



HESPI

Assessment of Public Financial Management: Government of the Republic of South Sudan

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1. COUNTRY AND MACROECONOMIC BACKGROUND

- ❑ South Sudan is home for 12 million people (in 2016) with annual population growth of 3-4 percent.
- ❑ Chronic political and economic volatilities since its independence in 2011.
 - Oil shutdown in 2012 (dispute with Sudan over transit fees)
 - outbreak of civil war in December 2013
 - a peace agreement (august 2015)
 - another round of conflict erupted in July 2016
 - In absolute terms the South Sudanese GDP was 15 billion in 2011 and that later oscillated between 8 and 10 billion throughout 2012-15.

Scope of the Assessment

- In 2011, The World Bank had conducted a PEFA assessments for the Jonglei State, and overall government
- the budgetary central government
- 2014/15, 2015/16, and to a certain extent 2016/17 have been received.
- It also covered some PFM aspects since the independence of South Sudan in 2011.

Objectives:

- gives a perspective on the economic environment surrounding public finance operations of the GRSS;
- reviews Legal Framework used by the government in the PFM process;
- analyzes budget planning and implementation and how they are intertwined;
- examines the governments control system that resources are well mobilized and channeled to their intended destinations;
- assesses the extent to which policy-based strategy and planning are used to integrate public finance with overall national policy directions;
- assesses the extent of transparency and accountability in terms of access to information, reporting and audit

The PEFA

- 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 DOES :

- PEFA focuses on assessing **the extent to which the PFM system is an enabling factor** for achieving policy outcomes.
- The PEFA report summarizes the government's reform agenda

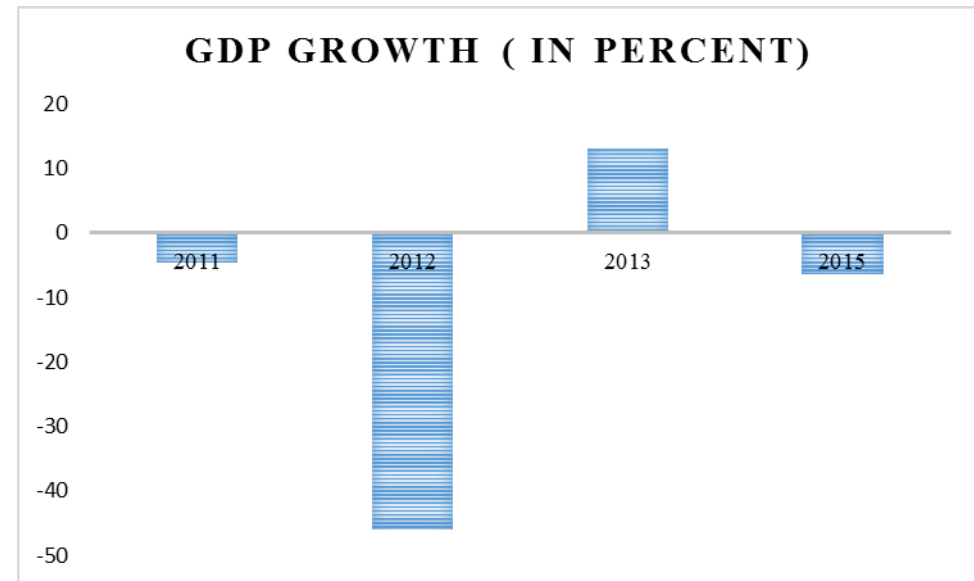
PEFA DOES NOT:

- measure every factor affecting PFM performance, such as the legal framework or human resource capacities
- involve fiscal policy analysis
- Policy Effects on reducing poverty or other goals or whether value for money is achieved in service delivery.
- provide recommendations for reforms or make assumptions about the potential impact of ongoing reforms on PFM performance.

(PEFA, 2016, pp 11-12).

2. THE MACRO ECONOMY

The years since 2014: Hyper inflation



WDI, World Bank (2016)

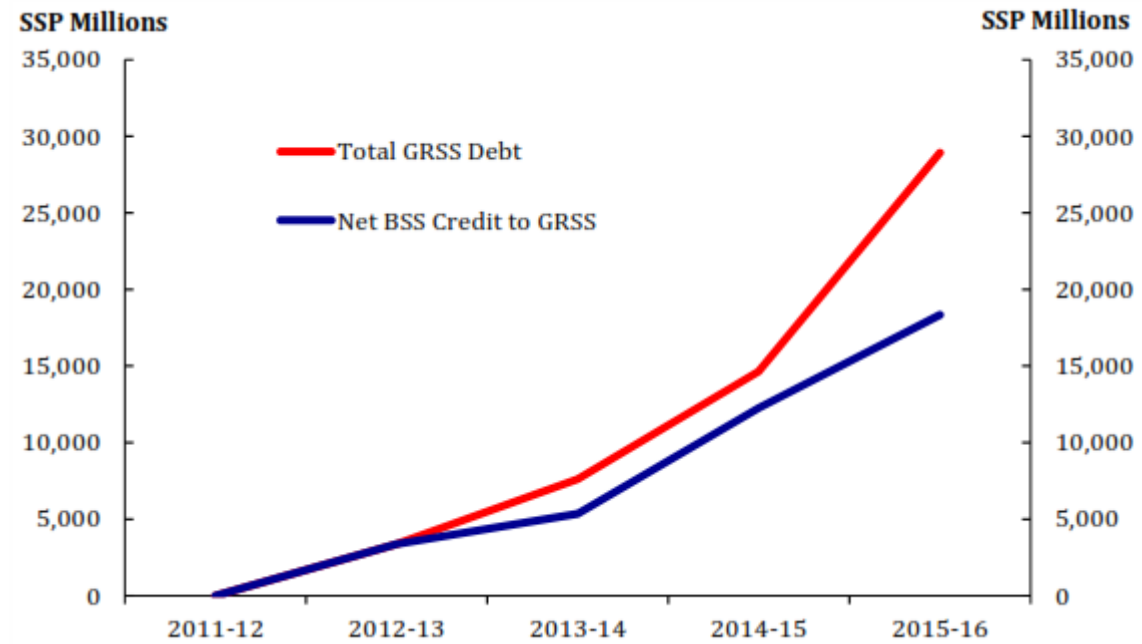
Indicators	2011	2012	2013	2014	2015	2016
Gross Savings (% GDP)				-9.4	-42	
Gross Capital Formation (% GDP)	9.5	11.2	10.6	10	11	
Resource Gap				-20	-53	
Final Consumption Expenditure (% GDP)	52	124	111	104	137	
HH Final Consumption Expenditure (% GDP)	39	101	86	80	101	
External balance on goods and services (% of GDP)	39	-35	-22	-14	-48	
CPI Inflation	47	45	-0.04	3	50	381
Deposit rate		1.98	1.36	1.39	1.20	
Broad Money (% GDP)	9.2	21.5	16.6	20	46.3	

Source: WDI, World Bank (2016)

(IMF, 2017):

- Monetization of the fiscal deficit led to strong money growth, high inflation and drastic exchange rate depreciation.
- Since December 2015, the South Sudanese pound has lost more than 95 percent of its value against the U.S. dollar.
- The current account deficit that was 7 percent of GDP in 2014 had suddenly skyrocketed to reach 34 percent in 2015.
- lending rate was between 10 and 19 percent for 2012-16.
- Public expenditure on education as percent of GDP remained below 2 percent of GDP for all the years 2011-2016.

Trends in GRSS Debt Position



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

3. LEGAL FRAMEWORK AND THE GOVERNMENT STRUCTURE

The Transitional Constitution of the Republic of South Sudan, 2011

- The president shall cause to be presented to the National Legislative Assembly 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;
- The financial year shall be from July 1 to June 30

Spending Agency:

- shall demonstrate outputs and targets relating to service delivery for past and future 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

Budget and Appropriations

- The budget shall include detailed estimates of the proposed revenue and expenditure for the forthcoming year compared to those of the previous financial year.
- 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.

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- Medium Term Expenditure Framework which allocates resources annually by Spending Agency over the coming three year period.
 - 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, without the approval of the Assembly through a Supplementary Appropriation Bill.
 - All revenues collected shall be pooled into a National Revenue Fund
 - . 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

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- 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 Assembly before the 15 day of May of each and every financial year, in accordance with the provisions of the Constitution.

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- Borrowing Limits: The total gross debt stock of the Government shall not exceed: 20% of the Gross Domestic Product of South Sudan
 - 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 essentially managed as one from a cash point of view.

RECENT BUDGET APPROPRIATION EXPERIENCE/ 2017/16

- Resources are not well aligned to development priority sectors.
- Huge chunk of budget allocation for the public administration and security sectors.
- The social and economic development sectors account only very small share

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

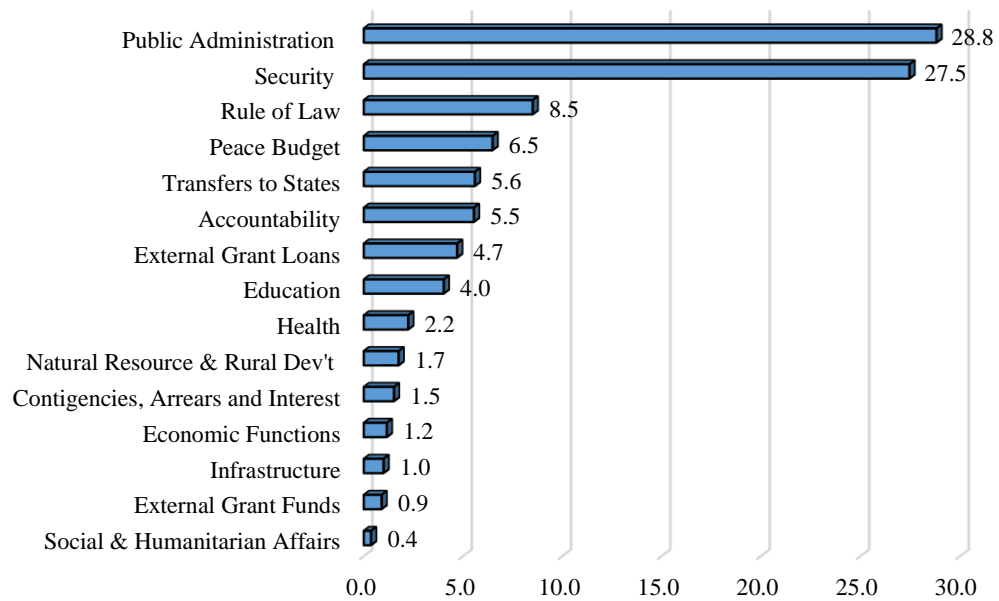


Figure 1 South Sudan Appropriated Budget for 2017/18 (% share)

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.

4. DETAILED PFM ASSESSMENT

Assessment Methodology

- Public Expenditure and Financial Accountability (PEFA) framework
- We derived the mandatory standard quantitative indicators stipulated in the PEFA and qualitative tools.
- Weakest Link (WL) method or the Averaging (AV) method.
- The key informant interviews conducted with high-level officials in spending agencies, MoFP, Audit Chamber, Members of Parliament and others have helped fill significant data and information gaps.

Seven pillars

indicators

dimensions

Pillars of PEFA covered in the assesement:

- **Budget reliability:** is budget implemented as intended.
- **Transparency of public finances:** Is PFM comprehensive, consistent, and accessible to users. Comprehensive budget classification, transparency of all government revenue and expenditure,
- **Policy-based fiscal strategy and budgeting:** if the fiscal strategy and the budget are prepared with due regard to fiscal policies, strategic plans, and adequate macroeconomic and fiscal projections.
- **Predictability and control in budget execution:** if resources are obtained and used as intended.
- **Accounting and reporting:** If produced, maintained, & disseminated at appropriate times.
- **External scrutiny and audit:**

5. ASSESSMENT RESULTS

BUDGET RELIABILITY

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)

Budget Reliability...

PI-1. Aggregate expenditure outturn

Actual aggregate expenditure that deviates significantly from the original, approved budget undermines fiscal discipline and the ability of governments to control the total budget

- 2011/12 and 2012/13 was good at “B” (deviation 90 – 110 %).
- 2014/15 and 2015/16 the score fall to “D” (deviation < 115 %).

year	Total Expenditure outturn(PI-1)	Score
2011/12	111.2%	B
2012/13	102.2%	
2014/15	117.7%	D
2015/16	165.3%	

Budget Reliability...

PI-2. Expenditure composition outturn

variance in expenditure composition.

- Reallocation of resources from one spending agency to another has always been a serious challenge to the GRSS.
- A composition variance greater than 15 % is enough to be scored “D”. The composition variances for GRSS are all above 30 percent

year	composition variance (PI-2.1)	Score
2011/12	40.3%	D
2012/13	38.5%	
2014/15	30.8%	D
2015/16	43.4%	

Budget Reliability...

Dimension 2.1. Expenditure composition outturn by function

Table 7 Expenditure composition outturn by function, PI-2.1 Results Matrix

year	composition variance (PI-2.1)	Score
2011/12	40.3%	D
2012/13	38.5%	
2014/15	30.8%	D
2015/16	43.4%	

Dimension 2.2. Expenditure composition outturn by economic type

year	composition variance (PI-2.2)	Score
2011/12	16.7%	D
2012/13	56.1%	
2014/15	12.1%	C or D
2015/16	38.4%	

Budget Reliability...

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 3 years gap between 2011/12 and 2014/15, we preferred to provide score for each of the years separately instead of averaging them out. And the rest of the years without contingency reports have receive a score of 'A'.

A Actual expenditure charged to a contingency vote was on average less than 3% of the original budget.

C Actual expenditure charged to a contingency vote was on average more than 6% but less than 10% of the original budget.

year	contingency share (PI-2.3)	SS's Score
2011/12	11.2%	D
2012/13	No contingency reported	A
2014/15	-22.8%	A
2015/16	No contingency reported	A

Budget Reliability...

PI-3. Revenue outturn

uses the **M2 (AV)** method

- Dimension 3.1. Aggregate revenue outturn
- Dimension 3.2. Revenue composition outturn

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.

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.

Budget Reliability...

Dimension 3.1. Aggregate revenue outturn

year	total revenue deviation	Score
2014/15	51.6%	D
2015/16	165.1%	

☐ the revenue outturns of GRSS 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 in the nominal revenue collections.

C Actual revenue was between 92% and 116% of budgeted revenue in at least two of the last three years.

Budget Reliability...

Dimension 3.2. Revenue composition outturn

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.

C Variance in revenue composition was less than 15% in two of the last three years.??

year	Revenue composition variance	Score
2014/15	12.6%	D
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.

INDICATORS	DIMENSIONS
4. Budget classification	4.1 Budget classification
5. Budget documentation	5.1 Budget documentation

The following indicators have not been scored:

Central government operations outside financial reports

Transfers to subnational governments

Performance information for service delivery

Public access to fiscal information

PI-4. Budget classification

Dimension 4.1. Budget classification

B Budget formulation, execution, and reporting are based on administrative, economic (at least 'Group' level of the GFS standard—3 digits), and functional/sub functional classification, using GFS/COFOG standards or a classification that can produce consistent documentation comparable with those standards.

The GRSS's budget classification to a large extent 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.

PI-5. Budget documentation

The Basic elements are:

1. Forecast of the fiscal deficit or surplus or accrual operating result.
2. Previous year's budget outturn, presented in the same format as the budget proposal.
3. Current fiscal year's budget presented in the same format as the budget proposal.
4. Aggregated budget data for both revenue and expenditure according to the main heads of the classifications used, including data for the current and previous year with a detailed breakdown of revenue and expenditure estimates.

The GRSS PFM, 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 GRSS'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.

Dimension 5.1. Budget documentation

- B Budget documentation fulfills 7 elements, including at least 3 basic elements (1–4).
- C Budget documentation fulfills at least 3 basic elements (1–4).

Thus, the most plausible budget documentation score for the central government of South Sudan 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.

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

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 GRSS. 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, MoFP 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.

C The government prepares forecasts of key macroeconomic indicators for the budget year and the two following fiscal years.

Thus, the GRSS’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 MoFP 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).

According to David's successor Minister Stephen (2016), the 2016/17 budget prioritizes the implementation of the Agreement for the Resolution of Conflict in South Sudan (ARCISS). And the ministry had presented bottlenecks of the previous budget year that the current year budget plan should take a lesson from. For instance, during the 2016/17 budget speech the following had been presented as major development bottlenecks to budget execution during 2015-16.

② Significant deviation of the oil price from its forecasted value

② 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.

② 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.

C The government prepares forecasts of revenue, expenditure and the budget balance for the budget year and the two following fiscal years.

Thus, the GRSS'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 should as well be “D”.

PI-15. Fiscal strategy

Dimension 15.1. Fiscal impact of policy proposals

C The government prepares estimates of the fiscal impact of all proposed changes in revenue and expenditure policy for the budget year.

For the same reason as macro fiscal forecast analysis receives a score of “D”

Dimension 15.2. Fiscal strategy adoption

There are limited qualitative assessment of fiscal plans in GRSS. 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 (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 2011-2014, when revenue from oil was promising, the size of the deficit and borrowing was limited to less than five percent (5%) of national budget. But now it is almost out of control. Table 13 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 (28 percent of GDP as of June 2016) was nearly double the size of the external debt (40 percent of GDP).

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 Arrears	5	20
Total borrowing from domestic banking system (as percent of GDP)		40

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

C The government has prepared for its internal use a current fiscal strategy that includes qualitative objectives for fiscal policy.

Thus, the score for the GRSS on this dimension is "C".

Dimension 15.3. Reporting on fiscal outcomes

A 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 MoFP has made it possible for several monthly, quarterly, annual reports available online. Although with some delays, the GRSS 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 MoFP confirm this. The report also sets out actions planned by the government to address any deviations, as prescribed in legislation. Hence the GRSS's score for this dimension is "A".

PI-16. Medium-term perspective in expenditure budgeting

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

C The annual budget presents estimates of expenditure for the budget year and the two following fiscal years allocated by administrative or economic classification.

South Sudan's score on this dimension is "D".

Dimension 16.2. Medium-term expenditure ceilings

C 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.

Thus, the GRSS's score for this dimension is "D".

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

C Medium-term strategic plans are prepared for some ministries. Some expenditure policy proposals in the annual budget estimates align with the strategic plans.

South Sudan's score on this dimension is "D".



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

C 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 score 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.

uses the M2 (AV) method for aggregating dimension scores:

Dimension 17.1. Budget calendar

Dimension 17.2. Guidance on budget preparation

Dimension 17.3. Budget submission to the legislature

Dimension 17.1 Budget calendar

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 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 EAC budget deadline of June 30.

C An annual budget calendar exists and some budgetary units comply with it and meet the deadlines for completing estimates.

Thus the GRSS’s score for the dimension of complying with budget calendars is “D”.

Dimension 17.2 Guidance on budget preparation

The pre-budget consultation is only with spending agencies (line ministries and other government agencies). In general, the Ministry of Finance and Planning initiate the process where it asks spending agencies prepare budgets based on their plans and the available resource envelope (ceilings) issued by MoFP. 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.

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: Now, the budget planning process is not done in a transparent manner because the budget ceiling is predetermined by the MoFP 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.

C 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.

Thus, based on the following scoring criterial the closest score for GRSS's guidance on budget preparation dimension is "C".

Dimension 17.3 Budget submission to the legislature

C 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 no 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 GRSS's score for this dimension is "D".

5.4 Predictability and Control in Budget Execution

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 nothing for operating expenditures, capital expenditures and others, arguing there is no money. It is not comprehensive because the budgets does not follow agency plans. It only follows the ceilings given by the ministry of finance and planning. 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

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 measures 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) (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 does publish some information that are all available on MFEP's website for wider public access.

5.6 External Scrutiny and Audit

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 (MPLSHRD). These issues are currently tabled for discussion in the proposed amendment of National Audit Act now under review by the National Assembly.

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 the three Es: Economy, Effectiveness and Efficiency.

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

The Audit Chamber has recommended punitive measures in its past audit reports. In regards to budget indiscipline, there have been no punitive measures taken against some of the spending agencies.

Summary of all scores

Overview of the scores of the PEFA indicators

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	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	C	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 body of the body of this assessment 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.