

In the name of Allah, Most Gracious, Most Merciful
Republic of the Sudan
Ministry of Finance & Economic Planning
Undersecretary of Finance

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No: MFEP/UOF/Budget

Proposals Preparation Circular

2017 Financial Year Budget

Introduction:

- The importance of the year 2017 budget comes as the budget of the first year of the third general plan (2017-2020) and the core of the five-year program for the economic reform (2015-2019). The 2017 budget is characterized by reflecting the priorities of the reform of State programs and the accommodation of the national dialogue outcomes and the implementation of e-government programs. It also includes the commitment to monitor and compile the national resources and the public spending at the level of the federal, states governments, public corporations, social security funds and Zakat Chamber level in the framework of a comprehensive and consolidated budget that reflects the financial and economic activity of the state.
- The Circular of the general budget preparation is based on the general approved by the Cabinet in its meeting on 29 September 2016, which aims to achieve the five-year program's motto "production" for export and improvement of the standard of living" through the following main themes:
 1. Achieve economic stability and improve the performance of macroeconomic indicators as well as removal of distortions.
 2. Development of the productive sectors and infrastructure.
 3. Strengthen public finances through:
 - Increase of revenue and resources by going ahead in the tax reforms and the strengthening of supervisory organs as well as the application of financial accounting computerization.
 - Define the priorities and develop policies for the private sector, investment and channeling of resources towards productive sectors as

well as provision of security and peace requirements for the security and defense organs.

4. Strengthen and support social safety nets and devise an effective means to reduce poverty, expand microfinance umbrella and increase employment opportunities associated with production increase.

Methodology of Preparing the Budget Proposals:

- Relying on the general guidelines of the general budget of the state and indicators of the estimated actual performance of the year 2016.
- Preparing a proposal of foreign exchange balance, according to the estimates of revenues and spending against cash equivalents of foreign currency.
- Determining the proportion of resources sharing between the Centre and the States in accordance with the allocation of resources in consultation with the Fiscal & Financial Allocation and Monitoring Commission (FFAMC).
- Preparation of proposals in accordance with the system of government finance statistics (GFS).
- Preparation of an explanatory memorandum containing the justifications for every budget items in electronic copies through government resource planning (GRP) system and sending of paper copies to the Ministry of Finance and Economic Planning.
- Preparation of data, the volume and value of government assets of the Ministry or a unit in details (vehicles - buildings - equipment, etc...) with the submission of a plan for the disposal of surplus and Action Program of the expected contracts attached with proposals.
- Preparing proposals for the development focusing on making proposals in the form of specific programs with goals, cost and operational plan during the financial year to achieve the goals of the five-year program, taking into account what is stated in item (2b).
- The various units of government must submit proposals of their budgets through their respective federal ministries.

General Controls for the Estimates of Revenues and Public Spending:

1 / General Revenues:

- Preparing a proposal of tax and customs estimates in accordance with the policies set out in the general guidelines and the recommendations for tax reform committees and the actual estimated performance of the year 2016 and indicators of the macroeconomic framework for the year 2017.

- Providing initiatives devising new financing sources and mechanisms to increase resources and monitor the financial impact on the revenue items.
- Determining the expected quantities of the imported petroleum products and the locally produced ones.
- Determining the expected oil production quantities of the State of South Sudan and the partners transported via oil pipelines.
- Setting estimates of revenues of gold and metals in accordance with the agreements signed with the producing companies with an estimate of the traditional mining revenue.
- Estimating administrative fee revenues according to the services provided fees and the goods sold with a review of their rates to suit the cost.
- Incorporating the cost of services provided and exempted ones under agreements binding to the state in the budget of ministries and units.
- Incorporating the grants size provided to the ministries and units to finance the projects and the humanitarian aid.

2 / Public Expenditure:

A / Expenses:

First: Compensation of employees:

- Wage proposals and conditions of service are prepared in accordance with the actual numbers of employees and attaching of job register approved by the Civil Service Chamber and payroll certified by signature in the form of a CD or a digital storage unit.
- Full compliance with the unified wage table for the year 2013 issued by the Council of Ministers Resolution No. (282) for the year 2013.
- Introduction of all ministries and units in the budget of the employees compensations and non-breach in accordance with the Public Service Act of 2016
- All ministries and units must prepare the actual estimated expenditure of 2016 budget and accommodate the remarks of Public Service Chamber and internal Audit with regard to the wages item.
- Monitoring deductions cost of pension and health insurance in accordance with the regulations and controls.
- Incorporating the cost of the approved allowances and entitlements of the tickets according to regulations and controls.
- Determining entitlements of the delegates' wages in the framework of the national plan for training.
- Monitoring entitlements of foreign missions and delegates in accordance with the rules and regulations.

- Statement of the cost of the new jobs in accordance with the approved job structures with the supporting justifications and the cost of the proposed appropriations.
- The preparation of the cost of electricity, telephone and water privileges to their beneficiaries in accordance with the controls.
- Estimating the size and cost of all categories working in diplomatic missions and local workforce in embassies based on the regulations that are issued by the Ministry of Finance and Economic Planning and the Public Service Chamber.
- Determining the cost of transport allowance for its beneficiaries under the ratifications issued by the Public Service Chamber in accordance with the rules and principles of regulating the use of vehicles.

Second: Purchase of Goods and Services:

Steering:

- Preparation of proposals in accordance with the programs and activities identified in line with the quantitative and qualitative goals of the unit taking into account the reduced running costs to a minimum limit.
- Setting initial appropriations for the new ministries and units until their structures are approved.
- Commitment to implement the provisions, the law and regulations of procurement and contracting in accordance with the standard bidding documents along with programming the annual procurement plan.
- Provision of proposals of the national training programs cost separated from dues of delegates in the framework of the national plan for training.
- Setting proposals to meet the decisions issued on the devolution of hospitals.
- Setting proposals of services items based on the services fees rates approved by the units applying for the service.
- Estimation of the cost based on contracts on annual basis along with attaching a copy of contracts. .

Centralized Items:

- **Delegations, Conferences and Official Hospitality:**
- Submission of the proposal of the cost of conferences, external delegations travel and official hospitality expected to ministries for the year 2017 subject to the following:
- Commitment to the Cabinet resolutions with regard to official delegations travels in terms of numbers and duration provided that they should

include proposals of ministries with regard to delegations travel and proposals of subordinate units.

- Incorporating the proposals of the plan to participate in regional and international forums as well as determining the numbers involved according to the decisions of the Cabinet besides determining the periods of participation, the schedule and activities expected to be participated in by the unit.
- The ministries and units must submit an integrated and realistic proposal of official hospitality as well as providing the request of hospitality month before hosting so that the proceedings can be finalized.
- Listing estimated cost for the visiting foreign delegations, ministerial delegations and the conferences expected during the year 2017 as well as incorporating the same in a specific program to be submitted in advance to the Ministry of Finance and Economic Planning.

*** The National Plan for Training:**

- The National Council for Training must prepare a proposal for the plan of the internal and external training in coordination with the federal ministries and units provided that it should include details of the plan (target numbers and areas of training, cost and schedule for the implementation of the plan).
- Listing the cost of external training (long and short-term missions) provided the dues of the delegates must be set within the compensations of employees.
- The training plan must include the training programs (Funding agency, type of training, number of participants and the commitment of the government contribution) and its cost shall be included in the budget of purchasing goods and services.
- The Ministry of Education must prepare proposals of qualifying teachers in accordance with a plan including the target numbers, areas and institutions of training.
- The Ministry of Higher Education and Scientific Research with regard to universities and research centers must prepare proposals to train university professors, including target numbers and areas of training.
- **Participation in international and regional organizations:**

The units proposals must include full data on international and regional organizations concerned to include:

- Résumé on the organization, its objectives and the date of accession of Sudan to it and the field in which it operates as well as attaching a report

to clarify the political, economic, social and cultural returns to participate in

- Listing the organizations concerned and monitoring the contribution to participate and clarify annual and periodic meetings' agenda and the dated specified for the payment of contribution (programmable payment).

*** The Funding Cost:**

- Commitment to include the funding cost (funding cost + profit margin + commitment fee + fine), in addition to the principal of the funding and annual programming to ensure payment on the due date.
- Preparation of schedule and currency of loan funding cost repayment.

*** Social benefits:**

- Preparing proposals for social benefits in accordance with the decision of H.E. President of the Republic of free medical treatment for patients with kidney and cancer as well as subsidizing operations in Emergency section treatment of children under five as well as supporting the poor according to the target number.
- Lay the rules, controls and standards that ensure the equitable distribution of direct support for targeted segments.
- **Other expenses:** (customs and tax fees, standards and metrology fees, and Sea Ports Corporation):
- The ministries and the units should incorporate the proposal of customs and tax duties into the value added tax, Seaports Corporation and Sudan Standards and Metrology Organization fees on their imports and local purchases in their budget of purchase of goods and services.
- The proposals of centralized customs fees item are only restricted to the national imports.

*** Agricultural Pest Control:**

Provision of a cost of a program and a clear plan to combat pests and provide contracts of air spraying to combat for the year 2017.

*** Development and Promotion of Livestock Exports Services:**

Preparation of a program to upgrade veterinary quarantines services associated with the increase of livestock exports, including the preparation of the total cost estimates.

B / National Development (non - financial assets):

- Emphasis on being guided by the third General Plan 2017 - 2020 and the five-year program 2015 - 2019 as one of the most important balancing guidelines.
- Commitment of units to provide projects based on clearly specific components that can which feed the general and specific objectives of the project in accordance with the priorities of the state.
- Prioritizing the funding of projects that have a quick material return, provided that they have feasibility studies according to scientific standards and serve the goals of the five-year program which aims to increase production and productivity towards the increase of exports and reducing of imports.
- Raise (Feasibility Studies and Economic Studies) of the Ministry of Finance to enhance the style of the centralized preparation of studies as a method consistent with the objectives and foundations of the Planning Agency to be informed, supervise and comprehensive follow-up to development.
- The ministries and units must study their developmental needs accurately to ensure their inclusion in the budget and no any projects are accepted after the adoption and approval of the budget.
- The need to adhere to the provisions of the drafting of project documents by the ministries and units to submit projects in accordance with the project application form (attached) to the new and ongoing projects. No projects will be included unless they comply with it.
- Attaching the size of the ongoing contracts for different programs along with indicating the paid ones and the outstanding and the required obligation to the year 2017.
- Attaching action program and time and financial schedule as well as the quantitative objectives for the implementation of the project during year 2017.
- Projects of special nature whose steering item is approved to them within the project, require attachments of the approved job and organizational structures by the Ministry of Labor, Ministry of Finance and Economic Planning and Service Regulations and Rules adopted for the application of various salaries and spending items as well as the detailed action program and detailing of steering items.
- The ministries and units must include the proposal of the customs duties; value added tax, Seaports Corporation and Sudan Standards and Metrology Organization fees on the cost of the projects according to imports and local purchases.

- Attaching details of the projects financed by foreign loans and grants showing the size, source of funding and the date of loan or grant signing and the period specified by the agreement and implementation status as well as the cumulative withdrawal until the year 2016 and expectation of withdrawals of the year 2017 and a list of projected imports in the year 2017.
- Non- submission of projects funded by loans and grants before the final signing of the financing agreements.
- Reviewing accurately the projects and activities, which lasted for more than ten years and reporting on the spending that took place, achievements and clarifying the rationale for the continuation of the project or activity.
- Subjecting new projects to financial and technical feasibility study in coordination with the Economic Planning Agency, Ministry of Finance, according to the goals of the five-year program.
- Linking between states development projects and the national development of similar activities and objectives and integrating them into specific projects according to sector.
- Reviewing projects funded by the national or foreign voluntary organizations to determine the obligations that will be included in the budget based on them.
- Highly prioritizing the integrated programs and poverty alleviation programs and realizing and social justice.

Conclusion:

Finally, we hope that these general guidelines, the circular, the attached forms are helpful to you in the preparation of the 2017 financial year proposals towards achieving the state national strategic goals and hope that they help you in the preparation of your proposals which are expected to be delivered to the Ministry of Finance and Economic Planning on 20 October 2016. Also the circular can be read in the ministry's website www.mof.gov.sd and suggestions can be sent via e-mail bc@mof.gov.sd and contact can be to the general directorate of Budget – the directorate of financial policies and follow up of budget implementation, Mobile 0912238471 to assist you in any inquiry or clarification about the circular.

Thank you

Signed: Mona Ismail Abu Haraz

Undersecretary of MOF

Ministry of Finance and Economic Planning

CC: to

- Fiscal and Financial Allocation and Monitoring Commission
- Secretary General of the Council of Ministers.
- Undersecretaries of the Federal Ministries.
- DGs of government units.
- General Directors of states ministries finance.
- Commissions and specialized and professional councils and standing committees.
- Chairman of Sudanese employers Union.

Attachments:

- A number of (4) forms.