

# “FINAL DRAFT”

## QUARTERLY ECONOMIC AND BUDGETARY REVIEW

First and Second Quarters

FY2020/2021

June 2021

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## List of Abbreviations and Acronyms Used in Quarterly Report

### *Institutions:*

BoSS	Bank of South Sudan
COVID-19	Coronavirus pandemic
DPOC	Dar Petroleum Operating Company
GoRS	Government of the Republic of Sudan
GoSS	Government of South Sudan
GPOC	Greater Pioneer Operating Company
IDA	International Development Assistance
IMF	International Monetary Fund
MoFP	Ministry of Finance and Planning
MoP	Ministry of Petroleum
MPD	Macroeconomic Planning Department
NBS	South Sudan National Bureau of Statistics
Nilepet	Nile Petroleum Corporation
NRA	National Revenue Authority
R-ARCSS	Revitalized Agreement for the Resolution of Conflict in the Republic of South Sudan
RCF	Rapid Credit Facility
RTGoNU	Revitalized Transitional Government of National Unity
RTNLA	Revitalized Transitional National Legislative Assembly
RSS	Republic of South Sudan

### *Legislation:*

PFMA	Public Financial Management and Accountability Act
PRMA	Petroleum Revenue Management Act
PFM	Public Financial Management
PFMRS	Public Financial Management Reforms Strategy
PSA	Production Sharing Agreement

### *Misc. Units and Terms:*

bbl / kbbl / mbbbl	Barrels of Oil / Thousands of... / Millions of...
CPI	Consumer Price Index
FX	Foreign Exchange

FY	Fiscal/Financial Year
GDP	Gross Domestic Product
GNI	Gross National Income
M1	Narrow money supply
M2	Broad money supply
NDA	Net Domestic Assets
NFA	Net Foreign Assets
PIT	Personal Income Tax
Q.X	Quarter No.X
SDR	Special Drawing Rights
SMP	Staff Monitored Program
SSP / SSP mn / bn	South Sudanese Pounds / Millions of... / Billions of...
USD / USDmn /bn	United States Dollars / Millions of... / Billions of...
VAT	Value Added Tax (Sales Tax)

The Quarterly Economic and Budgetary Review (QEBR) provides a quick look at the performance of the economy during the quarter. It shows how the budget has been executed within the resource envelope approved by the National Legislature for the entire fiscal year. It is an expanded version of the Quarterly Budget Execution Report mandated by the Public Financial Management and Accountability Act (PFMAA). The FY2020/2021 budget was not approved by the National Legislature, since the Revitalized Transitional National Legislative Assembly (RTNLA) and the Council of States were not reconstituted. Hence, the execution of the budget was through a series of Presidential Orders.

This report has combined the first two quarters (Q1 and Q2) of the FY2020/2021 and it is based on information obtained from several sources, including the National Bureau of Statistics (NBS), the Bank of South Sudan (BoSS), the Ministry of Petroleum (MoP), the National Revenue Authority (NRA), the World Bank, the International Monetary Fund (IMF), and other departments in the Ministry of Finance and Planning. Information contained within this report may be reproduced provided due acknowledgment is made as to the source. Any comments or requests for clarification on information in the report should be addressed to the Macroeconomic Planning Department (MPD) of the Ministry of Finance and Planning.

## FOREWORD

South Sudan witnessed the first cases of the COVID-19 pandemic during the fourth quarter (April -June 2020) of FY2020/2021. This came at a critical time when South Sudan was emerging out of violent conflict and entering a new phase of hope and optimism. Our increased optimism was reinforced by the formation of the Revitalized Government of National Unity (RTGoNU) early in 2020. Immediately we started to address the serious credibility problem that arose from the violent conflict that began in December 2013.

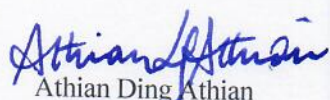
We started this fiscal year (July 1, 2020) with three overriding objectives: (1) consolidating peace; (2) stabilizing the economy; and (3) combating the COVID-19 pandemic. The Revitalized Agreement on the Resolution of Conflict in the Republic of South Sudan (R-ARCSS) remains secure and gives us increased hope for the future. With relative peace, we have embarked on the implementation of the economic reforms stipulated in Chapter IV of the R-ARCSS. A governance structure of the Public Financial Management Reforms Strategy (PFMRS) was established in April 2020 to steer the economic reforms on the one hand, and to restore our credibility on the other.

The initiation of the PFM reforms has created the necessary steps for a constructive re-engagement with the International Monetary Fund (IMF)—which started in May 2020. The outcome of our re-engagement with the IMF was the welcome receipt of USD52.3 million from the Rapid Credit Facility (RCF) that was approved in November 2020 by its Board of Directors. This tranche offered essential support of budgetary and balance of payments (BoP) needs. With this vital credit, the Government was able to pay three of the seven months of salary arrears to public sector employees. In addition, the Bank of South Sudan (BoSS) immediately introduced a foreign exchange (FX) auction of the RCF proceeds with the aim of restoring price stability. This essential adjustment process will allow a smooth realignment of the parallel and indicative exchange rates.

We have launched discussions with the IMF concerning the balance of our RCF quota, and on the necessary adoption of the Staff Monitored Program (SMP). We expect final resolution of these issues early in 2021 (Q3 of FY2020/2021). We also are working closely with the World Bank to bring quick assistance from IDA19 resources, and also to tap into their Crisis Window Response. If successful, this will enable us to: (1) protect secure livelihoods; (2) consolidate the peace agreement; and (3) implement necessary PFM reforms.

On combating the COVID-19 pandemic, the Government has put in place, with the help of the international community, necessary preventive measures to contain the spread of the virus. The South Sudanese people have been exemplary in their response to the threat of this unprecedented public-health crisis. The pandemic has alerted us to the necessity of allocating more resources to the health sector in general, and community healthcare in particular. We have done so, and understand that more will be required in the future.

The Government remains committed to macroeconomic stability—to be enhanced by rebuilding our Public Financial Management (PFM) system. Finally, in keeping with our goals under the medium-term development objectives—and our National Development Strategy (2018-2021)—the government is committed to ensuring fiscal and debt sustainability.



Athian Ding Athian  
Minister, Ministry of Finance and Planning  
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June 2021

## HIGHLIGHTS OF QUARTERLY ECONOMIC AND BUDGETARY REVIEW

### 1. Recent Economic Developments

**Growth:** The major impact on the South Sudan economy of the COVID-19 pandemic was on the price of crude oil, which dropped to around **USD15.0/barrel** during the fourth quarter of FY2019/2020. As this FY began in July 2020, there was an improvement in oil prices from **USD14/barrel** to **USD43.3/barrel** in Q2. The economy of South Sudan witnessed a growth rate of -6.9 percent in Q1 and of -5.2 percent in Q2.

**PFM reforms:** The reform program triggered productive discussions with the International Monetary Fund resulting in the approval on 11 November 2020 of **USD52.3 million** under the Rapid Credit Facility (RCF) to meet budget needs and to mitigate the impact of COVID-19.

**Inflation: Remained under 40 percent during the first half of FY2020/2021.**

**Exchange Rates:** The quarterly average parallel exchange rate was **SSP571.6/USD1.0** in Q2 compared to **SSP400.5/USD1.0** in Q1. This was brought about by monetary financing of the deficit which led to further depreciation of the SSP in the parallel market against USD by 92.6 percent in Q2.

### 2. Fiscal Sector

**Oil Production and Price:** Dar blend average daily production was 125,000 barrels during the first half of FY2020/2021. Nile blend average daily production was 45,000 barrels per day during this same period. The average price of crude during this period was USD45.2/bbl.

**Total Revenue Collection:** Total revenue to the GoSS for the period was **SSP51.382 billion** against a target of **SSP64.462 billion**. Most of this was due to a shortfall in revenues from oil relative to target. There was a significant rise in the amount collected by the National Revenue Authority—**USD28 million** during Q2 compared to **USD14.8 million** during Q1. In terms of SSP component of tax (non-oil) revenue, the NRA collected **SSP7.6 billion** in Q2 compared to **SSP5.4 billion** in Q1.

**Government Expenditure:** Total expenditure, including transfers to states governments, was **SSP46.931 billion**. This was below the target of **SSP109 billion**—largely attributed to low absorption levels in capital expenditures (investment) and state transfers.

### 3. Monetary Sector

**Money Supply:** Broad money supply (M2+) stood at **SSP221.399 billion** at the end of the second quarter compared to **SSP181.270 billion** in Q1. Quarterly growth in M2+ increased to 22.1 percent in the second quarter of FY2020/2021 from 19.1 percent in Q1 of the fiscal year.

**Current Account:** South Sudan had a trade deficit of 7 percent in the second quarter of FY 2020/2021. This is an improvement over the first quarter with a deficit of 98.83 percent. The improvement was brought about by an increase of 10 percent in exports, and a decline of 1.1 percent in the volume of imports.

**International Reserves:** South Sudan's foreign reserves position has increased on average by 15.32 percent in the second quarter of FY2020/2021—and this has brought an increase in the import cover by 4 days—from 22 to 26 days. This remains far below the 90-day standard of import cover for the stability of the domestic currency.

#### 4. Debt

**External debt:** Outstanding external debt is estimated to be about USD1.51 billion, of which non-concessional outstanding debt constitutes 86.6 percent.

**Domestic debt:** The total debt from domestic sources is made up of two currencies—the SSP (SSP101.9 billion); and the US dollar accounting for USD233.8 million.

**Overdraft:** It was the major source of the domestic debt in both currencies—accounting for 61 percent of the SSP element of the domestic debt, and 80 percent of USD component. The Council of Ministers has since then prohibited monetary financing of the budget through overdrafts.

#### 5. Economic Outlook

**The Covid-19 pandemic** continued to depress economic performance in Q2 and will continue into the **second half of FY202/2021**.

**A slight recovery is expected beginning in FY2021/2022:** The rebound of oil prices that began in April of 2020 will continue throughout **Q3 and Q4 of FY2020/2021 and into FY2021/2020**.

### I. RECENT DEVELOPMENTS

South Sudan is a small open economy that is extremely vulnerable to external shocks such as the COVID-19 pandemic. This vulnerability is exacerbated by dependency on a single commodity—crude oil—which constitutes about 33 percent of its gross domestic product (GDP), 90 percent of Government (GoSS) revenues, and 95 percent of its exports. Hence, to contextualize recent developments requires looking back into the third and fourth quarters of the FY2019/2020 in which the pandemic afflicted the world, and South Sudan. The most severe economic impact on our economy from COVID-19 was on the price of crude oil, which dropped to around USD15.0/barrel during the fourth quarter of FY2019/2020. This price collapse was magnified by the fact that South Sudan pays the government of Sudan USD24.1/barrel for oil exports through its territory.

Against this backdrop, the Minister of Finance and Planning initiated in **April 2020** the process of Public Financial Management Reforms Strategy (PFMRS) as stipulated in Chapter IV of the Revitalized Agreement on the Resolution of Conflict in the Republic of South Sudan (R-ARCSS). A governance structure for Public Financial Management (PFM) was established through a Ministerial Order. It consisted of: (1) the PFM Oversight Committee; (2) the PFM Technical Committee; and (3) the PFM Secretariat.

The PFMRS initially focuses on the following 11 priority actions/measures:

1. Implement a Treasury Single Account (TSA);
2. Strengthen cash management;
3. Relocate Loan Committee to MoFP (*not in the R-ARCSS*);
4. Review, verify and clear all arrears;
5. Review and verify loans and contracts collateralized or guaranteed against crude oil;
6. Strengthen the Anti-Corruption Commission (ACC) and the Audit Chamber (external auditor);
7. Establish a Public Procurement and Asset Disposal Authority (PPADA);
8. Rollout electronic payroll using biometric system;

9. Strengthen Fiscal and Financial Allocation Monitoring Commission (FFAMC);
10. Strengthen macro-fiscal framework (*Not in R-ARCSS*); and
11. Strengthen the budget process and budget credibility (*Not in the R-ARCSS*).

The commencement of PFM reforms launched productive discussions with the International Monetary Fund (IMF), eventually resulting in the approval, on 11 November 2020, of USD52.3 million under the Rapid Credit Facility (RCF). These funds helped the GoSS to meet budgetary needs, and to mitigate the impact of the virus on the economy. During this same period (Q2 of FY2020/2021), there were two other important developments: (1) significant improvement in the price of oil (i.e. from USD14/barrel during Q1 to USD43.3/barrel in Q2); and (2) improvements in taxation index—a score of 76.75, and a ranking of 66<sup>th</sup> out of 190 countries.

These are encouraging developments and signal the gradual creation of an enabling environment for *fiscal space* and eventual macroeconomic stability in subsequent quarters of this financial year (see Table 1.1 below).

**Table 1.1: Key Economic Indicators**

Year by Quarter	GDP Growth <sup>1</sup>	Inflation Rate <sup>2</sup>	Exchange rate <sup>3</sup> (Indicative)	Parallel Exchange rate <sup>4</sup>
2019Q1	1.5	60.3	153.1	
2019Q2	1.5	53.4	156.7	
2019Q3	0.93	47.8	159.8	
2019Q4	-0.30	43.3	162.3	
2020Q1	-6.8	40.6	164.3	308.7
2020Q2	-7.5	38.2	165.7	296.8
2020Q3	-6.9	36.8	166.6	400.7
2020Q4	-5.2	36.4	166.9	571.6
2021Q1	2.5	40.5	172.7	
2021Q2	4.8	40.5	178.4	
2021Q3	6.5	39.9	184.2	
2021Q4	7.4	38.9	190.1	

Source: World Bank, IMF, Ebony Center

The rest of this Chapter provides an overview of the three key performance indicators of the South Sudanese economy during the first half of FY2020/2021. These are: (1) economic growth; (2) inflation; and (3) exchange rates.

### 1.1 Economic Growth

As seen in Table 1.1, the economy's growth performance continued to be negative throughout the first half (Q1 & Q2) of FY2020/2021). The Table suggests a modest rebound early in the third quarter of FY2020/2021 (January – June 2021). This modest recovery is attributed to an

<sup>1</sup> GDP growth and Inflation: <https://data.worldbank.org/indicator/PA.NUS.FCRF?locations=SS>

<sup>2</sup> Ibid

<sup>3</sup> Exchge\_rates: [https://www.imf.org/external/datamapper/NGDP\\_RPCH@WEO/SSD?year=2021](https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/SSD?year=2021)

<sup>4</sup> <http://ebonycenter.org/new-publications/exchange-rate-monitoring/>



improved policy environment, and to a rise in the price and volume of oil production. In addition, the proceeds of the RCF enabled the Government to pay three months out of seven months in salary arrears of public-sector employees. This new liquidity boosted effective demand for goods and services during Q2. Absence of data precludes assessing the effects on GDP. In addition, the Bank of South Sudan (BoSS) introduced a weekly foreign exchange (FX) auction in December 2020 in order to stabilize the exchange rate by eliminating the difference between the indicative rate and the parallel market rate.

The rebound of the economy during Q2 is illustrated by the increased volume of tax revenue collected by the NRA. However, this positive effect might also be due to improvements in tax collection as a result of new leadership of the NRA.

### 1.2 Inflation

Price stability is one of the key objectives of macroeconomic policy in general, and monetary policy in particular. Although the global inflation rate was in single digits, inflation across sub-Saharan Africa has hovered around 10 percent during the first half (Q1 & Q2) of FY2020/2021 (Chart 1.1).

Chart 1.1: Inflation Trends in the Global Economy, 2016 - 2022

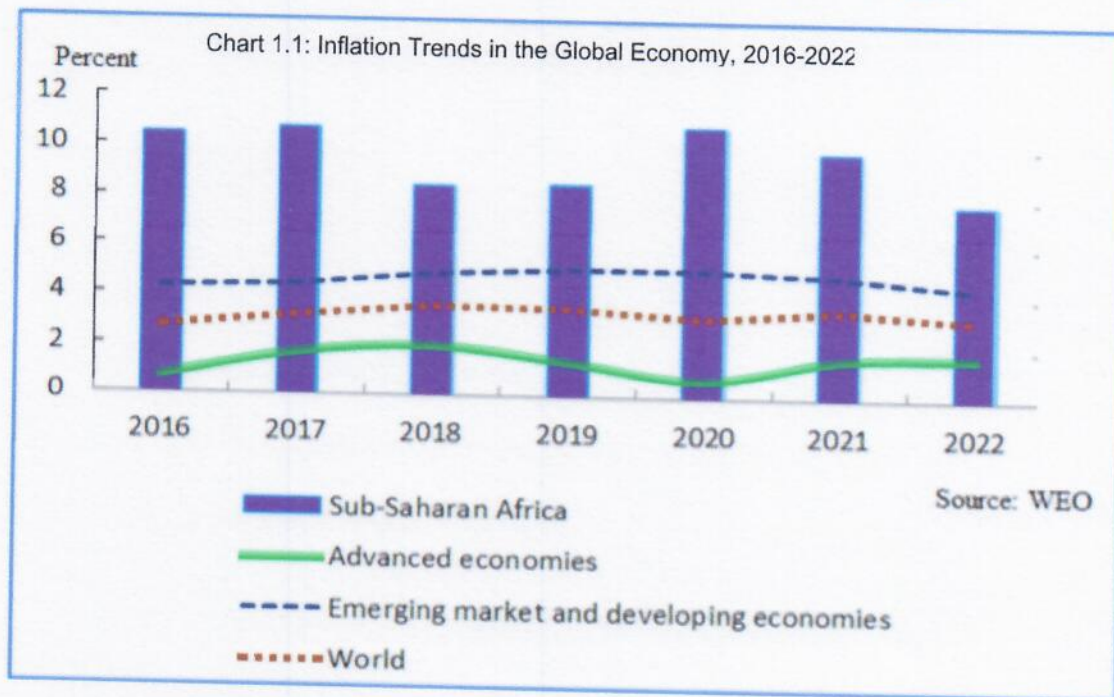
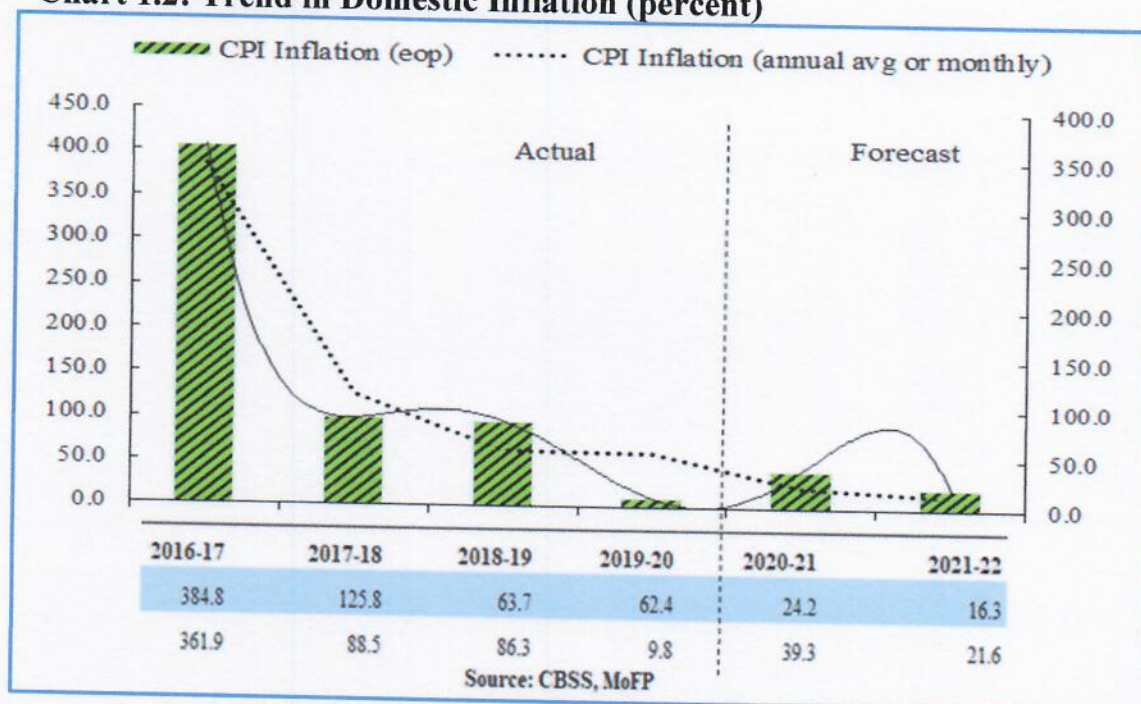


Chart 1.1 provides an important entry point for looking at the trends in domestic inflation. It is important to note inflation in South Sudan is associated with the movement of the exchange rate of the U.S. dollar to the SSP in the parallel market for foreign exchange. The economy is unofficially dollarized because most prices are quoted in U.S. dollars, yet payment is made in SSPs using the prevailing parallel market rate at the time of the transaction.

The influence of the exchange rate on inflation is explained by the fact that South Sudan is severely dependent on imports for a wide array of goods—building materials, medicines, maize flour, sugar, cooking oil, and much more. In addition, monetary financing (monetization of the deficit) has a direct impact on inflation and the exchange rate. This effect can be seen in Chart 1.2. It clearly shows that inflation is way above the global rate during the period under review.

**Chart 1.2: Trend in Domestic Inflation (percent)**



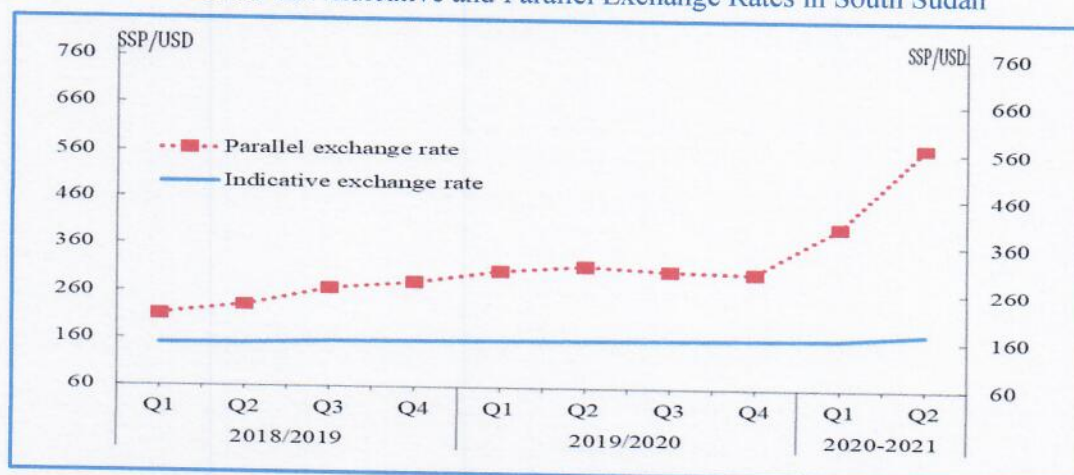
During the first half of FY2020/2021, the injection of SSP106 billion through overdrafts by GoSS brought on a drastic depreciation of the SSP against the dollar in the parallel market. The first infusion—SSP42 billion—was in June 2020 (end of Q4 of FY2019/2020), while the second infusion—SSP64 billion—was in July 2020 (beginning of Q1 of FY2020/2021). These actions had a dramatic impact on inflation in Q2 (Chart 1.2), and the exchange rate in the parallel market (Chart 1.3).

### 1.3 Exchange Rates

The South Sudanese Pound has continuously depreciated in value against the dollar since the outbreak of the civil war in December 2013. At that time, the rate was SSP2.96/USD1.0. There was then no parallel market for foreign exchange. In the present period, the effects of monetary financing are captured in the sharp depreciation of the SSP in the parallel market (Table 1.1). The parallel exchange rate quarterly average was SSP 571.6/US\$1.0 in Q2 compared to SSP400.5/USD1.0 in Q1 of FY2020/2021. This development induced a further depreciation of SSP against USD by **92.6 percent** in Q2 of FY2020/2021. The indicative rate has slightly depreciated in the official market by **6 percent** against the USD—from **164.9 SSP/1.0USD** in Q1 to **174.6 SSP/1.0USD** in Q2.

Another look at the exchange rate (indicative and parallel) and inflation would suggest that the parallel exchange rate is the driver of both inflation and the indicative rate (Chart 1.3). This explains why the monetary authorities in South Sudan introduced the weekly FX auction system in early December 2020. This action will likely achieve its objective in the near term. Support from the IMF and other development partners will be significant in this accomplishment. The Government has initiated discussions with the IMF on RCF-2 and on the Staff Monitored Program (SMP). If successful, these measures will lead to the full realignment of the indicative and parallel market exchange rates, thereby restoring price stability and growth to the economy of South Sudan.

Chart 1.3: Indicative and Parallel Exchange Rates in South Sudan



## II. FISCAL SECTOR

This section has two sub-sections: (1) revenue categorized into oil and tax revenue; and (2) expenditure by category of spending.

### 2.1 Revenue

#### 2.1.1 Oil Revenues

Government revenue in South Sudan is dominated by oil revenues that depend on: (1) oil production; (2) the price of oil; and (3) the share of total oil revenues accruing to the Government of South Sudan.

**Production.** The production from the Dar Petroleum Operating Company (DPOC), currently the largest producer, totaled 22,553,653 barrels in the first half of FY2020/21. Production from the second largest producer, Greater Pioneer Operating Company (GPOC) totaled 8,994,000 barrels (Table 2.1).

Table 2.1: Monthly Oil Production July-December 2020 (barrels)

FY 2020-2	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
DPOC	3,792,928	3,784,348	3,667,828	3,797,714	3,695,364	3,815,472
GPOC	1,560,922	1,531,203	1,457,463	1,473,295	1,439,417	1,532,025

Source: MoP (based on daily reporting from the Joint Operating Companies)

**Prices.** The outbreak of Covid-19, and the global economic reaction, produced extreme fluctuation in the world price of oil during 2020. The benchmark Brent blend price averaged about \$45/barrel in the second half of the year. The two oil blends exported by South Sudan, Nile Blend and Dar Blend, trade at different discounts from the benchmark. In the first half of FY2020/21, these discounts hovered around +/- \$2/barrel (Table 2.2)

**Table 2.2: Oil Prices (in USD) During the First Half of FY2020/2021 (July-December2020)**

Month	Jul-2020	Aug-2020	Sep-2020	Oct-2020	Nov-2020	Dec-2020
Dar and Nile Blend (USD/barrel)	43.43	44.92	39.38	39.18	43.20	43.20
Brent (USD/Barrel)	40.77	42.39	39.63	39.56	41.13	47.07
Difference (USD/barrel)	(2.65)	(2.53)	0.25	0.39	(2.06)	3.88

Source: MoP's overview of lifted cargos and EIA achieved sales price

**Government share of oil revenues.** The Government of South Sudan's share of oil revenues is determined by the agreements about the volumes of Dar and Nile blend that accrue to South Sudan and the Government of the Republic of Sudan (GoRS). These volumes are shared both by shares of the lifting of oil and as in-kind deliveries. The allocation of oil volumes is given in Table 2.3.

**Table 2.3: Government of South Sudan's oil entitlement (in barrels) for Dar Blend**

Month FY 2020- 2021	GoRSS oil liftings DPOC (000') barrels)	GoRSS oil liftings GPOC (000') barrels)	Nilepet oil liftings (000') barrels)	GoRSS in-kind deliveries (000') barrels)	Total oil sales by GoRSS (000') barrels)
Jul	629,546	0	145,156	863,442.43	1,638,144.43
Aug	0	1,142,913	195,155	721,932.23	2,060,000.23
Sep	1,201,046	0	178,081	667,288.19	2,046,415.19
Oct	600,392	1,142,916	97,119	868,400.57	2,708,827.57
Nov	1,231,450	571,368	178,148	817,582.29	2,798,548.29
Dec	629,488	0	137,634	893,635.10	1,660,756.60
<b>Total</b>	<b>4,291,922</b>	<b>2,857,197</b>	<b>931,293</b>	<b>4,832,281</b>	<b>12,912,692.31</b>

Source: MoP's overview of lifted cargos and in-kind deliveries for Dar Blend

Total gross oil revenues for the first half of FY2020/21 was USD481.26 million—7 percent above what was budgeted for that period. As a result of the payments to the Republic of Sudan from the sharing arrangement, some other obligatory payments, and adjustments from the benchmark price to account for oil quality, the net oil revenues accruing to the GoSS were USD195.35 million. This represents 47 percent of the anticipated net revenues in the budget (Table 2.4).

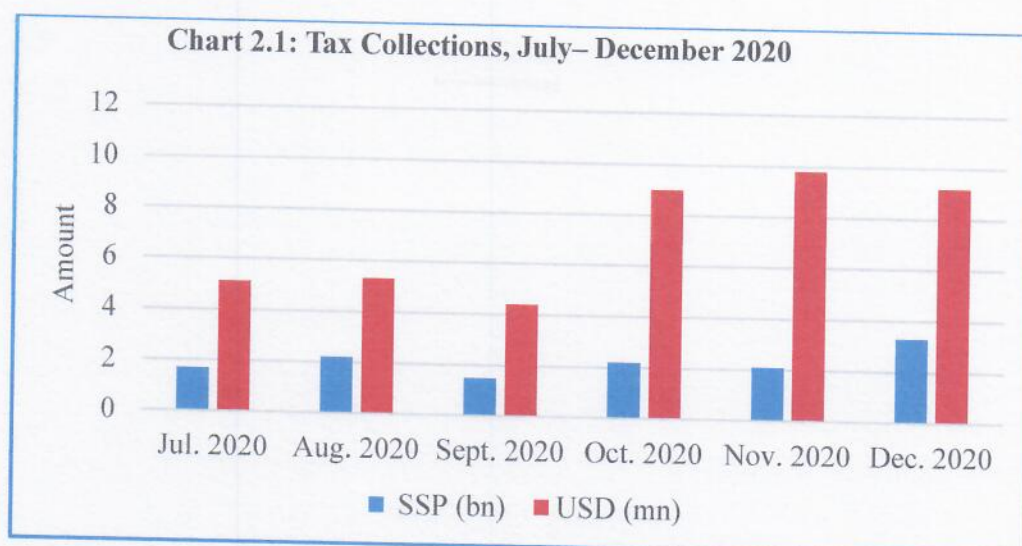
**Table 2.4: South Sudan's Revenues (in USD mn) from Oil (July-December 2020)**

<b>1: Fiscal summary</b>	<b>2020/2021 draft Quarterl Budget</b>	<b>Q1</b>	<b>Q2</b>	<b>YTD Total Quaters outturns</b>	<b>FY 2020- 2021 %change.</b>
<b>Gross Oil Revenue in USD</b>	449.04	199.45	281.82	481.26	107%
Payment to Sudan (Oil in Kind 28,000 b/day)	13.51	96.81	108.46	205.27	1519%
2% 3% For Oil Producing States & Communities	13.51	5.13	8.67	13.80	102%
States 2%	5.40	2.05	3.47	5.52	102%
Communities 3%	8.11	3.08	5.20	8.28	102%
Ministry of Petroleum 3%	8.11	3.08	5.20	8.28	102%
<b>Net Oil Revenue before ORSA</b>	<b>413.92</b>	<b>94.43</b>	<b>159.49</b>	<b>253.92</b>	<b>61%</b>
ORSA (Diff of Bnch Prc & Mkt Price)	-	24.35	34.22	58.57	0%
<b>Net oil revenue after ORSA</b>	<b>413.92</b>	<b>70.08</b>	<b>125.27</b>	<b>195.35</b>	<b>47%</b>

Source: MoP's overview of lifted cargos and achieved sales prices, including MoP's overview of deliveries in-kind

### 2.12 Tax (non-oil) Revenue

The recent record of taxation is demonstrated by significant rise in the amount being collected (Chart 2.1) by the National Revenue Authority (NRA). The NRA collects taxes in two currencies—South Sudanese Pounds (SSP) and U.S. dollars (USD). The government collected USD28 million during Q2 compared to USD14.8 million during Q1—an increase of 89.2 percent. And the government collected SSP7.6 billion in Q2 compared to SSP5.4 billion in Q1—an increase of 40.7 percent.



### 2.1.3 Total Revenues

Total government revenues for the first half of FY2020/21 were SSP 51.382 billion, representing about 80 percent of the revenue budgeted for the period (Table 2.5). As mentioned above, revenue from oil sales fell short of the budgeted amount. Non-oil revenues were also below target, largely because of the disruptions caused by the Covid-19 pandemic and subsequent border closures which hampered revenue collection.

**Table 2.5: Revenue (in SSP) Performance in the First Half of Fiscal Year 2020/21**

**Table 2.5: Revenue (in SSP) Performance in the First Half of Fiscal Year 2020/21**

Quarterly Revenue Outturn for half of FY 2020-2021	For FY 2020/2021 (in Bns SSP)					FY 2020-2021 %change.
	2020/2021 Draft Quarterly Budget	Q1	Q2	YTD Quarters Total outturns		
<b>I: Fiscal summary</b>						
Gross Oil Revenue out of Nilepet.	76,337	33,076	49,117	82,193		108%
Payment to Sudan (Oil in Kind 28,000 b/day)	30,405	16,104	18,940	35,045		115%
2% 3% For Oil Producing States & Communities	2,297	849	1,509	2,357		103%
States 2%	919	339	604	943		103%
Communities 3%	1,378	509	905	1,414		103%
Ministry of Petroleum 3%	1,378	509	905	1,414		103%
<b>Net Oil Revenue before ORSA</b>	<b>42,258</b>	<b>15,614</b>	<b>27,763</b>	<b>43,377</b>		<b>103%</b>
ORSA (Diff of Bnch Prc & Mkt Price)	0	4,022	5,952	9,974		
<b>Net oil revenue after ORSA</b>	<b>42,258</b>	<b>11,592</b>	<b>21,811</b>	<b>33,403</b>		<b>79%</b>
<b>Taxes</b>						
PIT	10,507	3,074	4,400	7,473		71%
Sales Tax	2,838	1,270	1,582	2,852		101%
Excise	3,394	2,630	1,914	4,544		134%
Business Profit Tax	2,458	818	798	1,616		66%
Customs Duty	2,208	580	911	1,491		68%
Other Non tax (Fees & Licenses)	800	0	2	2		0%
Taxes on Oil Revenue	0	0	0	0		0%
<b>Total Tax Revenue</b>	<b>22,204</b>	<b>8,371</b>	<b>9,607</b>	<b>17,979</b>		<b>81%</b>
<b>Total Resources Available</b>	<b>64,462</b>	<b>19,964</b>	<b>31,418</b>	<b>51,382</b>		<b>80%</b>

Source: MoP, MoFP and NRA

## 2.2 Expenditures

Total government expenditures during the first two quarters of FY2020/21 amounted to SSP 46.691 billion—an amount that is less than half of the targeted amount of SSP 109.095 billion (Table 2.6). The shortfall is mainly due to lower absorption of capital expenditures, and below-target transfers to state governments. Although expenditure on goods and services exceeded targeted amounts, total recurrent expenditures were below target because of lower spending on foreign interest payments, pensions, operations and maintenance, and non-payment of wages and salaries, due to the scaled down operations of the national government in the face of Covid-19 pandemic.

**Table 2.6: Expenditures (in mn of SSP) in the First Half of Fiscal Year 2020/21**