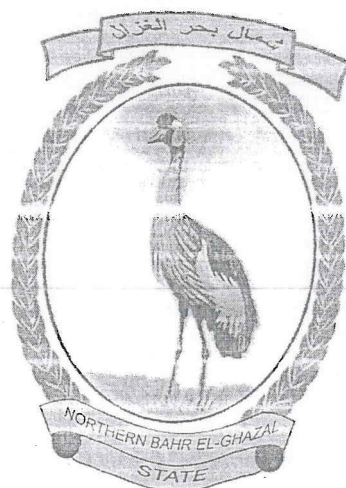
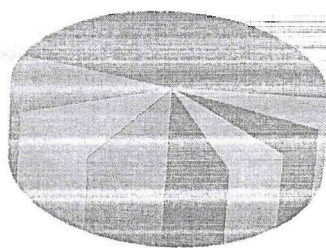


Northern Bahr El Ghazal State  
Aweil



BUDGET EXECUTION REPORT  
FY 2011



MINISTRY OF FINANCE, TRADE AND INDUSTRY

AWEIL, NOVEMBER 2011.

## INTRODUCTION

- The fiscal outturn for the year 2011 has been characterized by a shortfall in revenue collections caused by the multiple shocks after successful conduct of the referendum. The political tensions with the north led to closure of main trading routes of which our state heavily depends on supplying most of its goods and services. This crisis has led to high increase of prices in our markets and acute shortage of basic commodities like food and fuel. Urgent government interventions included exemption measures on all food commodities and fuel to safeguard stability. The situation has been further aggravated by drought and delays in rainfall grossly affecting households' food budgets especially for the returnees who highly depend on subsistence farming or aid.
- The total revenue collections as of September 2011 are reported at **SSP 3,480,370** equivalent to **30.7 %** of FY 2011 budget estimates. The slow down of revenue collections was not expected in our budgetary macroeconomic assumptions before the Independence of our nation and the slow progress in tax reforms agenda. This performance in revenues indicates a significant deficit in our budget and therefore careful analysis in cash rationing and payment prioritization measures has to be undertaken.
- The state budget has been heavily dependent on one main source of income which has been Grants from National Government. The total receipts of grant as of September 2011 have been **SSP 93,319,568** equivalent to **61 %** of total revenue estimates. The grants have been financing payment of conditional expenditures like salaries, operational and capital needs as per directives from line ministries in GOSS.

- Total expenditures for the FY 2011 are expected to be below budget estimates on the account of low local revenues related expenditures.

## **REVENUE BY SOURCE**

1. Revenue collections for the three quarters have amounted to SSP 3,480,370 which is equivalent to a performance of 30.7 % against SSP 11,307,261 estimates. Actual outturn is therefore SSP 7,826,891 below budget target on account of political crisis with neighboring northern state and delays in implementing vital revenue sources like Social House hold Tax. Details are given in Annex A.

### **Tax Revenues**

2. About 85% of domestic/ local revenues mainly consist of tax revenues of which the largest item is personal income tax (currently collected from Public Service only and withheld at MFTI). There was a slowdown in trade of taxable goods (for Profit & sales taxes, stamp & Excise duties, Rental & Property tax) owing to a general decline in economic activities as well as non implementation of House hold tax estimated at SSP 1.5 million.

### **Non Tax Revenues**

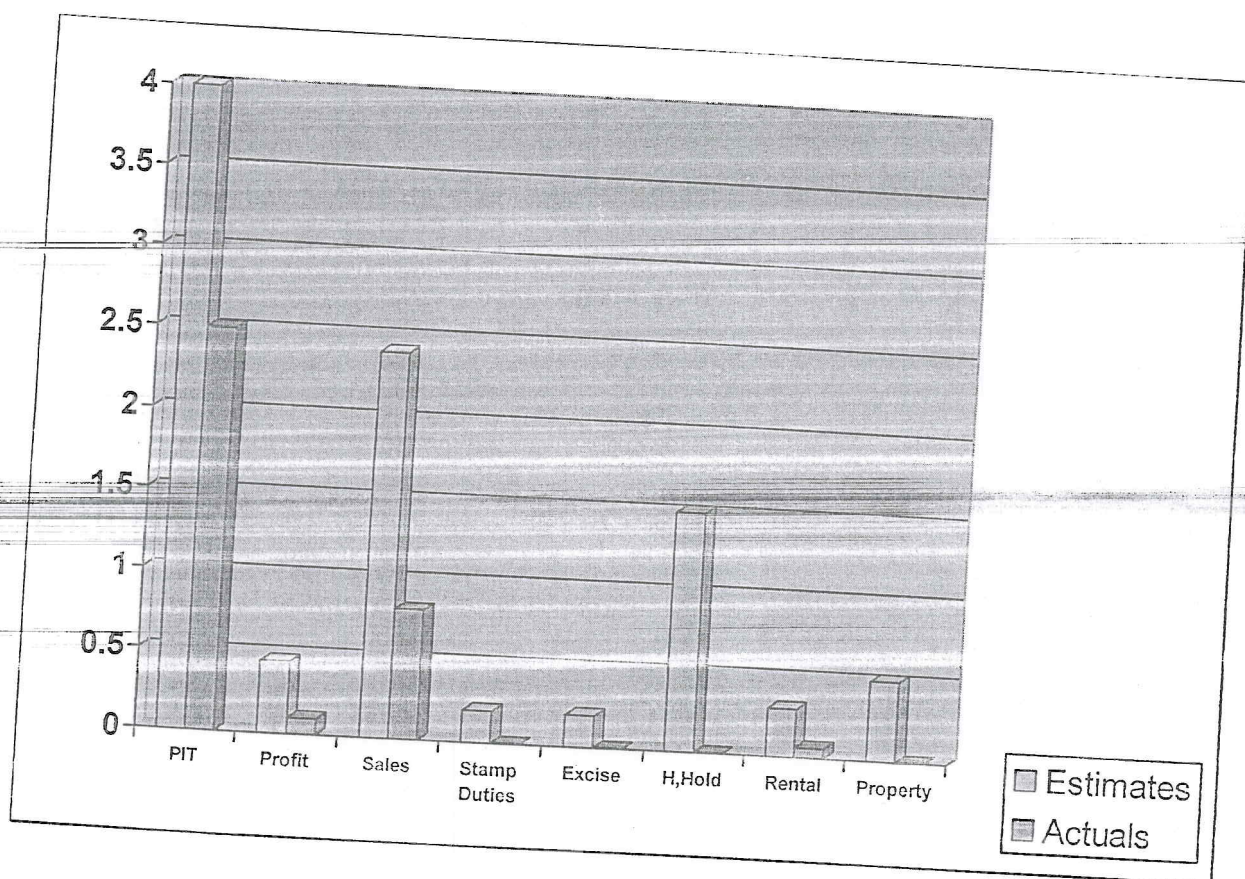
3. Revenues under this category fell sharply after slow down in economic activities caused by decrease in supply and increasing high demand; factors that led to highest recorded inflation in the history of our state (estimated at 50%). The government measures of exempting taxes and lifting levies/fees meant loosing much



revenue under this category. As well as a number of traders closed down their business due to uncertainties, especially Arab traders.

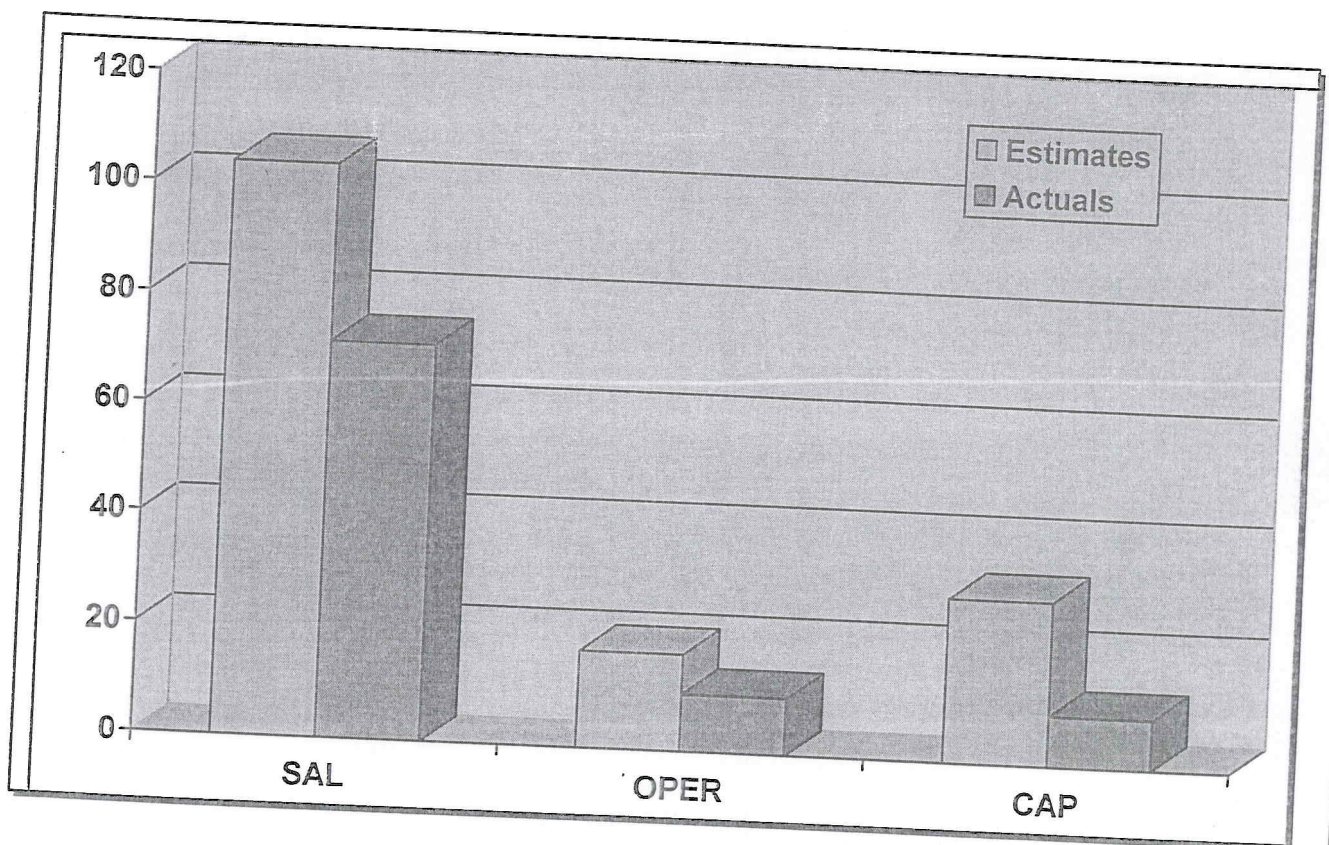
### Donors Grant

4. Northern Bah El Ghazal State government does not receive any direct budget support. Donor agencies, particularly NGO's, provide support to the state government in the form of stand alone projects. In the future we recommend incorporating planned spending of donors in monetary terms within their respective budget sector groups.



## EXPENDITURE BY CATEGORY

4. Total expenditure for the period Jan to Sept 2011 was **SSP 100,753,979** or 66% of budget estimates. There was a significant increase in expenditure execution during the last two quarters due to major recruitments (teachers and other civil servants), compounded with major historical activities during this period and developmental contractual obligations especially for the counties grant. First quarter performance was greatly attributed to payment of outstanding arrears and inherited debts over the past years. Salaries took a big category of expenditures at **SSP 72,440,578** estimated at 47 % of expense estimates. Details are given in Annex B.



5. Salaries expenditure excluding Oct – Dec 2011 amounted to **SSP 72,440,578**. Actual salary expenditure is at 47 % of budget estimates.



Since this category is a major component of our expenditure (70% of total budget) the effective control of the payroll through our computerized system "Easy Pay" has contributed to sound financial management.

6. **Operating Expenditure** up to September 2011 amounted to **SSP 13,916,091**; these include conditional operating, security, vehicle maintenance, fuel, travel allowances and medical costs. A big challenge is in line ministries not reporting to MFTI on their expenditures financed by the petty cash disbursed to them each month.
7. **Capital Expenditure** up to September 2011 amounted to **SSP 14,397,310**; these include assets, State and counties developmental projects. I should point out that most of conditional capital transfers from former GOSS have not been sent to the State; for example, money for housing, transport, agriculture and animal resources amounting to **SSP 5,146,754** representing 17% of total capital expenditures.

### **Conclusion**

- A) State Budget execution takes place within the frame work of same centralized payment system as at National level. According to World Bank PEFA Assessment on the PFM systems of NBGS done in July 2011 reports that "NBGS budget execution has been strengthened through improved control over the payroll resulting from introduction of an IT Based system and FMIS (Free Balance) that was established in the MoFTI is enabling the preparation of monthly budget execution reports for the first time and more efficient control in Budget Execution."

Annex A:

## Northern Bahr el Ghazal State Government

### State Revenue Authority Summary of Revenue Collections for January to September 2011.

S/No	Tax Type	Amount Collected SSP	Month	Remarks
1.	Personal Income Tax	2,502,000	Jan – Sept	Currently, PIT is only collected among the public employees. It is withheld by the State Ministry of Finance.
2.	General Sales Tax	98,570	January	
		82,300	February	
		110,015	March	
		76,980	April	
		64,368	May	
		112,756	June	
		103,002	July	
		75,149	August	

## Annex B.

REPUBLIC OF SOUTH SUDAN  
NORTHERN BAHR EL-GHAZAL STATE AWEIL  
MINISTRY OF FINANCE, TRADE & INDUSTRY

## Summary of Expenditure Report for Period Jan - Sept FY 2011

S/NO	Salaries	Operational Cost	Capital	Total
January 2011	7,523,320	1,880,863	2,163,697	11,567,880
February 2011	8,630,601	933,187	1,008,333	10,572,121
March 2011	7,243,030	813,343	3,611,667	11,668,040
April 2011	7,256,416	197,642	768,473	8,822,531
May 2011	9,020,000	1,179,216	2,942,042	13,141,258
June 2011	8,080,506	1,342,772	1,121,721	10,544,999
July 2011	8,252,294	1,178,416	1,030,847	10,461,557
August 2011	8,299,246	1,038,003	922,974	10,260,223
September 2011	8,135,165	1,272,279	827,556	10,235,000
Revenues		3,480,370		3,480,370
total	72,440,578	13,916,091	14,397,310	100,753,979

Director of Accounts

State Ministry of Finance, Trade & Industry  
 Northern Bahr El-Ghazal State Aweil

Act. Director General

