

EXPLANATORY NOTES

BUDGET 2018-2019

TO ALL ACCOUNTING OFFICERS

BUDGET CALL CIRCULAR: POLICY GUIDELINES AND PROCEDURES IN THE PREPARATION OF THE FISCAL YEAR 2018 BUDGET PROPOSALS

1. This Call Circular sets in motion the Budget preparation process for FY 2018. All MDAs are accordingly urged to form/convene their Budget Task Force Meetings and embark on this exercise without any further delay. We will review progress in the Budget preparation process at the Budget Consultative Workshops scheduled for 22-25 August 2017.

2. All MDAs are urged to carefully study the guidelines and formats attached to this circular for the preparation of their Budget Estimates of revenue and expenditure for FY 2018. The budget submissions will facilitate both the bilateral negotiations as well as the process of analysis, consideration and submission of a consolidated budget to Cabinet and Parliament.

Budget Framework and Strategy

3. The FY 2018 Budget will reflect the Federal Government's continuing commitment to improving public finance management as well as stimulating economic growth as part of the wider efforts to rebuild Somalia. The 2018 budget shall be formulated within a results-based perspective, which is aimed at orienting MDAs to start focusing on delivering public services in accordance with their mandates.

4. Towards this end, the Ministry of Finance has worked with all MDAs to define the basic programs that every MDA is expected to deliver. These programs will, starting FY2018, be part of the expenditure approval process, both on F16 and in the SFMIS. Every MDA will be required to indicate on F16 and SFMIS, the program for which the funds are being requested for. This means the use of the 'UNDEFINED' option in SFMIS when categorizing expenditure in the Program field will stop; that is, the 'undefined' option will be deleted and replaced with the programs that have been defined for every MDA.

Economic Sector Resource Envelope for FY 2018

5. Government projects to raise revenue (including grants) estimated at \$256 million (or 3.6 percent of GDP) in FY 2018, compared to the \$186 million projected to be collected in FY 2017 (see Table 1). This represents \$70 million or 36 percent more revenues in FY 2018. The additional revenue is expected to be realized from the continuing improvements in tax administration and a number of revenue