

Budgeting for the Future: Getting to understand the South Sudanese budgets for food security, nutrition, and water, sanitation, and hygiene (WASH).

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1. Introduction

This brief gives an update on the Right2Grow consortium's preliminary analysis completed in 2022 through the Child Rights Coalition of South Sudan (CRC). This update is critical since the South Sudanese government still needs to enhance the provision, availability, and access to food security, nutrition, and water, sanitation, and hygiene services in the country. Hunger remains a major issue in the country. According to the South Sudan Humanitarian Response Plan 2023, severe food insecurity persists across the country, with an estimated 9.4 million people, or 75 % of the South Sudanese population, experiencing severe food insecurity between April and July 2023. According to the Global Nutrition Cluster report, around 1.4 million children are estimated to suffer from life-threatening acute malnutrition.¹

The country is unable to produce most commodities on its own; it is heavily reliant on imports for consumption. However, given the availability of high-quality farmland, there is a significant opportunity to increase self-sufficiency and reduce imports.²³

South Sudan must rise above its socio-economic constraints and aim for improved resource mobilisation for public services, particularly those that serve impoverished children and families. The government has approved SSP 1.39 trillion for the financial year 2022/23 (FY2022) national budget, a threefold increase above the SSP 338 billion budgeted for the FY2021 national budget. The government's income for this year's budget is made up of oil and tax earnings. South Sudan's economy, on the other hand, is expected to slow in FY2022. The provisional estimate is for 3.3 % growth.

South Sudan's finance and planning ministry talks about three headwinds threatening the country's economy in the coming years.⁴ Firstly, the rising commodity prices are projected to limit investments in South Sudan. Second, South Sudan is a net importer of practically everything, including energy and commodities; increased commodity prices would increase import costs, putting a strain on savings and investments. Furthermore, greater inflation caused by increasing commodity prices has compelled central banks all over the world to tighten monetary policy. Third, the declining global economic background will weigh on South Sudan's economy, albeit the impact on other export-oriented

¹ UNOCHA

https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/ssd_2023_hrp_20dec2022_final.pdf.

² Ministry of Finance and Planning, South Sudan National Budget Plan 2019/20.

³ Alier S.A. and Rwot O.D., 2022. Talking Money Matters: Reviewing Government Expenditures on Nutrition and WASH in South Sudan National Budgets. Budget Policy Brief No. 01, April 2022.

⁴ Ministry of Finance and Planning, South Sudan National Budget Plan 2022/23.

economies will be less significant. Finally, the outbreak of the Russia-Ukraine war is driving up commodity prices. This will put upward pressure on inflation globally and will diminish consumer purchasing power. South Sudan suffers a greater impact than developed markets because food and energy account for 72.0% of its CPI basket.⁵

This follow-up budget analysis builds on the initial budget analysis conducted in 2022 based on printed government budgets provided by the government of South Sudan. The Ministry of Finance and economic Planning as well as the specialized committee on finance in the national parliament, have made all national budget documents from 2017 through 2023 available. This analysis contains limited analysis of expenditure, using aggregated ministry level spending data, which falls short of real programmatic or disaggregated expenditure data. Programme or intervention-specific expenditure analysis is necessary to identify levels of spending capacity on key outputs and to track actual disbursements because budgeted amounts do not always translate to actual expenditure.

Proper analyses are needed to track public investments in and services for food security and water, sanitation, and hygiene (WASH) for the benefit of millions of South Sudanese who depend on the state for their living.

A concise update on the current fiscal year's budget and some aggregated expenditures for food security and WASH-related public investments is provided below.

2. Review of total government allocations from 2018 to 2022

From FY2019 to FY2022, the overall South Sudan government budget increased by 73% on average. The budget increased by 55% in FY2021 alone. This is commendable given that the budget was very low in FY2018, at SSP 80.5 billion, which grew to SSP 218 billion in FY2020, SSP 338 billion in FY2021, and now SSP 1.3 trillion in FY2022. According to the World Bank, the economy had picked up strongly before the COVID-19 pandemic, with gross domestic product (GDP) growth reaching 9.5 % in FY2019.⁶ Although such increases in budget allocations are excellent, they do not reflect the actual amount received and spent by spending agencies and ministries. Actual aggregated expenditure data available leave an important question answered, that of whether funding disbursements happen in line with approved budgets and/or whether the received funds are spent on time and on the right interventions.

Consequently, the growth in overall government budgets, per capital (or per person) spending has risen considerably, from SSP 24,652 in FY2021 to SSP 125,485 in FY2022. See Figure 1 below. However, spending records to follow also show that spending is too slow or too small compared to budget amounts.

⁵ Ministry of Finance and Planning, South Sudan National Budget Plan 2022/23.

⁶ The World Bank in South Sudan. Available from <https://www.worldbank.org/en/country/southsudan/overview#1>

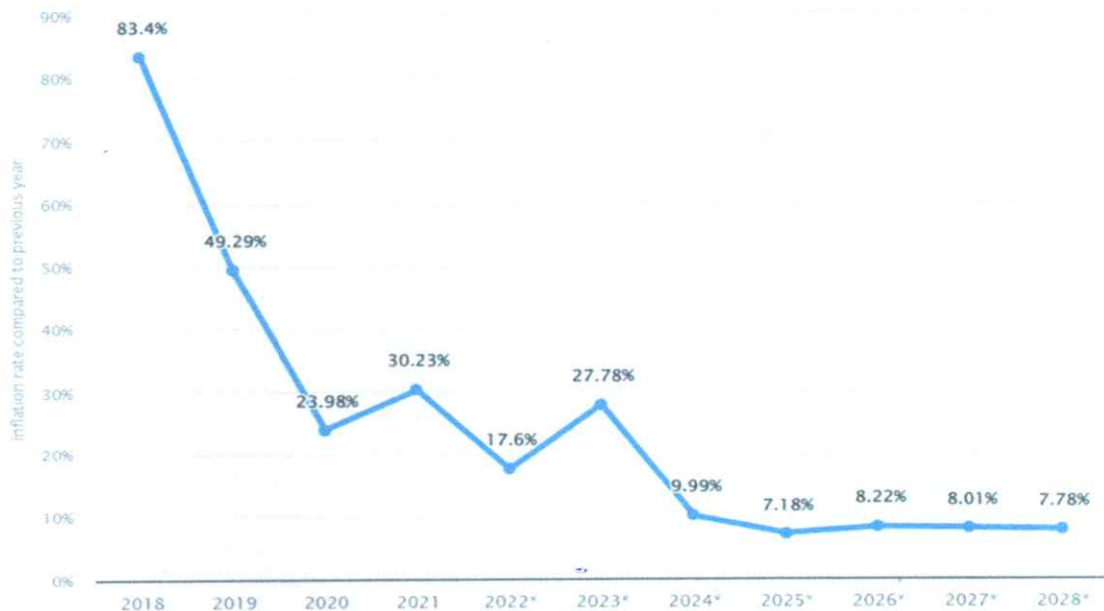
Figure 1: Total Government Budget in South Sudan (SSP) 2018/19 – 2022/23



Source: Ministry of Finance and Planning National Budget Plan 2018/19 – 2022/23. Authors' calculations.

On the other hand, as shown in Figure 2, South Sudan's inflation rate is on the decline, falling from 83% in FY2018 to 28% in 2023, with more drops expected in the near future. This should be good news for investors, government, and citizens, since the lower inflation should mean more purchasing power for the South Sudanese Pound (SSP). The increased budget allocations are commendable if they can translate to real disbursements to spending offices and agencies, to accommodate the current inflation rates as well as rising community demands.

Figure 2: South Sudan Inflation Rates from 2018 – 2028



Source: Adopted from <https://www.statista.com/statistics/727347/inflation-rate-in-south-sudan/>

3. Review of Food Security, Nutrition and WASH related allocations in the South Sudanese national budget

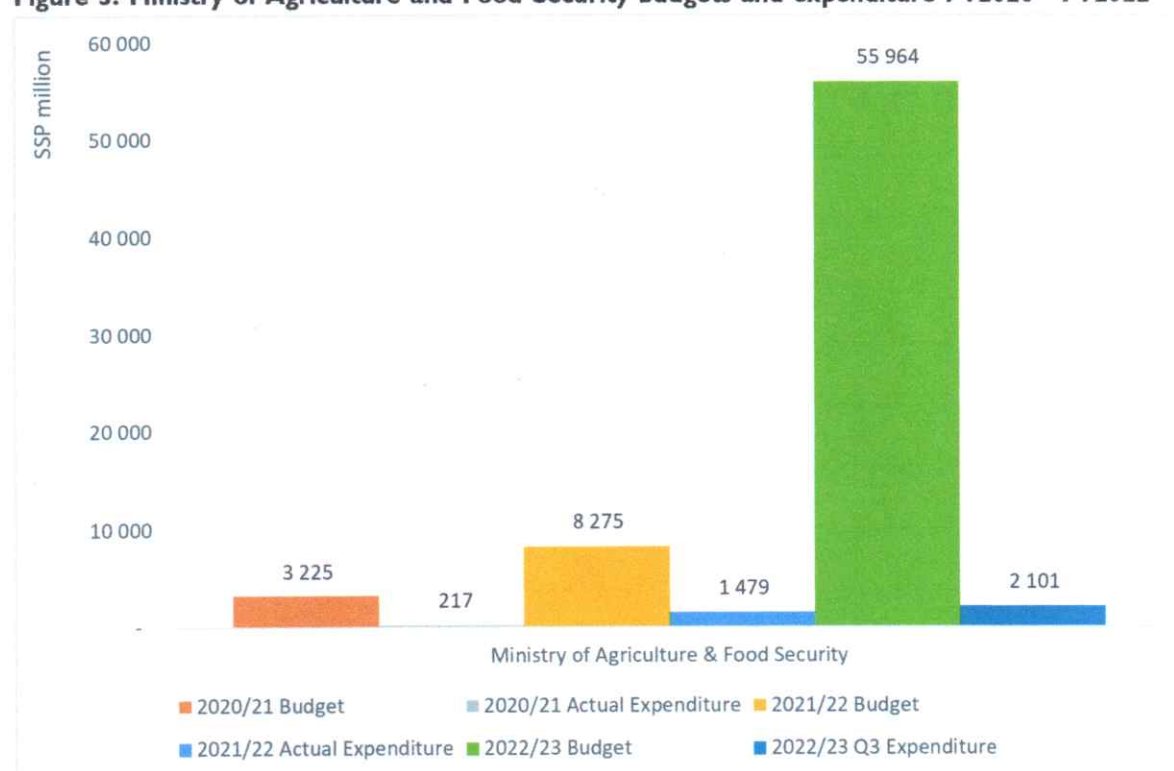
The Ministry of Health (MoH), the Drug and Food Control Authority, the Ministry of Agriculture & Food Security, and the Livestock and Fisheries Industries continue to be in-charge of food security and nutrition. Budget information on WASH is also available from different government administrations, including the Ministry of Water Resources and Irrigation, the Urban Water Corporation, and the Lands, Housing & Urban Development (Urban Sanitation).

3.1 Food Security-Related Financing

3.1.1 Ministry of Agriculture and Food Security Allocation Analysis

The Ministry of Agriculture and Food security's strategic goal is to increase agricultural production and productivity in order to improve food security, nutrition, livelihoods and contribute to the economic growth; to stimulate growth and sustainable development of the agriculture sector; to improve the capacity of concerned institution under the Ministry of Agriculture and Food Security to generate technologies and extension services; and to increase government institutional support for agriculture.

Figure 3: Ministry of Agriculture and Food Security budgets and expenditure FY2020 - FY2022



Source: Ministry of Finance and Planning National Budget Plan 2020/21 – 2022/23. Authors' calculations.

According to the analysis, actual budget allocations to the Ministry of Agriculture & Food Security climbed from SSP 8.27 billion in FY2021 to SSP 55.96 billion in FY2022. This is commendable given the smaller budgets of SSP 116.8 million in FY2018/19, SSP 342.9 million in FY2019 and 3.22 billion in FY2021.

Concerningly, actual expenditure records indicate that only SSP 217 million (7%) was spent out of SSP 3.2 billion allocated in FY2020. Only 17 % (SSP 1.5 billion) of the FY2021 budget (SSP 8.27 billion) was spent, with far less spending (4%) reported by end of third quarter of FY2022. Such low spending

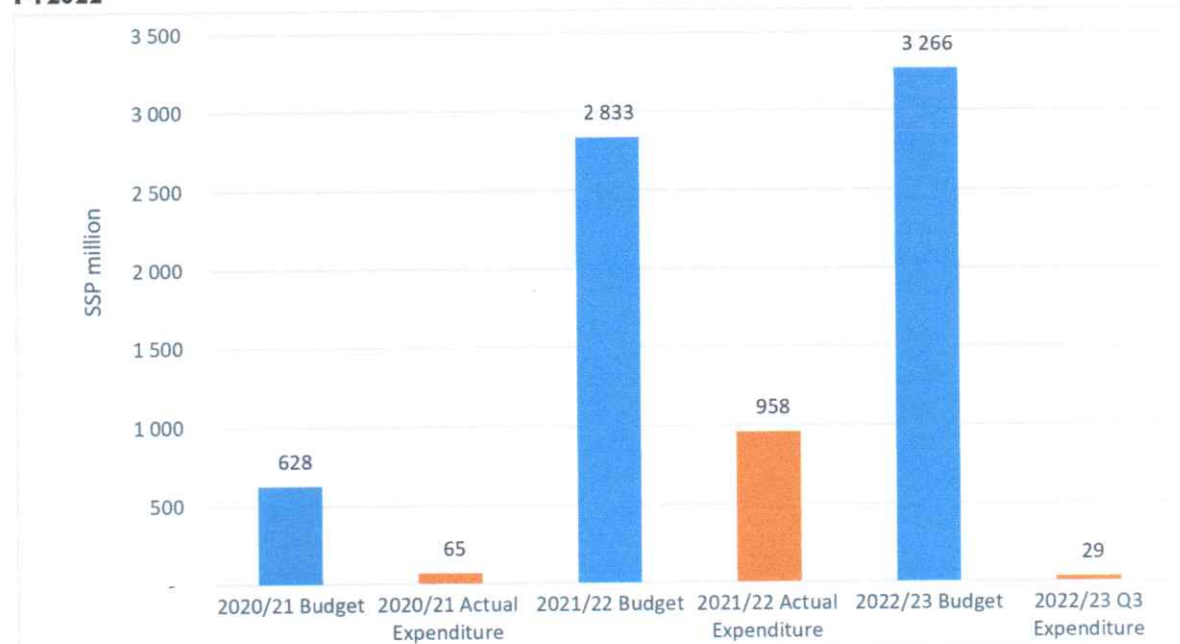
records are concerning because they show that government's commitments expressed in increased budgets do not translate to actual spending on tangible public services. Understanding spending challenges would assist in identifying proactive mechanisms to ensure that sufficient resources are allocated, disbursed and spent on public policy priorities like food security, nutrition and WASH. This said, the allocation of SSP 55.96 billion in FY2022 reflects remarkable growth in the budget, given that an estimated 9.4 million people, or 75 % of the population in South Sudan, will experience severe food insecurity in 2023, between April and July with elevated food insecurity, and approximately 1.4 million children are expected to suffer from life-threatening acute malnutrition, according to the Global Nutrition Cluster. However, such budget growth should translate to real spending on real public needs.

It is recommended that the government also indicates how much of the proposed budget resources were collected to ensure that the budget plan is sufficiently funded. In addition, it should also be indicated how much of the collected funds were disbursed to the frontlines for service delivery.

3.1.2 Ministry of Livestock and Fisheries Industries Allocations Analysis

The Ministry of Livestock and Fisheries Industries' strategic goal is to boost livestock and fisheries production by strengthening producers' capacity to increase productivity and improve food security and socio-economic conditions.

Figure 4: Ministry of Livestock and Fisheries budget allocations and expenditure FY2020 - FY2022



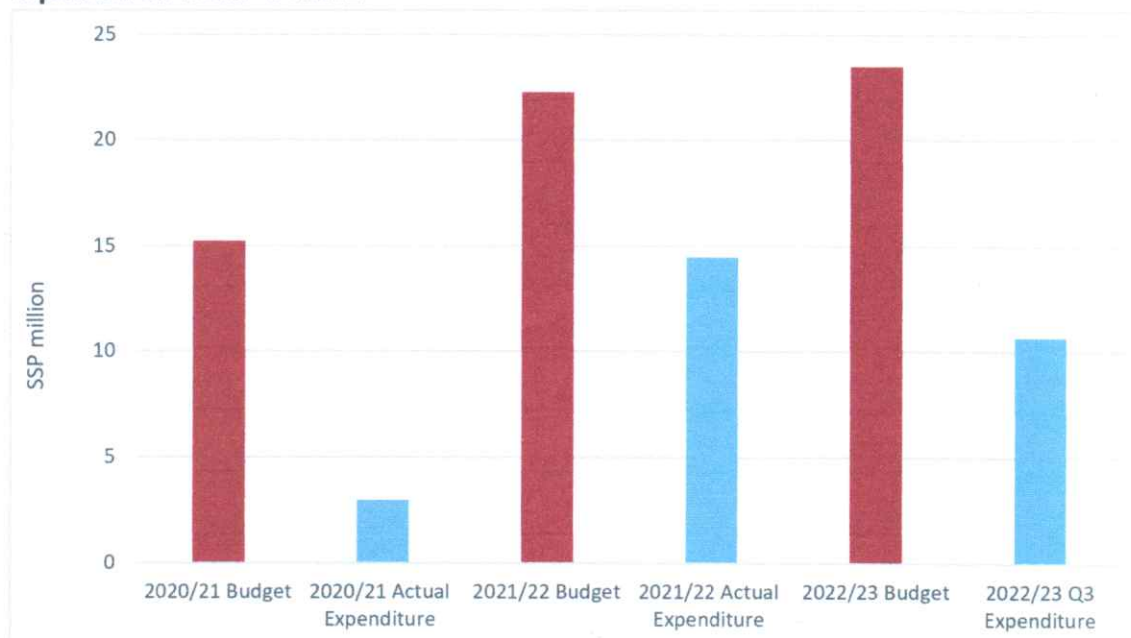
Source: Ministry of Finance and Planning National Budget Plan 2020/21 – 2022/23. Authors' calculations.

The Ministry of Livestock and Fisheries Industries' budget allocations grew marginally from SSP 2,832,723,491 in FY2021 to SSP 3,266,396,910 in FY2022, with actual spending of SSP 65,272,763 in FY2020, SSP 958,434,021 in FY2021 and SSP 29,481,987 by Quarter 3 of FY2022. The ministry's allocations have grown steadily from SSP 199,516,876 in FY2019 to SSP 627,548,751 in FY2020 and SSP 2,832,723,491 in FY2021. However, the increase in allocations has not been matched with increased spending. Spending is fluctuating in a very negative way, as we note a 10% spending in FY2020, 34% spending in FY2021, and only 1% spent by the end of the third quarter of FY2022. This is seriously concerning as planned budgets are not being realised through service delivery.

3.1.3 Ministry of Health (Drug and Food Control Authority) Allocations Analysis

The health ministry's strategic goal is to regulate the manufacture, supply, promotion, marketing, advertising, distribution and use of health care products with the involvement and participation of stakeholders in order to improve and facilitate access to essential medicines and medical devices of assured quality, safely and efficacy for both human and veterinary services of South Sudan.

Figure 5: Ministry of Health (Drug and Food Control Authority) allocations and actual expenditure FY2020 - FY2022



Source: Ministry of Finance and Planning National Budget Plan 2020/21 – 2022/23. Authors' calculations.

The Drug and Food Control Authority of the Ministry of Health has spent barely 0,5% of food security related funds on average, likely because this authority is a regulatory body with no direct service delivery duties.

3.1.4 Food Security budget trends

The budget of the Ministry of Agriculture & Food Security increased by 524% between FY2020 and FY2022. With an annual average nominal growth rate of 194%, the livestock and fishing industries grew by 84% in FY2019, 215% in FY2020 and 351% in FY2021 and 15% in FY2022. The budget increases at MoH's Drug and Food Control Authority varied from FY2019 to FY2022 but averaged 54% on an annual basis. Having seen how low the spending rates are, the increasing budget allocations leave many questions unanswered. Nevertheless, both allocative and operational efficiencies should be achieved, meaning allocations should be made on the right combination of interventions, and that allocations are disbursed timeously and spent well to achieve desired outputs and outcomes.

Looking at how much is distributed per person helps us to understand the equitable distribution of resources based on population size. To guarantee that the budget process is proactive in considering inflation and expanding public requirements, it is critical to evaluate government investment on a per capita basis as well as inflation levels in the country. Per capita investment on food security increased from SSP 21 in FY2018 to SSP 5,338 in FY2022. Sadly, low spending means what was intended spending per person in the population was not achieved, as far less money was utilised on actual public services.

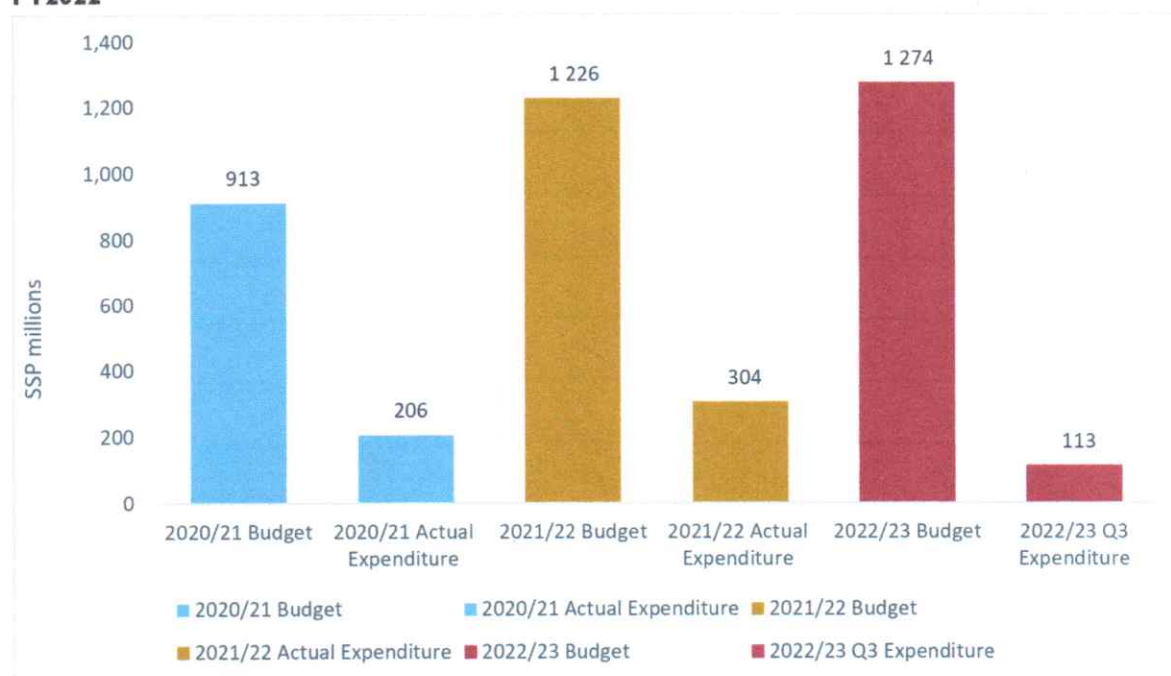
3.2 WASH-related financing

3.2.1 The Ministry of Water Resources & Irrigation Allocation Analysis

The Ministry of Water Resources and Irrigation's strategic goal is to ensure the integrated development, provision, and management of sustainable water resources, sanitation, and hygiene services.

The Ministry of Water Resources & Irrigation's budget allocation increased slightly from SSP 1,226,306,613 in FY2021 to SSP 1,274,295,370 in FY2022, with a 77% share of overall WASH-related allocations. Actual expenditures demonstrate that barely 23% of the FY2020 budget, 25% of the FY2021 budget, and 9% of the FY2022 in three quarters were spent. Figure 6 demonstrates this.

Figure 6: Ministry of Water Resources and Irrigation allocations and actual expenditure FY2020-FY2022



Source: Ministry of Finance and Planning National Budget Plan 2020/21 – 2022/23. Authors' calculations.

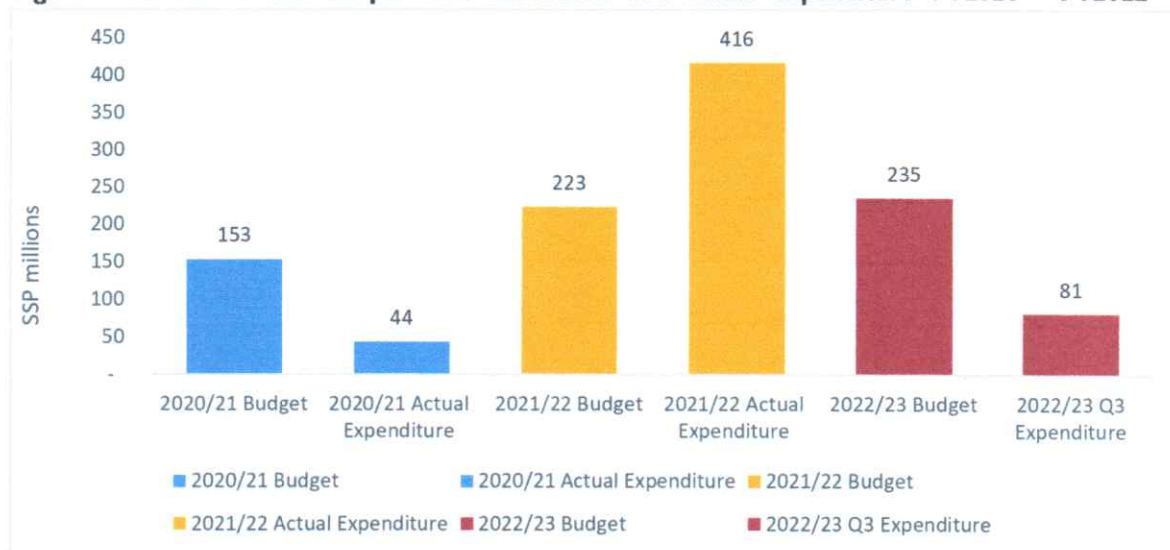
Regardless of how much money is allocated to the Ministry of Water Resources & Irrigation, an estimated 9.4 million people's living standards and wellness will suffer in 2023 because of inadequate and/or lack of access to safe drinking water and good sanitation. It would be helpful to understand what has been achieved with the monies spent considering the circumstances (insufficient access to running water in the city and towns), given the growth in the budget followed by low spending.

3.2.2 Urban Water Corporation Allocations Analysis

The Urban Water Corporation's strategic goal is to develop and provide adequate, safe, and affordable water service in an efficient, sustainable, and ecologically responsible manner to the satisfaction of public stakeholders. The Urban Water Corporation's budget consistently increased from SSP 38 million in FY2018 to SSP 235 million in FY2022, with a 51% share of the entire WASH-related budget in FY2020, which declined to 13% in FY2021 and increased to 14% in FY2022. See Figure 7 below showing how the increasing budget trends for Urban Water Corporation are not matched with increasing spending trends despite a spike in spending in FY2021 which needs to be explained. Almost 87% overspending was reported in FY2021. It would be interesting to know where the additional funds came from, or how the shortfall was covered. The latest spending record for Quarter 3 in FY2022

was very low at 35%, since only one quarter was left to wrap up programme implementation and utilise funds in the year's budget plan.

Figure 7: Urban Water Corporation allocations and actual expenditure FY2020 - FY2022

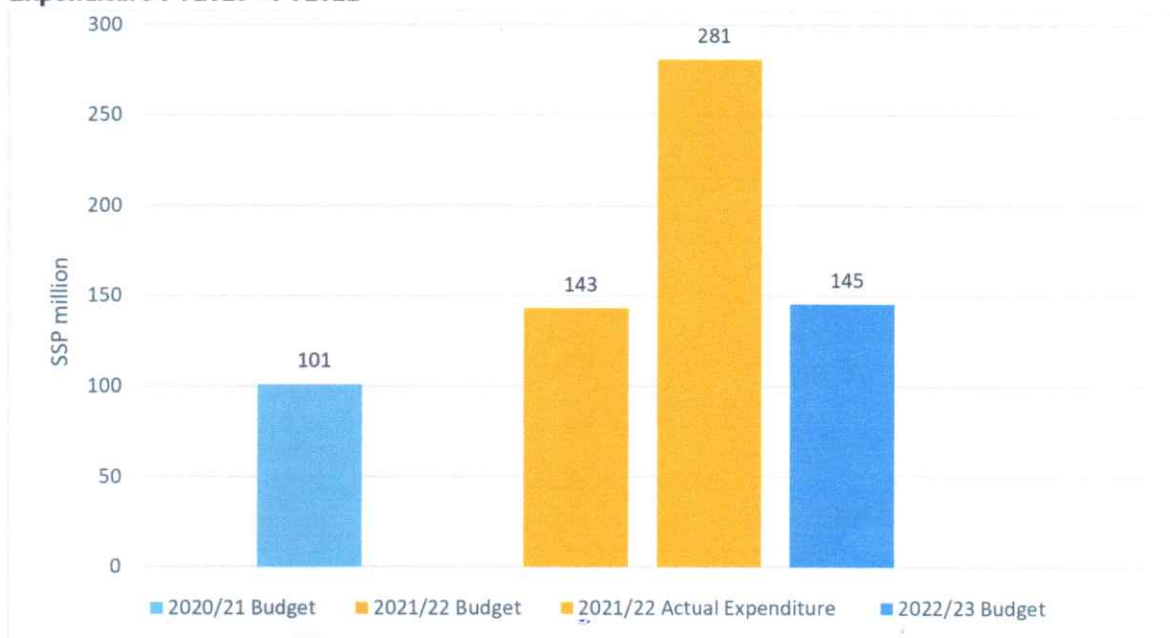


Source: Ministry of Finance and Planning National Budget Plan 2020/21 – 2022/23. Authors' calculations.

3.2.3 Lands, Housing & Urban Development (Urban Sanitation) Allocation Analysis

The strategic goal is to ensure effective and efficient national land development system to support economic development, housing infrastructure investment, and quality assurance in the construction industry. The Urban Sanitation programme of the Ministry of Lands, Housing and Urban Development overspent by 96% in FY2021, indicating the allocated budget amounts were not sufficient.

Figure 8: Lands, Housing & Urban Development (Urban Sanitation) Allocations and Actual Expenditure FY2020 - FY2022



Source: Ministry of Finance and Planning National Budget Plan 2020/21 – 2022/23. Authors' calculations.

3.2.4 Trends in WASH-related allocations

In FY2022, the nominal growth rate for WASH-related allocations through the Ministry of Water Resources & Irrigation increased by 391%. In FY2022, the Urban Water Corporation recorded 548%. Lands, Housing & Urban Development Urban Sanitation programme witnessed a budget increase of 160% in 2022, with an annual average nominal growth rate of 1682% between FY2020 and FY2022.

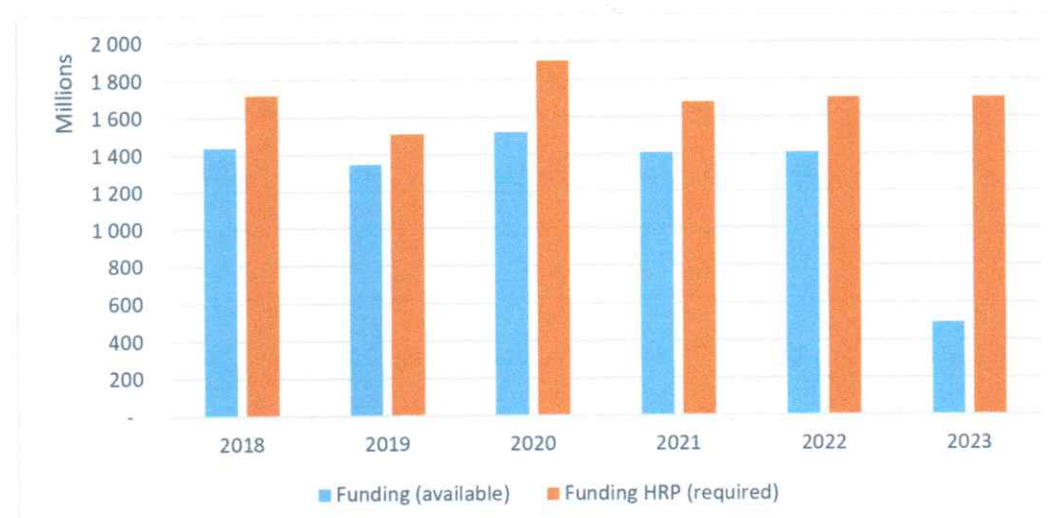
Once again, WASH spending per capita is quite low when compared to food security investments per person. In FY2022, WASH expenditure per capita was SSP 149. Despite the evident nominal growth in budget allocations, this figure appears to be quite low. More money is needed to increase WASH-related per capita spending, despite the clear nominal growth seen in the budget allocations. Further investments are needed to increase WASH related per capita spending.

4. Donor funding from Humanitarians Response Plan – HRP 2018 -2023

Donor funding status, comparing available resources with total resource needs, FY2018 – FY2023

The UNOCHA Humanitarian Response Plan (HRP) has provided funding to South Sudan. In 2018, donor actual financing for humanitarian interventions amounted to \$1.2 billion, which reduced to 1.13 billion in 2019 and slightly increased to \$1.23 billion in 2020. Again, the budget was dropped to 1.23 billion in 2021, and further down to \$1.2 billion in 2022. However, only \$491 million (29%) financing was secured for 2023 during the writing of this brief, indicating a 71% (\$1.2 billion) donor funding deficit.

Figure 9: Humanitarian aid (required and available) to South Sudan for Food, Emergency and WASH related interventions - 2018 - 2023



Source: Financial Tracking Service (unocha.org). Authors' calculations.

As illustrated in Figure 9, available donor financing clearly falls short of resource needs. It would be interesting to examine how much donor commitments were translated into actual allocations and spending in South Sudan by the financing partners. Rethinking aid and localizing humanitarian responses are needed to ensure full ownership of the responses from within South Sudan, as well as local ownership through strengthened government policies and systems, and donor coordination and alignment with national policies and strategic frameworks. This is especially critical because South Sudan is working on its long-awaited nutrition policy.

Table 1: Contributors to the South Sudan HRP in 2023.

Funding by Source	Funding for response plan/appeal (US\$ million)	As a share of overall funding to the response plan/appeal (%)
USA Government	360.5	87.3%
Central Emergency Response Fund	14.0	3.4%
Germany, Government of	12.6	3.0%
United Kingdom, Government of	6.3	1.5%
Canada, Government of	6.2	1.5%
European Commission	4.9	1.2%
Switzerland, Government of	2.6	0.6%
Japan, Government of	2.1	0.5%
Norway, Government of	1.2	0.3%
Save the Children	0.8	0.2%

Source: Adopted from South Sudan Humanitarian Response Plan 2023. <https://fts.unocha.org/appeals/1111/summary>

Table 2: Funding progress by cluster/sector

Cluster/Sector	Required (US\$ million)	Funded (US\$ million)	Coverage (%)
Camp Coordination and Camp Management	19.0	5.0	26.3%
Coordination and Common Services	18.7	2.4	13.1%
Education	52.3	1.2	2.4%
Food Security and Livelihoods	649.9	235.8	36.3%
Health	128.7	13.4	10.4%
Logistics	93.5	15.0	16.0%
Nutrition	230.5	66.8	29.0%
Protection	103.3	13.6	13.2%
Refugee Response	255.0	0.2	0.1%
Shelter and Non-Food Items	35.3	0.0	0.0%
Water, Sanitation and Hygiene	113.7	9.5	8.4%
Not specified	n/a	42.1	n/a
Multiple clusters/sectors (shared)	n/a	7.9	n/a

Source: Adopted from South Sudan Humanitarian Response Plan 2023 - <https://fts.unocha.org/appeals/1111/summary>

5. Conclusion and recommendations

In comparison to the initial budget analysis conducted in 2022, this year's analysis shows some interesting growths in both Food Security related and WASH-related budget estimates. This is against the backdrop of concerning inflation levels, which have notably declined over the years, falling from 83% in 2018 to 28% in 2022. We hope that the higher budget forecasts will result in actual allocations and payments, as well as actual spending on relevant food security and WASH issues. Sadly, as has been seen in this analysis, budget allocations are not translating to actual disbursements and spending, causing a concern for the actual delivery of public services and goods communities are desperately waiting for.

The Right2Grow consortium recommends that:

1. Budget allocations are realistically made in line with identified needs to ensure sufficiency of resources for key policy priorities.
2. Proper plans are developed to raise enough financial resources to fund the budget plans, to avoid budget shortfalls during each financial year.

3. Actual disbursements are made and monitored throughout the financial year to ensure that resources reach spending offices on time to make a difference in people's lives.
4. Expenditure data should be disaggregated enough to see what is funded within food security, nutrition, and WASH programmes, to ensure funds are spent cost-effectively and achieve desired and visible impact.
5. Monitoring budgets is important to see government's capacity mobilise and allocate resources, but the government should make effort to track its spending trends to identify any allocative and/or spending challenges and take corrective actions on time.
6. This brief has shown how low the spending is vis-à-vis budget. There is an urgent need to understand the causes of this undesirable trend. This would also aid in determining how financial or budget performance relates to non-financial or programme performance, as government spending should result in tangible benefits for the citizens.
7. This analysis calls for additional research into donor funding, contributions to ministries other than the line ministries for food security and water services, as well as investments or contributions from the private sector, which should strive to give back to the community through corporate social investments (CSIs).

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Signed

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