

# BUDGET 2013/14

A two-step budget to boost social services and economic growth in a responsible manner

In a still uncertain macro-economic environment, the draft budget for 2013/14 is a major step forward in addressing South Sudan's development priorities in a prudent, disciplined and accountable manner. After a challenging fiscal year without oil revenue, the budget of spending agencies will increase to SSP 9.7 billion compared to 6.7 billion in 2012/13, if sufficient resources can be mobilized. Budget increases will primarily be spent on better social services, infrastructure, agriculture and livelihoods. This document provides an overview of how the budget is financed, how it will be spent, and its key initiatives.

The 2013/14 draft budget foresees an overall resource envelope of SSP 17.6 billion, financed through a combination of oil revenue, non-oil revenue, loans and budget support from donors. If oil production continues at full capacity, income from oil will reach up to SSP 10.4 billion, and a stronger economy will help raise close to SSP 2 billion in non-oil revenue. Nevertheless, loans of SSP 4.7 billion will be required to bridge the remaining financing gap. In addition, donors are for the first time planning to contribute SSP 600 million in grants directly to the budget.

Of SSP 17.6 billion in total resources, 9.7 billion will be available for agency spending. The remainder will mainly go towards repaying loans taken up in 2012/13, paying arrears, rebuilding reserves, paying Sudan for pipeline use, and making agreed transfer payments to Sudan and oil producing states and communities. Agency spending of SSP 9.7 billion represents an increase of 3 billion compared to 2012/13. The additional funding will mainly go towards priorities identified by H.E. President Salva Kiir:

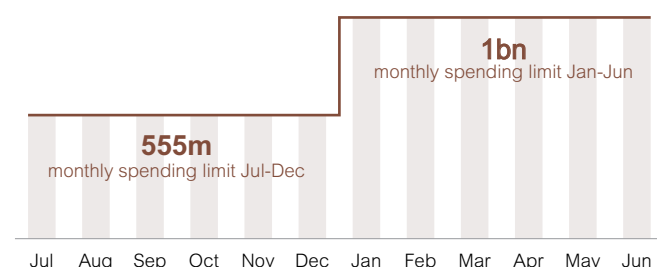
- Improving health, education, water and other social services, especially in rural areas (SSP 585 million).
- Boosting infrastructure, especially roads, but also water and power, as well as agriculture (SSP 741 million, plus 300 million).
- Reversing selected austerity cuts, including housing allowances and block grants (SSP 541 million).

As a result of these changes, the 2013/14 draft budget has a much better development balance than in previous years. The combined share of spending on security and law enforcements decreases to 47%, from 58% in 2012/13. The share of spending on capital investment increases to 18% compared to 7% in 12/13.

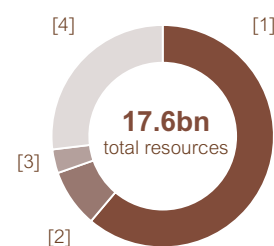
Due to only gradual increases in oil revenue, loan repayments and high macro-economic uncertainty, monthly spending limits will prudently remain at the austerity level of SSP 555 million per month during the first 6 months of 2013/14, and will increase to 1 billion in early 2014 if sufficient resources are available.

## Prudent monthly spending limits for 2013/14

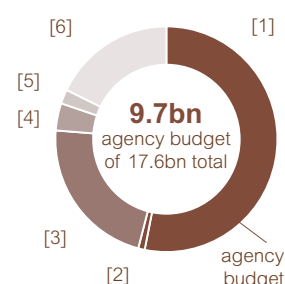
Spending will only increase in 2014, once sufficient resources are available



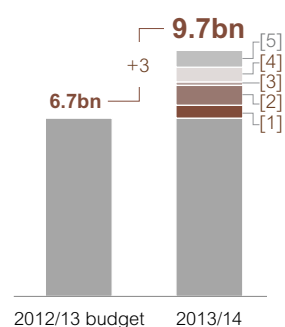
Where resources come from	SSPm
[1] Oil revenue	10,411
[2] Non-oil revenue	1,967
[3] Budget support (donors) <sup>1</sup>	600
[4] Other loans <sup>2</sup>	4,664
<b>Total resources</b>	<b>17,642</b>



How resources are spent	SSPm
[1] Spending agency budget	<b>9,733</b>
[2] Spending restricted loans <sup>3</sup>	170
[3] Loan repayments	3,800
[4] Arrears and reserves	500
[5] Payments to communities <sup>4</sup>	352
[6] Payments to Sudan <sup>5</sup>	3,087
<b>Total spending</b>	<b>17,642</b>



Agency budget increases	SSPm
[1] Social services	+585
[2] Infrastructure	+741
[3] Agriculture and job creation	+300
[4] Restored allowances/grants	+541
[5] Other priorities <sup>6</sup>	+902
<b>Total</b>	<b>+3,069</b>



Agency spending by sector and chapter	Wage	Operation	Capital	Transfers/other	Total	Share
Accountability	97	147	57	2	303	3%
Economic Functions	63	95	239	25	422	4%
Education	100	144	91	335	670	7%
Health	46	194	71	113	425	4%
Infrastructure	25	31	511	0	566	6%
Natural Resources	32	37	351	43	463	5%
Public Administration	328	351	317	10	1006	10%
Rule of Law	321	284	123	770	1,499	15%
Security	2,526	589	21	5	3,142	32%
Social / Humanitarian	31	54	10	2	97	1%
Contingency / Interest				170	170	2%
Block transfers				971	971	10%
<b>Agency spending</b>	<b>3,568</b>	<b>1,927</b>	<b>1,791</b>	<b>2,447</b>	<b>9,733</b>	<b>100%</b>

Notes: 1) Budget support from donors includes SSP 350m in grants and SSP 250m in concessional loans. 2) Other loans include SSP 4,500m in unrestricted loans, and SSP 164m in purpose-restricted loans. 3) Spending on restricted loans includes SSP 150m in loan-financed spending on Juba airport and SSP 14m for local services. 4) Payments to oil producing communities (3% of net oil revenue) and states (2% of net oil revenues). 5) Payments to Sudan include SSP 1,306m in pipeline fees and SSP 1,781m in fiscal payments. 6) excl. SSP 100m sales tax transfer increase.