Domestic Education Financing in South Sudan: Building a case for increased investments in education sector.

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Foreword

Goal number one of the social service clusters in the Revised National Development Strategy (R-NDS) 2021-2024 states the desire to put in place a plan for human capital development through deliberate investments in education by providing adequate infrastructure, teacher education and training curricula. This demonstrates South Sudan's government commitment to invest more resources to education sector. Over the past decade, the discourse on domestic financing of education has gained prominence across the world. Governments should commit more resources from national budgets to education as opposed to relying on external funding sources. True independence and sustainability come when a country can meet its financing needs from domestic sources of revenue. It is imperative that governments in Africa understand this fact and enact laws and policy programs that augment domestic revenue generation and management. Since its independence in 2011, South Sudan has grappled with various political, social, and economic challenges that have had an impact not only on education sector, but overall people's livelihoods and welfare. Education sector has for the past decade received an extremely low share of national budget, averaging below 6% between 2010 and 2020. Post 2020 allocations show governments new commitment to finance education, allocating up to 17% of national budget in 2022/23 fiscal year. Expectations are this will be maintained considering observed erratic and rapid budget fluctuations in the past. This paper presents an analysis of education sector budget in South Sudan, presenting a trend over the last ten years in both allocation, execution, and growth. It further compares education sector budget with other key sectors of the economy to demonstrate the financial priority accorded to education in the country as well as a comparison of education financing and resultant status of selected education indicators in two countries in the East African Community. The paper further looks at the budget cycle and related vital documents that education actors should focus on if they are to influence education sector budget at all. The paper further highlights sources of public funding in the country with a view to enabling stakeholders appreciate where more funds for education can be obtained. The paper concludes by making policy recommendations that education actors in South Sudan should pursue to boost investments in education sector in the country.

Background and Context

It is estimated that 2.8 million school-aged children in South Sudan are not receiving any form of formal education. Prolonged conflicts and political upheavals have worsened the situation which has affected a wide range of people's welfare and livelihoods. Diverse groups of people face major challenges in accessing quality education in South Sudan. These include children living in conflict affected and remote areas, children in internal displacement camps, those with disabilities, child laborers, children in street situations, girls, and children from pastoralists communities (UNICEF, 2021). Availability of adequate quality teachers is a key determinant of quality of education. It is estimated that more than 70 per cent of primary-level teachers are untrained or underqualified, who are often demotivated by poor terms and conditions of service. These demotivating factors include extremely low pay which is irregularly paid out and difficult working conditions with large classes and scarce teaching and learning materials. School closures because of insecurity disrupt curriculum implementation and lead to trauma which affects the morale of pupils, teachers, and the community.

Investments in education have remained extremely low since the country's independence in 2011. On average, between 2011 and 2020, education sector budget as a share of national budget was 6%. It is obvious that a country coming from dilapidation of war and conflict cannot make meaningful investments to recover education sector from disrepute with such meagre resources. It is therefore imperative that the government of South Sudan makes deliberate efforts to increase and sustain investments in education sector access inclusive and equitable quality education for all and lifelong learning in the country.

Analysis of education sector budget in South Sudan

Education sector budget allocation as a percentage of national budget in South Sudan has constantly remained below the global benchmark of 20% of national budget or 6% of GDP. Recent discussions relating to education sector budget analysis indicate that financing education should not only focus on how much has been allocated but also how attendant budget policy decisions affect education needs of children (UNICEF, 2020). It also calls for stakeholders to take interest in the budget cycle and understanding various budget documents like the budget review and outlook paper, estimates document, budget policy statement and the finance bill which all affect sector allocations (OECD, 2015). This section is focused on demonstrating the trend of education sector budget allocation in South Sudan and attempts to submit probable causes of observed trends.

Analysis of data obtained from the Ministry of General Education and Instruction (MoGEI) show that education sector budget as a share of national budget has not achieved the expected global benchmark, on average remaining below 6% between 2010/11 and 2019/20 and in some cases going as low as 3-4% as shown in figure 1 below. This situation should concern education stakeholders in the country since it demonstrates the priority education is given. It is also worrisome because no meaningful investments can be made in the sector towards improving access to quality and inclusive education with such a financing trend. But also, trend analysis shows an erratic tendency, with allocations going as low as 3.7% (2016/17/18) then shooting to 9.4% (2018/19) and drastically falling to 5.5% the following year

(2019/20). One of the causes that could be responsible for such an erratic trend is where the budget process is not guided by laid down guidelines in the budget cycle and attendant budget documents or nonadherence to such guidelines where they exist. A reasonably predictable trend should be observed where the budget guidelines are strictly adhered to. However, post 2020 data shows a new encouraging trend that has significantly increased the share of education budget up to 11.2% (2020/21) 16.1% (2021/22) and 17.2% (2022/23). If this trend is maintained, it shows the country can attain the global benchmark of 20% in the next two years or so and if sustained, there is potential to change the face of education sector in South Sudan for good.

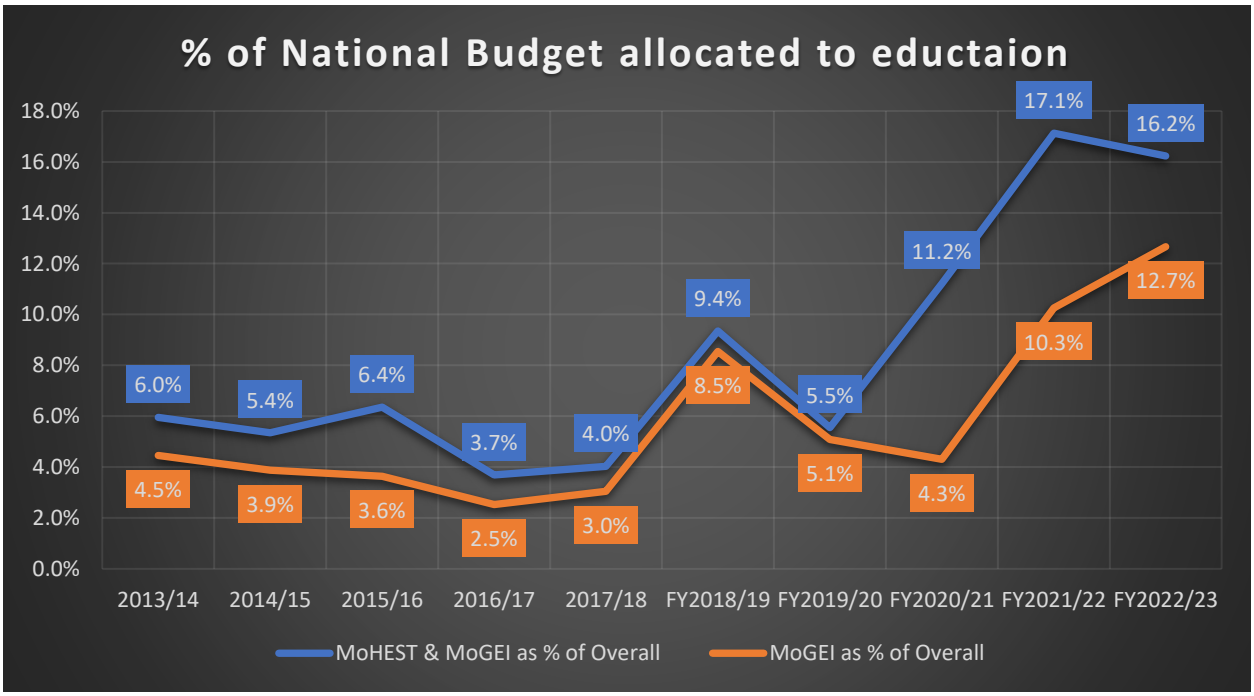


Figure 1: Education sector budget allocation trend: 2013/14 – 2022/23 (Data Source: MoGEI)

While we focus our efforts on allocation, data from MoGEI shows there could be an existing challenge of budget execution. Figures 2 and 3 below show that budget execution has been below enacted budget in most of the years, with an exception 2020/21 fiscal year whose data is yet to be verified. Stakeholders and government should pay attention to this issue since one may wonder if stakeholders are saying funds allocated to education are not enough, how then can we fail to spend even that little that is allocated? This could point to possible systemic challenges involving people, processes, procedures, and structures that require close attention if we are to realize efficiency within the education sector in the country.

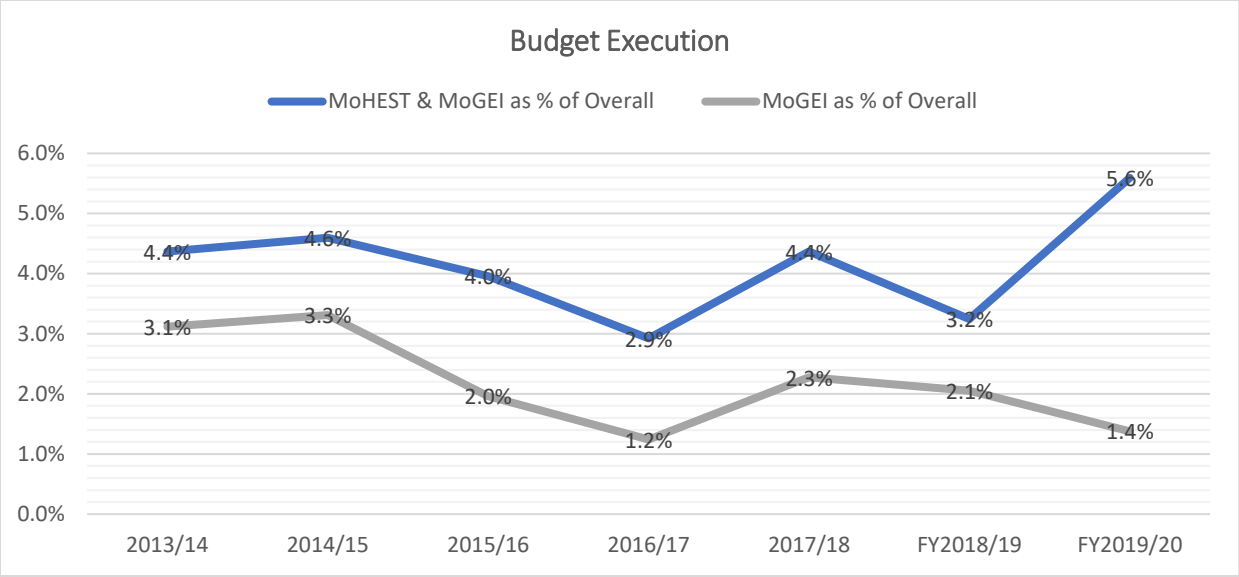
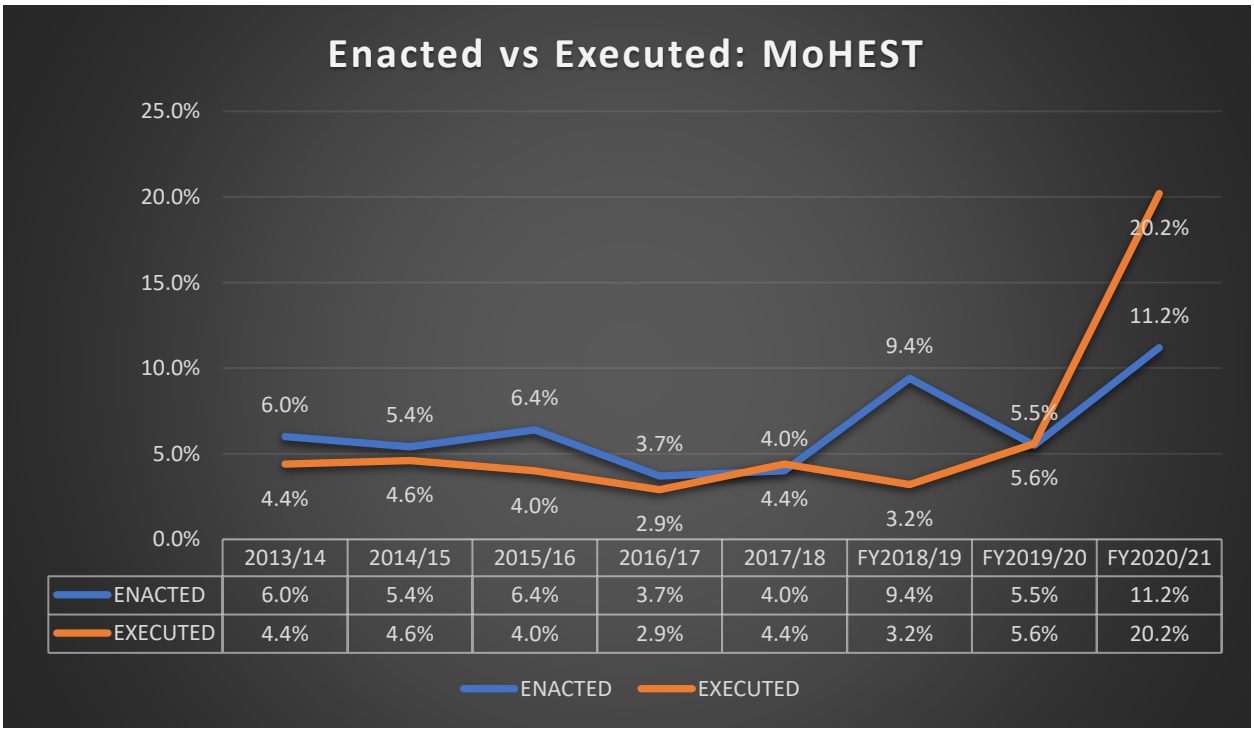


Figure 2: Education sector budget execution 2013/14 – 2019/20. (Data Source: MoGEI)

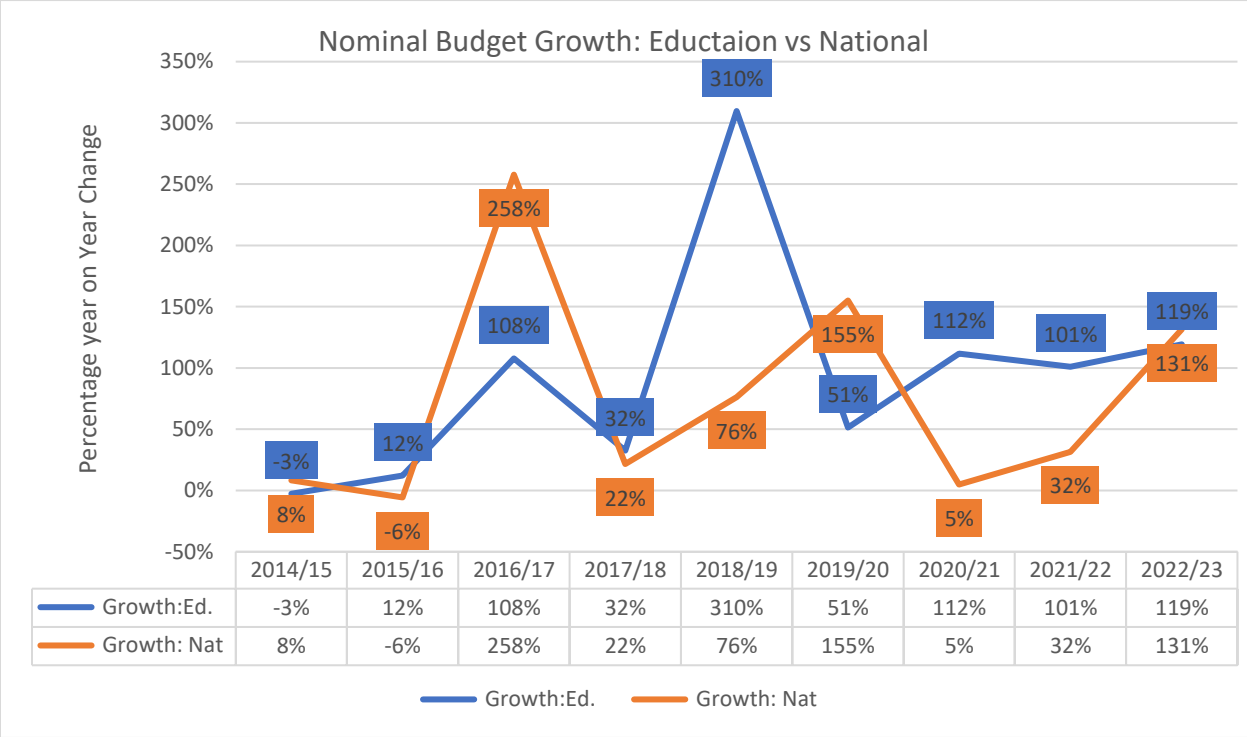


	2013/14	2014/15	2015/16	2016/17	2017/18	FY2018/19	FY2019/20	FY2020/21
ENACTED	6.0%	5.4%	6.4%	3.7%	4.0%	9.4%	5.5%	11.2%
EXECUTED	4.4%	4.6%	4.0%	2.9%	4.4%	3.2%	5.6%	20.2%

Figure 3: Comparing enacted vs executed budget 2013/14 – 2020/21. (Data Source: MoGEI)

Available data shows progressive nominal growth of national and education sector budgets. There have been arguments by many education stakeholders that while total national budgets for many countries have been growing over the years, there hasn't been corresponding growth in education sector budget to reflect the growing national cake. This paper attempted to compare year on year national and education sector growth rates over a period of nine years. As shown in figure 4 below, there is no comparable pattern of growth between education sector budget and the national budget. In fact, the

trend looks unpredictable since there are instances where education sector budget posts higher rates than national and vice versa. For instance, in 2015/16 fiscal year, national budget shrunk by 6% (-6% growth) while education sector budget grew by 12%. Similarly, in 2014/15 fiscal year, education sector budget reduced by 3% (-3% growth) while national budget grew by 8%. This erratic random pattern is observed across the years and does not post a predictable trend that could inform future planning.



	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Growth:Ed.	-3%	12%	108%	32%	310%	51%	112%	101%	119%
Growth: Nat	8%	-6%	258%	22%	76%	155%	5%	32%	131%

Figure 4: Comparing enacted vs executed budget 2013/14 – 2020/21. (Data Source: MoGEI)

The following observations are made that could explain why we have such a trend which could be of interest to education stakeholders and government. There is observed lack of a consistent pattern of growth in both national budget and education sector. One possible reason could be non-adherence to budget cycle guidelines as especially sound preparation of the budget review and outlook paper, which appraises previous year' budget and forms the basis of preparing the budget review and outlook paper and budget policy statement documents which provide a proposal of sector allocations. It is therefore of utmost importance that the budgeting process follows a verifiable process that is guided by data. Another possible reason, as will be demonstrated later in this paper, is accuracy of budget figures. Data available points to a possibility that a huge amount of national revenue from debt, official development assistance (ODA) or even tax revenues are not captured in the national budget. This will obviously lead to extremely varied year on year budgets.

Another budget analysis issue that may be of interest to education stakeholders and government is a comparison of education sector budget and other key sectors of the economy. This is meant to enable readers appreciate where national revenue has been channeled over the years and provoke their thoughts to question the priority setting process and the political will to invest in education. This paper

compared education sector budget allocation for a period of ten years (2010/11 – 2019/20) with four main sectors of the economy that took a huge chuck of the money through the years as shown in figure 5 below. These sectors include security, rule of law, public administration, and infrastructure.

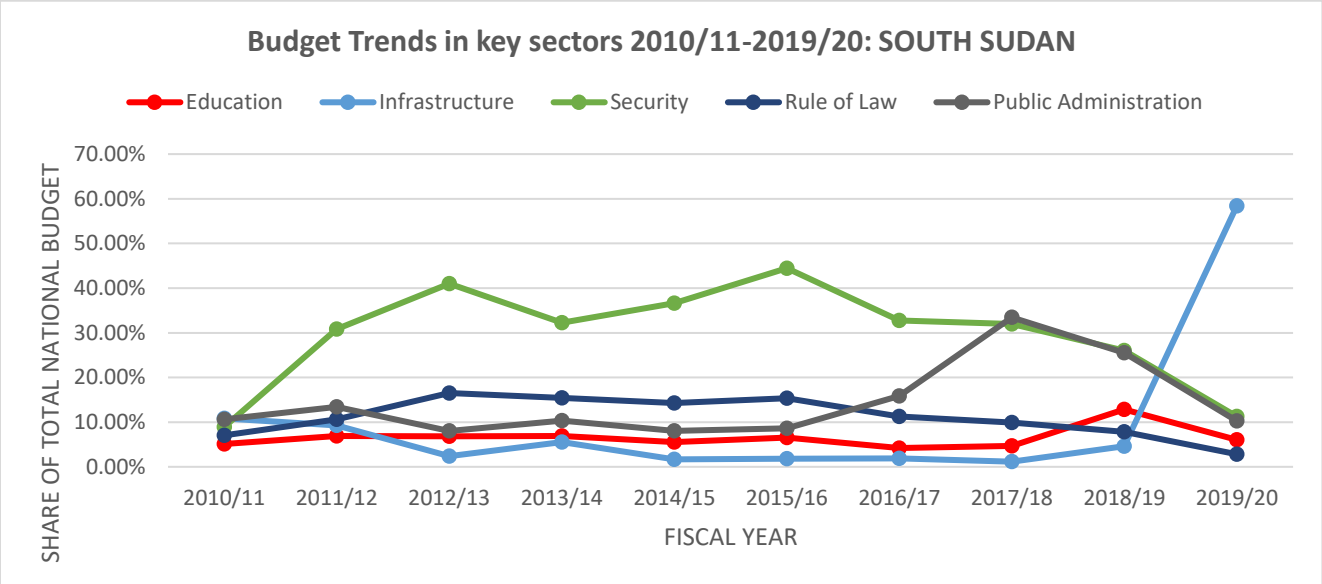


Figure 5: Budget trends in key sectors 2010/11 – 2019/20. (Data Source: Ministry of Finance and Planning)

From this analysis, the following observations are made

- Security, rule of law, public administration and infrastructure have consistently taken up a huge chunk of national budget – on average 66-70% between 2010/11 – 2019/20 with 2019/20 being highest where the 4 sectors took up to 82.8% of total national budget.
- Allocation to education sector remained below 6% over the same period except for 2018/19 where it got 9.4% but dipped again to 5.5% the following year. There is a positive outlook though since available data shows above 10% thereafter with 2020/21 taking 11.2%, 2021/22 allocated 17.1% and 2022/23 receiving 16.2%. If post 2020 trend is sustained for another 10-15 years, we can make huge investments in education sector that have the potential to completely change the face of education sector in South Sudan.
- Observed high allocations to security and public administration are based on the socio-political situation in the country. What this means is for South Sudanese children to access quality education, there must be concerted efforts by the country's political class to stabilize the nation to free more resources to send children to school.

Regional comparison

This section presents a comparison of South Sudan's status of education financing and related education statistics with its East African (EA) peers to demonstrate how the country's education financing priorities appear in view of selected EA countries. It emerges that financing of education in South Sudan is significantly lower than that of Uganda and Kenya, averaging about 6% between 2012 and 2020 while that of the two EA peers averaged about 16.5% over the same period as shown in figure 6 below.

Furthermore, it is important to note that the percentages show a share of national budget of which the real funding to education in South Sudan could be much lower compared other EA, since the size of national budget is smaller.

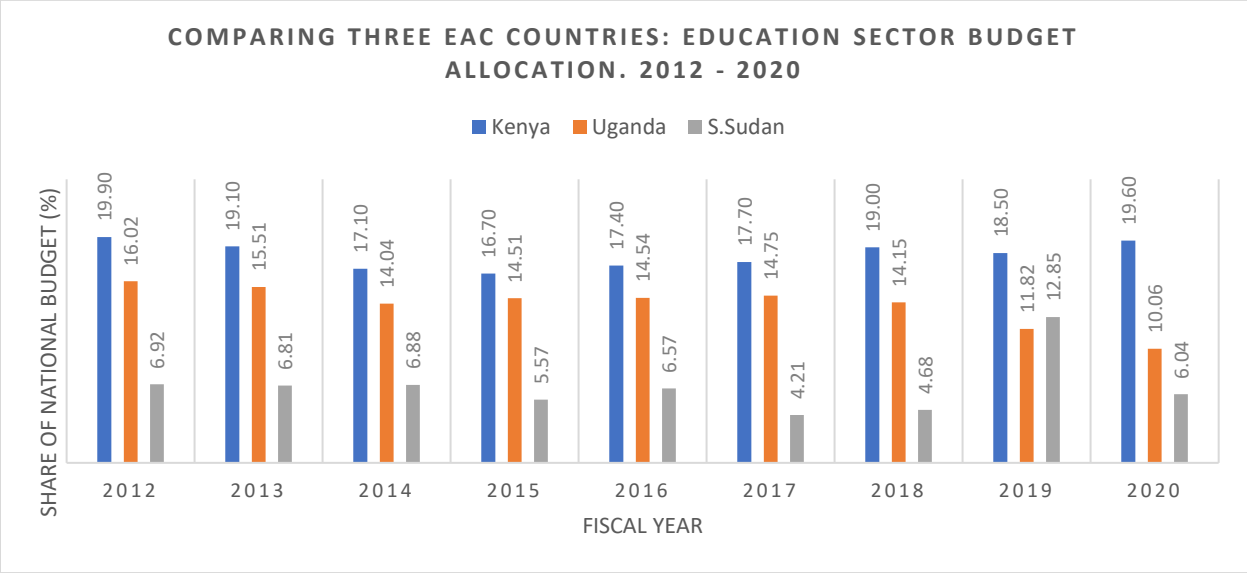


Figure 6: Data Source: UNESCO-UIS; Ministry of Finance and Planning (Uganda), Ministry of General Education and Instruction (South Sudan)

Investments in education sector have a bearing on education indicators like the number of people who access educational institutions as well as adult literacy levels. The paper makes a comparison of these two indicators across the three EA countries to demonstrate how investments in education in different countries shown in figure 6 above have impacted on the education indicators. A logical trend emerges. Kenya, which data shows has made significant investments in education over the years report higher enrolment rates across all levels of education and higher adult literacy rates followed by Uganda and South Sudan comes last as shown in figures 7 and 8 below. This is a clear indication that failure to deliberately invest in education sector has significant effects on the general educational outcomes in a country, which further compromises the human capacity required to develop a country. We can therefore conclude that unless South Sudan makes intentional significant investments in education, the country will not have the human resource knowledge and skills capacity needed to develop.

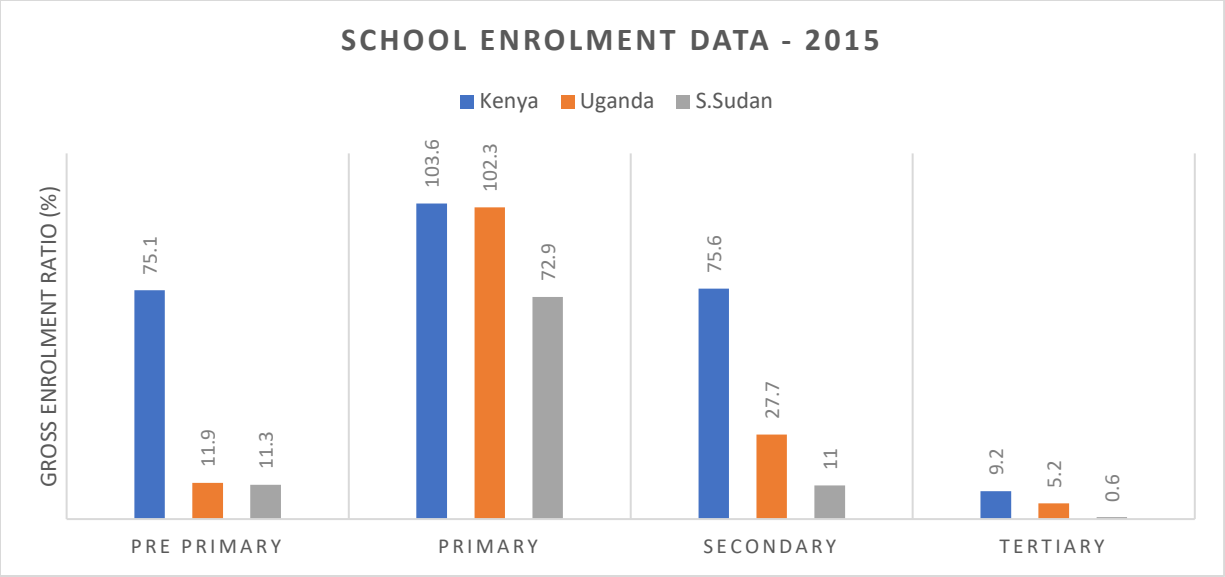


Figure 7: Comparison of school enrolment across three EA countries. (Data Source: UNESCO-UIS)

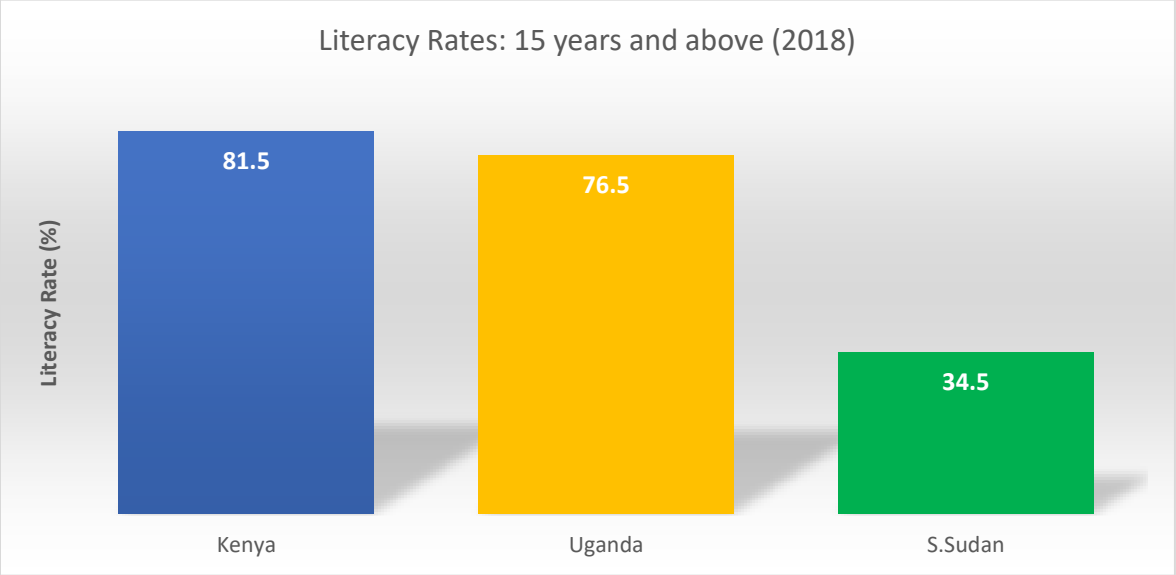


Figure 8: Adult literacy rates in three EA countries: 2018 (Data Source: World Bank, 2020)

Domestic financing of education

In the aftermath of Covid 19 pandemic and its impact on the economy, domestic budgets are further squeezed by rising food and commodity process, inflation and erratic climatic conditions that are causing drought and hunger across many countries in Africa. South Sudan is not an exception in this case and thus, like other African countries, the newest country on the continent must put more efforts to remain afloat. Even before the pandemic, South Sudan was not investing sufficient resources to education, and this has significant negative impact on the country's chances of achieving the targets set out in the Sustainable Development Goal number 4 (SDG4) of accessing all learners with equitable

quality inclusive education and lifelong learning. Thus, the need for a louder call to increase domestic financing of education in the country has never been this urgent. Africa has for years developed a dependency syndrome, portraying itself as a community that cannot develop unless there is assistance from the developed world. This author observes that this is a fallacy that Africans and African leaders should eradicate and focus on adopting a self-sufficiency mechanism because a truly independent nation is that which can meet all its needs without depending on assistance from outside. It is important to note that official development assistance to developing economies accounts for less than 3% of total national revenue. This means domestic resource mobilization should make up to 97% to meet budget demands.

Owing to this understanding, it means we must shift our focus to local revenue generation through our natural and artificial resources, taxes, levies, and other charges. But for us to appreciate the matter of domestic revenue generation and how we can use it to increase domestic financing of education, there is need to understand the public budget cycle, critical stages, and important guiding documents. Equally important, is understanding the sources of government revenue which this paper presents in another section.

Understanding public budget process and key considerations

A first step to valuable education sector budget participation and influencing stakeholders' understanding of the public budget process. This will provide useful information to know when to engage on what or whom to target with their engagements. We have witnessed education stakeholders engage with the budget when it is too late to influence anything, for instance, when the Minster for Finance and Economic Planning reads the budget in parliament. This part of the paper is meant to provide information on the budget process and important budget documents so that stakeholders know when and how to influence the budget process and by extension the final allocation to education sector.

<u>The budget cycle</u>

Different countries have different budget cycles where at every stage there are products/documents developed to guide the next steps of the budget process. Unless stakeholders in South Sudan understand the budget cycle and key documents that inform the process in their country, they may not significantly influence education sector budgets and sources of revenue to finance the budgets. In South Sudan, there is a Budget Directorate in the Ministry of Finance and Economic Planning which leads the budget process. It is therefore crucial education stakeholders work closely with this directorate to influence the process at the onset. As at the date of authoring this paper, the directorate had the following budget process.

- At the start of each budget cycle the directorate works in close cooperation with the Macroeconomic Planning Department to produce first estimates of the resource envelope for the following fiscal year.
- Within the second quarter of the fiscal year, the directorate proposes draft spending ceilings for all spending agencies to the Council of Ministers. These are designed according to the president's spending priorities and resources available, using previous ceilings as a baseline. As

laid out in the Public Financial Management Act, fiscal sustainability in the medium term is crucial to the formulation of the national budget, and spending ceilings reflect this.

- Within the second and third quarter spending agencies formulate their budgets using spending ceilings and budgeting guidelines prepared by the Budget Directorate and submit them to the Directorate for review
- In the third quarter of the fiscal year, the Budget Directorate appraises budget submissions and negotiates with spending agencies. In response, spending agencies submit final budgets during the fourth quarter of the fiscal year. These are then compiled in a budget book and submitted to the National Legislature for approval.

Important observations for consideration by stakeholders and government to improve the budget process and performance.

- It is important to find out when the budget cycle starts. Further, it is useful to have specific dates when processes begin instead of general statements like in the first quarter, in the second quarter and so on. This will help in budget making transparency and participation of all interested stakeholders.
- It is important to note that ceilings are set by spending agencies and not service recipients/rights holders. Stakeholders should push for a more inclusive ceiling setting process.
- Stakeholders could negotiate for a more participatory priority setting process through a public participation and access to information policies/laws instead of relying only on the President's priorities to inform budget setting.

<u>The budget policy statement</u>

The Budget Policy Statement (BPS) is arguably the most important budget document in the budget cycle. A good BPS is expected to answer the following questions: 1) what should be the size of next year's budget? This involves estimating total revenue, total spending, and, where spending is larger than revenue, the total deficit, and 2) what share of the national budget should go to each of the major sectors (such as health, agriculture, education, etc.)? also known as "setting the ceilings". This is the process of determining how much should go to each sector, in a priority setting process. This is crucial stage where stakeholders should adequately engage government using plausible evidence to influence priority and ceiling setting for education sector. This should be a follow up to proposals made at sector hearings and provisional ceilings earlier set out in the Budget Review and Outlook Paper (BROP)

<u>The budget estimates document</u>

These are considered among the most important budget documents in the budget cycle. It is the final document in the budget process which sets the total spending at the level of ministries and programs. It is mandatory these estimates are approved by Parliament to form the foundation for the Appropriation Act, which is to be passed to become the final approved budget for the coming year. The following are the important questions for consideration when reviewing the budget estimates document:

- Does the overall budget, and do the budgets for ministries, departments and agencies in the Budget Estimates match the ceilings set in the Budget Policy Statement? In the past, we have witnessed situations where the estimates provided in the final document disobey the ceilings set out in the budget policy paper. Stakeholders should seek a justification for any variations observed.
- Which programs and subprograms are receiving priority in the coming year and why? The Budget Estimates document provides allocations at programs and subprograms level, and this is where the government defines its main activities and objectives for the year. For this reason, stakeholders should evaluate the budget estimates based on justification of the observed prioritization.
- What are the program targets for the year and how realistic and reasonable are these considering past performance? The government should set objectives and use indicators and targets to measure how well it is doing in achieving these objectives. Evaluating these indicators and targets is a key aspect of reading and using the Budget Estimates document.
- Do the Budget Estimates contain narrative information about how past challenges in implementation are being addressed through the coming year's budget? The budget should recognize challenges in past years and the current year (up to March) and propose solutions. The aim should be to avoid giving money to failing programs or departments that are unable to spend. The narrative in the Budget Estimates should have something to say about these challenges and how the proposed allocations reflect a consideration of the capacity to spend of different agencies.

<u>The finance bill</u>

The Finance Bill is prepared every fiscal year and sets out the ways in which the government plans to generate revenue to meet its expenditure targets for the fiscal year. It focuses on efforts to streamline or increase efficiency in the collection of certain taxes, levies, or service charges all combined as income. The finance bill will make amendments to other tax bills and money laws from time to time and can introduce new money generation and revenue management laws and policies. For instance, if education stakeholders wish to lobby for a special tax or a percentage of a source of revenue e.g. oil revenues allocated to education sector, they should make efforts to have it included in the Finance Bill. It is therefore exceptionally important that stakeholders know the dates and process of making and enacting of the Finance Bill for them to influence its content. This is because once Parliament passes it, it becomes the law that guides revenue generation and management for that fiscal year. In cases where no new Finance Bill is prepared at the beginning of a fiscal year, the exiting one enacted in the previous year suffices.

Sources of government revenue

To be able to engage effectively in domestic education financing, it is important that stakeholders understand the sources of government revenue. The purpose of this information is to enable participants engage with government on an accountability process of how the revenue is generated and used and be able to negotiate for increased education sector budget allocation while citing sources that

can avail the funding. The paper presents a brief explanation of the following official sources of government revenue, which could be of interest to education actors in South Sudan.

Taxation and remittances

One of the main sources of government revenue is taxation. A country that can meet all its public budget needs through taxation is truly independent, and thus, if South Sudan must raise more funds to increase domestic funding of education, then there is need to discuss taxation issues at the conference. The purpose of this section is to initiate a debate on how taxation can be used to finance both recurrent and development expenditure in education sector. There are two main sources of government revenue in South Sudan: Oil Revenue and Non-Oil Revenue. Since independence, the country has heavily relied on oil revenue accounting to up to 90% at independence and reported at about 75% by end of 2020. A snapshot of 2020/21 revenues corroborates this observation, with oil revenue accounting for 76.22% while non-oil revenue accounted for 23.78% of total revenue used to finance government programs and functions as shown in table 1 below.

2020/21 Fiscal Year (Source: MoFP)	
Oil Revenue	76.22%
Non-Oil Revenue	23.78%
Distribution of non-oil revenue sources	
PIT	41.85%
Excise Duty	21.15%
Customs Duty	7.63%
Business Profit Tax	15.14%
Sales Tax	14.06%
Other non-oil (Fees & Fines	0.19%

Table 1: Sources of government revenue: taxation and remittances

From the table above, we see there is a huge potential for the government of South Sudan to exploit non-oil revenue sources to increase national revenue. This could be one of the sources where funds to finance education domestically can be sourced.

Official Development Assistance (ODA)

The net official development assistance received by South Sudan was estimated to be 1.82 billion US dollars (World bank, 2022). This consists of disbursements of loans made on concessional terms (net of repayments of principal) and grants by official agencies of the members of the Development Assistance Committee (DAC), by multilateral institutions, and by non-DAC countries to promote economic development and welfare in countries and territories in the DAC list of ODA recipients. It includes loans with a grant element of at least 25 percent (calculated at a rate of discount of 10 percent). Net official aid refers to aid flows (net of repayments) from official donors to developing countries from more developed countries of Central and Eastern Europe, the countries of the former Soviet Union, and

certain advanced developing countries and territories in Asia. Proceeds from ODA go into financing social development projects in education, health, agriculture, and other socioeconomic sectors (OECD, 2021). Stakeholders in education sector can leverage on the goodwill the country enjoys in terms on aid and grants to target investments in specific education development projects, especially capital-intensive infrastructure projects that can provide longer-term structural benefits to education sector. Unless in the case of emergency situations, financing service delivery projects of consumption in nature through ODA should be highly discouraged.

Foreign Direct Investments (FDIs)

South Sudan has not fully leveraged on Foreign Direct Investmenst (FDIs) as a major source of revenue. The little that has happened has failed to improve South Sudan's economy and that poverty levels in the country remain high. According to the World Bank (2019) the amount of FDI that flowed into the country in 2018 accounted for 4.36% of GDP while in 2017, FDI made up just 2.35% of the nation's economy. From these figures, it can be argued that foreign investors do not find South Sudan to be an attractive investment destination. The weak private sector coupled with the ineffective governance means occasioned by sporadic civil strife could be the main reasons for observed scenario (Renzi, 2021). South Sudan relies mostly on foreign aid. There is no significant FDI in the country that could have the potential to provide significant revenues to finance public programs. The little FDI has mostly occurred in the oil industry. Petroleum companies based in countries like China, India, and Malaysia are among the few in South Sudan (Global Impact Investing Network, 2015). We can therefore conclude that there is an urgent need to look at the conditions for attracting FDI in South Sudan within a transparent framework that is not laden with corruption, exploitation of natural and human resources as well as capital losses often from tax avoidance mechanisms applied by unscrupulous multinational companies.

External and Domestic borrowing

South Sudan faces significant weaknesses with the availability of debt data. Complete information about debt and government guarantees is unavailable to the public. Access to data remains a constraint, despite the authorities' efforts to improve the availability of data (IMF, 2021)**.** Despite this limitation, data that has been accessible shows that South Sudan's external public debt was estimated at US$1.36 billion USD (41 % of GDP) as of end-June 2020 as shown in figure 7 below (IMF eLibrary, 2021). Income from debt is used to finance national budget deficit, which was estimated to be 3.61% of GPD or 1.62billion USD in 2021 (IMF, 2021). South Sudan's domestic debt had been low at below 10 percent of GDP prior to the COVID- 19 crisis. Domestic debt is mostly in the form of loans from the central bank**.** The government had stopped monetary financing since late 2017, which helped lower inflation and stabilize the exchange rate. However, the COVID-19 crisis had triggered some monetary financing, increasing domestic debt by around 5 percentage points in FY19/20. A Cabinet Resolution in October 2020, led to stopping of monetary financing of the budget (Ministry of Finance and Economic Planning, 2021). While there are no arrears on domestic debt instruments, the authorities have domestic arrears related to salaries and goods and services. The current estimate of salary arrears is 2 percent of GDP, or 5 months of salaries (World bank, 2021)

Republic of South Sudan: External Borrowing[1]

	2017/18		2018/19		2019/20	
	USD Million	Share	USD Million	Share	USD Million	Share
Multilateral						
IDA	53	4%	53	4%	79	6%
AfDB	28	2%	28	2%	28	2%
Bilateral						
China EXIM Bank	100	8%	150	13%	143	11%
Commercial						
QNB	627	52%	627	52%	627	46%
AFREXIM	108	9%	0	0%	379	28%
Oil advances	216	18%	338	28%	99	7%
Arrears to Sudan	70	6%	0	0%	0	0%
Total external debt outstanding	**1,202**	100%	**1,196**	100%	**1,355**	100%
External debt to GDP ratio	1,202	37.8	1,196	26.7	1,355	28.3
Domestic debt to GDP ratio	265	8.3	229	6.0	596	12.5
Total public debt to GDP ratio	1,466	46.1	1,424	32.7	1,952	40.8

Sources: South Sudanese authorities and IMF staff estimates and projections.
[1]Fiscal year runs from July to June.

Table 2: External and Domestic debt - South Sudan. 2021

Looking at sources of domestic revenue highlighted above, it emerges that the possibility of a huge amount of funds is not captured in the national budget. What this means is there are no accountability and monitoring mechanisms for such funds leading to wastage and/or loss of vital resources largely through misuse and corruption. To support this claim, the paper demonstrates as follows. If the 2020/21 budget deficit was reported as 1.62bn USD and the government borrowed 1.36bn USD and received 1.82bn USD in ODA, it means the budget deficit was closed with a surplus of 1.56bn USD. It is not clear if this amount is captured anywhere in official records of public finance and reports for that year. Education actors should step up accountability and transparency campaigns because if such a huge amount of money could be salvaged, it could be channeled to enhance investments in education sector.

Taxation and domestic financing of education

Domestic financing of education is critically dependent on tax revenue. Because tax revenues have always been the most important source of funding for education provision and the capacity to expand

education budgets sustainably. 97% of education financing will need to come from domestic sources while only 3% is expected to come from external sources (Education Commission, 2016). However, in South Sudan, 64% is sourced domestically while 36% comes from external sources. Fiscal policy sits at the center of educational development and thus, governments should enact sound fiscal policies that expand revenue base to avail more resources to education. The donor narrative has focused on fixing the financing gap through aid and loans. There is rarely any examination of the extent to which developing countries lose more revenue in illicit financial flows than they gain in aid and no acknowledgement of international culpability in the setting of tax rules globally that make aggressive tax avoidance so easy for the biggest companies (Archer, 2016).

Education requires predictable long-term financing, and this can only come from domestic sources. Teachers constitute the largest vote on education budget because education is a labor-intensive sector. It is problematic to finance long term recurrent expenditure using short term grants from donors. The need to expand the tax base is informed by the fact that even if developing countries achieved the global benchmark of 15-20% share of a small national budget, that amount would not be sufficient to address all education financing needs. Grants from bilateral and multilateral donors are not useful for medium term recurrent financing and do not produce a predictable flow of funds to pay the largest costs i.e., teachers' salaries. Loans create long term debt that must be serviced from revenue and are limited by the level of repayments that can be sustained. Debt servicing accounts for more than 5% of GDP per annum is likely to represent a third or more of public expenditure and creates dependence (NORAGG, 2022).

In view of this, South Sudan, like many other developing economies urgently needs to undertake tax policy reforms and improve its tax administration practices for efficiency in national revenue generation and available more resources to finance education domestically. In fact, the tax policy reforms should explore introduction of an education levy either from oil revenues or other non-oil sources to make investments in education sector, especially capital-intensive investments like physical facilities and mass training and recruitment of teachers. In Malawi for instance, an education levy has already been adopted by the Ministry of Education and now in the Cabinet paper and a corporate social responsibility (CSR) bill that seeks to regulate public private partnership and commits 40% of CSR contributions to go to education is underway (CSEC, 2021). These tax related reforms to finance education have enabled Malawi to improve on domestic financing of education. South Sudan can do the same and this will significantly address the challenges facing education sector in the country.

Policy Recommendations:

1. Revisit access to information laws and make budget information and other public data more accessible to the public and provide a policy framework for public participation in budget process throughout the budget cycle.
2. Clearly define and make public the official budget cycle, prepare necessary budget documents, and observe sector allocations as will be set out in the budget estimates document from time to time.
3. Undertake tax policy reforms and tax justice measures to improve tax administration with a view to enhance local revenue generation to finance education and other sectors of the economy.
4. Effect a finance amendment bill that sets out a percentage of oil revenues that specifically goes into funding education for a period of 12-15 years. This should focus on investments in education that promote access to equitable quality education for all like school infrastructure, teaching and learning materials and teachers.
5. Establish/strengthen the Teachers' Service Commission under the Ministry of General Education and Instruction that specifically deals with teachers' human resources and employment relation matters.
6. Repeal the Education Act (2012) to amend the funding guideline set to be at least 10% of national budget and align it with the global benchmark of at least 15-20% of national budget.
7. Provide for existence of a legally recognized Teachers' Union that is mandated to engage the Teachers' Service Commission and government on all matters relating to teachers' employment relations, welfare, and quality of education in the country.
8. Ensure efficiency and effectiveness in utilization of resources committed to education sector by providing a framework for public monitoring and accountability systems to scrutinize how funds are spent national, state and county levels.

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