

A
PLANNING AND BUDGETING
TRAINING GUIDE
FOR
COUNTIES
IN
SOUTHERN SUDAN

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S U D A N
B R I D G E



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1. Introduction

The main purpose of this training guide is to assist counties in developing their annual plans and budgets in line with the State Planning and Budgeting process. In May 2008, Government of Southern Sudan (GoSS) Ministry of Finance and Economic Planning (MoFEP) issued guidelines to States, outlining how they should develop their annual plans and budgets using the sectoral approach.

In 2009 MoFEP issued guidelines for integrated State and County Planning and Budgeting, and an updated version in 2010. In 2009 the Local Government Act was passed setting out the legal framework for local government in Southern Sudan. In 2010, the Local Government Board of the Government of Southern Sudan issued a revised edition of 2006 Participatory Planning and Budgeting Guide for Local Governments in Southern Sudan. The 2010 Participatory Planning Guidelines has incorporated the MoFEP Planning and Budgeting Cycle, Technical Guidelines, and General Guidelines that allow for easier integration of the County Planning and Budgeting processes into the state and GoSS budget process.

This training guide contains extracts of GoSS MoFEP State and County Planning and Budgeting guidelines and the Local Government budget cycle prepared by the Local Government Board with the support of United Nations Development Program/Local Government Recovery Program.

The primary function of this training guide is to serve as a key reference point to the County Planning Unit and technical staff for matters pertaining to Planning and Budgeting so that each County's plans and budgets are standardised in approach and reporting.

2. What is Local Government?

The Comprehensive Peace Agreement (CPA), the Interim National Constitution (INC), and the Interim Constitution of Southern Sudan (ICSS) established a decentralized system of governance for the Southern Sudan, with three levels of government, namely the government of Southern Sudan level (GoSS), the state level of government, and the local level within the state. The local level of government is the closest level to the people, responsible for the delivery of primary services.

The Interim Constitution sets out the object of local government as follows:

- Promote self-governance and enhance the participation of people and communities in maintaining law and order and promoting democratic , transparent and accountable local government.
- Establish decentralised local government institutions as close as possible to the people.
- Encourage the involvement of communities and community based organisations in matters of local government.
- Promote and facilitate civic education.
- Promote social and economic development.
- Promote self-reliance amongst the people through mobilisation of local resources to ensure the provision of services to communities in a sustain way.
- promote peace, reconciliation and peaceful co-existence among the various communities;
- ensure gender mainstreaming in local government;
- acknowledge and incorporate the role of traditional authorities and customary law in the local government system;
- Involve communities in decisions relating to their livelihood.

3. The legal framework for local government in Southern Sudan

The Local Government Act of 2009 was enacted in April 2009. The Act created wall to wall local government councils for the whole of the southern Sudan. Each state in southern Sudan is divided into local government councils, both rural and urban. Local government authorities are made up of the legislative, executive and judiciary organs of the local council. The main responsibilities of the local government councils is the maintenance of public law and order, the provision and maintenance of services and the promotion of local economic development.

The system of local government

The system of local government is decentralized into three administrative tiers:

- a. County, City, Municipal and Town Councils.
- b. Payam and Block Councils (Coordinative Administrative Units), and
- c. Boma and Quarter Councils (Basic Administrative Units)

Types of local government councils

- Rural Council is a Council established in a rural settlement area whose main economic activities is predominantly agricultural, pastoral, or mixed, with a strong traditional administration and cultural practises.
- Urban Council is a Council established in an urban or cosmopolitan area where more than 60% of its economic activities are non-agricultural/pastoral, with a considerable urban infrastructure and public utilities.
- Industrial Council is a Council is established mainly in an industrial area which may have one or both characteristics of Rural and Urban Councils.

Primary Responsibilities of the Local Government Councils

The primary responsibilities of the Local Government Councils include:

- a. regulation and maintenance of law and public order;
- b. regulation, provision and maintenance of services to the people;
- c. land administration and environmental management;
- d. encouragement and promotion of local development;
- e. provision of access and opportunities for the people to engage in the development of their communities; and
- f. protection of the rights of the people and their interests.

Powers and Functions of local government councils

Appendix II, Schedule I of the Interim Constitution lists 36 local government functions, some of them include the following:

- The establishment and management of primary education institutions;
- Inter council public transport and roads;
- The establishment, regulation, and provision of primary health care;
- The management of recreation and sport facilities within the Council;
- The coordination of Customary Courts and administration of justice at the local government Level;
- Local works and undertakings;
- Town and rural planning.

4. County Organisational Arrangement

The Legislative Council

The legislative council in the county is the ultimate decision making body in a county. The legislative council is responsible for approving the draft plan and budget for onward submission to the state planning and budget process. Section 83(1) of the Local Government Act states that, “the Council budget proposal shall be submitted to the Legislative Council by June 30th every year”.

Executive Council

The county executive council is headed by the commissioner and is made up of the County Executive Director and all the heads of departments. The executive council as the leadership of the administration has a responsibility to:

- undertake the general planning and administration of the Local Government Council;
- provide an administration to deliver primary services to the people;
- prepare annual plan and budget and report to the Legislative Council on progress in implementing council plans and budgets;
- Initiate Acts, such as the Appropriation Bill, for submission to the Legislative Council.

The Planning Unit

The Local Government Act requires each local council to establish a Council Planning Unit responsible for the development of the service delivery plans and socio-economic plans. The functions of the Planning Unit are to:

- Identify and analyse the needs of the council;
- Prepare the council plans and the budget;
- Monitor and supervise the implementation of the council plan and budget;
- Coordinate and monitor actions of all development partners.

The preparation of the Council plans should encompass all departmental plans, and should be made up of annual, medium and long-term plans.

5. Participatory Planning and Budgeting

The concept of bottom-up approach enshrined in the Comprehensive Peace Agreement (CPA), Interim Constitution of Government of National Unity (ICGNU), and Interim Constitution of Government of Southern Sudan (ICGSS) encourages Bomas and Payams to play a critical role in the County's strategic and budgeting plans. Planning and budgeting is a process of making decisions about future needs and priorities, and allocating the necessary resources to these priorities.

Counties have a responsibility to deliver primary services. In order to do that, counties must prepare annual plans and budgets that are statement of decisions about service delivery priorities. Decisions about services to be provided are influenced by community needs and the cost of the service. In making these decisions, counties must engage communities to gather their views about their needs and priorities. They must undertake participatory planning to arrive at their service delivery priorities. Participatory planning is the type of planning that engages all key actors (men and women) in developing objectives, identifying priorities and allocating resources to county activities.

Boma Consultation

Bomas are major stakeholders in any development project designed to improve the living standards of communities in a county. The individuals at the village level must meet at the boma level and discuss issues that concern them and determine their priorities. The participation at the boma level must be as inclusive as possible. All interest groups that make up the boma must be involved in the exercise – men, women, boys, and girls- and must be given the opportunity to contribute. The other key stakeholders to be consulted at the Boma level include the members of the Boma Development Committees, and the Boma (traditional authority) chiefs. In additions, NGOs and donor agencies working in the area should be involved in consultations.

Payam Consultation

Members of the Payam Development Committees and the Payam administration must also be consulted during the planning and budget process. The consultation at the Payam level is not as inclusive as the consultation at the Boma level, however all villages will be represented by their Boma representatives. Similarly, NGOs and donor agencies working in the area are to be consulted.

Community Consultation Meetings

The Payam and Boma consultation to review past performance and to discuss community priorities requires preparation and organization. The consultation should seek to identify needs, priorities, estimate costs for addressing the priorities and available local resources. In consulting communities the following needs to addressed:

Community Needs Prioritisation

- *What are the most important issues for the community? For example, are they access to water point for both human consumption and animals, grazing land, primary education, creating jobs etc?*
- *What projects/ activities do community and community leaders wish to undertake?*
- *What are the most urgent or important activities that we want to do first? What can wait until next year or in two to three years to come?*
- *What activities can the community undertake on their own without support from outside (own contribution or cope-up mechanism)?*
- *Which community organisations and NGOs operate in the county? What role can they play in supporting the county and the priorities of the county?*
- *Consider activities such as school rehabilitation, development of local markets, training for extension workers? Can some of these activities be done with support from other community organisations and NGOs?*

6. What is a Budget?

Section 87(2) of the Interim Constitution states that, the financial year for the whole of Southern Sudan is twelve months, from January 1 to December 31 each year. The Constitution further requires the national budget of the whole of Southern Sudan – GoSS, states and local government - to be presented before the Legislative Assembly before the beginning of the financial year. Therefore, notwithstanding the decentralized system of government, all three levels of government are required to align their planning and budgeting cycles to ensure compliance with the Constitution.

The Local Government Act requires all local government units – County, City, Municipal or Town Council – to prepare annual plans and budgets. In line with the Constitution, Section 81(1) of the Act states that the financial year of the Local Government Councils is from January 1 to December 31 of each year.

“The Commissioner, Mayor or Town Clerk will prepare and present to the Legislative Council an Appropriation Act before the beginning of the financial year”.

Counties have to ensure that primary services are delivered and that development is promoted in the community. Councilors, together with government officials, must ensure that there is enough money to deliver services and support/promote the planned development.

Local government must determine and decide how to use the income and funding received to pay for the services and projects they intend to deliver to the community. These are presented in form of a budget. A budget can be made on a periodic basis, that is, monthly, quarterly, or yearly. Public/government budgets are normally made yearly.

A budget is therefore a financial plan. It summarises the activities planned for the forthcoming year by setting out the costs of these activities (expenses) and the expected income (revenue) that will pay for the expenses. Budgets are presented in quantified monetary terms. The approval of the budget is one of the most important tasks undertaken by the legislative council.

Capital and operating budgets

A municipal budget is made up of an operating budget and a capital budget.

- The **capital budget** deals with big costs/expenses that you do not pay every year.

- An **operating budget** deals with the day to day costs of delivering municipal services. Operating expenditure is the costs of goods and services that will be used up in less than one year.

7. Local Government Planning and Budgeting

The Integrated State and County Planning and Budgeting Guidelines issued by the GoSS Ministry of Finance and Economic Planning seek to incorporate local government into the state plans and budgets in a consistent manner across all states. The aim of the Guidelines is to integrate state and county plans, and to ensure that Counties are fully involved in the state planning process and that the State budgets reflect revenue transferred to, and managed by Counties. To achieve the above-mentioned objectives, Counties must align their planning and budgeting processes with the state processes, and must fully participate in the state budget process through the Budget Sector Committees.

According to the GoSS Planning and Budgeting guidelines, GoSS, State and County plans and budgets must abide by the principles of budgeting, that is, budgets must be:

- **Realistic:** i.e, allow for limited resources, take into consideration the level of capacity for implementation, and the time it takes to carry out tasks. In general, this means considering the practicality of carrying out the activity;
- **Prioritised:** i.e, ranked in the order of pressing needs considering that resources are limited, hence choices have to be made about the most important activities in realising the stated objectives;
- **Quantifiable:** i.e, giving the number of items budgeted for(e.g 18 office chairs) and their cost in monetary terms (e.g. each costing 20SDG for a total of 360 SDG);
- **Balanced:** i.e, total income estimates must be equal to total expenditure estimates for the planned period.

Realistic budget estimates

In terms of the Local Government Act, counties have numerous sources of non- oil revenue. In preparing plans and budgets, counties have to be realistic and honest about the revenue they expect to collect from these sources. The easiest way of estimating or forecasting revenue is to use the amount collected in the previous year as a reasonable estimate of what can realistically be collected within the area in the forthcoming year. The increase or decrease in the planned revenue for the coming year is usually taken to range between 2-5%. An un-realistic increase in revenues

will undermine the implementation of the budget as planned since it provides information which misleads.

Another guiding principle in budgeting is for counties to develop realistic budget expenditure estimates. Deficit budgeting is not allowed. One of the critical steps to ensure that the expenditure estimates are realistic is to ensure that the budget does not omit any known commitments, or underestimate costs to balance the budget. Therefore, a budget must be balanced.

Prioritized plans and budgets

Plans and budget must reflect the priorities of the county. The plans and budgets must reflect the development priorities and these must be prioritised according to the stated Strategic Development Objectives.

Quantified plans and budgets

The plans and budget must quantify the units and unit costs of planned activities. A quantifiable budget must indicate, for example, the total number of personnel and the total wage bill, other operational costs such as cost of fuel and other service costs, capital costs such as cost of the classrooms to be built. Quantified plans and budgets allow for realistic budgets.

Sources of Local Government Revenue

There are currently three sources of revenue for local government:

- Local revenue. Local government has the power to levy and collect a range of local taxes and rates. The local taxes are collected by the sub-chiefs, then passed on to the chiefs, Payam administrators and then the county council.
- Government grants. A major source of local government revenue is the block grants from the GoSS level transferred through the states.
- Donor grants. Development partners and donors play a meaningful role in supporting the government in realising some of their development objectives.

County local revenue base/source

In terms of the Local Government Act, the following are the local sources of revenue:

(1) Taxes:-

- a. council property tax
- b. social service tax;
- c. council land tax;

- d. animal tax;
- e. gibana tax;
- f. council sales tax;
- g. capital gains tax;
- h. produce tax (ushur); and
- i. any other taxes as may be authorized by law, rules and regulations

(2) Local Rates:-

- a. user service charges;
- b. license fee;
- c. administrative fines;
- d. royalties;
- e. permits;
- f. customary court fees and fines;
- g. contract fees;
- h. auction fees;
- i. any other fees and charges as may be authorized by any other law, rules and regulations

8. The Local Government Planning Cycle

I. Administrative Preparation (January/February)

- The planning unit prepares a draft schedule for undertaking different stages of Council planning and budgeting.
- The Executive Director convenes a Budget Call Consultative Meeting to agree on the schedule for planning and budgeting and the formation of teams for facilitating consultations. The Executive Director prepares an operational budget for the planning and budgeting exercise.
- During the Budget Call Consultative Meeting, participants will review the performance of the previous year and set out directions of the Council for the next year.

II. Information Gathering and Needs Assessment (February-April)

- The facilitation teams organize Boma and Payam level consultations to review the performance of the previous years, disseminate the plan and budget of the current year, and bottom-up planning for the next year (which involves identification of needs, priorities, cost estimates for addressing the priorities and available local resources).

III. Consolidation at the Council level and Drafting Plan/Budget (April-May)

- The Planning Unit consolidates Payam priorities into Council priorities, identify Council's estimated resource envelope and develop a realistic annual plan configuration.
- The technical team (the Planning Unit with the heads and technical staff of the Council Departments) drafts a Council plan and budget.

IV. Consolidation and Adoption by Executive Council (May – Early June)

- The Planning Unit submits the draft Council plan and budget proposal to the Executive Council for consideration and adoption.
- The Executive Council consults the state line ministries for coordination and obtaining technical advice as necessary.

V. Submission of the Budget Proposal to the Legislative Council (End June)

- The Executive Council submits the 1st draft Council plan and budget proposal to the Legislative Council. A committee of the Legislative Council responsible for planning and budgeting starts consideration of the proposed plan and budget.
- The Legislative Council adopts the 1st draft Council plan and budget proposal as its working document for consultation with State government, donor agencies and stakeholders.
- This draft plan and budget is based on the Medium Term Plan of the concerned period.

- In case the year is the last year of the Medium Term Plan period, the Executive Council concurrently prepares and submits a Medium Term Plan for the next period together with the draft annual Council plan and budget.

VI. Updating the Budget Proposal based on the State Allocations for the Councils (July-August)

- The 1st draft Council plan and budget proposal is sent to the State government through the State Ministry of Local Government and Law Enforcement for coordination and harmonization with the State government.
- Council representatives and technical staff participate in the State-level budget sector planning and budgeting exercises to ensure the alignment of the proposed Council plan and budget with the State plan and budget.
- The Planning Unit updates the 1st draft Council plan and budget proposal, reflecting the information on the State allocations for Councils as soon as it is made available between July and August.

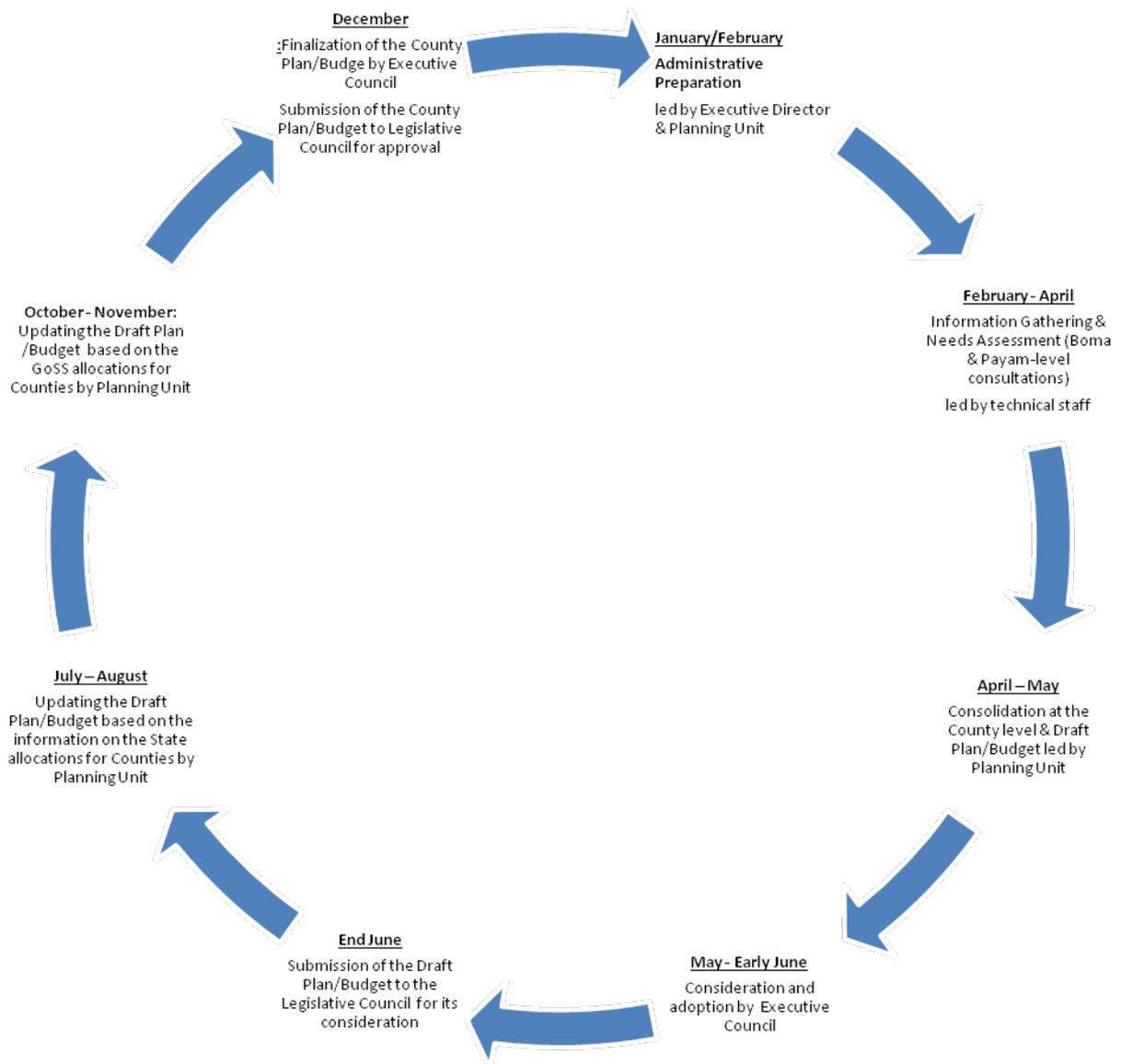
VII. Updating the Budget Proposal Based on the GoSS Allocations for the Councils (October-November)

- The Council awaits the announcement of GoSS budget ceilings and allocations of funds to the State and Councils respectively.
- The Planning Unit updates and refines the 1st draft Council plan and budget proposal, reflecting the information on the amount of GoSS transfers to Councils as soon as it is made available through the State government.

VIII. Finalization of the Council Plan/Budget Proposal and Submission to the Legislative Council (December)

- The Executive Councils reviews the updated 1st draft Council plan and budget proposal, adopts it as the 2nd draft Council plan and budget proposal and submits it to the Legislative Council for deliberation.
- The Legislative Council deliberates and approves the 2nd draft plan and budget proposal into the Council Annual Plan and Budget for the next fiscal year before the end of December of the current year.
- The approved Council Annual Plan and Budget is passed into law – the Appropriation Act. The Appropriation Act gives the council the legal authority to spend money.
- In case the Medium Term Plan for the next period has been prepared and submitted to the Legislative Council, such a plan shall be approved by the Legislative Council together with the Council Annual Plan and Budget.
- Upon approval by the Council Annual Plan and Budget, the Chair of the Legislative Council sends it to the heads of the Executive Council for execution. In case the Medium Term Plan has been approved, similarly the Chair of the Legislative Council sends it to the head of the Executive Council for execution.

9. Stages of the County Budget Cycle



10. State Planning and Budgeting Process

There are six main stages to the planning and budget process:

1. **Planning:** Counties must complete their Participatory Planning Process in line with the guidance set out by the Local Government Board. Counties should take care to ensure that their participatory plans are realistic, setting out priorities that can be accomplished taking into account their financial and human resources. At the State level, sectors must form their Budget Sector Committees and identify their objectives and activities in their Budget Sector Committees. Counties should also participate in the Budget Sector Committees and present the priorities set out in their participatory plans. The objectives and activities should be realistic, in line with what the Sector can hope to achieve within a year, and in line with the magnitude of financial resources the sector is likely to receive. Agencies within the sector should also ensure their activities do not duplicate one another.
2. **Estimate the Resource Envelope:** The State Ministry of Finance estimates the overall resources that the State is going to receive and collect during the forthcoming financial year from different sources – including the revenues it collects itself, the revenues collected by its Counties, and the transfers it receives from the Government of Southern Sudan. This enables it to calculate the State's resource envelope – the available resources for expenditure at State and County level in the next financial year.
3. **Set Budget Ceilings:** The State Ministry of Finance then divides the resources available for expenditures between the different State Spending Agencies and Counties, creating budget ceilings. The State can only spend the revenues it receives, so the proposed expenditures must equal the available resources. The budget must be balanced. These budget ceilings are discussed and approved by the State Council of Ministers, and then communicated to State Spending Agencies and Counties in the Budget Call Circular letter.
4. **Preparation of annual plans and budgets:** The State Spending Agencies prepare their annual plans and budgets, by identifying how they will spend their budget ceilings, according to guidelines from the Ministry of Finance. They identify what they will spend their money on in terms of staff salaries, operational costs of the Agency (such as fuel, telephone bills), and capital (such as school classrooms, and purchasing vehicles). They also identify the activities this spending will allow them to undertake (e.g. treating patients in health centres; building roads). They will also identify any transfers they will make to Counties.

5. **Compilation of Budget Document:** Once the Spending Agencies have prepared their budgets within the resources available, they submit them to the State Ministry of Finance. It then reviews them and compiles the State Budget document. This is first approved by the Council of Ministers, and then sent to the State Assembly for approval. The State Assembly then discusses the budget and approves it. This approval gives legal authority for the Ministry of Finance and State Spending Agencies to implement their budgets.

6. **Compilation of County Budgets:** Counties should be aware of the amounts that will be spent in the County once Spending Agencies have prepared their annual plans and budgets. The various Agencies will indicate the resources that are to be handled at the County level. Counties can start preparing their budgets based on these figures. The Counties should allocate any general or development funds they receive from the State or GoSS in line with the priorities identified in their participatory planning process. Funds earmarked for specific activities at County level (e.g. primary teachers' salaries) must be allocated for that purpose. Once the State Budget Document is ready, Counties should ensure their budgets are consistent with the final document. Counties can then present their budgets to the County Legislative Council.

Roles and Responsibilities in the State Planning and Budget Process

- The **State Ministry of Finance** is responsible for coordinating and managing the budget process; preparing the resource envelope and the budget ceilings; and compiling the State Plan and budget estimates.

- The **State Spending Agencies** are responsible for preparing their own Annual Plans and Budgets within the budget ceilings approved by the Council of Ministers and provided by the Ministry of Finance. These must clearly show the resources that will be managed at the County level.

- **Budget Sector Committees** consist of groups of Spending Agencies and County representatives with a common function. These Committees are responsible for identifying sector objectives and activities, and reviewing each others' annual plan and budget proposals to ensure that they are contributing to sector objectives. County representatives should also participate in the Budget Sector Committees. The Development Partner co-chair is responsible for co-ordinating development representation in the Budget Sector Committee Budget Sector Committees must also review reports of the development partner projects in the State from the GoSS Aid Management Information System and ensure these are coordinated with State activities.

- The **Council of Ministers** is responsible for discussing and approving budget ceilings at the beginning of the budget process. At the end of the process, it approves the draft budget document for onward submission to the State Assembly. The Council of Ministers is the top political organ of the State Executive, and therefore has the primary responsibility for the overall resource allocation at the time of setting ceilings and submission of the budget to the assembly.
- The **State Assembly** is responsible for scrutinizing the budget document and approving it. It is the State Assembly which provides the legal authority for the State Government Institutions to collect resources and spend them.
- The **County Planning Unit** is responsible for drawing up the County's participatory plan, ensuring County representatives attend State Budget Sector Committees, and drawing up their Budgets in line with the resources States will spend at the County level together with any grants made by GoSS and any revenues they collect themselves.
- The **County Executive Council** is responsible for approving the annual County Budget and for submitting the annual County budget to the County Legislative Council.