

In the name of Allah, Most Gracious, Most Merciful

Republic of the Sudan

Ministry of Finance & Economic Planning

**First Half Performance Report
Of the 2016 Budget**

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Introduction:

- The global economy is facing many challenges represented in the growing political risks and the continuing debt crisis in the euro zone in the light of the repercussions of Britain's withdrawal from the European Union, the money markets crises and fluctuations in foreign stock exchange rates, lower commodity prices in the global market. On the other hand, the global economy is witnessing improvement in the risk management and the development of knowledge economies by using the technology and increasing investment in renewable energy, which indicates the expectations of the average growth of the world economy to reach rates of not less than 3% and larger rates of growth in the United States and East Asian countries.
- Sudan's economy is affected by these economic and social variables under the conditions of the continuing economic and financial blockade. The Sudanese economy is facing the effects of insecurity in the neighboring countries such as Libya and the State of South Sudan as well as the deterioration of the economies of neighboring countries. Such conditions have put pressure on the domestic and external sectors. On the other hand, the country is approaching a comprehensive political consensus in order to bring about economic and social changes desired after holding the general assembly of the National Dialogue after the general assembly of the national dialogue and determining the tenth of October in the year 2016 to be for the General Conference.
- The first half of the year 2016 budget has witnessed a stability of the financial performance, where revenue increased by 6% compared to the same period in 2015 as a result of the efforts in the institutional and administrative reform, besieging of tax evasion as well as intensifying money collection processes, besides the fact that the budget has fulfilled its obligation in respect of ongoing transfers of states, salaries of employees in the national government and the financing of development projects and basic services to citizens in the area of security - education - health and water beside attention to social protection and cultural and sports activities. It also fulfilled its obligation to fund reconstruction in support of the states of the exceptional circumstances which refutes allegations stating the collapse of the budget in the first month. Remedial action in the context of liberalization of gas has been taken in the context of correcting the structural distortions in the public finances and of course the reform process will be ongoing to complete steps in a way that leads to optimal utilization of resources.

General Features 2016 Budget:

- Maintaining economic stability and guidance of macro policies to increase production and productivity.
- Encouraging the private sector to play its part in the implementation of the five-year program objectives.
- Working on to achieve the largest surpluses in the balance of payments and reducing the trade balance and current account deficit.
- Reducing the budget deficit to secure limits consistent with the overall objectives of the budget and continue to develop its structure.
- Focusing on the social protection program and poverty alleviation.

The Most Important Challenges Facing the Implementation of Year 2016's Budget:

- Continuation of the economic blockade and banking ban despite efforts to address it.
- Decline in domestic production of oil.
- Decline in global oil prices and negative implications on investments in this sector and the government's share of oil production than what was targeted in the budget.
- Decline in oil producing in the State of South Sudan as a result of the security circumstances undergone which led to the failure to collect fees imposed on the South Oil exports and lack of fulfillment by the South Sudan government to pay the interim financial arrangements.
- Poor return from investments of public corporations and companies.
- Decline in world prices and its impact on exports and customs.
- Rehabilitation of areas affected by the insurgency in the liberated areas and the cost of peace and establishment of security there.
- Lack of political stability and security in some neighboring countries and Arab countries led to increased flows of refugees, foreign labor and negative repercussions on employment, pressure on the limited resources and the services provided, particularly after the escalation of the war in Southern Sudan.
- Slow flow of foreign investment in the light of international, regional and local prevailing conditions.

First: Macroeconomic Performance:

1 / The GDP:

- The GDP is expected, at current prices in 2016 to reach about 709 billion pounds, compared with 585 billion pounds in the year 2015 and that the GDP by the end of the year 2016 shall grow to 6.4%.
- It is estimated that sectors contribute to the total GDP of the year 2016 as follows:
 - The agricultural sector 32.9%.
 - The industrial sector 20.7%.
 - The Service sector 46.4%.

2 / Inflation Rate:

The average inflation rate declined in the first half of 2016 to 13.04% compared to 21.56% for the same period in 2015 and Table No. (1) shows this:

Table (1)

The average inflation rate during the first half of year 2016

Month	First half of 2015	First half of 2016
January	24	12.4
February	23	12.9
March	23.2	11.7
April	21.2	12.8
May	19.8	13.9
June	18.3	14.3
Average	21:56	13:04

3 / Money Supply:

Money supply growth rate by the end of June 2016 amounted to 13.4% compared to 16% for the same period in 2015, noting that the target at the end of the year is 19.3%.

4 / Exchange Rate:

The exchange rate in the regular market during the first half of the year 2016 recorded an average of 6.3 pounds against the dollar compared with an average 6.0 pounds against the dollar during the same period of the previous year, where the application of a package of measures took place, the most important of which was the increase in the price of wheat to mills and allowing the private sector to import petroleum derivatives as well as imports of the needs of (agriculture and industry) sectors through imports without transfer of value.

5 / Balance of Payment:

The surplus rose in the position of total balance to \$ 38.3 million in the first half of 2016 compared to \$ 16.3 million in the first half of 2015 as a result of inflows of \$ 2.381.1 million dollars. Table 2 shows this:

Table (2)

The balance of payments during the first half of year 2016

Million Dollars

Statement	2015	2016 *	% of Change rate
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Current Account (1 + 2)	(2.522.2)	(2.331.6)	(7.6)
1/ Trade Balance	(2.161.4)	(2.080.1)	(3.8)
a- Exports (FOB)	1.823.2	1.496.6	(17.9)
Petroleum	296.8	176.4	(40.6)
Gold	465.4	419.6	(9.8)
Other	1.061.0	900.6	(15.1)
b- Imports (FOB)	(3.984.6)	(3.576.8)	(10.2)
Government Purchases	(451.9)	(322.6)	(28.6)
Purchases by the private sector	(3.532.7)	(3.254.2)	(7.9)
2/ Services, Income and Transfers Account	(360.8)	(251.5)	(30.3)
Net services account	45.8	87.1	90.3
Net income account	(917.0)	(754.4)	(17.7)
Net current transfers account	510.5	415.8	(18.6)
Capital & Financial account	2.661.6	2.381.1	(10.5)
Capital account	111.0	92.6	(16.6)
Financial account	2.550.6	2.288.5	(10.3)
Direct investment	756.9	671.4	(11.3)
Portfolio investment (net)	(1.2)	(3.2)	178.3
Other investments (net)	1.794.9	1.620.3	(9.7)
Reserve assets	(16.3)	(38.3)	
Errors and deleted items	(123.0)	(11.1)	
Overall balance	16.3	38.3	

Source: Central Bank of Sudan (*Primary data)

6 / Balance of trade:

The trade deficit fell to US \$ 2.080.1 million in the first half of 2016 compared to 2.161.4 million in the first half of 2015 at a rate of 3.8% due to lower value of imports by 10.2% as the result of the imports rationalization policy, especially in non-essential goods. The imports value fell at a rate of 17.9% due to lower crude oil exports value to foreign companies at a rate of 40.6% due to low world oil prices as well as low amount of gold exports from 12.1 tons in 2015 to 10.6 tons in 2016 at a rate of 12.4% and table 3 shows this:

Table (3)
The trade balance during the first half of year 2016

Million Dollars

Statement	2015	2016	% of Change rate
Total imports(FOB)	3.168.90	2.197.70	- 31.%

Petroleum	627.1	261.4	- 58.%
Gold	725.7	686.9	- 5.%
Other	1.816.10	1249.4	- 31.%
Total imports (FOB)	8.367.70-	5.316.40-	- 36.%
Trade Balance	(2.161.4)	(2.080.1)	(3.8)

Source: Central Bank of Sudan.

Second: Summary of the financial performance during the first half of the year 2016:

The Overall revenues and foreign grants made an actual performance of 28 billion pounds by the performance rate of 82% of the proportional rating for first half of the year 2016 and a percentage increase of 6% over the same period in 2015, while expenditures amounted to 29.2 billion pounds of performance rate of 87% of the proportional appropriation and an increase of 13 % for the same period in 2015. The net national development performance reached 3.6 billion pounds, with performance rate of 72% of the proportional appropriation and a growth rate of 38% from the first half of the previous year. Therefore, the total deficit became 5.1 billion pounds which was funded from sources of foreign and domestic financing and utilizing of resources through the treasury single account (TSA).

Details of budget items performance:

Public revenues and foreign grants:

1 / The most important policies that have been implemented during the first half of the year 2016:

In the field of tax and customs revenues:

- Continuing on institutional and administrative reform program.
- Continuing on training and raising the capacity of workers to the development of tax revenue and raising their collection efficiency.
- Intensifying the technical efforts in tax collection.
- Continuing on the application of computerizing the work of the Taxation Chamber.
- Continuing on the application of electronic payment system for customs.
- Rationalization of exemptions contained in special laws.
- Continuing on the implementation of reducing the proportion of the exemption of VAT on imports from 55% to 30% and reducing the proportion of imports exempted from customs duties from 40% to 28.6%.
- Horizontal expansion of tax revenues (tax umbrella) subjecting part of the unregulated tax sector activities as well as intensifying the fight against tax evasion.
- Emphasizing the unity of the tax legislation to prevent legislative intersections and negative repercussions on the tax bases.
- Promoting international trade with neighboring countries through the crossings specified to the Border States to prevent illegal trade.
- Customs anti-smuggling through the strengthening of the various control means.

Administrative fees:

- Reaffirming the mandate of the Ministry of Finance on public money through tighter control of government units under the electronic collection and application of the treasury single account and the beginning of the application of the payment of salaries electronically.
- Continuing on the effective application of the system of government resource planning (GRP).
- Application of sanctions and penalties provided for in the Regulations of financial and accounting procedures and Taxation Act for the violating bodies.
- Restricting opening of accounts for government units in commercial banks.
- Reviewing the rates of government services fees so that the fee rate be in line with the service cost.
- Besieging and regulating the revenues outside the budget.

Profits and surpluses of public corporations and companies:

- Continuing on the financial and structural reform of public corporations and companies.
- Prioritizing the spending and increase of revenues collected from public corporations companies.
- Working on to improve the level of services provided by exports relevant corporations (Seaports and Airports and Standards & Metrology ... etc).

Petroleum sales:

- Proposing programs to increase production in the context of stopping the growing accumulation of arrears on companies investing in the oil field.
- Work on the formation of an integrated exploratory information base as well as strengthening the structures and mechanisms of research and technology in order to develop the oil industry.
- Taking the advantage of the natural gas produced in blocks 4 and 5 for the production of electric power.
- Continuing on promotion in the rest of the blocks exploration to attract more foreign investments.

2 / Financial Performance:

The actual performance of the total national revenue and foreign grants during the first half of the year 2016 reached 27.804 million pounds, with performance rate of 82% of the proportional rating compared to 26.158 million pounds, with an increase of 65 for the same period in 2015.

Tax revenues:

Tax revenues during the first half of the year 2016 achieved 22.328 million pounds, with performance rate of 93% compared to 20.064 million pounds with the rate of 11% for the same period in 2015.

Other revenues

The other revenues during the first half of the year 2016 amounted to 4.49 million pounds with performance of 53% of the proportional rating compared to 5.281 million pounds, and decrease rate of 15% of the same period in 2015, which was due to low domestic crude production than what was targeted in the budget. The non-payment of transit fees and the interim financial arrangements due to the security conditions in the State of South Sudan.

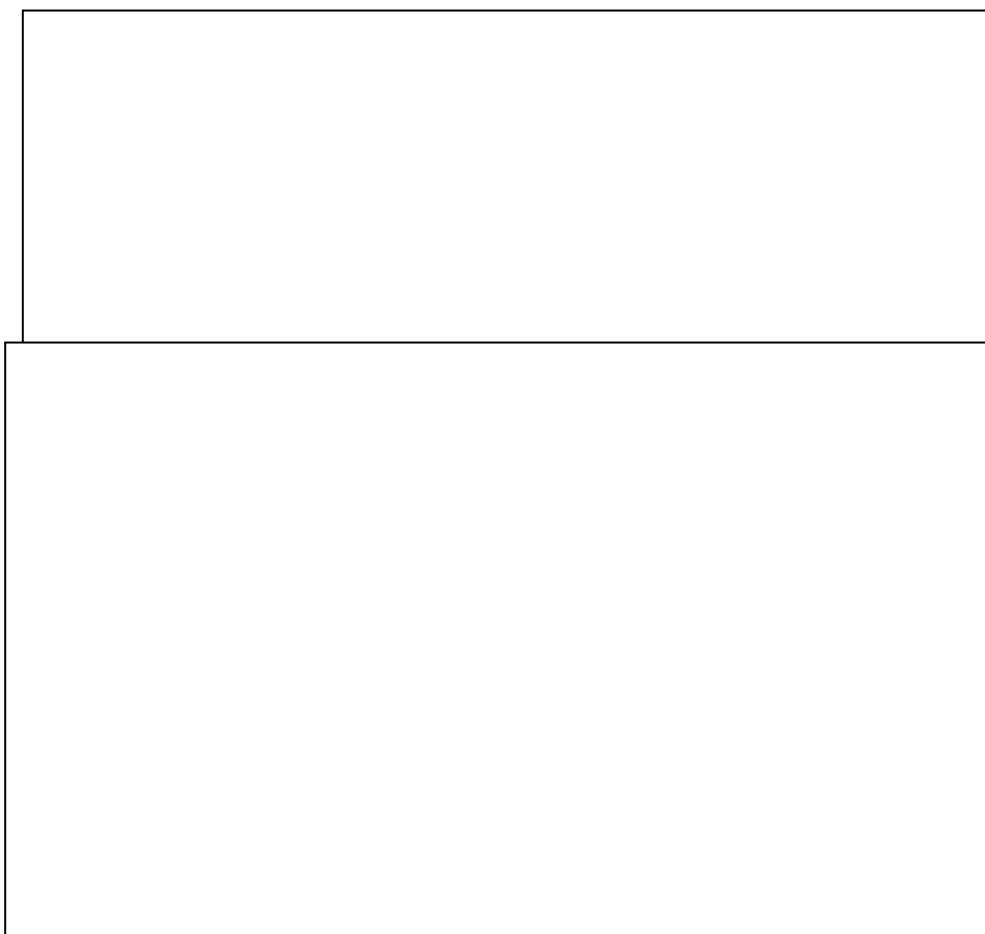
Foreign grants:

The foreign withdrawals of foreign grants during the first half of the year 2016 reached 985 million pounds with performance rate of 79% compared to 814 million pounds, with increase rate of 21% for the same period in 2015. The Table 4 shows the actual performance of the national revenue and foreign grants during the first half of the year 2016:

Table (4)
National revenue and foreign grants during the first half of year 2016 **Million SDG**

Statement	2015 First half performance	First half 2016			change%
		Proportional appropriation	Actual performance	Performance %	
Public revenues + foreign grants	26,158	33,744	27,804	82%	6%
Public revenue	<u>25,344</u>	<u>32,499</u>	<u>26,818</u>	<u>83%</u>	<u>6%</u>
Taxes	<u>20,063</u>	<u>24,040</u>	<u>22,328</u>	<u>93%</u>	<u>11%</u>
Taxes on income, profits and capital	1.797	1.750	1.656	95%	(8%)

gains					
Property taxes	36	54	0	0%	(100%)
Taxes on commodities and services	13,681	17,033	16,343	96%	19%
Taxes on international trade and transactions	4,542	5,192	4,299	83%	(5)%
Other taxes	8	12	31	259%	288%
Foreign grants	<u>814</u>	<u>1,246</u>	<u>985</u>	<u>79%</u>	<u>21%</u>
Other income	<u>5,281</u>	<u>8,458</u>	<u>4,490</u>	<u>53%</u>	<u>(15)%</u>
Property income	1,055	1,300	966	74%	(8%)
Sales of commodities and services	2,792	3,560	2,372	67%	(15)%
Sales of government corporations market commodities	2,261	2,552	1,648	65%	(27%)
Petroleum sales, petroleum revenue	2,261	2,551	1,418	56%	(37%)
Sales of government corporations non-petroleum commodities	0	1	230	22 970%	0%
Administrative fees	531	998	725	73%	36%
Incidental sales of not-market government corporations	0	9	0	0%	0%
Fines, penalties and confiscations	0	15	0	0%	0%
Miscellaneous revenues	1,434	3,583	1,152	32%	(20%)
Fees of GOSS transit oil	545	1,555	448	29%	(18%)
Interim financial arrangements	889	2,028	704	35%	(21%)



Public expenditure:

1 / The most important policies and procedures that have been implemented during the first half of the year 2016:

- Provision of the necessary resources to productive sectors of the private sectors (agriculture and industry) in the framework of the five-year program).
- Continued application of the treasury single account (TSA) in order to ensure optimal use of cash flows and liquidity regulation.
- Continuation to activate the compensation of employees and social contributions controls in coordination with different corporations at the federal and state levels and in accordance with the organizational and job structures and the conditions approved.
- Continuation to adjust the purchase of goods, services and centralized items.
- Fulfillment of the direct and indirect subsidies to poor families and spending on the projects of primary health care, basic education, water harvesting, subsidy of medical treatment at home and abroad and provision of drinking water in the framework of implementation of the program of (Zero Thirst).
- Abiding by regular remittances to the states and their implementation in accordance with the approved budget allocations (not the actual performance of the national revenue) and transfer of states shares of oil-producing states in proportion to their contribution to the production of crude and according to the average world prices.

2 / Financial Performance:

The actual performance of public spending during the first half of the year 2016 reached 32.95 million pounds, at performance rate of 84% of the proportional appropriation (of which 29,189 million pounds running expense and 3,761 million pounds capital expenditure), with an increase rate of 13% the same period in 2015, and Table (5) shows the actual performance of public spending in the first half of the year 2016:

Table (5)
Public spending during the first half of year 2016

Item	2015 First half performance	2016 First half			Proportion of the total%	Change%
		Proportional appropriation	Actual performance	Performance %		
Public expenditure	29,095	39,243	32,950	84%	100%	13%
Running cost	26,209	33,471	29,189	87%	89%	11%
Compensation of employees	8,853	11,175	10,660	95%	32%	20%

Purchase of commodities and services	3,952	4,360	4,120	94%	13%	15%
Strategic commodities subsidy	4,212	4,598	3,705	81%	11%	(12%)
Cost of financing	1,364	2,081	1,867	90%	6%	37%
Subsidies	84	46	46	100%	0%	(45%)
Participation in international organizations	41	97	24	25%	0%	(41%)
Social utilities	955	1,250	1,079	86%	3%	13%
Other national expenditures and obligations	529	415	74	18%	0%	(86%)
State transfers	6,580	9,448	7,614	81%	23%	16%
Development spending	2,886	5,773	3,761	65%	11%	30%
Net non - Financial Assets (National Development)	2,623	5,055	3,623	72%	11%	38%
Acquisition of non-financial assets	2,627	5,117	3,727	73%	11%	42%
Contribution to the capital	263	718	137.1	19%	0%	(48%)

* It is noted that the compensation of employees, transfers of state governments and the purchase of commodities and services has won 90% of the total expenditure and that the nature of these items are difficult to rationalize because they contain the entitlements of employees and steering of the work system.

Compensations of employees:

The actual performance of the compensations of employees during the first half of the year 2016 reached 10.66 million pounds at performance rate of 95% and with increase rate of 20% for the same period in 2015. The increase is due to the application of pensioners grant and some other entitlements and Table 6 shows this:

Table (6)
Compensations of employees during the 2016 first half

Item	Million SDG		
	2015 First half	First half 2016	Change%

	performance	Proportional appropriation	Actual performance	Performance %	
Wages and salaries	7,397	9,550	9,134	96%	23%
Social Contribution	1,456	1.625	1,526	94%	5%
Total	8,853	11,175	10,660	95%	20%

The purchase of commodities and services:

The actual performance for the purchase of commodities and services during the first half of the year 2016 amounted to 4.12 million pounds at performance rate of 94% of the proportional appropriation for the period and with an increase rate of 15% for the same period in 2015. The spending on the statement of the purchase of commodities and services to the sectors (steering) increased by 4% in order to pay the advance payments of property rental and insurance during the period, and table 7 shows this:

Table (7)
The purchase of commodities and services during the first half of 2016
Million SDG

Statement	2015 First half performance	2016 First half			Change%
		Proportional appropriation	Actual performance	Performance %	
Purchase of commodities and services of the sectors (Steering)	1,565	2,354	2,442	104%	56%
Purchase of centralized commodities and services	2,027	2,006	1,678	84%	17%

Total	3,592	4,360	4,120	94%	15%
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Strategic commodities subsidy:

The total actual performance of strategic commodities subsidy in the first half of the year 2016 was 3.705 million pounds at performance rate of 81% of the proportional appropriation where the spending on fuel subsidy was 1.609 million pounds at performance rate of 58%, a with drop rate of 60% of the same period in 2015. That came as the result of partial and full Liberalization of gas, furnace and jet products. The drop of the international prices contributed to the gradual reduction of wheat commodity subsidy, where the subsidy of wheat reached 453 million pounds by a decrease of 12% for the same period in 2015. The spending on electricity subsidy reached an amount of 1.643 at performance of 154 due to the increased amounts of gasoline and crude necessary for the operation in the summer season and maintenance of power plants and fuel-saving leading to high cost in light of the increased consumption which indicates the need to take a new price policies to address surpass in electricity subsidy, and table 8 shows this:

Table (8)
Subsidy of strategic commodities during the first half of 2016

Million SDG

Statement	2015 First half performance	First half of 2016			Change%
		Proportional appropriation	Actual performance	Performance %	
Fuel Subsidy	4028	2,780	1,609.0	58%	60%
Electricity Subsidy	0	1068,5	1,643.3	154%	0%
Wheat Subsidy	184	750	452,9	60%	146%
Total	4,212	4,598	3,705	81%	(12%)

The Financing Cost:

Actual performance reached 1.867 million pounds at performance rate of 90% of the proportional appropriation. The actual spending focused on the repay Shahama profits and instruments at an amount of 1,685 at performance rate of 112% and spending on the cost of foreign loans amounting to 182 million pounds with performance rate of 31%, and an increase rate of 37% for the same period of the previous year, where the actual payment of the dues was less than required which distorted withdrawal for projects under execution. There are solutions procedures and repayment of dues in coordination with the Central Bank of Sudan.

Subsidies:

They included the subsidy provided to a number of the special nature of units (media organizations) where the actual performance amounted to 46 million pounds at performance rate

of 100% of proportional appropriation approved for the period and with decrease of 45% for the same period of the previous year. The following diagram shows this:

Participation in international and regional organizations:

Actual performance reached 24.3 million pounds at performance rate of 25% of the proportional appropriation and by a decrease of 41% for the same period of the previous year, and that was due to non-transfer of the approved amounts for some organizations because of the scarcity foreign currency difficulty of transfer abroad. The following diagram shows this:

Social benefits:

This statement includes social and health subsidy. The actual performance amounted to 1.079 million pounds, at performance rate of 86% from the proportional appropriation. The statement of poor families subsidy attained 47% of the total social utilities at performance rate of 13% for the same period of the previous year due to the increase of the beneficiary families this year. The table (9) shows this:

**Table (9)
Social utilities during the first half of year 2016**

Million SDG

Statement	First half of 2015 performance	First half of 2016			Change%
		Proportional appropriation	Actual performance	Performance %	

National Students Welfare Fund	11	15	14	93%	27%
Social activities subsidy	129	192	125	65%	(3)%
poor families subsidy	450	563	469	83%	4%
Subsidy for treatment abroad	8	11	13	118%	63%
life-saving drugs subsidy	124	180	147	82%	19%
Operations in hospitals subsidy	12	14	9	64%	(25)%
Emergency Treatment subsidy	11	13	8	62%	(27)%
Project of medical treatment localization	8	10.5	11	105%	38%
Treatment of prison guards and inmates	1	3	1	33%	0%
Primary health care	47	56	105	188%	123%
Health insurance	154	195	178	91%	16%
Grand Total	955	1.250	1.079	86%	13%

Other expenses:

They include VAT, customs duties and the elections. The spending reached 74 million pounds by at performance rate of 18% of the proportional appropriation and by a decrease rate of 86% for the same period of the previous year.

Transfers of states governments:

The actual performance during the first half of the year 2016 was 7.614 million pounds at a rate of 81% (of which 5.05 million pounds were current transfers, an amount of 2.548 million pounds capital transfers, and an amount of 16 million pounds, the share of the oil-producing states) and at growth rate of 16% for the same period in . Table (10) shows this:

Table (10)

States Governments transfers during the first half of 2016

Million SDG

Item	First half of 2015 performance	First half of 2016			Change%
		The proportional appropriation	Actual performance	Performance %	
1/ Current Transfers	4.177	5.025	5.050	101%	21%
2/ Capital Transfers	2.319	4.377	2.548	58%	10%
Capital transfers (local component)	1.441	3.174	1.353	43%	6%
Capital transfers (foreign component)	878	1.203	1.195	99%	36%

3/ Portion of petroleum producing states	83	47	16	35%	21%
Grand Total	6.580	9.448	7.614	81%	16%

A / commercial transfers:

The actual expenditure of the current transfers during the first half of the year 2016 5.05 million pounds at performance rate of 101% from the proportional appropriation at growth rate of about 21% for the same period in 2015.

B / Capital transfers:

The actual performance during the first half of the year 2016 reached 2.548 million pounds, at performance rate of 58% from the proportional appropriation and a growth rate of 10% for the same period in 2015, according to the details below:

- The amount of 1.353 million pounds local financing at 53% of the overall performance.
- The amount of 1.195 million pounds foreign financing at 47% of its overall performance.

C / Other transfers (the share of oil-producing states):

The actual performance during the first half of 2016 increased by 16.2 pounds at a performance of 35% from the proportional appropriation and a decrease rate of 81% for the same period of 2015 due to the fall in world oil prices.

National Development (acquisition of non-financial assets):

The actual performance on the acquisition of non-financial assets (National Development) during the first half of the year 2016 reached 3.727 million pounds at performance rate of 73% and a growth rate of 42% for the same period in 2015, according to the details below:

- The amount of 2.879 million pounds local financing by 77% of the overall performance.
- The amount of 848 million pounds, foreign financing by 23% of the overall performance.

Table 11 shows the details of the development expenditure according to sectors:

Table (11)
National development during the first half 2016

Million SDG

Item	First half of 2015 performance	First half of 2016					Change%
		Proportional appropriation	local	Foreign	Gross total	Performance %	
Agricultural sector	240	692	292	116	408	59%	0%

Industrial sector	82	249	249	27	284	114%	245%
Transport, roads and bridges sector	265	1.028	1.028	0	814	9%	20%
Energy, water resources, electricity and mining sector	1619	1,985	1,985	347.5	1.384	0%	-15%
Social development sector	106	714	112	357.5	470	66%	344%
Diverse sector	314	448	368	0	368	82%	1%
Total acquisition of non-financial assets	2.627	5.116	2.879	848	3.727	73%	42%
Acquisition of financial assets	395.2	967	203	0	203	21%	-49%

It is noted that energy, water resources, electricity and minerals sector has attained 37%, followed by transport, roads and bridges sector 22%, then the social development sector 12%, agriculture 11% and diverse sector 10% and the industrial sector 8%.

Financial assets (contribution to capital):

The actual expenditure on the acquisition of financial assets during the first half of 2016 increased by 203 million pounds, performance rate of 21% compared to actual performance of 395 million pounds for the same period of 2015, namely a decrease by 49%.

Social protection:

Spending on social protection programs at the national and state levels in private primary health care and provision of clean drinking water within the framework of (Zero Thirst) program, education and literacy project and subsidy of necessary commodities as well as spending on poor

families and entitlements of workers in various sectors, amounting to 19,342 million pounds at performance rate of 88 % from proportional appropriation. Table (12) shows this:

Table (12)
Social protection programs during the first half of 2016
Million SDG

Item	First half of 2016		Performance
	Proportional appropriation	Actual performance	
Social Protection	22.105	19.342	88%
Salaries and wages and social contributions	11.928	12.154	102%
Social subsidy (social benefits)	1.877	1.692	90%
Strategic commodities subsidy (fuel + electricity + wheat)	4.598	3.705	81%
Social development (health, education, water)	3702	1791	48%

Foreign and local sources of funding:

Sources of foreign funding:

1 / The signed agreements:

In light of the continued faltering of concessional financing from foreign financing institutions due to the conditions of the economic blockade and US boycott, then directing the foreign financing policies towards the Gulf countries where ////////// 2016 amounting to 2.029 million pounds, of which 48 million pounds as grants and 1.981 million pounds as loans to save important strategic and development projects, compared to 1.299 million pounds, a growth rate of 57% for the same period of the previous year. Table (13) shows this:

Table (13)

The agreements signed during the first half of 2016

The Financing Institution	Project	Type of agreement	Signature Date	Sum
Saudi Fund for Development	Financing the project of rainfalls water harvest for combating thirst in the Sudan rural areas	Loan	02/01/2016	733
Arab Fund for Economic & Social Development	Financing of Rosaires Irrigation Project(Phase one)	Loan	05/04/2016	1222
The African Development Bank	Capacity building in the field of enhancing gender participation in peace and social activities	Grant	05/22/2016	27
The World Bank	Social Protection Project	Grant	02/10/2016	21
Belgium		Loan	02/24/2016	26
Grand Total				2.029

2 / Withdrawal of foreign loans and grants:

Total withdrawal of loans and grants during the first half of the year 2016 was 2.618 million pounds (of which 1.633 million pounds withdrawal on loans and 985 million pounds withdrawal on grants), compared to 1.687 million pounds (of which 872 million pounds withdrawal on loans and 815 million pounds withdrawal on grants) at growth of 55% for the same period in 2015. This was due to signing of a number of agreements with the United Nations organizations in the areas of (environment, fight against poverty, and the project of drugs and irrigation pumps purchase). There are efforts being made by ministries and units implemented to increase and improve the efficiency of implementation and thus increase rates of withdrawal to complete the projects and programs according to the specified time. Table (14) shows this:

Table (14)
Withdrawal of loans and grants during the first half of year 2016

The Financing Entity	First half of 2016			First half of 2015
	Loans	Grants	Total	
Islamic Development Bank	192	0	192	72
OPEC Fund for International Development	4	0	4	1
Arab Fund for Economic and Social Development	521	11	532	285

Kuwaiti Fund for Development	2	39	41	124
Donor Fund	0	73	73	73
European Union	0	111	111	5
Saudi Export Fund (Export Program)	460	0	460	0
Saudi Fund for Development	264	0	264	93
The World Bank	0	5	5	0
The Republic of India	0	0	0	1

The financing entity	First half of year 2016			First half of year 2015
	Loans	Grants	Total	
Abu Dhabi Fund	0	0	0	357
United Nations organizations	0	721	721	676
Arab Monetary Fund	182	0	182	0
International Fund for Agricultural Development (IFAD)	9	25	34	0
Grand Total	1.633	985	2.618	1.687

3 / Repayment of external obligations:

The total repayment of external obligations during the first half of 2016 reached 856 million pounds, of which 674 million pounds for repayment of the principal and an amount of 182 million pounds cost of financing compared to 1.041 million pounds (of which 851 million pounds as repayment of the principal and 190 million pounds cost of financing) at a decrease rate of 18% for the same period in 2015. Table (15) shows this:

Table (15)

Repayment of external obligations during the first half 2016

Million SDG

The financing entity	the original	The cost of funding	Total
Islamic Development Bank	90	29	120
Kuwaiti Fund for Economic Development	36	30	65
Arab Fund for Economic & Social Development	195	103	298
Arab Monetary Fund	113	11	124
Saudi Fund for Development	92	8	100
International Monetary Fund (IMF)	30	0	30
Republic of India	38	0	38
China	81	0	81
Gross total	674	182	856

Local financing sources:

First: Securities:

1 / Government Musharaka Certificates (GMCs):

A / Resources:

The Annual appropriation allocated in the budget of financial year 2016 regarding Shahama resources amounted to 3,200 million. The actual issue during the first half of the year 2016 amounted to 1.387.1 million compared to an amount of 1.194.5 million pounds during the same period in 2015, at an increase rate of 16.1%.

B / Repayment of previous obligations:

The annual appropriation allocated to in the budget of 2016 for the repayment of the previous obligations for Shahama an amount of 1200 million. The actual repayment made during the first half of 2016 amounted to 1737 million pounds, of which an amount of 52 million pounds as recovery of the principal and the amount of 1.685 million pounds cost of financing (profits). An amount of 350 million pounds was repaid by the Ministry of Finance and Economic Planning and an amount of 1.3871 billion pounds for issues, compared to an amount of 1.2696 billion pounds during the same period in 2015, at an increase rate of 36.8% than the year 2015.

2 / Instruments of government investment:

A / Resources:

Annual appropriation allocated to the budget of financial year 2016 reached 1200 million pounds and no any issue took place during the first half of the financial year 2016 due to lack of availability of resources at the Sudan Securities Company.

B / Repayment of previous Obligations:

The annual appropriation allocated to budget of the financial year 2016 to for the repayment of the previous obligations of instruments amounted to 1097.4 million pounds. The actual repayment during the first half of 2016 amounted to 53.2 million pounds, compared to an amount of 112.1 million pounds during the same period in 2015 at decrease rate of 52.5% than the year 2015.

Second, letters of guarantee:

A / Resources:

The annual appropriation allocated to budget of the financial year 2016 amounted to 8.922.5 million pounds. The actual issue during the first half of 2016 amounted to 12.899 million pounds and that was attributed to the increase in issue for the higher cost of funds and weak demand for other financing tools (magnanimity and instruments), and the actual implementation reached by certificates of achievement 1.999 million pounds.

B / Repayment of obligations:

Annual appropriation budget of fiscal year 2016 to pay off previous commitments for guarantees of 5.8 million pounds was the actual repayment during the first half of the year 2016 amounted to 1.626 million pounds, compared to 686 million pounds, at an increase rate of 137% for the same period in 2015.

Third: Borrowing from the Central Bank:

Borrowing from the Central Bank of Sudan during the first half of the year 2016 amounted to 1.587 million pounds, at performance rate 79% from the proportional appropriation of the period.

Fourth: Domestic debt:

The annual appropriation allocated for the repayment of debt in the budget of the financial year 2016 amounted to 1200 million pounds. The actual repayment during the first half of 2016 amounted to 53.5 million pounds, compared to 795.1 million pounds during the same period in 2015, of which 644 million pounds were differences of the job structure in the year 2013.

The most important national development achievements during the first half of the year 2016:

The agricultural sector:

(A) Agriculture and Forestry:

- Support of the agricultural season by provision of agricultural machinery through the integrated solutions program for the development of agriculture.
- Provision of seeds for this year from the certified seeds where 70 thousand tons of urea were provided, 47.5 thousand "dab", 47,500 tons sacking, 46 thousand bales of cotton and 604 harvesters.
- A number of 19 irrigation units for national project for wheat in the Northern State were provided, completion of 30% of the electromechanical works, completion of 80% of the civil works in River Nile State and completion of the supply and installation of pumps operations in the sites as well as achievement of 50% of the civil works and provision of 6 electric irrigation units in the Northern State.
- Purchase of all crop produced from wheat by the Agricultural Bank at a price of 400 pounds per one sack.

- Start of work in rehabilitation of devolution projects in the in the states of the White Nile, Sennar, Northern State and River Nile for the agricultural season 2016-2017.
- Rehabilitation of the electrification of local option project by implementation rate of 95% and the agricultural season for the project was financed by 70%.
- Electrification of agricultural projects in the Northern State by 75%.
- Providing equipment of fumigation and spraying equipment for plant protection in the framework of the development of the horticultural sector.
- Delivery number (18) Toyota Pickup vehicles Double Cap Model 2016 to operate in research stations in the states.
- Start of the implementation of the construction and rehabilitation project of central laboratories and agricultural research centers by 30% project (project is funded by a letter of guarantee amounting to 29 million pounds).
- Completion of rehabilitation of the irrigation network and electrification of pumps in Sennar Research Station as well as supply of irrigation water year-round, helping to to make the station start up early season.
- Agricultural insurance support of 50% of the contribution of the Ministry of Finance in securing agricultural season 2015-2016.
- Provision of a number (5) Tractors for afforestation projects, re-cultivation, desertification control and rehabilitation and restoration of gum arabic belt.

Animal and Horticulture Production:

- Identification of agricultural lands of the project at an area of 330 thousand fedans.
- The following contracts have been signed:
 - Supply of 3400 and 22 dairy cows and poultry unit.
 - Supply of all irrigation pumps.
 - Supply of cows' hangars, milking machines, feed and wheat.
 - Contracting with the Agricultural Bank for the supply of 3396 thousand seedlings.

Training and Extension:

- Training of 620 agronomists and 1288 farmers.
- Preparation of crop technologies (3000 palm trees, 1500 Mango, 3000 palm vaccination).
- The signing of a memorandum of understanding with the International Egyptian Center for Training, and Research Station in Tunisia.
- Provision of number of (50) pivot irrigation units for the first phase of the national project for animal and horticulture production.

B / Animal Resources:

- To increase production and productivity as well as export of livestock, the following has been done:
 - Work for the construction of a number (32) barns in Sawakin veterinarian quarantines has been completed by 100%.

- Work in Dindir veterinarian quarantine has been completed by 100%.
- Start of the preparations for the agricultural in the irrigated projects.
- Start of full rehabilitation of the Kadero slaughterhouse.
- Start of the construction of the veterinary quarantines (Um Kadada - Milleet - Dindir - and expansion of WadiHalfa quarantine).
- Construction of a number (2) hangars in Gedaref quarantine at implementation rate of 85%.
- Completion of Argin passageway construction.
- Rehabilitation of buildings of the training center and model farm at the Ministry of Animal Resources has been completed by 65%.
- Work has been completed in maintenance of fisheries protection project and the installation of the database needs by 100% at the Ministry of Animal Resources (fisheries).
- Supply of the machinery of the national project for the production of animal and horticulture to take advantage of agricultural waste of the states of (the White Nile – Gezira - Kassala - Red Sea - Blue Nile – N. Kordofan – S. Kordofan – W. Kordofan- Central Darfur – S. Darfur – W. Darfur –N. Darfur and the River Nile) has been completed.
- The production of a number of 50,798,800 doses of vaccines at a rate of 75% in the framework of the production of vaccine research project has taken place.
- Examination and diagnosis for number 31.655 samples to combat animal diseases as well as examination of export animals have been carried out by 40%.
- Rehabilitation of ostrich project in Dindir station as well as rehabilitation of barns have been made.
- The preliminary studies for the building of viral vaccines have been carried out as well as announcement of tender.
- Provision of equipment and devices for stations research laboratories in the States has been made.
- Implementation of a number of activities in the project of upgrading and development of the horticulture and animal sectors as follows:
 - Start of the procedures for implementing the project of construction of a slaughterhouse and its accessories and a city for the manufacturing leather by financing from the state of China project.
 - Signing of the following contracts:
 - The supply of 3,400 dairy cows from the United States of America.
 - Supply of cows' hangars, milking machines and feed.

Roads, bridges and transportation:

(A) Roads

Continue to implement the following roads through issuance of guarantees and direct funding:

Omdurman – Bara Highway:

- (Phase I) 37.5 km by implementation rate of 71.5%.
- (Phase II) (30) km by implementation rate of 61.95%.
- (Phase III) (32.5) km by implementation rate of 50.1%.
- (Phase IV) (32) km by implementation rate of 45.5%.
- Sennar - Suki highway (30) kilometers by implementation rate of 24.5%.
- Kadugli - Lagawa - Foula highway (50) kilometers by implementation rate of 71%.
- Nyala – Id Elfersan - Rhaid El Birdi (70) kilometers by implementation rate of 71%.
- El Fasher – Kutom highway (109) kilometers by implementation rate of 39.3%.
- Western Nile highway:
- Gita Elhogna - Matema highway (35) kilometers by implementation of 100%.
- Abu Helaif – Elsofi highway the first phase (24) kilometers by implementation rate of 100%.
- Karkon - Hameshkoreib highway (50) kilometers by implementation rate of 97%.
- Shuak – El-Kedi – Elhamra highway (82) kilometers. The amended itinerary has been delivered to start work in.
- Deghin – Wagar highway (50) kilometers by implementation rate of 71%.
- Sawakin - Tokar highway (17) kilometers by implementation rate of 59%.
- Halfa - Airport road (41.5 km) implementation rate of 73%.
- Managil - 24 Qureshi - Abu Haberah highway (91.5 km) by implementation rate of 25%.
- Aldebaibat - Abu Zabad - Foula highway (185 km) was completed by 100%.

(B) Railways:

- Abu Oshar – Medanirailway Line 78.4-kilometer, rate of completion 90%.
- Mapping project Khartoum / Atbara / Abu Ahmed / Halfa / Karima, rate of completion 80%.
- Rehabilitation of the Atbara / Port Sudan line (502) km, overall achievement rate 84%.
- Project of construction of Abu Jabra / Nyala line, length of (111), overall achievement of the line 7%.

(C) River Navigation

- Rehabilitation of Kosti new river port.
- Rehabilitation of infrastructure of El-Shaheed Al-Zubair river port

Electricity, water resources, dams and minerals:

- The implementation of the initial surveys the transmission line project Babanusa Adila by 20%.
- A number of 6 mobile power plants to address power cuts in summer season have been provided.
- Gezira and Managil canals gateways Sinnar in Sennar Dam have been converted from manual system to electrical operation system and a number of (25) ones have been installed at achievement rate of 98%.
- The first phase of Eastern Nile Basin project has been finalized.

- The first phase of the basic irrigation structures project of Rahad Scheme has been finalized and work began in the implementation of the second phase.
- Work in Atbara and Sateet dams has been completed by 97% .
- Implementation of water harvesting programs by establishment of 58 hafeers (pools) and 99 wells by 71%.
- The implementation of seven earthquakes stations by 100%.
- The first phase has been completed (studies and surveys) for the integrated labs project at the Ministry of Minerals.

Social development :

- Meeting all the obligations of infrastructure projects at universities..
- Continuation in the implementation of public education projects (curricula upgrading and pre-school, secondary, technical and nomadic education in addition to science labs in schools).
- Start of the implementation of printing literacy curricula, payment of the entitlements of trainers and facilitators in the comprehensive national campaign literacy program.
- Payment of the final payments from the local component for higher education projects financed by a loan from the Islamic Development Bank Jeddah (Khartoum University - University of Gezira and Omdurman Islamic University).
- Fulfillment of entitlements of companies which executed a large number of university halls.
- Supply of laboratory equipment for the National Center for Research and purchase analysis device for volatile materials as well as finalizing the implementation of model unit project for the manufacture of pulp and paper.
- Continuation in the construction of the Central Laboratory building in addition to the purchase of the blood devices accessories for the medical reagents and vaccines project.
- Completion of 90% of the rehabilitation of the Al-Jeraif College and the training center.
- Continuation in payment of the cost of rehabilitation of (17) different colleges and technical schools.
- Printing of 220 thousand books for third-grade technological curriculum.
- Listing of manpower in the Center and states in public service reform project.
- Continuation in the implementation of labor market surveys project activities.
- Continuation of work in the draft statute and computerization of the Taxation Chamber.
- Continuation in the implementation of the capacities strengthening for the components of the general budget.
- Continuation to implement the Ministry of Finance computerization programs (unified treasury - capacity building in the area of financial management - government resources management (GRB).
- Continuation in the implementation of the e-collection projects in the Accounts Chamber.
- Fulfillment of entitlements of dry ports projects of the General Authority of Customs (6 dry ports).
- Implementation of the fourth phase of the Customs Anti-evasion plan.
- Completion of the implementation of the automation project at the Ministry of Communications and Information Technology.
- Purchase of Africa technological City equipment.

- Purchase of equipment for the localization of devices industry and production measurement sets of the Atomic Energy Commission.
- Fulfillment of networks project cost and construction of the space modulator as well as advance payment of connectivity and communication project (Information Center).
- Continuation to pay the obligations Sennar the capital of Islamic culture activities and the completion of bank financing for the project implementation procedures.
- Provision of bank financing for the implementation of the Sports City project.
- Continuation to implement nomadic projects by paying the cost of the construction of classrooms and supply of textbooks in a number of the states of Darfur as well as financing some of the peaceful coexistence initiatives between Darfur tribes.
- Start of the implementation of the second phase of construction of the National Records Office Building.
- Implementation of 50% of the integrating demobilized militarists in civil society programs.
- Fulfillment of the obligations of the Friendship Hall rehabilitation project.
- The completion of the implementation of 3 of the National Assembly projects.
- Start of the implementation of the second phase of the Medical Commission building (contracting stage).
- The completion of the maintenance of the facades of the national public health laboratory.

Small assets:

- Completion of maintenance work of the Constitutional Court buildings by 78%.
- Provision of equipment for hospitals by 50%.
- Purchase a number (500) mobile device for the e-collection project.
- Purchase of computers and printers for the project of electronic Form 15 as well as a purchase of equipment for the Ministry of Culture.
- Provision of a number of vehicles and furniture for government units.
- Purchase of 10 tractors and 10 trailers to the state of Sennar.
- Maintenance and rehabilitation of a number of government ministries by implementation rate of 60%.

Sector of Shareholding in Capitals:

- Obligation to pay contributions in capitals in the Sudanese Egyptian Agricultural Company by 100%, Mashkor Sugar Company by 67% and the Arab Bank for Economic Development in Africa by 100%.
- Equity to Microfinance Guarantee Agency by 33%.

Development of States:

- Continuation to provide seating, textbooks school nutrition in the States.
- Continuation of work in the construction of number (22) basic schools in different States.
- The construction of an emergency Center in Obeid Hospital.

- Approval to purchase greenhouses for graduates' employment Fund.
- Provision of financing to finalize improvement of water supply in Obeid (Obeid water) and emergency plan to Khartoum State water, and Soba water plant and Nyala water plant.
- The construction of water plants for reconstruction projects in Darfur.
- Start of implementation of Gedaref State Water Network Project.
- Provision of (10) generators to Darfur States.
- Supporting Electrification of Wad ElNaeem village in Gezira State and Um Hantour in Sennar State.
- Installation of a number of solar energy devices in Kadugli.
- Lighting of El Fasher roads by solar energy.
- Continuation to construct El-Daleng hospital.
- Provision of medical devices and equipment for El-Nahud, Muglad and Ahmed Gasim hospitals.
- Financing for 111 ambulances, including 21 working as intensive care and 90 through the primary health care projects.
- Expansion of primary health care services.
- Work is underway in the projects of basic services (health, education, water) in the eastern states.
- Clearing and distribution of the textbook to the basic stage in the framework of a project to strengthen the basic education.
- Work is underway to implement roads of (Gedaref / Um El Khair ,Tokar road, Garwa and Kassala, Karkon).

The position of the implementation of the Government Reform Program (the measures taken):

- **In the field of integration of the informal sector into the national economy:**

The introduction of the informal sector into the national economy by providing microfinance through banks and microfinance institutions for productive families, artisans , the poor and the economically active as well as regulating the sector in specialized economic working groups according to various production areas.

- **Attention to storage capacities, infrastructure and export services to support Arab food security initiative and in order to enhance the competitiveness of national exports:**

Arab food security study has been completed to help bridge the food gap for the Arab States and the Arab Fund address has been address for approving the study outcomes and providing technical support to conduct the detailed study of the projects contained in the study.

- **In the context of continuing communication and taking the advantage of the Arab and African financial institutions:**

Signing of a memorandum of understanding with Al Rajhi International Group to establish grain silos in Port Sudan and implementation of strategic projects and social services are under way: water harvesting - Health - Education - infrastructure - electricity and continuous cooperation with the African Bank where grants have been provided by the bank for the public finances reform, waters of Darfur, waters west of Kordofan and livestock.

- **Encouragement of expansion of Acacia tree planting to increase production in gum arabic and enactment of laws that provide protection to it and its manufacturing for the purpose of achieving added value:**

Financing the implementation of reconstruction and rehabilitation project of the gum arabic belt at implementation rate of 71% and the completion of the project of upgrading the production and marketing of gum arabic, funded by a grant from the World Bank.

- **In the search to find financing of capable partnerships for projects of modern slaughterhouses, meat processing , livestock products and leather industry:**

The promotion of a number of productive projects within the activities of the International Investment Conference held in Khartoum in February 2016, including meat, livestock products and leather industry projects. A plot of land in western Omdurman has also been allocated to establish a new slaughterhouse according to the international standards.

- **Help states to develop their own resources:**

The horizontal allocation criteria have been updated in order to take into account an equitable distribution among the states and development allocation criteria have also been updated in the framework of the eight criteria. A consultant was selected to assist in the establishment of revenue councils in the States as well as holding workshops and training sessions with the Fiscal and Financial Allocation and Monitoring Commission.

- **In the framework of the national program for capacity development:**

There have been intensive internal and external training programs in various fields at the Ministry of Finance and economic planning, especially in economic planning areas, areas Treasury Single Account (TSA), GRP system, management of public debt and activating the role of the Financial and Economic Studies Academy for the purpose of capacity building of the Ministry's staff, diversification of knowledge. An integrated training package has been implemented in (macroeconomic management, procurement and contracting, sectoral development, financial information systems, financial analysis and reporting workshops for seniors ... etc).

- **In the legislative environment in the context of the revision of laws to deal with in addressing the negatives:**

Work is on to review the draft amended purchase contract Act for 2015. The procurement and contracting regulation shall be amended according to the adjustments that arise on the law. A

draft Law of partnership between the public and private sectors for the year 2015 has been prepared and work is on to review and implement the organizational and administrative structure of the Ministry of Finance and Economic Planning in coordination FFAMC to activate and apply resources sharing among the states, approval of Khartoum Stock Exchange Act and approval of the market authority law.

- **In the context of doing business:**

The ministry has sought to improve service methods by relying on computerized systems to provide the service to simplify the procedure and shorten the time of service. Also, the role of unit transactions format (window) to receive and send correspondence has been activated.

- **In the framework of e-government project:**

Work is on in the tax and customs reform programs to facilitate the provision of services to citizens, implementation of e-collection program in order to increase revenue, transparency and raise revenue units, implementation of work through Treasury Single Account system (TSA) in order to raise the efficiency of resource management, efficient use control on the cash resources, implementation of the application of government resources program system (GRP), .

- **In the framework of activating and developing the physical environment:**

The Ministry of Finance has been working since early 2015 to make a real change in the work environment and work is currently underway to restore the archeological building of the Ministry from the outside and rehabilitate it from inside as well as re-seating the Ministry's staff.

- **Efforts to develop states self-resources:**

States Self-revenue rose from 8.6 billion in 2014 to about 11.3 billion pounds in the year 2015 with an increase rate of 30.6%). There have been regular remittances to States in accordance with the Allocation of Resources Act in a timely manner and transfer of the shares of oil-producing states.

- **In the framework of assisting States to develop their own resources:**

Horizontal allocation criteria have been updated in order to take into account an equitable distribution between the states. Development allocation criteria in the framework of the eight standards have been updated within the framework of the eight standards. A consultant was selected to assist in the establishment of revenue councils in states, holding of workshops and training sessions with the Fiscal & Financial Allocation and Monitoring Commission.

- **The five-year program performance and economic reform:**

Through the 2016 first half program evaluation, it remarked that there is progress in performance compared to the same period in 2015.

During the first half of the year 2016, the actual gold production amounted to about 45.2 tons of the total planned for the first half, which amounted to about 40.135 tons at performance rate of 113%. The increase in production of gold metal is attributed to the entry of additional companies for production ahead to time by using modern technologies as well as increase of production in traditional mining sector according to the details below:

- Traditional mining scored in the first half 38 tons of the total planned for the period amounting to 35 tons in 2016 at a performance rate of 108%.
- The companies in the first half recorded 7.2 tons of the total planned for the first half of 2016 and at about 7.8 tons, at performance rate of 92.3%.

As for the production of metals other than gold for the first half of the year 2016:

- Manganese: The actual performance reached 18,800 tons of the targeted program total 20,000 tons at implementation rate of 94%, and that was due to the increase BTX Company sites and increase of its production. The increase of production rate was due to the poor quantitative demand in the five-year program.
- Kaolin: The actual performance during the first half reached 14,490 tons of the targets of 22,500 tons, at overall implementation rate of 64.4%. It was produced by Ras Al Khaimah Company and quarry and dried up. There are producing companies but they have state-level license which is beyond the company's tasks range.
- Feldspar: The actual performance for the first half reached 16,000.88 tons of the totals planned for the period 22,500 tons at performance rate of 71%. The low production was attributed to poor demand for it and it is used in the ceramic industry and the trend of companies to import ceramic due to its low of cost compared to the cost of local manufacturing.
- Salt and gypsum: The actual performance of gypsum for the first half reached 67,967 tons of the total planned for the period 85,000 tons with the performance rate amounting to 79.9%. The actual performance of the salt reached 17,923.25 tons of the total planned for the period 32,500 tons by at implementation rate of 55.1%, which needs more coordination with the producing states.
- Clinker: The actual performance during the first half amounted to 2,802,025.1 tons of the totals planned for the period 2,225,000 at implementation rate of 125%.
- Oil production in the first half of the five-year program was approximately 18,141,305 million barrels.
- Khartoum refinery crude refined during the first half of the five-year program for the year 2016 15,102,512 reached barrels compared to 34,404,000 barrels.
- The refined crude in Khartoum refinery during the first half of the five-year program 2016 reached about 684,069 barrels.
- The total petroleum products from refineries during the first half of the five-year program for the year 2016 stood at 2,037,877 metric tons.
- The total provision of petroleum products from refineries during the first half of the five-year program for the year 2016 stood at 2,432,939 metric tons.
- The total imports of petroleum products from refineries during the first half of the five-year program for the year 2016 stood at 611,339 Metric tons.

- The export of petroleum products (benzene) during the first half of the five-year program for the year 2016 reached about 71.001 metric tons.
- The wheat production increased from 779 thousand tons in the season 2015/2016 to 1.5 million tons in year 201.
- An amount of 21 million pounds was ratified for the producing states of wheat crop.
- Resumption of the cultivation of the crop peanuts.
- The total livestock production in thousand tons amounted to about 3.112 tons in the first half of 2016
- Livestock exports (live animals) amounted to about 2,933,679 heads and represent 46.2%.
- The meat exports for the first half of 2016 reached 3.907.6.
- Leather exports amounted to 2.508.8 thousand pieces for the first half of 2016.
- Power generating in the national grid and the Ethiopian linkage in the first half of 2016 reached 6.981.79 giga watt /hour.
- Hydro-power generation reached 3.837.39 giga watt /hour at total rate in the network of 55% while the total power produced from thermal generation stood at 3.001.72 giga watt /hour at a rate of 43%, while the proportion of imported power from Ethiopian linkage 2% of the total national power grid.
- Production of electrical energy from the Merowe Dam during this period 2950 giga watt /hour which represents 42% of the total energy produced in the national grid during this period.
- The rate of the overall main works in the project of Upper Atbara Sateet dams' complex amounted to about 98.1%.
- The supply of drinking water to Gedaref area project reached total performance rate of about 15%.
- The total asphalted roads by (km) in the first half of the year 2016 reached 151.24 kilometers.
- Rehabilitation of 33.1 km of roads in the first half of year 2016.
- The total actual expenditure rate for the Zakat channels reached (1081.3) million pounds, benefiting (645.078) families.
- The Health Insurance Fund coverage increased from (37.8%) to (41.6%) of the total population in Sudan.
- Coverage of 400 thousand poor families in all States with subsidy by the Federal Ministry of Finance and completion of coverage to all orphans and midwives in West Kordofan.

Problems and challenges:

- The ratification of foreign exchange and the associated delay adversely affects the import.
- Global economic blockade and its economic impact on the oil sector and in the side of import materials, equipment and technology.
- Lack of adequate financing for the implementation of the activities and functions of the target program units.
- The increased indebtedness of the partners of the government has hampered funding.
- Financing the sectors of water resources, irrigation and electricity projects.
- Higher electricity generation costs, particularly thermal generation due to the high cost of spare parts and fuel.

- Security obstacles to continue the implementation of the projects planned to be implemented.
- Decline in oil prices and its impact on the readiness of the partners cash payments on timely manner.
- Little water resource this year led to a deviation of the actual generation of the hydro power plants target.
- Finding empty lands and free of prohibitions and problems for the establishment of the Ministry of Water Resources and electricity projects (dams and power generation plants projects).

Conclusion :

- Despite the challenges mentioned earlier witnessed by the first half of year 2016, where the stability of the financial and economic performance, where efforts combined to increase revenues –by expansion in the use of technology and attraction of foreign financing to meet the necessary needs of citizens in education, health, water, security services, and production sectors to increase production, open employment opportunities, reduce unemployment rates. Coordination remained constant between the Ministry of Finance and Economic Planning and the Central Bank of Sudan to address the rise in the exchange rate and the general level of prices in light of the economic turmoil in the region towards achieving the objectives of the five-year program and Government Reform Program.
- May God to help and aid in the continued cooperation and coordination between the various organs of government at the federal and state levels in order to and face and encounter the current challenges as well as strengthening national efforts to achieve economic and social objectives of the budget aimed to improve the citizen's livelihood.

Allah says:

((God does not burden any soul beyond its capacity. To its credit is what it earns, and against it is what it commits. "Our Lord, do not condemn us if we forget or make a mistake. Our Lord, do not burden us as You have burdened those before us. Our Lord, do not burden us with more than we have strength to bear; and pardon us, and forgive us, and have mercy on us. You are our Lord and Master, so help us against the disbelieving people."))

God Almighty has spoken the truth – Surat Al-Bagarah, verse 286

Appendix

The performance of public Corporations and Government Companies during the first half 2016

The role played by the General Administration of Public Corporations and Government Companies is particularly for follow-up and supervision of public bodies, companies and revenues of government investment, which account for the State's investments in certain strategic services in order to achieve social and economic development and raise productivity rates and effective contribution to the macro economy as well as achieving gainful economic return besides establishing the concept of support for the public treasury with real financial resources and contributing to the increase national income, provide opportunities for productive employment and reduce poverty. It also covers the activities at which the private sector is reluctant such as strategic services, which are outlined as follows:

- Secure the sovereignty of the state at the entrances (ports and airports).
- Insurance and the provision of commodities and services strategy as well as stabilizing the flow of commodities (sugar, fuel, medicine and food stuffs).
- Provide basic services, especially in the area of consumer protection in the framework of quality control.
- Provide the necessary liquidity for the national economy.
- Encourage investment for the purposes of the economy.

The Public Administration of Public Corporations and Government Companies undertakes follow-up and supervision of public bodies, companies and revenues of government investment through a number of (60) units of which 44 units are public corporations and government companies state-owned by 100% among which a number of (269) support Public Treasury with a rating estimated at 1954 million pounds in addition to (16) units representing mixed sector, which contributes with 185 million pounds. The following table shows the financial performance of the first half of year 2016.

Sector	Proportional Rating of the first half of 2016	Location Allocation		Total	Repayment rate of proportional rating
		Cash	Non-cash		
The agricultural sector	10:36	3.33	0	3.33	32%
Transport and communications sector	561.66	140.88	274.29	415.17	74%

Industrial sector	226.17	193.33	29.19	222.52	98%
Energy sector	66.41	125	0	125	188%
Service sector	4.23	1.5	0	1.5	35%
Financial Sector	311.18	51.74	100	151.74	49%
Total Corporations	1.180	515.77	403.48	919.25	78%
Total investments	120.0	46.6	0	46.6	39%
Grand total	1.300.0	562.37	403.48	965.85	74%

- An amount of 650 million pounds has been appropriated a proportional rating for the units during the first half of the annual rating of year 2016 amounting to 2600 million pounds for public corporations and government companies and investment returns, including 590 million pounds rating of public corporations and an amount of 60 million pounds of the returns of government investment.
- The actual collection of surpluses and profits of public bodies, companies and revenues of government investment during the first half of 2016 amounted to 956.85 million pounds of cash and non-cash, both at a rate of 78% of the proportional rating for the period among which 919.25 million pounds of public corporations performance. The joint government investment recorded an amount of 46.6 million pounds, of which 20 million pounds from the Sudanese Telecommunications Company (Sudatel), which is a share of the Ministry of Finance from the profits, and an amount of 1.4 million pounds share of the Ministry of Finance from the Sudanese Rural Development Company, Sudanese Petroleum Corporation 1.3 million pounds, Rural Development Company 100 thousand pounds, duty free zones and markets company 3.70 million, Sudanese seeds Company 200 thousand pounds and an amount of 20 million from other mining companies.
- The Cash collection amounted to 562.37 million pounds at performance rate of 45.6% from the proportional rating for the period and the cash collections contributed with 58.2% of the total annual collection performance.
- The non-cash payment amounted to 403.48 million pounds at a performance rate of 32.5% of the proportional rating for the period which is from marine port charges an amount of 165.74 million pounds, and an amount of 24.04 million pounds for 4.370.00 tons of Sudanese Sugar Company in favor of the Ministry of Defense, 6.025 million dollars from Civil Aviation Authority in favor of Sudan Airways for the maintenance of aircrafts and railways of Sudan, in addition to an amount of 5.5 million Euros as repayment of part of the international Fund for Agricultural Development (IFAD) dues, and an amount of 5.5 million pounds from Standards and Metrology contributed to non-cash collection at a rate of 41.8 of the total collection.
- Collection during the first half of the year 2016 decreased by 8.6% compared to the year 2015, which amounted to 1056.48 million during the same period due to the collection of annual rating of Central Bank of Sudan during the first quarter of the year 2015 and increase of the percentage of collection in government investment sector during the same year as well as reducing the rating imposed on some units of the industrial sector after review of the actual performance of the year 2015 revenues.