



REPUBLIC OF SOUTH SUDAN

**REVITALIZED TRANSITIONAL GOVERNMENT OF NATIONAL
UNITY (R-TGONU)**

BUDGET SPEECH FOR THE FY 2023/2024

Presented to National Legislature

By

Minister of Finance & Planning

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INTRODUCTION.

- 1 Right (Rt) Honorable (Hon) Speaker, Honorable Members of the Reconstituted Transitional National Legislature (TNL); Article 88 (1) of the Transitional Constitution, read together with article 15 of the Public Financial Management and Accountability Act 2011, cause for the Annual Budget proposal be prepared and presented in this August House. Therefore, allow me, Rt Hon Speaker and Hon Members, to present the Draft Budget for the Fiscal Year (FY) 2023/2024 to this August House. The Draft Budget outlines the Government's Annual Expenditure estimates as aligned to the Revenue forecasted to be realized during the FY 2023/2024.

CONTEXT OF THE 2023/2024 BUDGET.

- 2 Rt Hon Speaker, Hon Members, our economy continues to suffer from numerous external shocks and internal structural weaknesses, which have created acute macroeconomic instability and suffering to our people. The current war in Ukraine, the still lingering impacts of COVID-19 pandemic, impact of climate change (flooding and drought), low agricultural productivity, poor road infrastructure, inter-communal conflicts, and the now heightening conflict in the Sudan, all have contributed to the current weak state of our economy. We are working hard to put in place coherent strategies to address these challenges and to engage our international development partners for support.
- 3 Rt Hon Speaker, Hon Members, to address these challenges, the implementation and consolidation of the Peace is at the top of our government's priorities. To this respect, we are putting efforts, as a government, to ensure that the remaining articles of the R-ARCSS are fully implemented by providing adequate funding to the implementation of the Roadmap, to further consolidate peace and continue with the necessary reforms to stabilize our economy. We are also preparing to hold our first-ever National Economic Conference, which was announced by our President when he recently gave a speech to this August House. The Conference will bring all of us together to chart a clear road-map to address our chronic structural weaknesses facing our economy.
- 4 Rt Hon Speaker, Hon Members, the 2023/2024 proposed budget, aims at stimulating economic stability and recovery through viable fiscal, monetary, and structural reform measures. These include continuous steps for Public Financial Management (PFM) reforms, and the operationalization of the Public Procurement & Disposal of Assets Authority (PPDAA) as a way to promote economic stability and to improve the management of public resources.



- 5 Rt Hon Speaker, Hon Members, the economic recovery process is also spurred by the Revitalized Peace Agreement on the Resolution of Conflict in South Sudan (R-ARCSS). Therefore with this Peace implementation, we expect the internally displaced persons and those in the Refugee Camps, in the Neighboring countries to return to their homes and engage in productive activities including agriculture to further stabilize the economy.
- 6 Rt Hon Speaker, Hon Members, this budget's emphasis is to prioritize the allocation of the limited resources we have to increase the salaries of civil servants and members of the organized forces, improve roads and other infrastructural projects, create conducive environment for investment and to generate more non-oil revenues in order to avoid over dependence on oil. And equally, focus on social sector in order to improve service delivery and reduce vulnerability on our people. I am hopeful that the reforms within this Budget, combine with Peace, will lay the foundation for economic recovery and growth.

MACROECONOMIC OVERVIEW.

- 7 Rt Hon Speaker, Hon Members, the Revised National Development Strategy (R-NDS) has identified, among others, macroeconomic stability and long term fiscal Sustainability as the main macroeconomic objectives of South Sudan government. Macroeconomic stability of a country is determined by a stable economy, low level of inflation, exchange rate stability, prudent fiscal policy and stable and low interest rates. Long-term fiscal sustainability is when there exist a consistent relationship between the public expenditure estimates and revenue projections.
- 8 Rt Hon Speaker, Hon Members, although the rise in the Global oil price seem to be favoring us in terms of generating more revenue to the Government, it is worth mentioning that we are financially constrained because we equally spend more money on imported goods and services as we are net importers of most of essential goods and services.

PERFORMANCE OF THE 2022/2023 BUDGET.

- 9 Rt Hon Speaker, Honorable Members, we plan that the approval of 2023/2024 budget is going to be within schedule due to timely budget preparation and submission to this August House. We are determined that, through hard work of staff of Ministry of Finance and Planning in this fiscal year, the budget execution will commence as planned.
- 10 Rt Hon Speaker, Hon Members, before I present the figures for fiscal year 2023/2024, let me highlight our performance during the last fiscal year 2022/2023. During the FY

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2022/2023, the revenue collected in the first three quarters was SSP 1,071,104,985,602 trillion. This is due to rise in the crude oil price and improvement in tax administration by National Revenue Authority (NRA).

- 11 Rt Hon Speaker, Hon Members, the total Agencies' spending in the last three quarters is below by forty eight percent (48%) as compared to the projected Agencies spending of seventy five percent (75%). The total spending on Wages and Salaries was SSP 113,845,961,878 billion, Uses of Goods & Services SSP 208,619,203,763 billion. Furthermore, the Capital expenditures, Transfers and Other expenditures were SSP 30,441,439,146, SSP 43,749,684,911 billion, and SSP: 41,449,640,056 billion respectively.
- 12 In addition to the above expenditures, Ministry of Finance and planning was able to pay some of the mandatory obligations, these obligations include; Payment to Sudan (tariffs) SSP 346,406,209,974 billion, oil producing states/Administrative Areas (2%) SSP 11,191,200,000 billion, Oil producing Communities (3%) SSP 16,715,591,000 billion, Oil for Infrastructure SSP 228,570,891,670 billion, Future Generation Fund (FGF) SSP 6,183,900,000 billion, transfers to Ministry of Petroleum (3%) SSP 12,852,960,000 billion and NRA Operation fund SSP 6,944,444,873 billion.
- 13 Rt Hon Speaker, Hon Members, in regard to borrowing, Ministry of finance and planning on the behalf of the government of South Sudan was able to meet the payment obligations without any borrowings in the last three Quarters of the FY 2022/2023.

(a) Macroeconomic Policies.

- 14 Rt Hon Speaker, Hon Members, Ministry of Finance and Planning will continue to embark on PFM reforms and the Revised National Development Strategy (R-NDS) as basic economic policy documents which guide the government of South Sudan in resource mobilization and allocation to support economic growth and development.
- 15 Rt Hon Speaker, Hon Members, attaining the growth objective in FY 2023/2024, demands that the private sector plays a stronger role. It is also imperative that South Sudanese participate fully in the various economic activities. In addition, availability and access to credit will need to be enhanced. On our part as Government, we shall continue to focus on implementing structural reforms and providing infrastructure in order to reduce the cost of doing business. We shall also work to map on-going private sector engagements, assess gaps in private sector mobilization and how to close these gaps. We shall also support the development of public-private-partnerships (PPPs) to encourage private investments in the development of critical economic and social infrastructure.

The government will also work with development partners to empower private sector through building the capacity of local private sector.

16 Rt. Hon Speaker, Hon Members, the FY 2023-2024 budget is a lean budget with the theme of “**Consolidating Peace and Stabilizing the Economy**”. The aim is to use our limited resources to implement peace, prioritize salary increment and social spending, invest in infrastructure and meet government’s operational expenses.

17 Rt. Hon Speaker, Hon Members, the key macroeconomic objectives for the FY 2023/2024 budget is that the Real GDP growth will be 3.9% compared to 1.5% growth in FY 2022/2023; inflation will be 10.4% on average; exchange rate of the South Sudanese Pound against United States Dollar will stabilize at around 917; and Oil price will average USD 80.7 per a barrel.

(b) Monetary and financial sector in the FY 2023/2024.

18 Rt Hon Speaker, Hon Members, I would like to emphasize that the monetary policy, in FY 2023/2024, will continue to focus on maintaining macroeconomic stability in the wake of the global crises caused by the Ukraine War and Sudan Conflict. In this regard, the Bank of South Sudan will continue to implement measures aimed at enhancing price and exchange rate stability as well as the stability and resilience of the financial system against internal and external shocks.

(c) Fiscal Policy for FY 2023/2024.

19 Rt Hon Speaker, Hon Members, one of the key objectives of the Government in FY 2023/2024 is to consolidate fiscal discipline by maintaining appropriate level of borrowing and prudent budget execution. **In this regard**, Rt Hon Speaker, and Hon Members, the Government’s long-term debt management objective will be to raise adequate levels of financing at a reduced cost and risk. In addition, we will pursue strategies to ensure that the national public debt is maintained at sustainable levels.

20 Rt Hon Speaker, Hon Members, with respect to borrowing, Ministry of Finance and Planning shall solicit money from credible lenders to finance the fiscal gap. In this regard, the Ministry of Finance and Planning, shall re-introduce the Treasury Bills as a way to boost government capacity in raising revenues. Treasury Bills are short-term financial Instruments issued by the government with a maturity period of a year or less.

21 Rt Hon Speaker, Hon Members, with regard to aid, the Government will work with development partners to improve on Aid architecture whose objective is to ensure that

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the aid is aligned with the government priorities and to ensure regular monitoring and evaluation, as well as reporting on the aid effectiveness.

(d) Structural Reforms in the FY 2023/2024.

22 Rt. Hon Speaker, Hon Members, in July 2021, the Council of Ministers approved the Public Financial Management Reform Strategy (PFMRS). Public Financial Management will be critical in supporting not only good governance but also for effective and efficient delivery of the essential goods and services to our citizens. Our government will continue the PFM reform program and the full operationalization of the amended laws and regulations, relating to PFM.

(e) FY 2023/2024 BUDGET.

23 Rt Hon Speaker, Hon Members, the projected revenue for FY 2023/2024 amounts to SSP 1,837,873,440,803 while the proposed spending stands at SSP 2,105,014,441,619. This means that a deficit of SSP 267,141,000,816 billion, which is about 4.6% of the Gross National Product (GDP). This is the amount which we will have to financed through borrowing and from other sources.

i) Revenues Estimates and Measures.

24 Rt Hon Speaker, Hon Members, out of the gross revenues of SSP 1,837,873,440,803 for FY 2023/2024:

- a An amount of SSP 1,536,362,243,307 is from oil revenues,
- b SSP 245,331,162,471 is non-oil revenue, and
- c SSP 56,180,035,024 in form of grants.

25 The total oil production is projected at 132,362 barrels per day in FY 2023/2024, down from 150,000 barrels per day in the FY 2022/2023. The projected reduction of seventeen thousand six hundred thirty eight (17,638) barrels per day in oil production is due to depletion of some oil wells as well as the effects of floods experienced from 2021 to 2022. Government profit share in the oil production is forty-four percent.

26 Rt Hon Speaker, Hon Members, out of the gross oil revenues of SSP 1,536,362,243,307:

- a The Government has provided for direct transfers or mandatory payments of SSP 320,586,198,330, out of which,



- i SSP 173,144,102,618 in tariffs and fees to Sudan,
- ii Transfers to oil producing states/Administrative Area (2%) is SSP 30,727,244,866,
- iii Payments to the communities (3%) is SSP 46,090,867,299, and
- iv Transfers to Ministry of Petroleum (3%) of SSP 46,090,867,299, and
- v The National Revenue Authority (NRA) retains (10%) SSP 24,533,116,247.

27 Rt Hon Speaker, Hon Members, Non-oil revenues are projected at SSP 245,331,162,471 in FY 2023/2024. The projected increase in non-oil revenues is on account of the tax administration reforms undertaken by National Revenue Authority which include digitization of tax collections, broadening the tax base and the proposal to fully deploy National Revenue Authority staff in all the non- tax revenue collecting institutions. In addition, we have proposed some adjustments in the fees structure for some of the non-oil revenue categories as well as cancellation of tax exemptions which are outside the law by the Ministry of Finance and Planning. These proposals are included in the Financial Bill for the FY 2023/2024. It is essential, therefore, that the House passes the Financial Bill alongside the Budget, so that we have a legal basis for our revenue estimates.

ii) Expenditure Measures.

- 28 Rt Hon Speaker, Hon Members, the total expenditure proposal for the FY 2023/2024 is SSP 2,105,014,441,619. Of this amount:
- a SSP 455,095,972,003 is budgeted for wages and salaries,
 - b SSP 231,972,520,902 is for the Use of Goods and Services,
 - c SSP 541,813,643,895 allocated to cater for Capital expenditure,
 - d Other expenditure is SSP 1,628,043,140,
 - e SSP 50,000,000,000 is allocated for Peace implementation,
 - f SSP 37,882,133,754 is contingency,
 - g SSP 47,882,133,754 is allocated for the Constituency Development Funds,

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- h SSP 141,855,545,842 for States/Administrative Areas,
- i And SSP 32,550,000,000 as Salary Arrears for Foreign Missions.

Conclusion.

29 Rt. Hon speaker, Hon Members, as I conclude, I wanted to sincerely emphasize that the macroeconomic challenges, which our country faces today requires sound economic policies to move towards stability and sustainable economic recovery. I am confident, the FY2023-24 budget proposal, will consolidate peace and stabilize the economy which should lead us to realized economic growth and development. We need to commit ourselves to ensure public resources are used efficiently and effectively for the benefit of all South Sudanese.

30 Rt. Hon Speaker, Hon Members, with this presentation, allow me to table the Draft National Budget, the Appropriation Bill and the Financial Bill, for the Fiscal Year 2023/2024 for the deliberation and approval by this August House.

Thank you for listening.


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