that certain spending agencies have always been given extra flexibility to acquire resources that were initially allocated to other spending agencies. This assertion by the key informants has also been supported by our calculation of a parameter called "composition variance". The procedure to compute composition variance is that first the ratio of total outturns to total public budget is taken. A ratio of 1 would indicate the government, in aggregate terms. However, this doesn't tell the internal reallocation of budget from one spending agency to another. For instance, reduction of say a million SSP from one spending agency and providing this same amount to another would not affect the overall outturn/budget ratio. It is worth looking into such reallocations with another tool, i.e. the composition variance. This measure, however, do not tell whether or not the reallocations had followed the legal approval process.

The result for all of the four fiscal years (in Table 3) puts South Sudan in the score range of "D". A composition variance greater than 15 % is enough to be scored "D". Yet, the most worrisome is not only the fact that South Sudan is in a score of "D", but also the extent to which its composition variance is far away from the lowest cutoff point. The composition variances for GSS are all above 30 percent.

Table 3 Expenditure composition outturn by function, PI-2.1 results matrix

year	composition variance (PI-2.1)	Score	Criteria set in the PEFA guide for the corresponding score
2011/12	40.3%	D	Variance in expenditure composition by program, administrative or functional classification was greater than 15% in at least two of the last three years.
2012/13	38.5%		
2014/15	30.8%	D	
2015/16	43.4%		

Dimension 2.2. Expenditure composition outturn by economic type

This dimension measures the difference between the original approved budget and end-of-year outturn in expenditure composition by economic classification including interest on debt but excluding contingency items. The composition of the budget by economic classification is important for showing the movements between different categories of inputs—for example, capital and operational expenditures. The effects of changes in aggregate expenditure between the original approved budget and outturn are adjusted in the calculations. Again, as was true for the functional classification, the composition variance of the budget based on economic is also high in GSS (see Table 4). This is suggestive of budget reallocation say from operating expenditure to salary and wages is huge.

Looking at the trends over time, the composition variance swings between extremely high to moderate levels in just a single year laps. For instance, in 2011/12 it was 16.7 % and it then grew to 56.1 percent in 2012/13. The variance dropped to 12 percent in 2014/15 and rose again to 38.4 percent in 2015/16. This finding is also verified from the key informants' response that the salary and wage component of the budget, which always accounted for over 50 percent of the annual budget, is the major cause of such arbitrary budget swings. The Ministry of finance and planning complains about the salary and wages components being growing out of its control.

Table 4 Expenditure composition outturn by economic type/ PI-2.2 results matrix

year	composition variance (PI-2.2)	Score	Criteria set in the PEFA guide for the corresponding score
2011/12	16.7%	D	Variance in expenditure composition by program, administrative or functional classification was greater than 15% in at least two of the last three years.
2012/13	56.1%		
2014/15	12.1%	C or D	Score "C" is when variance in expenditure composition by economic classification was less than 15% in at least two of the last three years.
2015/16	38.4%		

Dimension 2.3. Expenditure from contingency reserves

This dimension measures the average amount of expenditure actually charged to a contingency vote over the last three years. For South Sudan, contingency budget are not regularly included in the budget reports and hence we are assuming zero contingency vote whenever it is not reported. According to the PEFA guide, if there are no contingency funds in the budget, no accounting for or official reference to contingency expenditures this would meet the requirements for an 'A' score as there is no expenditure charged to a contingency. In South Sudan, contingencies are reported only for the years 2011/12 and 2014/15 and hence the indicator is calculated only for these years. As there are missing years between 2011/12 and 2014/15, we preferred to provide score for each of the years separately instead of averaging them out i.e. loss of consecutiveness in the years. And the rest of the years without contingency reports have receive a score of ‘A’.

Table 5: Expenditure from contingency reserves PI-2.3

year	contingency share (PI-2.3)	SS’s Score	Criteria set in the PEFA guide for the corresponding score
2011/12	11.2%	D	Actual expenditure charged to a contingency vote was on average more than 10% of the original
2012/13	No contingency reported	A	Actual expenditure charged to a contingency vote was on average less than 3% of the original budget.
2014/15	-22.8%	A	
2015/16	No contingency reported	A	

PI-3. Revenue outturn

This indicator measures the change in revenue between the original approved budget and end-of-year outturn. It contains the following two dimensions and uses the M2 (AV) method for aggregating dimension scores: Dimension 3.1. Aggregate revenue outturn; Dimension 3.2. Revenue composition outturn

Accurate revenue forecasts are a key input to the preparation of a credible budget. Revenues allow the government to finance expenditures and deliver services to its citizens. Overly optimistic revenue forecasts can lead to unjustifiably large expenditure allocations that will eventually require either a potentially disruptive in-year reduction in spending or an unplanned increase in borrowing to sustain the spending level. On the other hand, pessimist forecast can result in the proceeds of an over realization of revenue being used for spending that has not been subjected to the scrutiny of the budget process. The indicator focuses on both domestic and external revenue, which comprises taxes, grants, and other revenues including those from natural resources. External financing through borrowing is not included in the assessment of this indicator. This means that grants from development partners will be included in the revenue data used for the indicator rating. Revenue outturn can deviate from the originally approved budget for reasons unrelated to the accuracy of forecasts, such as a major macroeconomic shock. For this reason, the scoring calibration allows for one outlier year to be excluded. The focus is on significant deviations from the forecast that occur in two or more of the three years covered by the assessment.

Generally, the first step in revenue forecasting is to prepare a macroeconomic forecast. The macro-economic parameters can be GDP, inflation, exchange rate, important commodity prices, consumer spending, etc. The results of the macroeconomic forecast are crucial inputs to forecast revenues. Revenue forecasting may thus be seen as a two-stage process consisting of: (i) a macroeconomic forecast; and (ii) forecast of the main sources of revenues, i.e. tax revenue forecast, that is conditional on the results of that macro forecast.

Dimension 3.1. Aggregate revenue outturn

This dimension measures the extent to which revenue outturns deviate from the originally approved budget. As presented in Table 6, it is found that the revenue outturns of GSS markedly deviates from initial estimates. In 2014/15, it was only possible to realize half of the estimated revenue. This was reverted in 2015/16 that the outturn was higher than the initial estimates by 65 percent. This is better explained by the high inflation rate during the year that had led to increase the nominal revenue collections. This was also reported in the budget speeches.

Table 6 Aggregate revenue outturn, results matrix

year	total revenue deviation	Score	Criteria set in the PEFA guide for the corresponding score
2014/15	51.6%	D	Actual revenue was below 92% and or over116% of budgeted revenue in at least two of the last three years.
2015/16	165.1%		

Dimension 3.2. Revenue composition outturn

This dimension measures the variance in revenue composition. It includes actual revenue by category compared to the originally approved budget. It includes disaggregation of tax revenue by the main tax types, nontax revenues, and grants. It attempts to capture the accuracy of forecasts of the revenue structure and the ability of the government to collect the amounts of each category of revenues as initially intended.

Table 7 Compositions of non-oil revenue, 2015/16 (million SSP)

Non-Oil Revenue Sources	Annual Budget	Annual Outturns	Outturn (%)
· Personal Income Tax	1,243	1,138	92
· Sales tax/VAT	1,345	897	67
· Excise	730	378	52
· Business Profit Tax	334	549	164
· Customs	740	493	67
· Other revenue	936	263	28
Total Collected	5,328	3,718	70

Source: Ministry of Finance and Economic Planning 2015/16 Full Year Macro-Fiscal Report (2016)

Table 8 Revenue composition outturn, results matrix

year	composition variance	Score	Criteria set in the PEFA guide for the corresponding score
2014/15	12.6%	C or D (non-conclusive score for the value for the third year (2013/14) is unknown)	For score "C', Variance in revenue composition should be less than 15% in two of the last three years.
2015/16	88.2%		

5.2 Transparency of Public Finances

Pillar II assesses whether information on PFM is comprehensive, consistent, and accessible to users. This is achieved through comprehensive budget classification, the transparency of all government revenue and expenditure including intergovernmental transfers, published information on service delivery performance, and ready access to fiscal and budget documentation. Transparency of information on public finances is necessary to ensure that government activities and operations are taking place within the government fiscal policy framework and are subject to adequate budget management and reporting arrangements. Transparency is an important feature that enables the external scrutiny of government policies and programs and their implementation. Improved transparency supports the achievement of desirable budget outcomes by giving the legislature and civil society the information they need to hold the executive accountable for budget policy decisions and for the management of public funds more generally. Greater transparency enables stakeholders to examine fiscal strategy and to consider whether public resources are being allocated to the country's important social and development priorities, and whether they are being used efficiently.

Table 9 Transparency of public finances

INDICATORS	DIMENSIONS
4. Budget classification	4.1 Budget classification
5. Budget documentation	5.1 Budget documentation
6. Central government operations outside financial reports	6.1 Expenditure outside financial reports 6.2 Revenue outside financial reports 6.3 Financial reports of extra budgetary units
7. Transfers to subnational governments	7.1 System for allocating transfers 7.2 Timeliness of information on transfers
8. Performance information for service delivery	8.1 Performance plans for service delivery 8.2 Performance achieved for service delivery 8.3 Resources received by service delivery units 8.4 Performance evaluation for service delivery
9. Public access to fiscal information	9.1 Public access to fiscal information

PI-4. Budget classification

This indicator assesses the extent to which the government budget and accounts classification is consistent with international standards. A robust classification system allows transactions to be tracked throughout the budget's formulation, execution, and reporting cycle according to administrative unit, economic category, function/sub function, or program. This is essential for allocating and monitoring expenditure to support aggregate fiscal discipline, the allocation of resources to strategic priorities and efficient service delivery.

Dimension 4.1. Budget classification

Score	Reason
• **GSS's Score = "B"** • Criterial for score "B" in the PEFA guide 2016: "Budget formulation, execution, and reporting are based on administrative, economic (at least 'Group' level of the Government Financial Standard/GFS standard—3 digits), and functional/sub functional classification, using GFS standards or a classification that can produce consistent documentation comparable with those standards."	The GSS's budget classification to a large extend has followed the Government Financial Statistics /GFS standards-3 digits. For the expenditure side of the reporting, it has followed this standard throughout all the fiscal years since the country's independence. There are both administrative/ functional and economic classification of budgets. This is true for both the revenue and expenditure sides. Only few headings are given to the revenue source, for instance, in summarizing revenue components the component for 'other revenues' lumps several sources into one. There are no evidence of GFS standar-4 budget component reports in GSS, hence Central Government of South Sudan falls onto a score of "B" for the budget classification dimension.

PI-5. Budget documentation

This indicator assesses the comprehensiveness of the information provided in the annual budget documentation, as measured against a specified list of basic and additional elements. The Basic elements are: (i) Forecast of the fiscal deficit or surplus or accrual operating result; (ii) Previous year's budget outturn, presented in the same format as the budget proposal; (iii) ccurrent fiscal year's budget presented in the same format as the budget proposal.

In regards to budget documentation, South Sudan fulfils all of the above basic elements. Our reference to several budget proposals, budget appropriations, budget speeches, and final budget implementation reports confirmed that the GSS, indeed, fulfills the first three basic elements and most part of the fourth element. What is lacking about the fourth element is the level of detail found about the revenue side of the budget. The only additional elements (besides the basic elements listed above) included in the GSS's is the Debt stock status of the central government. There are no medium term fiscal forecasts; no analysis of fiscal risks; no presentation of budget implication of new policy initiatives etc. (more on the missing indicators can be found in the PEFA guide, 2016). The criteria for scoring this dimension is provided below: The PEFA guide criteria for giving a score of "C" is when "budget documentation fulfills at least 3 basic elements (1–4)". Thus, the most conceivable score for budget documentation in GSS is "C".

5.3 Policy Based Fiscal Strategy and Budgeting

This pillar is about whether the fiscal strategy and the budget are prepared with due regard to government fiscal policies, strategic plans, and adequate macroeconomic and fiscal projections. Policy-based fiscal strategy and budgeting processes enable the government to plan the mobilization and use of resources in line with its fiscal policy and strategy. Macroeconomic forecasts and fiscal policies are vital components of aggregate fiscal discipline. They provide the foundation for decisions on the level and composition of revenue and expenditure needed to achieve the government's fiscal objectives, and are the first step in making choices about how the required revenues should be obtained and who expenditure priorities can be managed within the limits that are imposed by fiscal constraints and responsible management. Strategic planning and fiscal projections provide a valuable mechanism for determining the most effective composition of revenue and expenditure for maximizing the achievement of complex and often conflicting sets of policy objectives.

Table 10: Policy based fiscal strategy and budgeting indicators and dimensions

INDICATORS	DIMENSIONS
14. Macroeconomic and fiscal forecasting	14.1 Macroeconomic forecasts 14.2 Fiscal forecasts 14.3 Macro-fiscal sensitivity analysis
15. Fiscal strategy	15.1 Fiscal impact of policy proposals 15.2 Fiscal strategy adoption 15.3 Reporting on fiscal outcomes
16. Medium-term perspective in expenditure budgeting	16.1 Medium-term expenditure estimates 16.2 Medium-term expenditure ceilings 16.3 Alignment of strategic plans and medium-term budgets 16.4 Consistency of budgets with previous year's estimates
17. Budget preparation process	17.1 Budget calendar 17.2 Guidance on budget preparation 17.3 Budget submission to the legislature
18. Legislative scrutiny of budgets	18.1 Scope of budget scrutiny 18.2 Legislative procedures for budget scrutiny 18.3 Timing of budget approval 18.4 Rules for budget adjustment by the executive

PI-14. Macroeconomic and fiscal forecasting

Dimension 14.1. Macroeconomic forecasts

Several responses from key informant interviews and our references to secondary sources of information indicated no evidence of macroeconomic forecast for the period of three and above years in GSS. There are no estimates of such indicators even for a single year and the budget plans do not base any macroeconomic forecasts. According to the 2015 budget speech, MoFEP had developed a three-year (2015-2018) strategic work plan called *"Peace, Good Governance and Prosperity for All"*. This strategic work plan is based on South Sudan's Vision 2040 and is a comprehensive framework of goals, objectives and performance targets for a period of three years, starting in 2015, and culminating with elections in 2018. A key priority of the Three-Year Work Plan, is the expansion of the delivery of basic social services (David, 2015). This plan, however, has not been adhered so far.

A score of "D" is when the government fails to prepare forecasts of key macroeconomic indicators for the budget year and the two following fiscal years. Thus, the GSS's score for this macroeconomic forecast dimensions is "D".

Dimension 14.2. Fiscal forecasts

According to the responses from the budget planning directorate of the MoFEP and our assessments of secondary information sources, there are no recent practices of development of a Medium-term Expenditure Framework /MTEF that projects aggregate expenditure ceilings over a three-to-five-year horizon. The World Bank, IMF, and AfDB had provided trainings on the usefulness of MTEF, yet it has never been put in practice. There are no system of forward estimates that projects the future cost implications of existing and proposed programs and projects. The budget estimates (revenue and expenditure) span only for a year. In 2012, following the South Sudan Development Plan, there was an attempt to forecast public expenditures for 3 years. The South Sudan Development Plan was a three-year plan which later expired in 2015 and since then the budgets have just been for 1 year and not beyond.

There are indeed some prioritization issues heard in the budget speeches. The overarching priorities for 2015/16 were to achieve peace and begin the process of reducing the deficit to sustainable levels over the medium term (the then Minister of Finance David (2015) mentioned in his budget speech). His successor, Minister Stephen (2016), declared that the 2016/17 budget prioritizes the implementation of the Agreement for the Resolution of Conflict in South Sudan (ARCISS). And the Ministry had presented the following development bottlenecks to budget execution during 2015-16.

- Significant deviation of the oil price from its forecasted value, averaging just USD 35per barrel, instead of the forecasted USD 50.
- The exchange rate liberalization and the subsequent depreciation of the local currency resulted in huge outturns- budget mismatches. Spending was more than 65% above the approved budget in SSP terms. In dollar terms, actual expenditure was 75% below the value at approval. This underspending is primarily the result of foreign exchange shortages.

- Government's introduction of new pay scale for all government employees and security and organized forces in February 2016, to increase their purchasing power.

At the moment, however, the government with the help of development partners and other stakeholders is working on a National Development Strategy to consolidate peace and revitalize the economy. This could pave a way to rethink incorporation of the MTEF into the National Development Plan.

According to the PEFA guide, a score of "D" is when the government "fails to prepare forecasts of revenue, expenditure and the budget balance for the budget year and the two following fiscal years." Thus, the GSS's score for availability of fiscal forecasts is "D".

Dimension 14.3. Macro fiscal sensitivity analysis

It is not possible to say about availability of some quality measures of the macro fiscal forecasts such as the macro fiscal sensitivity analysis when forecasting of such are not being practiced. Thus, the score for this dimension is assessed "D".

PI-15. Fiscal strategy

Dimension 15.1. Fiscal impact of policy proposals

For the same reason as macro fiscal forecast analysis dimension above (PI-14), this dimension on availability of fiscal strategy (PI-15) receives a score of "D"

Dimension 15.2. Fiscal strategy adoption

There are limited qualitative assessment of fiscal plans in GSS. Keeping debt and deficit at sustainable levels are often sought in budget documents, yet there are no presentations of strategies to reach there.

Fiscal dominance has undermined monetary policy objectives. Monetization of the fiscal deficit led to strong money growth, high inflation and drastic exchange rate depreciation. According to IMF report (2017) the Bank of South Sudan (BoSS) financing of the government deficit grew five-fold from June 2013 to June 2016. This credit expansion led to strong money growth which was exacerbated by the exchange rate depreciation. Broad money grew by 219 percent in the 12-months through June 2016. Inflation, Rapid money growth and exchange rate pressure led to the liberalization of the foreign exchange market in December 2015. Moreover, international reserves fell to about two weeks of imports by June 2016 and further to about one week of imports by December 2016.

In regards to legislative constraints to limit the size of the deficit, debt, level of expenditure, or other fiscal aggregate, from 2011-14, when revenue from oil was promising, the size of the deficit and borrowing was limited to less than five percent (5%) of national budget, which is below 2 percent of GDP. But now it is almost out of control reaching 8.7 percent of GDP in 2016 (IMF, 2017). Table 11 below presents about 72 percent of domestic financing comes from direct financing of the Bank of South Sudan (BSS). Since the political crisis in December 2013, donors have placed significant financial restrictions on assistance to South Sudan, and spending and support has been heavily cut

(Øystein and Nicki 2017). Domestic debt (40 percent of GDP as of June 2016) was close to double the size of the external debt (28 percent of GDP).

Table 11: South Sudan debt stock as of June 2016

External debt	**(US$ millions)**	**% share**
World Bank (IDA)	34	4
China Exim Bank	100	10
Oil-related advances	219	23
QNB Line of credit	610	63
Total external borrowing (as percent of GDP)		**28**
Domestic debt	**(SSP billions)**	**% share**
Borrowing from Bank of South Sudan	17.3	72
Borrowing from commercial banks (treasury bills)	1.8	7
Estimated domestic arrears	5	20
Total borrowing from domestic banking system (as percent of GDP)		**40**

Source: Authors Summary using IMF's Country Report (2017)

The budget calendar is July 1 -30 June and budget development is supposed to begin 6 months before the June 30th deadline but this has never been met because of the war. Resource allocations are never implemented as planned, as the resource envelope outturns are usually below expectations with reduction in oil production and international oil price. To get a score of "C", the government should have prepared for its internal use a current fiscal strategy that includes qualitative objectives for fiscal policy. Based on the explanation given above, the GSS score is "D" as it does not qualify the minimum criteria for a "C" Score.

Dimension 15.3. Reporting on fiscal outcomes

Score	Reason
· **GSS's Score = "A"** · Criterial for score "A" in the PEFA guide 2016: "The government has submitted to the legislature and published with the annual budget a report that describes progress made against its fiscal strategy and provides an explanation of the reasons for any deviation from the objectives and targets set. The report also sets out actions planned by the government to address any deviations, as prescribed in legislation."	In regards to transparency in availing budget related documents, the MoFEP has made it possible for several monthly, quarterly, annual reports available online. Although with some delays, the GSS submits to the national assembly and publishes with the annual budget a report that describes progress made against its fiscal strategy and provides an explanation of the reasons for any deviation from the objectives and targets set. All of the budget speeches since 2014/15 and the available online resources at the MoFEP confirm this. The report also sets out actions planned by the government to address any deviations, as prescribed in legislation. Hence the GSS's sore for this dimension is "A".

PI-16. Medium-term perspective in expenditure budgeting

This indicator examines the extent to which expenditure budgets are developed for the medium term within explicit medium-term budget expenditure ceilings. It also examines the extent to which annual budgets are derived from medium-term estimates and the degree of alignment between medium-term budget estimates and strategic plans. It contains the following four dimensions and uses the **M2 (AV)** method for aggregating dimension scores: Dimension 16.1. Medium-term expenditure estimates; Dimension 16.2. Medium-term expenditure ceilings; Dimension 16.3. Alignment of strategic plans and medium-term budgets; Dimension 16.4. Consistency of budgets with previous year's estimates.

Dimension 16.1. Medium-term expenditure estimates

Score	Reason
· **GSS's Score = "D"** · Criterial for score "D" in the PEFA guide 2016: "The annual budget presents estimates of expenditure for the budget year and the two following fiscal years allocated by administrative <u>or</u> economic classification."	There are no practice of Medium-term Expenditure Estimates for GSS

Dimension 16.2. Medium-term expenditure ceilings

Score	Reason
· **GSS's Score = "D"** · Criterial for score "D" in the PEFA guide 2016: "Aggregate expenditure ceilings for the budget year and the two following fiscal years are approved by the government before the first budget circular is issued."	The GSS's PFM is not well aligned to the short and long-term development priorities of the country. First all of, there are no development priorities as such in South Sudan. Even when this exist, they are seldom followed and converted to actions. For example, the first such attempt was the South Sudan Development Plan in 2012 but not much was implemented from this plan. South Sudan also used to have the SPLM White Paper which also had lots of initiatives for development but no evidence of its accomplishments exist. Thus, the GSS's score for this dimension is "D".

Dimension 16.3. Alignment of strategic plans and medium-term budgets

Score	Reason
· **GSS's Score = "D"** · Criterial for score "D" in the PEFA guide 2016: "Medium-term strategic plans are prepared for some ministries. Some expenditure policy proposals in the annual budget estimates align with the strategic plans."	There are no practice of Medium-term Expenditure Estimates for GSS hence it is not possible to talk about its strategic plans. South Sudan's score on this dimension is "D".

Dimension 16.4. Consistency of budgets with previous year's estimates

Score	Reason
· **GSS's Score = "C"** · Criterial for score "C" in the PEFA guide 2016: "The budget documents provide an explanation of some of the changes to expenditure estimates between the second year of the last medium-term budget and the first year of the current medium- term budget at the aggregate level."	Although there are no medium term budget documents. The budgets prepared for each year makes some comparison with the previous year budget allocations and implementations. Thus the sore in in dimension is "C".

PI-17. Budget preparation process

This indicator measures the effectiveness of participation by relevant stakeholders in the budget preparation process, including political leadership, and whether that participation is orderly and timely. It contains the following three dimensions and uses the **M2 (AV)** method for aggregating dimension scores: Dimension 17.1. Budget calendar; Dimension 17.2. Guidance on budget preparation; and Dimension 17.3. Budget submission to the legislature.

Dimension 17.1 Budget calendar

Score	Reason
· **GSS's Score = "D"** · Criterial for score "D" in the PEFA guide 2016: When a country fails to meet "An annual budget calendar exists and some budgetary units comply with it and meet the deadlines for completing estimates."	H.E.Stephen Dhieu Dau, Minister of Finance & Planning (2016/17) called the FY 2016/17 Budget as "prepared under extremely challenging circumstances under the theme to consolidate Peace, Unity and Economic Recovery". Mentioning that the reshuffle of the Cabinet in accordance with the Peace Agreement and the recent conflict had delayed the preparation of the year's National Budget. The Draft Budget was presented to the Assembly three months into the 2016/17 fiscal year. The response from the Budget Planning Directorate of the MoFEP also corroborate this assertion. It has been very difficult to pass the budget in time per budget calendar and schedule, which is before or by June 30th. For example, the budget for FY 2016/17 was passed in December 2016 or six (6) months after the deadline. This delay was caused by the reconstitution of the National Parliament as required by the Peace agreement (ARCISS). The National Assembly could not debate and pass the budget at the time before it was reconstituted. With some improvement, the FY 2017/18 budget was passed in August, still two months after the deadline. The delay was caused by extra budgetary items for National Dialogue and Peace Consolidation. However, as South Sudan has joined the EAC, it was required that the budget be passed on schedule to comply with the East African Community (EAC) budget deadline of June 30. It is to be noted that the Transitional Constitution, The Public Financial Management and Accountability Act and the Budget Appropriation Act gives the president the powers to sign the budget into law 45 days after the normal budget deadline of June 30th. A key informant at the Ministry of Agriculture and Food Security (MAFS) said that budget approval often takes between 2-3 months. The delays happen due to too much bureaucracy from the MoFEP, National Assembly, and the Council of Ministers. It greatly affects the overall implementation of activities planned especially given the activities and programs at MAFS are seasonal and can only be performed in certain months of the year. For instance, MAFS is supposed to buy and distribute seeds to the states before the rainy season, but when the budget is delayed, it always becomes difficult to buy and send seeds to farmers after the cropping seasons have passed. Thus the GSS's score for the dimension of complying with budget calendars is "D".

Dimension 17.2 Guidance on budget preparation

Score	Reason
• **GSS's Score = "C"** • Criterial for score "C" in the PEFA guide 2016: "A budget circular or circulars are issued to budgetary units, including ceilings for administrative or functional areas. Total budget expenditure is covered for the full fiscal year. The budget estimates are reviewed and approved by Cabinet after they have been completed in every detail by budgetary units."	The Budget Planning Directorate at the MoFEP shared about the budget consultation processes in GSS and its limitations. According to him, the pre-budget consultations about budgetary priorities between government and groups in the private sector, business community; public interest groups are inadequate. The pre-budget consultation is only with spending agencies (line ministries and other government agencies). In general, the MoFEP initiate the process where it asks spending agencies prepare budgets based on their plans and the available resource envelope (ceilings) issued by MoFEP. The ministry of finance and planning reviews budget plans forwarded by spending agencies and make recommendation, including any potential revisions. After this, the budget is collated and submitted to the Council of Ministers for discussion. The Council of Ministers reviews and submit the budget to the National Legislative Assembly for final approval. In this process, other groups such as the private sector, the business community, and public interest groups have never been consulted. But as part of the new National Development Strategy, it is planned that all these groups and other stakeholders be consulted and involved in the budgeting process. There is also a post-budget consultations with the same group which attempt to reconcile pre-budget understandings with actual allocations. After review and approval by the Council of Ministers and the National Legislative Assembly, the Ministry of Finance and Planning informs spending agencies what has actually been approved to be given to them. Spending agencies are also made aware of any changes in the Financial Act within the budget implementation period. In reference to the 2015/16 budget speech, prior to presentation at the Assembly, the minister reported, it has been discusses with the Under Secretary and Executive Directors of spending agencies. And the council of Ministers had approved it. The minister pointed out that once the budget ceiling is appropriated, the spending agencies would break the budget down to line items for the Approved Budget Book (David, 2015). Respondent from the Ministry of Agriculture and Food Security stated before the conflict, all public institutions (ministries, commissions, and other agencies) used to conduct joint budget planning model. The Ministry of Finance and Planning would conduct workshops to brief public institutions on the national resource envelop such that they would align their activities to the national resource envelop. This allowed all the relevant ministries to contribute to the budget processes. All this have been halted after the recent wave of conflicts. Now, the budget planning process is not done in a transparent manner because the budget ceiling is predetermined by the MoFEP before getting views of the other line ministries. So budget allocations are done arbitrarily and are not based on plans submitted by line ministries and agencies. Formerly, participation of Development Partners such as EU, DFID, USAID, JICA etc., was solicited in budget development. This enabled the government to allocate resources effectively to various sectors. Currently, contributions from donors are not aligned with the national budget and priorities. Thus, based on the following scoring criterial the closest score for GSS's guidance on budget preparation dimension is "C".

Dimension 17.3 Budget submission to the legislature

Score	Reason
• **GSS's Score = "D"** • Criterial for score "D" in the PEFA guide 2016 is when a country fails to achieve at least the following: "The executive has submitted the annual budget proposal to the legislature at least one month before the start of the fiscal year in two of the last three years."	While the laws stipulate earlier start of budget processes and start of approval of budget well before the budget year, the budget submission to the legislature for the last three years show not adherence to this. For instance, such submission were on 29th of June 2015 for 2015/16 FY; in October 2016 for 2016/17 FY, and on 30th of June 2017 for the 2017/18 FY. Thus, The GSS's score for this dimension is "D".

PI-18. Legislative scrutiny and legislative constraints of budgets

This indicator assesses the nature and extent of legislative scrutiny of the annual budget. It considers the extent to which the legislature scrutinizes, debates, and approves the annual budget, including the extent to which the legislature's procedures for scrutiny are well established and adhered to. According to respondents from the South Sudan Members of parliament, the parliament is always informed that the budget is ready for presentation. Although currently the budget covers chapter 1 and 2, security and peace dockets have been allocated huge budgets since 2013 because of the pressing needs. Some of the legislative constraints that limit the size of the deficit, debt, level of expenditure, or other fiscal aggregate are: 1) Finance and Accountability Management Act controls all the MoFEP not to borrow without approvals from the parliament. 2) The Central Bank Act prohibits the government from printing money arbitrarily.

The central Bank cannot currently print money without collaterals. However, sometimes, politics override laws; last year there was overspending in the security sector and presidency. The MoFEP had to arbitrarily reallocate money to Ministry of Defense and Presidency to address security issues. The Appropriation Act is meant to control overspending by all institutions. Supplementary budgets are subject to the same parliamentary budgetary procedures. For instance, the Anti-Corruption has requested for supplementary budget to implement certain activities and it is currently still under review. Current budget and financial management and resource utilization reform efforts : 1) Establishment of Revenue Authority is one of the major reform efforts 20 The Procurement Act has been developed and is yet to be approved.

5.4 Predictability and Control in Budget Execution

There are five chapters in the GSS's national budget: Salaries and wages (Chapter 1), operating expenditure (Chapter 2), Capital expenditure (Chapter 3), Transfers to sub-national governments (Chapter 4), and other expenditures (Chapter 5). Since the start of the conflict in 2013, the national budget provides only for chapter 1 (salaries and wages) and not much for other chapters. The reason the MoFEP gives is because of the conflict there are not sufficient funds.

The overall budget process has excessive limitations in Credibility, Comprehensiveness and Transparency. It is not credible because, when the agency submits their budget request, the Ministry of Finance and Planning only disbursed funds for salaries (chapter 1) and some for other operating expenditures. And nothing for capital expenditures and others, arguing there is no money. It is not comprehensive because the budgets does not follow agency plans. It is not transparent as month of the budget goes to only a few powerful agencies such as those in the security sector.

In an attempt to control revenue inflows from the major source (oil), a Petroleum Revenue Management Act (PRMA) was enacted in 2015 but has only been partially implemented. The PRMA includes provisions to prevent corruption and mismanagement and to ensure proper use of funds in the future. The PRMA stipulates that oil revenue should flow through specific accounts and that utilization of the resources must go through the budget. It also prescribes prudent financial management guidelines, including for the investments of saved funds and on auditing requirements. (IMF, 2017).

5.5 Accounting and Reporting

Until recently, most spending agencies were let loose and left to open multiple accounts at different commercial banks. It was hard to track government transactions. This has now changed as spending agencies are now required to open their accounts only at the Central Bank which can be easily monitored and tracked. Thus, a Treasury Single Account (TSA) system is to be followed.

The South Sudan authorities have taken measures to require all revenue to be immediately transferred from government accounts in commercial banks to the treasury account, and established a Cash Management Committee. The authorities devised a short-term reform program in late 2016 to jumpstart the restoration of PFM integrity. The planned measured include: remittance of all revenue collected to the consolidated treasury account; registration of all civil servants (including military) on payroll system; completion of payroll audit and removal of ghost workers; establishment of a TSA structure; verification of the 2015/16 non-salary arrears and formation of a clearance plan; enactment of the Public Procurement Bill; and enactment of the Public Financial Management and Accountability Act (PFMAA) (IMF, 2017).

It is articulated in the Public Financial Management and Accountability Act 2011 that the government should publish annual budget plans and implementations. The ministry do publish some information that are all available on MoFEP's website for wider public access. There are however some inconsistencies.

Table 12: Timeliness of reporting on central government budget execution.

Budget execution report	Timeline				
	Monthly	Quarterly	Mid-year	Annual	Not reported
1) Internal report	√	√			
2) Report to the legislature		√		√	
3) Disseminated to the general public		√		√	

5.6 External Scrutiny and Audit

This pillar assesses whether public finances are independently reviewed and there is external follow-up on the implementation of recommendations for improvement by the executive. Effective external audit and scrutiny by the legislature are enabling factors for holding the government's executive branch accountable for its fiscal and expenditure policies and their implementation.

In GSS, the Chief Auditor is appointed by the President and approved by a 2/3 majority at the National Assembly. He/she reports to the President and the National Assembly. The mandate of the National Audit Chamber includes: attestation of financial accountability of individual agencies; attestation of the financial accountability of the government as a whole ; audit of financial systems, internal control, and audit functions; covering performance and financial compliance; coverage of all general government bodies; coverage of selected public enterprises; coverage of the entire public sector.

The constitutions clearly establish the independence of the national audit body, but in practice, the Audit Chamber is not enjoying independence in administrative and economic parlances. For example, recruitment of Audit Chamber staff is done by the Ministry of public service, Labor and Human Resource Development. These issues are currently tabled for discussion in the proposed amendment of National Audit Act now under review by the National Assembly. Besides the constitution, the appropriation act of 2011 and the Public Finance and Accounting Act are the main legislative constraints supposed to limit the size of the deficit, debt, level of expenditure, etc. However, they are not strictly followed.

There are Legislative requirements for the timing of budget authorization and approval; for reporting fiscal outcomes; for the completion of audits (Accounts should be audited 6 months after the closure of a financial year); for the nature of information the executive is required to provide with the budget; for a mid-year report to the legislature on budget developments; for the accounting basis used to prepare the financial statements (International Standards-IPSAS).

Auditing was supposed to be every year but the Audit Chamber has not been able to deliver as planned for short of skilled manpower. Besides financial audits, there are also performance audits. For instance, Juba Teaching Hospital performance audit has just been concluded. There is an ongoing performance audit in Juba City Council. The performance audit is based on Economy, Effectiveness and Efficiency. The performance reports will be out by the end of this financial year.

All the public institutions including the Ministry of Defense are audited and the reports published after reviewed and approved by the National Assembly. However, the audit reports for the security institutions have never been approved for publication by the parliament. At the moment, the National Audit Chamber does not have a website. Copies of the audit reports are not available online. The Public Accounts Committee of the legislature is the one that examines the external audit reports

Some of the recent budget and financial management and resource utilization reform efforts as indicated by a respondent at the Audit chamber include: Charter of Accounts; Payment procedures; Quarterly Macro-fiscal reports; Establishment of Revenue Authority; Amendment of Audit Chamber Act 2011

In regards to budget indiscipline, there have been no punitive measures taken against some of the spending agencies such as the Ministry of Defense, Presidency and other security sector institutions which were found to overspend every budget year. The Audit Chamber has recommended punitive measures in its past audit reports.

6. Conclusions and Recommendations

6.1 Conclusions

South Sudan is marked by poor macro-economic conditions, recurrent instability and insecurity, weak governance institutions and practices, high inflation, unstable exchange rate, and massive deficit financing. The cumulative effect of the prolonged conflict has ruined the financial governance of the country, as it has transcending negative effect across various sectors. The situation therefore begs for enhanced peace building and stability.

This report systematically assessed the prevailing practices and challenges of PFM in the RSS, the macroeconomic challenges towards ensuring fiscal sustainability, and the role of the oil sector. Issues of budget reliability, transparency, predictability and control, accounting and reporting, and public finances external scrutiny were analyzed. Also the fundamental laws and regulations enacted in the country to strengthen PFM and the recent budget appropriation practices were reviewed, and reform options proposed to improve the situation.

The study disclosed that there is lack of fiscal discipline, which is explained by the marked poor performance of the country against the various indicators of the PEFA. Except in a few indicators like the budget classification, the fiscal outcome reporting the PFM/PEM remains to be suboptimal.

The report has shown that deviation of the actual aggregate expenditure from the approved budget is significantly high, and that the variance in expenditure composition outturn, (i.e. allocation of resources from one spending agency to another or one functional classification to the other), is markedly high. Moreover, the revenue estimates and year-end outturns have huge difference, showing that the degree of accuracy of forecasts of the revenue structure and the ability of the government to collect revenues are inadequate. There is lack of adequate fiscal strategies and alignment of budget to government priorities, as well as inadequate macroeconomic and fiscal projections. The resources envelop is not clearly known and there is no careful analysis of macro-economic developments. The linkage of the economy and the budget through market studies, inflation analysis, currency exchange rates, realistic growth forecast, are not usually made.

The budget structures and expenditures are not meaningfully aligned to the development priorities of the country (peace building and/or poverty reduction). The expenditure trends indicated that there has been very limited capital expenditure. Recurrent expenditure is marked by over-spending with some spending agencies, which are termed as “militant” institutions such as the army, public administration, exceeding their appropriations; and with “meek institutions” such as health and education ministries experiencing considerable under-spending.

Medium-term expenditure estimates are very poor, as relevant expenditure ceilings are not set; and alignment of strategic plans and consistency of budgets with previous years’ outturns are not ensured. These lead to a conclusion that the GSS budget is often unreliable. However, South Sudan is performing fairly well in the areas of comprehensiveness, consistency and accessibility of the PFM information, with commendable budget classification and budget documentation in place.

The study indicated that there has not been effective participation by relevant stakeholders in the budget preparation process (in both bottom-up and top-down iterative processes). Moreover, budget calendar is not followed, and budget preparation and its submission to the legislature do not adhere to established regular schedules. The annual budget is not adequately debated among relevant stakeholders. Basic PFM standards and rules are not followed or respected in the budget preparation, execution and monitoring/control by the spending agencies. The predictability, control, credibility, comprehensiveness and transparency of the PFM remain of key concern. For example, the MoFP does not disburse budget appropriations as planned.

The role of mandated agencies in external scrutiny and audit is limited, although there is adequate legal and institutional framework. The Audit Chamber does not conduct audits every year (or at the required frequency and coverage) due to lack of skilled manpower. The scrutiny role of the Public Accounts Committee of the legislature is inadequate.

In sum, the PFM is evidently inadequate in nearly all dimensions and indicators. In order to enhance the national transition from fragility to stability, South Sudan should enhance PFM/PEM by developing credible, transparent, and effective budget planning and execution.

6.2 Recommendations

The sub-optimal performance of the PEM/PFM in South Sudan should be rectified through appropriate short and long-term measures by the GSS and other concerned stakeholders to effectively and efficiently use its scarce resources for stability and sustainable development. In this context the following specific recommendations are made:

- Share the findings of the study with the public to inform the relevant financial integrity institutions and to create awareness of the status quo.

- Train the key human resources in the financial integrity institutions on budget management (planning, execution, control, reporting), and on the legitimate mandates of the different bodies and mechanisms of creating effective collaboration.

- Enhance political will from the leadership for change and measure the level of commitment and tangible actions taken annually.

- Budget preparation should be participatory to cement accountability with effective participation of civil society organizations, academia, private interest groups, elected officials, etc. Iterative bottom-up and top-down approaches should be employed in the budget preparation process with adequate time given for each.

- Put in place a system to take into account the revenue and the resources envelop, as well as the relevant South Sudanese economic performance.

- Put in place compliance mechanisms, which ensure compliance with the rule of law and regulations. Anyone operating outside the legal framework or violating the rules should be sanctioned. There should be ethical standards, and system of whistle blowing and sanctioning.

- Strengthen administrative control systems and gradually move to adapt performance management to ensure effective management

- Take immediate effective actions on key indicators which are easily attainable, including in the areas of meeting budget calendar, controlling and reporting fiscal operations, and addressing deficits finance, and accumulated arrears, etc.

- The treasury operations leadership should establish effective cash flow management system, and should control borrowing from the BoSS.

- The PFM needs to have inclusive and credible budget preparation process, transparent execution and systematized control with independent external audit.

- The government should empower the Financial Integrity and Accountability Institutions for proper oversight of the PFM operations. This can also ensure better delivery services to the citizenry and enhance recovery of the country from the prevalent insecurity trauma.

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ANNEXES

Annex 1 Conversion Table for Indicator Scores Using the Averaging Method

Dimension scores			Overall M2 (AV) score
2-DIMENSIONAL INDICATORS			
	D	D	D
	D	C	D+
	D	B	C
	D	A	C+
	C	C	C
	C	B	C+
	C	A	B
	B	B	B
	B	A	B+
	A	A	A
3-DIMENSIONAL INDICATORS			
D	D	D	D
D	D	C	D+
D	D	B	D+
D	D	A	C
D	C	C	D+
D	C	B	C
D	C	A	C+
D	B	B	C+
D	B	A	B
D	A	A	B
C	C	C	C
C	C	B	C+
C	C	A	B
C	B	B	B
C	B	A	B
C	A	A	B+
B	B	B	B
B	B	A	B+
B	A	A	A
A	A	A	A

NOTE: Dimension scores can be counted in any order. It is only the quantities of each score that are important for aggregation.

Dimension scores				Overall M2 (AV) score
4-DIMENSIONAL INDICATORS				
D	D	D	D	D
D	D	D	C	D
D	D	D	B	D+
D	D	D	A	D+
D	D	C	C	D+
D	D	C	B	D+
D	D	C	A	C
D	D	B	B	C
D	D	B	A	C+
D	D	A	A	C+
D	C	C	C	D+
D	C	C	B	C
D	C	C	A	C+
D	C	B	B	C+
D	C	B	A	C+
D	C	A	A	B
D	B	B	B	C+
D	B	B	A	B
D	B	A	A	B
D	A	A	A	B+
C	C	C	C	C
C	C	C	B	C+
C	C	C	A	C+
C	C	B	B	C+
C	C	B	A	B
C	C	A	A	B
C	B	B	B	B
C	B	B	A	B
C	B	A	A	B+
C	A	A	A	B+
B	B	B	B	B
B	B	B	A	B+
B	B	A	A	B+
B	A	A	A	A
A	A	A	A	A

Annex 2 Functional Classifications of Spending Agencies

SECTORS	AGENCIES
Accountability (5 agencies)	• Ministry of Finance & Planning • Audit Chamber • National Bureau of Statistics • Anti-Corruption Commission • SS Fiscal & Financial Allocation & Monitoring Commission • South Sudan Reconstruction & Development Fund • National Revenue Authority
Economic Functions (16 agencies)	• Ministry of Petroleum • Ministry of Information, Communication, Technology & Postal Services • Ministry of Energy & Dams • Ministry of Trade, Investment & Industry • South Sudan Urban Water Corporation • Electricity Corporation • Investment Authority • National Bureau of Standards • Petroleum and Gas Commission • National Communications Authority • Ministry of Water Resources & Irrigation • Ministry of Mining • East African Community • South Sudan Broadcasting Commission • Media Authority • Access to Information Commission
Education (2 agencies)	• Ministry of General Education & Instruction • Ministry of Higher Education Science & Technology
Health (3 agencies)	• Ministry of Health • HIV/Aids Commission • Drug and Food Control Authority
Infrastructure (5 agencies)	• Ministry of Lands, Housing & Urban Development • Ministry of Transport • South Sudan Roads Authority • South Sudan Civil Aviation Authority • Ministry of Roads & Bridges
Nat. Res. & Rural Devt (7 agencies)	• Ministry of Agriculture & Food Security • Tourism • Wildlife Conservation • Ministry of Environment & Forestry • Ministry of Livestock & Fisheries Industry • Agricultural Bank • South Sudan Land Commission
Public Administration (16 agencies)	• Office of the President • Ministry of Cabinet Affairs • Ministry of Foreign Affairs & International Cooperation • Ministry of Labour, Public Service & Human Resource Development • National Legislative Assembly • South Sudan Civil Service Commission • South Sudan Local Government Board • South Sudan Employees Justice Chamber • South Sudan Public Grievances Chamber • National Elections Commission • Council of States • National Constitution Review Commission • Parliamentary Service Commission • Federal Affairs • Northern Corridor Implementation Authority

SECTORS	AGENCIES
	• Parliamentary Affairs
Rule of Law (10 agencies)	• Ministry of Justice & Constitutional Affair • Ministry of Interior • Police • Prisons • Fire Brigade • Judiciary of South Sudan • South Sudan Law Review Commission • Bureau of Community Security & Small Arms Control • South Sudan Human Rights Commission • Commission for Refugees Affairs
Security (5 agencies)	• Defense • Veteran Affairs • National Mine Action Authority • Disarmament, Demobilization & Reintegration Commission • National Security Service
Social & Humanitarian Affairs (6 agencies)	• Ministry of Gender, Child & Social Welfare • Ministry of Culture, Youth & Sport • Ministry of Humanitarian Affairs & Disaster Management • South Sudan Relief & Rehabilitation Commission • Peace Commission • War Disabled, Widows & Orphans Commission
Transfers to States (5 recipients)	• Abyei Block Transfers • Block Transfers • County Block Transfers • County Development Grants • STAG Transfers
Contingencies, Arrears and Interest	• contingencies • Arrears • Interest and related bank charges
External Grant Funds	
External Grant Loans	

Annex 3 Appropriated Budget Shares by Function and Economic Classification for 2017/18 FY (%)

AGENCIES BY SECTOR	Wages and Salaries	goods and Services	Capital	Transfers	Others Expenditures	Total Budget share
Accountability	22	27		43	8	5.54
Economic Functions	39	41	7	14		1.15
Education	27	8		65		4.02
Health	17	8		75		2.23
Infrastructure	17	12	71			0.99
Nat. Res. & Rural Devt	28	8		65		1.75
Public Administration	58	20	21			28.81
Rule of Law	43	7	2	49		8.50
Security Defense	82	15	2			17.35
Security Veteran Affairs	95	5				4.08
Security National Mine Action Authority	67	33				0.01
Security Disarmament, Demobilization & Reintegration Commission	65	35				0.06
Security National Security Service	97	3				5.96
Total for Security						27.45
Social & Humanitarian Affairs	45	55				0.36
Peace Budget						6.48
Transfers to States				100		5.59
Contingencies, Arrears and Interest				0	100	1.52
Total Government Spending	51	13	8	19	2	94.41
External Grant Funds					100	0.89
External Grant Loans				100		4.69
Total Spending	48	12	8	22	3	100.00

Calculation Sheet for PFM Performance Indicators PI-1, PI-2.1 and PI-2.3

Fiscal years for assessment

Year 1 =	2011/12
Year 2 =	2012/13
Year 3 =	2014/15

Data for year =	**2011/12**					
administrative or functional head	**budget**	**actual**	**adjusted budget**	**deviation**	**absolute deviation**	**percent**
Anti-Corruption Commission	18476317	10886321	20562036	-9675716	9675715	47.1
Audit Chamber	20149440	9946921	22424031	-12477111	12477110	55.6
National Bureau of Statistics	17186726	7915675	19126868	-11211194	11211193	58.6
Finance & Economic Planning	184011662	413579835	204784022	208795812	208795812	102
SS Fiscal & Financial Allocation & Monitoring Commission	2462012	1912481	2739939	-827458	827458	30.2
South Sudan Reconstruction & Development Fund	6417621	3134468	7142081	-4007614	4007613	56.1
Commerce & Industry	22391456	12894096	24919140	-12025045	12025044	48.3
Ministry of Petroleum & Mining	34808815	7785875	38738246	-30952372	30952371	79.9
Electricity Cooperation	100507083	53511770	111852936	-58341167	58341166	52.2
Information & Broadcasting	57752815	53377467	64272305	-10894839	10894838	17
Investment	10979051	5913024	12218433	-6305410	6305409	51.6
Ministry of Telecommunication & Postal Services	28632309	19829767	31864499	-12034732	12034732	37.8
Ministry of Electricity & Dams	3692617	6985946	4109462	2876483	2876483	70
Education	412044325	284075179	458558405	-174483227	174483226	38.1
Higher Education, Research, Science & Technology	142937445	164392764	159073097	5319666	5319666	3.3
Health	294321663	200195633	327546490	-127350858	127350857	38.9
HIV/Aids Commission	11221143	5637942	12487854	-6849913	6849912	54.9
Housing & Physical Planning	70812496	33575624	78806243	-45230620	45230619	57.4
Ministry of Roads & Bridges	555126776	844672190	617792878	226879311	226879311	36.7
South Sudan Urban Water Corporation	31371674	16940552	34913100	-17972549	17972548	51.5
Ministry of Water Resources & Irrigation	71768674	35692854	79870360	-44177507	44177506	55.3
South Sudan Roads Authority	141192	0	157130	-157131	157130	100
Ministry of Transport	13445333	138520937	14963124	123557812	123557812	825.7
Agriculture & Forestry	140295003	95235857	156132360	-60896504	60896503	39
Animal Resources & Fisheries	50945841	32942910	56696918	-23754009	23754008	41.9
Cooperatives & Rural Development	17389998	0	19353087	-19353088	19353087	100
Ministry of Wildlife Conservation & Tourism	198947413	214947709	221405812	-6458104	6458103	2.9
Environment	10474395	4573335	11656808	-7083474	7083473	60.8
Land Commission	2472892	1465230	2752047	-1286818	1286817	46.8
Agricultural Bank	5324300	5324300	5925339	-601040	601039	10.1
Office of the President	428352107	855184637	476707109	378477527	378477527	79.4
Cabinet Affairs	137551549	183097505	153079208	30018296	30018296	19.6
Labor & Public Service	19455828	11490363	21652120	-10161758	10161757	46.9
Human Resource Development	11365585	#VALUE!	12648601	-12648602	12648601	100
Ministry of Parliamentary Affairs	15195326	17525647	16910667	614979	614979	3.6
Ministry of Foreign Affairs & International Cooperation	100833922	126942599	112216671	14725927	14725927	13.1
Civil Service Commission	2768121	2203337	3080603	-877267	877266	28.5
Local Government Board	3633944	2520210	4044165	-1523956	1523955	37.7
Employees Justice Chamber	3900876	3532080	4341230	-809151	809150	18.6
Public Grievances Chamber	2372082	2166149	2639857	-473709	473708	17.9
National Legislative Assembly	344328567	161589843	383198479	-221608637	221608636	57.8
National Elections Commission	157417	#VALUE!	175187	-175188	175187	100
Council of States	4704245	24310297	5235288	19075008	19075008	364.4
Judiciary of South Sudan	85441508	60854531	95086667	-34232137	34232136	36
Legal Affairs & Constitutional Development	46346234	43561372	51578080	-8016708	8016708	15.5
Law Review Commission	2483844	4344312	2764235	1580076	1580076	57.2
Internal Affairs HQ	6456349	85529338	7185181	78344156	78344156	1090.4
Police	414415212	620317514	461196933	159120581	159120581	34.5
Prisons	231912149	338852985	258091809	80761175	80761175	31.3
Fire	55548236	69328204	61818860	7509343	7509343	12.1
Bureau of Community Security & Small Arms Control	3667843	3027421	4081891	-1054471	1054470	25.8
Human Rights Commission	8095097	5354039	9008921	-3654882	3654882	40.6
De-Mining Authority	4241700	3677366	4720529	-1043163	1043163	22.1
DDR Commission	26813410	17819373	29840271	-12020899	12020898	40.3
Ministry of Defense & Veteran Affairs	2416085770	3654310982	2688828292	965482689	965482689	35.9
Ministry for National Security, Office of the President	25120304	130886266	27956037	102930228	102930228	368.2
Gender, Child & Social Welfare	17519114	7807431	19496778	-11689348	11689347	60
Culture & Heritage	30672438	14172691	34134930	-19962240	19962239	58.5
Youth, Sport & Recreation	11873000	#VALUE!	13213296	-13213297	13213296	100

Peace Building & CPA Implementation	12875735	6574209	14329226	-7755018	7755017	54.1
War Disabled, Widows & Orphans Commission	35536277	20157703	39547829	-19390127	19390126	49
South Sudan Relief & Rehabilitation Commission	28094776	70773524	31266286	39507238	39507238	126.4
Humanitarian Affairs & Disaster Management	16800625	25604959	18697182	6907776	6907776	36.9
General Block Transfers	721184170	812358000	802595845	9762154	9762154	1.2
State Legislative Assembly	66150000	67700000	73617416	-5917417	5917416	8
Counties	99475000	1068715	110704345	-109635631	109635630	99
allocated expenditure	7977936847	8878535100	7356115248	1522419851	2968088719	
interests						
contingency	39,683,277	39,683,277				
total expenditure	8017620124	8918218377				
aggregate outturn (PI-1)						111.2
composition (PI-2) variance						40.3
contingency share of budget						0.5

Data for year = 2012/13

administrative or functional head	budget	actual	adjusted budget	deviation	absolute deviation	
Anti-corruption Commission	11146904	5579102	12405234	-6826133	6826132	55
Audit Chamber	11812112	5972400	13145535	-7173136	7173135	54.6
National Bureau of Statistics	13122893	4850874	14604285	-9753412	9753411	66.8
Ministry of Finance & Economic Planning	116671017	280956005	129841554	151114451	151114451	116.4
SS Fiscal & Financial Allocation & Monitoring Commission	1405846	1040457	1564546	-524090	524089	33.5
South Sudan Reconstruction & Development Fund	2485996	1650401	2766630	-1116230	1116229	40.3
Revenue Authority	5000000	0	5564430	-5564431	5564430	100
Ministry of Commerce & Industry	10604527	6396005	11801630	-5405626	5405625	45.8
Ministry of Petroleum & Mining	18912275	55892261	21047208	34845052	34845052	165.6
Electricity Cooperation	39682659	10020162	44162280	-34142118	34142117	77.3
Ministry of Information & Broadcasting	42494128	19644862	47291124	-27646263	27646262	58.5
Investment Authority	4883999	25131943	5435334	19696608	19696608	362.4
Ministry of Telecommunication & Postal Services	46019417	1805772	51214369	-49408598	49408597	96.5
Ministry of Electricity & Dams	99306479	17602698	110516801	-92914103	92914102	84.1
Ministry of General Education & Instruction	340247435	283352248	378656644	-95304397	95304396	25.2
Ministry of Higher Education, Science & Technology	113862533	83427546	126716031	-43288485	43288485	34.2
Ministry of Health	180425692	127380999	200793246	-73412248	73412247	36.6
HIV/Aids Commission	11631874	5169904	12944951	-7775047	7775047	60.1
Ministry of Housing & Physical Planning	30021069	11985222	33410030	-21424809	21424808	64.1
Ministry of Roads & Bridges	35592909	335168951	39610854	295558097	295558097	746.2
South Sudan Urban Water Corporation	11104721	382253	12358289	-11976037	11976036	96.9
Ministry of Water Resources & Irrigation	44558904	71523556	49588985	21934570	21934570	44.2
South Sudan Roads Authority	5925793	7483111	6594732	888378	888378	13.5
Ministry of Transport	33012889	14968324	36739585	-21771262	21771261	59.3
Ministry of Agriculture, Forestry, Cooperatives & Rural Dev't	104665748	29628752	116481057	-86852306	86852305	74.6
Ministry of Animal Resources & Fisheries	27581541	5027140	30695113	-25667974	25667973	83.6
Ministry of Wildlife Conservation & Tourism	198706464	10693289	221137663	-210444375	210444374	95.2
Ministry of Environment	5721623	183301137	6367514	176933622	176933622	2778.7
South Sudan Land Commission	1328946	3210660	1478965	1731694	1731694	117.1
Agricultural Bank	5027140	858629	5594634	-4736006	4736005	84.7
Office of the President	166734022	304408882	185555977	118852905	118852905	64.1
Ministry of Cabinet Affairs	95266940	71142411	106021254	-34878843	34878842	32.9
Ministry of Labor, Public Service & Human Resource Dev't	12138168	9096185	13508398	-4412214	4412213	32.7
Ministry of Parliamentary Affairs	3572081	2044849	3975319	-1930471	1930470	48.6
Ministry of Foreign Affairs & International Cooperation	66645380	132500651	74168717	58331933	58331933	78.6
South Sudan Civil Service Commission	2949955	1725256	3282963	-1557708	1557707	47.4
South Sudan Local Government Board	1328295	1184627	1478241	-293615	293614	19.9
South Sudan Employees Justice Chamber	2365169	2054856	2632163	-577308	577307	21.9
South Sudan Public Grievances Chamber	1359440	909427	1512901	-603475	603474	39.9
National Legislative Assembly	160408454	2039860	178516340	-176476481	176476480	98.9
National Elections Commission	1460016	101651548	1624831	100026716	100026716	6156.1
Council of States	20496882	21203936	22810695	-1606760	1606759	7
Judiciary of South Sudan	77541544	48544132	86294907	-37750776	37750775	43.7
Ministry of Justice	35318410	17279339	39305367	-22026029	22026028	56
South Sudan Law Review Commission	2308058	1879824	2568605	-688782	688781	26.8
Ministry of Interior	84099660	56297439	93593343	-37295905	37295904	39.8
Police	526718806	554256386	586178042	-31921657	31921656	5.4
Prisons	285458748	286866274	317683075	-30816802	30816801	9.7
Fire Brigade	83797272	79832535	93256820	-13424285	13424285	14.4

Bureau of Community Security & Small Arms Control	2016802	1449915	2244470	-794556	794555	35.4
South Sudan Human Rights Commission	3553677	2030238	3954837	-1924600	1924599	48.7
De-Mining Authority	2285642	2079268	2543659	-464392	464391	18.3
Disarmament, Demobilization & Reintegration Commission	12927962	7474836	14387349	-6912514	6912513	48
Ministry of Defense & Veteran Affairs	2542356045	2648033586	2829352728	-181319142	181319141	6.4
National Security Service	172833760	189593312	192344290	-2750979	2750978	1.4
Ministry of Gender, Child & Social Welfare	7069317	4117649	7867344	-3749696	3749695	47.7
Ministry of Culture, Youth & Sport	12452011	5684678	13857670	-8172993	8172992	59
Peace Commission	3470648	2014856	3862436	-1847580	1847580	47.8
War Disabled, Widows & Orphans Commission	9835437	1957817	10945721	-8987904	8987903	82.1
South Sudan Relief & Rehabilitation Commission	20559290	13633344	22880148	-9246805	9246804	40.4
Ministry of Humanitarian Affairs & Disaster Management	21806107	8990301	24267713	-15277413	15277412	63
Block Transfers General	580449501	473309803	645974187	-172664384	172664384	26.7
Block Transfers Legislative Assembly	0	147141678	0	147141678	147141678	
Block Transfers Counties	69615000	0	77473566	-77473567	77473566	100
allocated expenditure	6664162032	6812534367	7416453357	-603918990	2858030408	
interests						
contingency	0	0				
total expenditure	6664162032	6812534367				
aggregate outturn (PI-1)						102.2
composition (PI-2) variance						38.5
contingency share of budget						

Data for year = 2014/15

administrative or functional head	**budget**	**actual**	**adjusted budget**	**deviation**	**absolute deviation**	
Anti-Corruption Commission (ACC)	16092186	9600463	19948017	-10347555	10347554	51.8726
Audit Chamber (AUD)	36014422	11433244	44643800	-33210556	33210555	74.3901
Finance & Economic Planning (FIN)	143098740	566351305	177386479	388964826	388964826	219.275
Fiscal & Financial Allocation & Monitoring Commission (FFM)	1959841	1551105	2429436	-878332	878331	36.1537
National Bureau of Statistics (STA)	56559864	5260579	70112113	-64851535	64851534	92.4969
National Revenue Authority (NRA)	989399	0	1226467	-1226468	1226467	100
Reconstruction & Development Fund (RDF)	2902340	2261144	3597766	-1336623	1336622	37.1514
Commerce (COM)	15296546	9821468	18961735	-9140268	9140267	48.2037
Electricity & Dams (ED)	54159599	10758011	67136723	-56378713	56378712	83.976
Electricity Cooperation (EC)	43816639	19521592	54315498	-34793906	34793905	64.0589
Industry (IND)	2609289	1669664	3234498	-1564834	1564833	48.3795
Information & Broadcasting (IB)	40235972	32398672	49876871	-17478199	17478198	35.0427
Investment Authority (IA)	5583808	3689502	6921738	-3232237	3232236	46.6969
Irrigation & Water Resources (IWR)	46079266	36650871	57120270	-20469400	20469399	35.8356
National Bureau of Standards (STD)	23310824	12753353	28896306	-16142954	16142953	55.8651
Petroleum & Mining (PM)	33089767	465791301	41018371	424772930	424772930	1035.57
Petroleum and Gas Commission (PGC)	4449002	3033785	5515022	-2481238	2481237	44.9905
Telecommunication & Postal Services (TPS)	33287917	24472296	41264000	-16791704	16791703	40.6933
Urban Water Corporation (WTR)	15821661	12369406	19612672	-7243267	7243266	36.9316
General Education & Instruction (GE)	436987101	391369887	541693123	-150323237	150323236	27.7506
Higher Education, Science & Technology (HE)	166656799	152148640	206589260	-54440620	54440619	26.3521
Drug and Food Control Authority (DFC)	10770584	1766050	13351312	-11585263	11585262	86.7725
Health (MOH)	357863924	256705001	443611324	-186906324	186906323	42.1329
HIV/Aids Commission (HAC)	15890434	5242312	19697924	-14455612	14455611	73.3865
Housing & Physical Planning (HPP)	17119401	7185510	21221362	-14035853	14035852	66.1402
Roads & Bridges (RB)	107045019	128702796	132693964	-3991168	3991167	3.0078
South Sudan Roads Authority (RA)	4270511	3872686	5293763	-1421078	1421077	26.8444
Transport (TR)	54800155	53766743	67930762	-14164020	14164019	20.8507
Agricultural Bank of South Sudan (AB)	2220332	1700723	2752343	-1051621	1051620	38.2082
Agriculture & Forestry (A&F)	77410349	40697132	95958561	-55261430	55261429	57.5888
Environment and Sustainable Development (ESD)	15505099	5428586	19220259	-13791673	13791672	71.7559
Land Commission (LND)	1996115	1802711	2474402	-671691	671691	27.1456
Livestock & Fisheries (ARF)	26361503	12777550	32677955	-19900406	19900405	60.8986
Tourism (TOU)	8801275	6516691	10910139	-4393448	4393447	40.2694
Wildlife Conservation (WLD)	209287441	254575636	259434586	-4858950	4858949	1.8729
Cabinet Affairs (CAB)	99260714	148128128	123044470	25083658	25083658	20.3858
Civil Service Commission (CSC)	3419510	2389396	4238855	-1849459	1849458	43.6311
Council of States (COS)	29143355	32936618	36126363	-3189746	3189745	8.8294
Employees Justice Chamber (EJC)	2731640	2413459	3386165	-972707	972706	28.7259
Foreign Affairs (FA)	191979745	206354774	237979811	-31625037	31625036	13.289
Labor (LAB)	5182564	5144513	6424352	-1279840	1279839	19.9217

Local Government Board (LGB)	1817573	1599213	2253079	-653867	653866	29.021
Minister in the Office of the President (OOP)	217018392	688408756	269017942	419390814	419390814	155.897
National Constitution Review Commission (NCR)	22504270	5366660	27896494	-22529835	22529834	80.7622
National Elections Commission (NEC)	33759432	19390669	41848494	-22457825	22457824	53.6646
National Legislative Assembly (NLA)	252787686	147334834	313357879	-166023045	166023044	52.9819
Parliamentary Affairs (PAL)	4093775	2904343	5074680	-2170337	2170336	42.7679
Public Grievances Chamber (PGC)	1564192	1109986	1938986	-829001	829000	42.7543
Public Service (MPS)	10952081	11608642	13576297	-1967656	1967655	14.4933
Bureau of Community Security & Small Arms Control (SSC)	2326580	1646076	2884049	-1237974	1237973	42.9248
Commission for Refugees Affairs (REF)	13909516	7024133	17242360	-10218228	10218227	59.2623
Fire Brigade (FIR)	107975915	111038015	133847911	-22809896	22809895	17.0417
Human Rights Commission (HRC)	5648576	3725317	7002025	-3276709	3276708	46.7966
Interior Headquarters (MIH)	135366079	103624548	167801003	-64176455	64176454	38.2456
Judiciary of South Sudan (JSS)	72778614	42628871	90217021	-47588151	47588150	52.7485
Justice (JUS)	56746510	27604326	70343482	-42739156	42739155	60.7578
Law Review Commission (LRC)	7844676	3440889	9724330	-6283441	6283440	64.6157
Police Service (POL)	770237163	782469822	954792884	-172323063	172323062	18.0482
Prisons Service (PRN)	373345446	381746742	462802358	-81055616	81055615	17.5141
Defense (MOD)	3280410140	4569339267	4066425786	502913481	502913481	12.3675
De-Mining Authority (DMA)	3100450	3903399	3843345	60053	60053	1.5625
Disarmament, Demobilization & Reintegration (DRC)	18109185	8984963	22448307	-13463345	13463344	59.9749
Office of the President for National Security (NS)	207317178	292809832	256992230	35817602	35817602	13.9372
Veteran Affairs (VA)	460157161	591948366	570414937	21533429	21533429	3.775
Culture, Youth & Sports (CYS)	30250472	10673447	37498756	-26825309	26825308	71.5365
Gender, Child & Social Welfare (GSW)	13709928	11295330	16994949	-5699619	5699619	33.5371
Humanitarian Affairs & Disaster Management (HDM)	16307115	4714528	20214445	-15499918	15499917	76.6774
Peace Commission (PCE)	8489846	4254220	10524089	-6269869	6269868	59.5764
Relief & Rehabilitation Commission (RRC)	21953565	23677066	27213835	-3536770	3536769	12.9962
War Disabled, Widows & Orphans Commission (WWO)	7099988	1940247	8801208	-6860962	6860961	77.9548
Block grant	954674169	999118842	1183422649	-184303808	184303807	15.5738
allocated expenditure	9532316325	11816344680	11816344680	0	3637073591	43.23
interests	260000000					
contingency	250000000	1000000				
total expenditure	10042316325	11817344680				
aggregate outturn (PI-1)						1.18
composition (PI-2) variance						0.31
contingency share of budget						0.00

Results Matrix

year	for PI-1 total exp. Outturn	for PI-2.3 contingency share
2011/12	111.20%	
2012/13	102.20%	0.20%
2014/15	117.70%	

Calculation Sheet for PFM Performance Indicators PI-1, PI-2.1 and PI-2.3

Fiscal years for assessment

Year 1 = 2015/16

Data for year = 2015/16

administrative or functional head	**budget**	**actual**	**adjusted budget**	**deviation**	**absolute deviation**	**percent**
Anti-Corruption Commission	13670491	10610444	22599856	-11989413	11989412	53
Audit Chamber	35758932	12019826	59116145	-47096319	47096319	79
Finance & Economic Planning	1208226463	3300090745	1997422371	1.303E+09	1302668373	65
Fiscal & Financial Allocation & Monitoring Commission	1915214	1394307	3166203	-1771897	1771896	55
National Bureau of Statistics	20752968	5879294	34308504	-28429211	28429210	82
Reconstruction & Development Fund	3147331	2286054	5203121	-2917068	2917067	56
National Revenue Authority	1451310	-	2399284	-2399285	2399284	100
Electricity & Dams	12592483	6363562	20817709	-14454148	14454147	69
Electricity Cooperation	21669123	15547646	35823078	-20275433	20275432	56
Information & Broadcasting	36200071	39466670	59845429	-20378760	20378759	34
Investment Authority	7973577	2343546	13181801	-10838256	10838255	82
Irrigation & Water Resources	40113493	37532245	66315041	-28782797	28782796	43
National Bureau of Standards	20050659	14053123	33147457	-19094335	19094334	57
Petroleum & Mining	27992026	19547978	46276009	-26728032	26728031	57
Petroleum and Gas Commission	5596750	3786118	9252465	-5466348	5466347	59
Telecommunication & Postal Services	20647462	79920752	34134083	45786668	45786668	134
Trade, Industry and Investment	18889956	12607122	31228599	-18621478	18621477	59

Urban Water Corporation	18757248	17876185	31009208	-13133024	13133023	42
National Communications Authority	6726752	300000	11120568	-10820569	10820568	97
General Education & Instruction	388040987	330898721	641503701	-310604981	310604980	48
Higher Education, Science & Technology	288873359	336721187	477561225	-140840039	140840038	29
Drug and Food Control Authority	5885718	1426080	9730183	-8304104	8304103	85
Health	301280278	274525083	498072162	-223547080	223547079	44
HIV/Aids Commission	9026873	6646023	14923094	-8277072	8277071	55
Civil Aviation Commission	19636448	394642461	32462689	362179771	362179771	1115
Housing and physical Planning	26994310	5628863	44626599	-38997737	38997736	87
Roads & Bridges	88415488	139340934	146167195	-6826262	6826261	4
South Sudan Roads Authority	16837700	4050896	27835840	-23784945	23784944	85
Transport	33064431	12690095	54661635	-41971541	41971540	76
Agricultural Bank of South Sudan	4119573	1700723	6810418	-5109695	5109695	75
Agriculture & Forestry	68340159	35268706	112978954	-77710249	77710248	68
Animal Resources & Fisheries	17138935	11047996	28333837	-17285842	17285841	61
Environment and Sustainable development	14012843	7761287	23165827	-15404541	15404540	66
Land Commission	2454180	2517584	4057214	-1539631	1539630	37
Tourism	9058573	8609172	14975500	-6366329	6366328	42
Wildlife Conservation	245929745	344458675	406567468	-62108794	62108793	15
Cabinet Affairs	69312763	78805540	114586849	-35781310	35781309	31
Civil Service Commission	4573211	1834759	7560365	-5725607	5725606	75
Council of States	28737928	42312153	47509123	-5196971	5196970	10
Employees Justice Chamber	3074138	2391382	5082120	-2690739	2690738	52
Foreign Affairs	196468975	430517501	324799644	105717856	105717856	32
Labor, Public Service & Human Resource Development	24202599	17301444	40011383	-22709940	22709939	56
Local Government Board	2441524	2612476	4036291	-1423816	1423815	35
Minister in the Office of the President	195576219	2066639665	323323753	1.743E+09	1743315911	539
National Constitution Review Commission	28740866	6891780	47513980	-40622201	40622200	85
National Elections Commission	26012806	12894518	43003991	-30109474	30109473	70
National Legislative Assembly	290537978	185183842	480313149	-295129307	295129307	61
Parliamentary Affairs	3728513	4378847	6163923	-1785077	1785076	28
Public Grievances Chamber	2103324	1441447	3477184	-2035738	2035737	58
Parliamentary Service Commission	15000000	-	24797781	-24797782	24797781	100
Bureau of Community Security & Small Arms Control	2624930	1872826	4339496	-2466670	2466670	56
Commission for Refugees Affairs	9985748	7086454	16508293	-9421839	9421839	57
Fire Brigade	111691081	135883443	184646066	-48762624	48762623	26
Human Rights Commission	5982622	4250320	9890383	-5640064	5640063	57
Interior Headquarters	109845731	135527481	181595360	-46067880	46067879	25
Judiciary of South Sudan	75771990	64043926	125265149	-61221224	61221223	48
Justice	30828675	26158857	50965516	-24806659	24806659	48
Law Review Commission	8139052	2215588	13455362	-11239775	11239774	83
Police Service	846018817	1132119789	1398625972	-266506184	266506183	19
Prisons Service	378635293	499649244	625954345	-126305102	126305101	20
Defense	3507644984	4851659426	5798787543	-947128118	947128117	16
De-Mining Authority	4047761	3092829	6691699	-3598871	3598870	53
Disarmament, Demobilization & Reintegration	15087352	7935017	24942190	-17007174	17007173	68
Office of the President for National Security	295307837	582577340	488198610	94378729	94378729	19
Veteran Affairs	758252590	964303934	1253532125	-289228192	289228191	23
Culture, Youth & Sports	22617637	13446924	37391147	-23944224	23944223	64
Gender, Child & Social Welfare	16001253	21386688	26453038	-5066351	5066350	19
Humanitarian Affairs & Disaster Management	17586171	11101223	29073201	-17971979	17971978	61
Peace Commission	8463384	2836310	13991543	-11155233	11155233	79
Relief & Rehabilitation Commission	21680030	46437497	35841109	10596387	10596387	29
War Disabled, Widows & Orphans Commission	6037602	2758889	9981275	-7222387	7222386	72
allocated expenditure	10,204,003,293	16,869,109,462	16,869,109,462	0	7,329,287,396	0.00
interests						
contingency	0					
total expenditure	10204003293	16869109462				
aggregate outturn (PI-1)						1.65
composition (PI-2) variance						0.43
contingency share of budget						0.00

Results Matrix

Year 2015/16	for PI-1 total exp. Outturn165.3%	for PI-2.1 composition variance 43.4%	for PI-2.3 contingency share None

Calculation Sheet for Expenditure by Economic Classification Variance PI-2.2

Fiscal years for assessment

Year 1 =	2011/12
Year 2 =	2012/13
Year 3 =	2014/15

Data for year = 2011/12

Economic head	**budget**	**actual**	adjusted budget	deviation	absolute deviation	percent
Wages and Salaries	2693448666	3801410235	3,406,950,798.2	394,459,436.8	394,459,436.8	11.6%
Use of Goods and Services	1631597595	2196820613	2,063,812,390.0	133,008,223.0	133,008,223.0	6.4%
Capital Expenditure	1323917730	1859352065	1,674,627,262.8	184,724,802.2	184,724,802.2	11.0%
Transfers	2180316696	1911517002	2,757,888,725.2	-846,371,723.2	846,371,723.2	30.7%
Other Expenditure	188339437	372410345	238,231,083.9	134,179,261.1	134,179,261.1	56.3%
Total expenditure	8017620124	10141510260	10,141,510,260.0	0.0	1,692,743,446.3	
composition variance						16.7%

Data for year = 2012/13

Economic head	**budget**	**actual**	adjusted budget	deviation	absolute deviation	percent
Wages and Salaries	2975269387	3201709597	2,996,865,609.9	204,843,986.8	204,843,986.8	6.8%
Use of Goods and Services	1390811237	1302830743	1,400,906,547.9	-98,075,805.4	98,075,805.4	7.0%
Capital Expenditure	454336106	1658124286	457,633,939.8	1,200,490,346.2	1,200,490,346.2	262.3%
Transfers	1816341610	44877735	1,829,525,666.0	-1,784,647,931.0	1,784,647,931.0	97.5%
Other Expenditure	27403692	504992007.2	27,602,603.8	477,389,403.4	477,389,403.4	1729.5%
Total expenditure	6664162032	6712534367	6,712,534,367.4	0.0	3,765,447,472.8	
composition variance						56.1%

Data for year = 2014/15

Economic head	**budget**	**actual**	adjusted budget	deviation	absolute deviation	percent
Wages and Salaries	4,412,535,083	5,713,838,856	5,471,212,405.7	242,626,449.9	242,626,449.9	4.4%
Use of Goods and Services	2,218,955,958	2,549,108,900	2,751,338,887.2	-202,229,987.5	202,229,987.5	7.4%
Capital Expenditure	2,466,181,531	2,559,873,736	3,057,880,047.0	-498,006,311.0	498,006,311.0	16.3%
Transfers	426,883,753	515,011,976	529,303,822.2	-14,291,846.7	14,291,846.7	2.7%
Other Expenditure	7,760,000	481,523,513	9,621,817.7	471,901,695.3	471,901,695.3	4904.5%
Total expenditure	9532316325	11819356980	11,819,356,980.0	0.0	1,429,056,290.3	
composition variance						12.1%

Results Matrix

year	composition variance
2011/12	16.7%
2012/13	56.1%
2014/15	12.1%

Annex 4 Calculation Sheet for Expenditure by Economic Classification Variance PI-2.2

Fiscal years for assessment

Year 1 =	2015/16

Data for year =	**2015/16**					
Economic head	**budget**	**actual**	**adjusted budget**	**deviation**	**absolute deviation**	**percent**
Salaries	5462960070	7487145937	8659469217	-1172323280	1172323280	13
Operating	1672364133	4208342824	2650904554	1557438269	1557438269	58
Capital	266096399	2099299333	421795793	1677503539	1677503539	397
Transfers	2794822691	2985660619	4430140573	-1444479955	1444479954	32
Other including interest	107760000	88660751	170812964	-82152214	82152213	48
Externally funded Spending (both loans and grants)	338135700	658	535987019	-535986362	535986361	100
Total expenditure	10642138993	16869110122	16869110122	0	6469883619	0
composition variance						38.40%

Results Matrix

year	composition variance
2015/16	38.40%

Fiscal years for assessment

Year 1 =	2015/16

Data for year =	**2015/16**					
Economic head	**budget**	**actual**	**adjusted budget**	**deviation**	**absolute deviation**	**percent**
Salaries	5462960070	7487145937	8,659,469,217.0	-1,172,323,280.0	1,172,323,280.0	13.5%
Operating	1672364133	4208342824	2,650,904,554.3	1,557,438,269.7	1,557,438,269.7	58.8%
Capital	266096399	2099299333	421,795,793.2	1,677,503,539.8	1,677,503,539.8	397.7%
Transfers	2794822691	2985660619	4,430,140,573.9	-1,444,479,954.9	1,444,479,954.9	32.6%
Other including interest	107760000	88660751	170,812,964.2	-82,152,213.2	82,152,213.2	48.1%
Externally funded Spending (both loans and grants)	338135700	658	535,987,019.5	-535,986,361.5	535,986,361.5	100.0%
			0.0	0.0	0.0	
			0.0	0.0	0.0	
Total expenditure	10642138993	16869110122	16,869,110,122.0	0.0	6,469,883,619.1	
composition variance						38.4%

Results Matrix

year	composition variance
2015/16	38.4%

Calculation Sheet for Revenue composition outturn (in millions of SSP)
Fiscal years for assessment

Year 1 =	2015/16
Year 2 =	2014/15

Data for year =	**2015/16**					
Economic head	**budget**	**actual**	**adjusted budget**	**deviation**	**absolute deviation**	**percent**
		Tax revenues				
PIT	1,243	1,138	2,051.6	-913.6	913.6	44.5%
Sales tax/VAT	1,345	897	2,220.0	-1,323.0	1,323.0	59.6%
Excise	730	378	1,204.9	-826.9	826.9	68.6%
Business Profit Tax	334	549	551.3	-2.3	2.3	0.4%
Customs	740	493	1,221.4	-728.4	728.4	59.6%
Other taxes			0.0	0.0	0.0	-
		Grants				
Grants	128	235	211.3	23.7	23.7	11.2%
			0.0	0.0	0.0	-
Property income			0.0	0.0	0.0	-
Net oil revenue	1,515	7,553	2,500.6	5,052.4	5,052.4	202.0%
Other revenue	936	263	1,544.9	-1,281.9	1,281.9	83.0%
Total revenue	6971	11506	11,506.0	0.0	10,152.3	
overall variance						165.1%
composition variance						88.2%
Data for year =	**2014/15**					
Economic head	**budget**	**actual**	adjusted budget	deviation	absolute deviation	percent
		Tax revenues				
Net Oil Revenue	8899	4,666	4,592.7	73.3	73.3	1.6%

PIT	332	341	171.3	169.7	169.7	99.0%
Sales Tax/VAT	975	346	503.2	-157.2	157.2	31.2%
Excise	359	185	185.3	-0.3	0.3	0.2%
Business Profit Tax	209		107.9	-107.9	107.9	100.0%
Customs	116	191	59.9	131.1	131.1	219.0%
Grants						
Grant	158	89	81.5	7.5	7.5	9.1%
Other revenue						
Other Revenue (fees, licenses)	663	226	342.2	-116.2	116.2	34.0%
Total revenue	11711	6044	6,044.0	0.0	763.0	
overall variance						51.6%
composition variance						12.6%

Results Matrix

year	total revenue deviation	composition variance
2015/16	165.1%	88.2%
2014/15	51.6%	12.6%

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