

In the Name of Allah, the Compassionate, the Merciful

**Ministry of Finance & Economic Planning
First Quarter Performance Report
of 2016 Budget**

May/2016 A.D.

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First Quarter

Introduction:

- International economy is currently facing real challenges which are represented in slow economic growth, escalation of unemployment rates, drop of the costs of commodities and services in International markets, weak cash performance and the drop in profit rates which had amounted to zero in some economics and arrived at a value less than that in some of them. International Monetary Fund Reports point out that during the first quarter of 2016, performance of International Economy was less by about 2.9% than that expected, compared to the expectations of improvement of the International growth of 3.6%.
- Due to the Sudanese economy being linked to the International Economy, it had remained affected by those variables. The drop in oil prices was a chance to reduce subsidy on oil products but, at the same time, it affects negatively on the Government share on the raw oil produced and on the rise of the rate of investments in general. In the same way, it affects executing oil agreements with the Government of South Sudan and the revenues there from. This applies also on gold and other exports prices.
- The National economy had also faced effects of migrations resulting from security and political disturbances in the region, as well as the processes of smuggling basic commodities, leading to a negative effect on economic performance.
- However, despite all that, there was a tangible progress in the performance of economy, backed and supported by the dialogue expected and by the improvement in relations with the Gulf States, as well as the preparations made for the winter season; all these are factors that assist and subsidize economic growth.
- The First Quarter of the 2016 Budget represents an opening for the second year of the quintuple program for economic reformation 2015 – 2019 under the slogan “Production for the Sake of Export and Improving Living Standard”, and the program for State Reformation which includes economic, social, institutional and administrative treatments that enable the State to regain its power and spread and strengthen the subsidies of its sovereignty and progress.

The Most Important Characteristics during the First Quarter of 2016:

- Preserving economic stability and achieving comprehensive and permanent growth in addition to increasing the size of total investments.
- Encouraging Private Sector to play its role in executing the goals of the Quintuple Program.
- Working towards achieving greater surpluses in the balance of payments and to work towards reducing the deficit in trade balance and current account.
- Reducing the budget deficit to safe levels as to suit the total goals of the budget and to continue promoting its structure.

The Most Significant Challenges which Faced Executing the Budget During the First Quarter of 2016:

- Continued effects of economic blockade on the Country.
- Security disturbances in the Country of South Sudan and the impact of that on executing the agreements signed with it especially those signed in respect of oil.
- The inconsistency of Government of South Sudan in payment of due transit fees and the transitional financial measures.
- The rise of averages of flow of refugees and foreign labor force.
- Requalification of the regions affected by rebellion in the liberated regions and the cost of peace and achievement of security therein.
- The lack of political and security stability in some of the neighboring countries and its effect on Foreign and cross- border trades, leading to an increase in the rate of smuggling of goods.
- Attraction and increase of external investments and raising their revenues on National Economy.
- Weak contribution of Organizations and public companies in National revenues.
- The continued international drop in oil prices and its negative effects on investments in this sector for increasing local production.
- The drop of the average share of the Government in oil production from the level targeted for the budget.
- The drop in International prices and its impact on exports prices, and the international price of gold, and its negative effect on the country's revenues of foreign currency.
- Fulfilling the commitments due to the Chinese Government in respect of oil.

First: Grand Economy Performance:

1/Average Growth of Total Domestic Product:

- It is estimated that the total domestic product shall amount, by the end of 2016, to about 709 billion pounds at the current prices, compared to that of 2015 which amounted to 585 billion pounds. It is also expected that the average growth rate of domestic product shall amount to 6.4% by the end of 2016, while the quintuple program had targeted an average of 6.9% by the end of 2016.
- It is estimated that Sectors shall participate in the total domestic product for 2016 as follows: the Agricultural Sector 32.9%, the Industrial Sector 20.7% and the Services Sector 46.4%.

2/Average Rate of Inflation:

- The average rate of inflation dropped during the first quarter of 2016 to 12.4% compared to about 23.4% for the same period of the year 2015, table no. (1) shows that:

Table No. (1)
Average Month Inflation Rate during the First Quarter of 2015

Month	First Quarter 2015	First Quarter 2016
January	24.0	12.44
February	22.9	12.94
March	23.2	11.7
Average	23.4	12.4

Source: Central Organ for Statistics.

3/ Cash Supply:

The average rate of growth of cash supply in March, 2016 amounted to 7.6% compared to 10% for the same period of the previous year, taking into account that the average targeted at the end of the year was 19.3%, and table no. (2) shows that:

Table No. (2)
Average Cash Offer

Month	2015	2016
January	3.3%	2.1%
February	6.4%	4.3%
March	10%	7.6%

Source: Central Bank of Sudan

4/ Exchange Rate:

During the first quarter of 2016, the exchange rate in the regular market registered an average of 6.1 pounds per dollar against an average of 6.0 pounds per dollar during the same period of the previous year, as a new package of procedures started to be applied, the most important of which was allowing the private sector to import petrol derivatives, as well as getting the needs of Agricultural and Industrial Sectors through import without transfer of value. Table no. (3), shows that:

Table No. (3)
Exchange Rate of Sudanese Pound against Foreign Currencies during the First Quarter of 2016

Month	First Quarter 2015		First Quarter 2016	
	Euro	Dollar	Euro	Dollar
January	6.9231	5.9573	6.6058	6.0771
February	6.7584	5.9573	6.7424	6.0771
March	6.4641	5.9573	6.7544	6.0771
Average	6.7	6	6.7	6.1

Source: Central Bank of Sudan.

5/ Payments Balance:

The surplus in the total balance of payments rose to 21.5 million dollars during the first quarter of 2016, compared to 7.3 million dollars for the same period of 2015. Table number (4) shows that:

Table No. (4)
Payments Balance during the First Quarter of 2016

Statement	2015	2016	Average Change %
Current Account (1 + 2)	(968.2)	(1,142.6)	18.0
1/ Trade Balance	(773.8)	(1,000.7)	29.3
A-Exports (F.O.B)	1,027.8	676.0	(34.2)
Petroleum	178.2	114.0	(36.0)
Gold	307.8	154.4	(49.2)
Others	541.8	407.6	(24.8)
B- Imports (F.O.B)	(1,801.6)	(1676.7)	(6.9)
Government Purchases	(206.3)	(96.6)	(53.2)
Private Sector Purchases	(1,595.2)	((1,580.1)	(0.9)
Services, Income & Transfers Account	(194.2)	(141.2)	(26.9)
Services Net Account	38.9	75.3	93.7
Income Net Account	(507.6)	(403.4)	(20.5)
Trade Transfer Net Account	274.5	186.2	(32.2)
Capital and Financial Account	1,070.3	924.5	(13.6)
Capital Account	48.9	48.7	(0.4)
Financial Account	1,021.4	875.8	(14.3)
Direct Investment (Net)	309.7	343.8	11.0
Purse Investment (Net)	3.8	(5.0)	(232.8)
Other Investments (Net)	707.9	537.0	(24.1)
Reserve Assets	(7.3)	(21.5)	
Mistakes and	(95.0)	239.6	
Total Balance	7.3	21.5	

Source: Central Bank of Sudan

5/ Trade Balance:

The trade balance achieved a deficit amounting to (1000.7) million dollars during the first quarter of 2016, against (773.8) million dollars during the same period of the previous year, as exports had achieved 676 million dollars while imports achieved (1,676.7) million dollars. The deficit is attributed to the drop in exports value due to the drop in the value of gold and petrol.

Second: Summary of the Financial Performance during the First Quarter of 2016:

Public revenues and foreign donations achieved an actual performance of 12.4 billion pounds with a performance rate of 74% of the proportional amount for the first quarter of 2016, against 81% achieved in the first quarter of the previous year. At the same time, expenses amounted to 13.3 billion pounds with a performance rate of 79% from the proportional appropriation for the year 2016, and with a growth rate of 8% in the first quarter of the year 2015. At the same time, the performance in National development amounted to 1.4 billion pounds with a performance rate of 57% from the proportional appropriation of the year 2016, and with a growth rate of 20% of the first quarter of 2015. At the same time, performance in the financial assets (subscription in capitals) amounted to 87 million pounds with a performance rate of 53% of the Proportional Appropriation for the year 2016. Accordingly, the total deficit amounted to 2.4 billion pounds of which 57% were financed from internal and external financing sources, while the remaining deficit was financed according to the (TSA) mechanism, which aims at exploiting the Government's cash resources through accounts. It followed that the Ministry of Finance did not resort to borrow from the banking system during the first quarter.

Details of Performance of Budget Articles:

Public Revenues and Foreign Donations:

1/The Most Significant Policies Executed During the First Quarter of 2016:

- Continuing institutional and administrative reform in the field of taxation revenues, and continuing treating the present taxation structures deformities.
- To continue horizontal expansion in indirect taxes through extending the taxation umbrella by subjecting all activities of the unorganized sector for taxes.
- To continue support the axis of electronic collection and for its stability and development.
- To continue completing work towards the (T.S.A.) system.
- To start executing amendment of income tax on communications from 2.5% to 5%.
- Reducing the rates of imports exempted from import tax by 3% to become 34% instead of 37%.
- To start reducing the rates of imports exempted from added value tax by 3% to become 49% instead of 52%.
- Collection of stamp duty of 1% of the value of imports at the stage of customs release and assigning the Customs Department to collect and transfer them to the Taxation Chamber account.
- To continue computerizing work in the Taxation Chamber (Expected to be launched at the end of the second quarter of 2016).
- Intensifying fighting tax evasion.
- To continue raising the efficiency of tax collection through raising workers abilities.

- To work towards forming an integrated base related to exploration information and strengthening structures and mechanisms of research and technology in aim of promoting oil and mineral industry.
- To continue propagating for investment opportunities to attract more foreign investments.
- To continue procedures of financial and structural reform for public Institutions and companies.
- Improving the standard of services offered by Institutions related to exports (Sea ports, airports and production projects).

2/Financial Performance:

The actual performance for total National revenues and foreign donations during the first quarter of 2016 amounted to a sum of 12,406 million pounds with a performance rate of 74% of the Proportional Appropriation compared to the sum of 12,447 million pounds and a performance rate of 81% for the same period in 2015.

Taxation Revenues:

During the first quarter of 2016, taxation revenues achieved the sum of 10,328 million pounds, with a performance rate of 86% of the Proportional Appropriation and an increase rate of 12% than the previous year of 2015, compared to the sum of 9,234 million pounds with a performance rate of 94% for the same period of 2015.

Other Revenues:

During the first quarter of 2016, other revenues achieved a sum of 1,598 million pounds with a performance rate of 38% of the Proportional Appropriation (Including minerals revenues at a sum of 141.2 million pounds which exceeded the sum approved by 48%), compared to the sum of 2,858 million pounds with a performance rate of 58% and a drop of 46% from that of the same period of 2015. That is attributed to the following:

- 1- The drop in International petroleum prices led to a drop in the local production of raw petroleum from 131.5 to 104.2 thousand barrels/day, and to a drop in the Government share of production from 35% to 31%.
- 2- The non-commitment of the Government of South Sudan towards payment of the transit fees due and about the full financial transitional procedures which amounted to 110.2 million dollars.

Foreign Donations:

During the first quarter of 2016, the withdrawals of foreign donations amounted to 480 million pounds with a performance rate of 77%, compared to the sum of 355 million pounds and a performance rate of 64% and a rate of increase of 35% for the same period of 2015. Table no. (5) shows the actual performance for National revenues and foreign donations during the first quarter of 2016:

Table No. (5)
Performance of National Revenues and Foreign Donations during the First Quarter of 2016

Statement	First Quarter 2015	First Quarter 2016			Change %
		Proportional Appropriation	Actual Performance	Performance%	
Public Revenues- Foreign Donations	12,447	16,872	12,406	74%	0.3%
Public Revenues	<u>12,092</u>	<u>16,249</u>	<u>11,926</u>	<u>73%</u>	<u>-1%</u>
Taxes	<u>9,234</u>	<u>12,020</u>	<u>10,328</u>	<u>86%</u>	12%
-Taxes on income, profits & Capital Gains	890	874.9	730	83%	-18%
-Taxes on Ownership	19	27.0	0	0%	-100%
-Taxes on Commodities & Services	6,370	8,516.5	7,594	89%	19%
-Taxes on Trade & International Dealings	1,951	2,595.8	1,985	76%	2%
Other Taxes	5	6.0	20	329%	295%
Foreign Donations	355	623	480	77%	35%
Other Revenues	<u>2,858</u>	4,229	<u>1,589</u>	<u>38%</u>	<u>-44%</u>
-Ownership Income	669	650	363	56%	-46%
Sales of Commodities and Services	<u>1,379</u>	<u>1,780</u>	<u>930</u>	52%	-33%
Government Marketing Institutions Commodities Sales	1,136	1,276	588	46%	-48%
Petrol sales, oil Revenues	1,136	1,276	588	46%	-48%
Government Marketing Institutions Commodities Sales (Other than petrol	0	0.5	0	0%	0%
Administrative Fees	243	499	342	69%	41%
Casual Sales of Non-marketing Institutions & Companies	0	4.5	0	0%	0%
Fines, Punishments and Confiscations	0	7.5	0	0%	0%
Assorted Revenues	<u>810</u>	<u>1,792</u>	<u>305</u>	<u>17%</u>	<u>-62%</u>
Transit Fees for Oil of South Sudan Oil	810	777	115.9	15%	-86%
Transitional Financial Arrangements	0	1,014	189.0	19%	0%

Public Expenditure:

1/ Most Significant Policies and Procedures Executed During the First Quarter of 2016:

- To proceed on applying work according to the (TSA) in aim of exemplary exploitation of cash flows and regulating liquidity.
- To proceed on with continuous supervision over the article of Employees' compensations and social contributions at both Federal and State levels according to organizational and functional structures as well as the approved services conditions.
- To control mechanical payment on workers compensations through mechanical payment of salaries and through National Civil Roll through coordination with the circles concerned.
- To continue financing the project for enrolment of graduates.
- Direct subsidy for poor families.
- Expenditure on projects of Primary Health Care, Basic Education, Water Harvest and Drinking Water.
- Commitment towards the regular transfers to States according to the Law of Allocation of Resources at the time determined, and calculating the shares of the Petrol Producing States according to the International average petrol prices.
- Expenditure on production sectors and especially in respect of the winter agricultural season.
- Accommodation for the cost of some of the projects related to the priorities of the Quintuple Program for Economic Reform.
- To spend on the Administrative Referendum for Darfur.
- Fulfilling the full financial commitments related to the Sudan School Certificate Examinations.

2/Financial Performance:

During the first quarter of 2016 actual performance for public expenditure amounted to the sum of 14,784 million pounds with a performance rate of 75% of the Proportional Appropriation.(A sum of 13,255 of that were current expenses, and 1,529 were capital expenses), compared to the sum of 13,628 million pounds and a performance rate of 80% during the same period of the previous year. Table no. (6) shows the actual performance for public

Table No. (6)
Performance of Public Expenditure during the First Quarter of 2016
 Million Pounds

Statement	1 st Quarter 2015	1 st Quarter 2016			Change%
		Proportional Appropriation	Actual Performance	Performance Rate	
Public expenditure	13,628	19,622	14,784	75%	8%
Current spending	12,239	16,735	13,255	79%	8%
Employees' Compensations	4,406	5,587	4,977	89%	13%
Purchase of Commodities & Services	1,547	2,180	1,828	84%	18%
Subsidy of Strategic Commodities	1,795	2,299	1,421	62%	-21%
Financing Cost	473	1,041	868.4	83%	84%
Aid	27	23	21.0	91%	-23%
Participation in International Organizations	15	49	13.6	28%	-88%
Social Utilities	440	625	492.1	79%	12%
Other Expenses & National Commitments	291	208	27.3	13%	91%
Transfers of State Governments	3,245	4,724	3,585.6	76%	10%
Developmental Expenditure	1,389	2,886	1,529	53%	10%
Non-financial net assets (national development)	1,197	2,527	1,442	57%	20%
Acquiring non-financial Assets	1,198	2,558	1,470	56%	23%
Subscription in Capitals	191,9	359,2	87.1	24%	-55%

2016

2016

Employees' Compensations:

During the first quarter of 2016, the actual performance in Employees' compensations amounted to about 4,997 million pounds with a performance rate of 89%, compared to a sum of 4,406 million pounds and a performance rate of 94% for the same period of 2015. Table no. (7) shows that:

Table No. (7)

Performance of Employees' Compensations during the First Quarter 2016

Million Pounds

Statement	Proportional Appropriation	Actual Performance	Performance %
Salaries & Wages	4,775	4,285	90%
Social Contributions	812	712	88%
Grand total	5,587	4,997	89%

Purchase of Commodities and Services:

During the first quarter of 2016, the actual performance of purchase of commodities and services amounted to 1,828 million pounds with a performance rate of 84%, compared to a sum of 1,547 million pounds and a performance rate of 90% to the same period of 2015. Table no. (8)

Table No.(8)**Performance of Purchase of Commodities and Services during the First Quarter, 2016**

Million Pounds

Statement	Prop. Appropriation	Actual Performance	Performance%
Purchase of Commodities & Services (for Management)	1,177	1,126	96%
Purchase of Centralized Commodities & Services	1,003	702	
Grand total	2,180	1,828	84%

Subsidy on Strategic Commodities::

During the first quarter of 2016, the total actual performance for supporting strategic commodities amounted to a sum of 1,421 million pounds with a performance rate of 62% of the Proportional Appropriation, compared to a sum of 1,795 million pounds with a performance rate of 70% of the Proportional Appropriation for the same period of 2015. Meanwhile, the subsidy for differences in exchange rate on wheat dropped due to applying the policy of partial liberalization for supporting the wheat commodity (2.9 to 6.0 pounds/dollar, without affecting the consumer price. The amount paid represents the previous commitments which were due.. Similarly, the subsidy on fuels also dropped due to

the continued drop in International oil prices and the partial liberalization of petroleum products and allowing the Private Sector to import in the field of strategic commodities. Meanwhile, electricity subsidy raised due to supplying Kosti electric Station from the raw material from South Sudan, and due to increasing supplies for thermal stations to guarantee the stability of electric supply. Table no.(9) shows that:

Table No. (9)
Performance of Supporting Strategic Commodities through the First Quarter, 2016

Million Pounds

Statement	Proportional Appropriation	Actual Performance	Performance %
Fuels' Support	1,390	661.9	48%
Electricity Support	534	648.8	121%
Wheat Support	375	111	30%
Grand total	2,299	1,421	62%

The Cost of Financing:

During the first quarter of 2016, the actual performance amounted to 868 million pounds with a performance rate of 83%, compared to a sum of 473 million pounds with a performance rate of 50% of the Proportional Appropriation for the same period of the year 2015. The following figure shows that:

Aid:

During the first quarter of 2016, the actual performance amounted to about 21 million pounds with a performance rate of 91% of the Proportional Appropriation, compared to the sum of 27 million pounds with a rate of 137% for the same period of 2015. The following figure shows that:

Participation in International and Regional Organizations:

During the first quarter of 2016, the actual performance amounted to about 14 million pounds with a performance rate of 28% of the Proportional Appropriation, compared to 15 million pounds and a performance rate of 35% for the same period of 2015. The following figure shows that:

Social Utilities:

During the first quarter of 2016, the actual performance amounted to the sum of 492 million pounds with a performance rate of 79% of the Proportional Appropriation, compared to the sum of 440 million pounds with a performance rate of 92% for the same period in 2015. That was due to the subsidy of vulnerable segment and the health subsidy as the budget had targeted to continue direct subsidy for 500 thousand families and to include projects and programs for alleviating poverty for 100 thousand families. Table no. (10) Shows that:

Table No. (10)

Performance of Social Utilities during the First Quarter of 2016

Statement	Proportional Appropriation	Actual Performance	Performance %
National Fund for Student Care	7.5	5.4	72%
Subsidy for Social Activities	95.65	55,9	58%
Subsidy for Poor Families	281.25	225	80%
Subsidy for Treatment Abroad	5.25	5.4	103%

Subsidy for Life-saving Medicines	90	90	100%
Subsidy for Operations in Hospitals	6.95	6.95	100%
Subsidy for Emergency Treatment	6.275	6.3	100%
Project of Settlement of Internal Treatment	5.25	4.5	86%
Treatment of Those Imprisoned or under arrest	1.5	1.45	97%
Primary Health Care	27.75	20.2	73%
Health Insurance	97.5	71	73%
Total Amount	625	492	79%

Other Expenses:

During the first quarter of 2016, actual performance amounted to 27 million pounds and a performance rate of 13% compared to a sum of 291 million pounds and a performance rate of 78% for the same period of 2015.

Transfers of State Governments:

During the first quarter of 2016, actual performance amounted to about 3,586 pounds, and a performance rate of 76% (of which the sum of 2,511 million pounds was current transfers, the sum of 1,065 million pounds were capital transfers and a sum of 10 million pounds were the shares of oil producing States), compared to a sum of 3,245 million pounds and a performance rate of 78% for the same period of 2015.

A/Current Transfers:

During the first quarter of 2016, the actual expenditure for current transfers amounted to about 2,511 million pounds with a performance rate of 100% of the proportional appropriation, compared to the sum of 2,030 million pounds, and a performance rate of 95% for the same period of the year 2015.

B/Capital Transfers:

During the First quarter of the year 2016 the actual performance amounted to about 1,065 million pounds, and a performance rate of 49% of the proportional appropriation (520 million pounds in local currency, and an equivalent of about 545 million pounds in foreign currency), compared to a sum of 1,170 million pounds and a performance rate of 50% for the same period of the year 2015

National Development (Acquirement of Non-financial Assets):

During the first quarter of 2016, the actual expenditure on current transfers amounted to about 2,511 million pounds with a performance rate of 100% of the proportional appropriation, compared to the sum of 2,030 million pounds and a performance rate of 95% for the same period of 2015.

Table (11) shows this:

During the first quarter of 2016, the actual performance amounted to about 1,065 million pounds and a performance rate of 49% of the proportional appropriation (520 million pounds in local currency and an equivalent of 545 million pounds in foreign currency) compared to the sum of 1,170 million pounds and a performance rate of 60% for the same period in 2015.

National Development (Acquiring Non-financial Assets):

During the first quarter of 2016, the actual expenditure on acquiring non-financial assets (National Development) amounted to 1,470 million pounds, of which 1,055 million pounds were in local currency, and an equivalent of 415 million pounds were in foreign currency, with a performance rate of 57%, compared to a sum of 1,198 million pounds of which 877 million pounds were in local currency and an equivalent of 321 million pounds were in foreign currency, and with a performance rate of 65% for the same period of 2015. Table no. (11) shows that:

Table No. (11)

Performance of National Development during the First Quarter, 2016
Million Pounds

Sector	Prop. Appro.	Local	Foreign	Grand total	Perform.	Contribution
Agricultural Sector	346	21	115.5	136.5	39%	9%
Industrial Sector	125	205	0	205	164%	14%
Transports, Roads & Bridges Sector	514	189	0	189	37%	13%
Energy, Water Resources, Electricity & Minerals Sector	992	439	131.4	570.4	58%	39%
Social Development Sector	357	62	167.7	229.7	64%	16%
Assorted Sector	224	139	0	139	62%	9%
Total acquiring of non-financial assets	2,558	1,055	415	1470	57%	100%
Acquiring Financial Assets	483	0	0	113	23%	0

Financial Assets (Subscription in Capitals):

During the first quarter of 2016, the actual expenditure in acquiring financial assets amounted to 113 million pounds, with a performance rate of 23%, compared to a sum of 194 million pounds and a performance rate of 78% for the same period of 2015.

Social Protection:

Pursuant to the objectives of the quintuple program for economic reform aiming at achieving economic growth together with social equity and guarantee of decent living for all citizens and establishing the State of Social Care, the budget targeted social protection, especially in the fields of health, water supply, education, subsidy of essential commodities, expending on poor families and Employees' entitlements in the various sectors. Table no. (12) shows that:

Table No. (12)

Expenditure on Social Protection Programs during the First Quarter, 2016

Million Pounds

Statement	2016		Performance
	Prop. Approp.	Actual per.	
Social Protection	10,646	8,191	77%
National Government	8,869	7,140	81%
-Wages and Salaries	4,755	4,205	90%
-Social Contributions	813	712	88%
-Social Support	625	492	79%
-Subsidy on Strategic Commodities	2,299	1,421	62%
-Developmental Expenditure(Social Development)	357	230	64%
States	1,740	1,014	58%
-Social Contributions	0	296	0%
-Wages and Salaries	377	374	99%
-Social Support	280	313	112%
-Developmental Expenditure(Social Development)	1,121	68	6%

External and Local Financing Resources:

- Fulfilling External Commitments
- Activating internal debt means to increase revenues to expend on development.

Within the continual stumbling of financing from foreign financing institutions due to economic blockade and the American boycott, the external financing policies were directed towards Middle East Countries (China, India), and the Gulf States (Saudi Arabian Kingdom and Qatar) to execute some important strategic and development projects. During the first quarter of 2016 financing agreements were signed to a total of 754.3 million pounds. Table (13) shows that:

Table No. (13)

Agreements Signed during the First Quarter 2016

Million Pounds

Financing institution	Project	Type of ag.	Date of s.	Sum
Donors' Fund	Social Protection	Donation	10/2/2016	21.4
Saudi Fund for Development	Water Harvest	Loan	17/2/2016	732.9
Grand Total				754.3

2/ Drawal from Foreign Loans and Donations:

During the first quarter of 2016, drawal from loans and donations amounted to 1300 million pounds (of which 820 million pounds were drawn from loans and 480 million pounds were drawn from donations), compared to about 718 million pounds in 2015 (of which 363 million pounds were drawn from loans and 355 million pounds were drawn from donations). This did not include drawal from China due to the non-commitment towards payment of the loans of the mechanism. Table (14) shows that:

Table No. (14)

Drawal from Loans and Donations during the First Quarter of 2016 Million Pounds.

Financing Entity I	1 st Quarter 2016				1 st Q.2015
	Project	Loans	Grants	Total	
Islamic Bank for Development	Developing Engineering Colleges in Khartoum and Islamic Universities- Water Harvest, Electricity, Transport Line of Babanousa Adila.	80	0	80	63.9
OPEC Fund for International Development	Atbara and Setit Electricity	3	0	3	1.1
Arab Fund for Economic and Social Development.	Transport Line, Niyala/ Jineina, Roads in Eastern Sudan, and financing small establishments.	281	0	281	183
Donors Fund	Peace Building, Living earning and strengthening Basic Education, Khartoum State.	0	44	44	28
European Union		0	111	111	5.2
Saudi Exports Fund	Import of Petroleum Commodities	341	0	341	
Saudi Fund for Development	Import of Fertilizer Commodities.	115	0	115	64.5
United Nations Organizations	U.N. Development Program, U.N. Childhood Organization, U.N. Child Organization, U.N. Fund for Population.	0	326	326	280.6
Grand Total		820	480	1,300	717.8

3/ Payment of External Commitments: During the first quarter of 2016, the payment of external commitments amounted to a sum of 422 million pounds, of which 332 million pounds were the actual commitment and a sum of 90 million pounds were the cost of financing. Table No. (15) Shows that:

Table No. (15)
Payment of External Commitments during the First Quarter Of 2016

Financing entity	Asset	Million Pounds	
		Financing cost	Total
Islamic Bank for Development	52	8	60
Kuwaiti Fund for Economic Development	35	15	51
Arab Fund for Economic and Social Development	97	51	148
Arab Monetary Fund	51	11	62
Saudi Fund for Development	46	4	49
United Nations Monetary Fund	15	0	15
Republic of India	24	0	24
China	11.4	0.4	12
Total	332	90	422

1/ Government Partnership Certificates (Shahama):

Shahama certificates were issued during the first quarter of 2016 at a sum of 730 million pounds, that is, with a performance rate of 91%, and a sum of 52 million pounds was paid back with a performance rate of 17%.

2/ Guarantees:

Guarantees were issued during the first quarter of 2016 at a sum of 6,194 million pounds, that is, with a performance rate of 278% of the proportional appropriation. Moreover, according to execution certificates, 445 million pounds were executed during the first quarter, and a sum of 262 million pounds were paid at a performance rate of 18%.

3/ Bills:

A sum of 0.5 million pounds was paid during the first quarter of 2016.

The Most Significant Aspects of Institutional Reform in the Ministry of Finance and Economic Planning within the Frame of the Quintuple Program and the Program of the State Reform:

- Applying the new structure for the Ministry of Finance and approving assigning an Agency for Economic Planning to undertake the duties of economic planning and development.
- Completing procedures of applying the project of comprehensive budget and programs budget.

- The establishment of an administration related to the activation of partnership with the private sector according to directions of the Quintuple Program to strengthen relations with the Private Sector to play its role in executing the program.
- To proceed on completing and following up the project of electronic collection, computerizing financial form no.15 and completing units' connection.
- Completing work towards (TSA) system in aim of managing liquidity, optimum exploitation of resources, investing the Government cash resources in banks, controlling Government's cash resources according to the principle of the unity of treasury and providing the liquidity necessary for meeting the various commitments.
- To proceed on with the programs of capacity building and developing human skills in all specializations related to financial and economic work, especially in technical and computerizing aspects. Over 1000 officials were already trained.

The Most Significant Achievements of National Development during the first quarter of 2016:

Agricultural Sector:

- Supporting the agricultural season by providing agricultural mechanisms through the program of integrated solutions for developing agriculture.
- Start of processes of wheat harvest, and the average production per one feddans amounted to 15 sacks.
- Work was completed in qualifying agricultural schemes (electro-mechanical and civil works) at a rate of 40%.
- The project of local option in respect of electricity was qualified with an execution rate of 90%.
- Electrifying agricultural schemes in States at a rate of 75% to subsidize the agricultural season.
- Establishment of (5) new veterinary quarantines
- Providing devices and equipments of vaporization as well as spray equipments for protection of plants.
- Financing the purchase of crops as a strategic stock(issuing guarantee letters for the sum of 958.5 million pounds and financing from the Agricultural Bank of 700 million pounds)
- Executing a number of activities in promoting and developing the horticultural-animal sector as follows:

Animal Production:

- Determining the agricultural lands related to the project at an area of 330 thousand feddans
- Starting procedures of executing the project of the establishment of a slaughter house with all its annexes, and a town for the industrialization of leathers financed by China.
- Signing the following contracts:
 - Import of 3400 milking cow.
 - Import of 22 poultry units.
 - Import of all pumps related to irrigation.
 - Import of trusses, for cows, milking, fodders and wheat.

Horticultural Production:

- Signing contracts with the Agricultural Bank for import of 3396 transplants of which 1438 were distributed.

Training and Guidance:

- Training of 620 agricultural engineers.
- Training of 1288 farmers.
- Preparation and printing crop techniques (3000 date palms, 1500 mango trees, pollination of 3000 palm trees).
- Signing a memorandum of understanding with the Egyptian International Center for Training, and with the Date Palms Research Station in Tunisia.

Roads, Transport and Bridges Sector:

(A) Roads:

To continue executing the following roads through issuing guarantee letters and direct financing:

- Bara/Omdurman.
- Niyala/ Iddel Firsan/ Rihaid El Birdi.
- Completing the stage from the road of Al Hugna/Al Matamma.
- Starting execution of Sennar/Al Suki/Al Dindir.
- Al Fula/Al Nuhoud Road.
- Al Inqaz Western: The road was finished till Al Jineina, with the Jineina/Adri part still remaining, with a remaining part of 21 kilometers.
- Al Fashir/ Kutum road.

(B) Railways:

To continue executing the following lines:

- Abu Jabir/Niyala.

- Atbara/Port Sudan.
- Abu Oshar/Medani.
- The project of Khartoum/Atbara/Abu Hamad/Halfa/Karima.

Sector of Electricity, Water Resources, Dams and Minerals Sector:

Electricity, Water Resources and Dams:

- Changing the gate system of Gezira and Managil canals in Sennar Dam from the manual system to the electric operating system (25 gates were already installed) and work had started for the installation of 80 of the lower gates of the Dam.
- Completion of work on the Eastern Nile Scheme.
- Work in the first stage of the basic irrigation structures in Al Rahad Agricultural Scheme is about to be finished.
- Executing the program of water harvest by establishment of 58 water pools (Hafirs).
- Providing 7 stations for observing earthquakes.
- Financing for electrical materials and equipment.

Minerals:

- Completion of the first stage (studies and survey works) for the project of Integrated Laboratories in the Ministry of Minerals.

Social Development Sector:

- Proceeding on qualification and maintenance of the National Laboratory for Public Health and completing the first stage of erecting the building for the Medical Commission.
- Continuing work in erecting halls and laboratories in the various universities, and completion of the hall in Sheikh Abdalla Al Badri University.
- Proceeding on executing the projects of 'Sennar, Capital of Islamic Culture, 2017, represented in the project of Information Center, the Closed Theater, the Traditional Village, the project of hostel of Sultan Badei and the Research Center.
- Completion of works in the 'Dry Ports' in Dongola, Kosti, Niyala, Gedarif and Western Darfur
- Completion of the establishment of a number of border camps in White Nile, Red Sea, Kassala and West Darfur States.

Small Assets:

- Continuing work on the Constitutional Court Building.
- Proceeding on providing devices for hospitals.
- Providing 1000 computer sets and 250 printers for the project of electronic collection and providing devices and equipment for the Ministry of Culture.

- Maintenance and qualification of a number of Government Ministries.

States Development:

- Proceeding on provision of seating and school books, in addition to school meals for states
- Financing the building of 22 basic schools.
- Providing financing to build emergency center in Al Obeid Hospital.
- Approval for purchase of green houses for the Graduates Employment Fund.
- Providing financing to complete improving water supply in Al Obeid (Al Obeid Waters) in addition to the relief plan for Khartoum State Water Supply and Soba and Niyala Water Stations.
- Building water Stations for the projects of construction in Darfur States.
- Providing 10 generators for Darfur States within the Japanese Aid.
- Installation of a number of lighting devices working on solar energy in Kadugli.
- To proceed on building Al Dalanj Hospital.
- Financing had been provided for 111 ambulances 21 of which work as intensified care and the remaining 90 work through projects of Primary Health Care.
- Work proceeds on extending primary health care services.
- Work proceeds on projects of the Fund for Construction of Eastern Sudan. It includes:
 - Basic services projects (Health, Education and Water) in Eastern Sudan States.
 - Work is going on executing Gedarif/Samsam/Um Al Khair Road, Toker/ Garora Road and Kassala/Karakon Road.

Conclusion:

- Despite several of the internal and external challenges, the actual performance of the first quarter had achieved a number of positive indicators in respect of Grand economy in addition to financial and cash indicators, and, relying on the support of the Headquarters and all sections of the Executive Organ, the Ministry continued its efforts exerted in spreading technology and computerizing financial work through executing the integrated comprehensive plan in this respect, and started by applying the (TSA) system. It is now going towards applying the Integrated Financial Monetary System (IFMS), in aim of proper management of resources at Federal and State levels, as this comes within the frame of general directives and priorities stated in the Quintuple Program for Economic Reform and the Program for Reforming the State.

- It is with God's wish and help that those procedural efforts shall extend and coordinate towards promoting work and shall be a base for the application of a comprehensive budget and the budgets for programs in addition to integration of efforts between the financial and monetary policies and procedures and opening new horizons of external cooperation with friendly countries and with Regional and International financing institutions to improve environment for attracting investment and to provide resources for programs and projects. Efforts shall also continue within the frame of Grand policies of the Quintuple Program in reformation, evaluation and assessment of some of the policies related to reforming, motivating and evaluating some of the policies related to motivating exports and direct imports within the frame of economic liberalization policies.

God says:

(29)And do not make your hand as chained to your neck, or extend it completely, and, thereby become blamed and insolvent. (30) Indeed, your Lord extends provision for whom He wills and restricts it. Indeed He is ever, concerning His servants, Acquainted and Seeing.).

Appendix:
**Performance of Government Institutions and Companies during the First
Quarter, 2016**

Performance of Government Institutions and Companies during the First Quarter 2016:

Introduction:

The role played by the General Administration for Public Institutions and Companies is the follow up and supervision over the Public Institutions and Companies, and the returns of the Government investments, which represent the Country's investments in some of the strategic services, in aim of achieving social and economic development, raising the production averages, effective participation in the Grand economy, achieving remunerative economic returns and to establish the concept of its support for the public treasury by real financial resources, in addition to contributing towards increasing the national income, and to provide chances for productive employment in addition to reducing poverty. It shall also work towards covering activities which the private sector ignores in respect of strategic services represented in the following:

- Insuring the Country's sovereignty over its entrances (Seaports and airports).
- Insuring and providing strategic commodities and services and to work towards stability of their flow (Sugar, fuels, medical drugs and food materials).
- Providing the basic services within the frame of quality control and protection of the consumer.
- Providing the liquidity necessary for National Economy.
- Encouraging investment in aim of achieving the goals of economy and development.

Actual Collection during the First Quarter, 2016:

- A sum of 650.0 million pounds was approved as a proportional appropriation from the annual appropriation for Units during the first quarter, which amounts to 2,600 million pounds for the Public Institutions and Companies and Investment returns. 590 million pounds from that was an appropriation for Public Institutions and the sum of 60 million pounds was for Government investments returns from the annual appropriation.
- The actual collection for the surpluses and profits of Public Institutions and Companies and the returns of Government investments for the period from January to March 2016 amounted to the sum of 363.98 million pounds on both monetary and non-monetary parts, with a performance rate amounting to 56% of the proportional appropriation for the period. A sum of 352.58 of that was for Public Institutions. The joint Government investments registered a sum of 11.40 million

pounds of which 10.0 million pounds were for the Sudanese Company for Communications (Sudatel), which represents the Ministry of Finance's share in profits. A sum of 1.40 million pounds was the share of the Ministry of Finance from the Sudanese Company for Rural Development.

- Cash collection amounted to 268.28 million pounds with a performance rate that amounted to 41.3% of the proportional appropriation for the period. It contributed with a rate of 80.9% of the total collection.
- Non-cash payment amounted to 95.70 million pounds with a performance rate of 14.7% of the proportional appropriation for the period, this represents the sea ports fees at a sum of 57.27 million pounds, a sum of 24.04 million pounds which are the fees for 4.370.00 tons from the Sudanese Sugar Company for benefit of the Ministry of Defence, in addition to a sum of 14.392 which represent the payment of 2,525 dollars from the Civil Aviation Authority to the benefit of Sudan Airways for the maintenance of aircrafts. The non-cash collection contributed by a rate of 19.1% Of the total collection.
- The weak collection in the Government Investments Sector is attributed to the investments returns being related to holding the general assemblies of those investments to discuss the distribution of the profits achieved – related to the second half of the year - to the shareholders. The following table shows the details of collection during the first quarter of 2016:

Million pounds

Sector	Annual Rating	Proportional Rating	Actual Collection		Total	Performance %
			Cash	Non-cash		
Agricultural Sector	20.71	5.18	0.00	0.00	0.00	0%
Transport & Communications Sector	1123.32	280.83	63.88	71.66	135.54	48%
Industrial Sector	452.33	113.08	68.00	24.04	92.04	81%
Energy Sector	132.82	33.21	75.00	0.00	75.00	226%
Service Sector	8.64	2.12	0.00	0.00	0.00	0%
Financial Sector	622.36	155.59	50.00	0.00	50.00	32%
<u>Total of Institutions</u>	<u>2,360.00</u>	<u>590.00</u>	<u>256.88</u>	<u>95.70</u>	<u>352.58</u>	<u>60%</u>
Total Investments	240.00	60.00	11.40	0.00	11.40	19%
<u>Grand Total</u>	<u>2600.00</u>	<u>650.00</u>	<u>268.28</u>	<u>95.70</u>	<u>363.98</u>	<u>56%</u>