

**The Arab Republic of Egypt  
Ministry of Finance  
Budget Circular  
of  
The Fiscal Year 2012/2013**

The State's General Budget represent the financial program for the implementation of the state plan of the economic and social development as the most important fiscal policy instruments for state economic guidance, In addition, its importance currently increases to achieve the expected targets for 25 January 2011 revolution that determined in three main demands (Freedom, Dignity, Social Justice).

**To achieve these targets the general budget of FY 2012/2013 must focus on two basic pillars:**

**The First Pillar: Reconstructive of trust and safety between citizens and government that through:-**

- Considering of the low-income and achieving social justice.
- Disclosure and Transparent in all financial aspects that concerning citizens as the basic and fundamental target of preparing and implementing all development plans of the country.
- Increasing recruitment opportunities and decrease unemployment.

- Deepening and establishing principles of freedom, democracy and essentials of citizenship of a country governed by constitution and law.
- Establishing of essentials of morals and religious and revolution.
- Confronting corruption, exposing the corruptor, and tracking them by law.

**The Second Pillar: increase of the national income and economic growth rate to assurance a good life for citizens that's through :-**

- Increase of production rate and connected it with salary.
- Encourage the investment and fixing the implementation's tools to achieve it.
- Increase of exportation and supporting its enabling factors.
- Achievement of the long term of financial balance even inside or outside.

It worth telling, that in spite of the positive aspects of 25 January 2011 revolution but it reveals many negative effects and challenges that hinder achieving the mentioned targets represented in the absences of security and decline of economic indicators and stoppage of work activities, requesting many categorized and syndicated demands even also the congregational in the same time, In addition of the tension in the neighbor countries in particular and also the foreign threaten and regional challenges, which oblige

corporation of whole institutions' efforts to confront these challenges and the political finance in the current time must work hardly by all it's tools to settle these challenges.

The state's general budget is a production of sharing and completing work between all country's institutions to produce a new budget characterized by realism and transparency, considering of all the groups demands to achieve the most benefit and efficiency of expense, at the same time regaining country rights and welfare of the nation and the citizens.

**It is therefore incumbent on the various entities to take into account in preparing the draft budgets the following key axis:-**

**First Axis:** The state's general budget preparation and implementation should be geared primarily for the benefit of all citizens and care for low-income citizens by increasing the national income and increase the rate of economic growth, as well as increasing employment and reducing unemployment, to achieve social justice in giving out the country finances.

**Second Axis:** The transparency and disclosure is as it should be characterized by the state's general budget, the right of everyone to know the

contents of state's general budget and its guidance, to achieve 25 January 2011 revolution targets it is no longer appropriate to be blocked any expenditures or revenues away from the state's general budget or aloof from the Treasury Single Account.

**Third Axis:** The public spending is not an end in itself but is the basis for achieving development, the efficient expense is what we have to focus on, and then we must abide by achieving the revenues and the necessary receipts of each expense, whether economically or socially.

**Fourth Axis:** The new approach in the preparation of the state budget to be based on communication between different entities and the ministry of finance, and that it will require a general trend towards the introduction of modern information systems and automation, not only in preparing the budget, but also in implementation and follow-up, by linking all accounting units across the Republic with the ministry of finance, which the ministry seeks to complete it, that have a positive impact on the ability and rapidly in decision-making, solving problem and the difficulties facing the implementation. With an emphasis on the

subject all the data included in the draft budget came for analysis and evaluation of expenditure in line with the application of gender-responsive budgets, to make the budget enable to ensure equal opportunities for both men and women.

**Fifth Axis:** The community participation has become a necessity that can efficiently contribute in meeting the aspirations of the State; it is one of the decentralization pillars in order to assist in the completion and success of community requirements according to the circumstances surrounding each of them.

**Sixth Axis:** The State's general budget, as one of the most important instruments of fiscal policy, should reflect the necessary co-ordination between both fiscal and monetary policies, achieving the fiscal balance of State's general budget, controlling public debt and curb inflation.

As the article (13) of Law No. (53) for the year 1973 on the state's general budget as amended by Law No. 109 of 2008 stipulates that "The Minister of Finance issue each year a circular includes the regulations followed by the authorities in preparing the draft budgets in the light of the planned objectives to be achieved in accordance with policy of the

State, with the commitment of each to submit a draft budgets to the Finance Ministry before the start of the fiscal year at least by six months" in order to finalize it.

In light of the ruling of the article (14) of the state's general budget Law of No. 53/1973, and its amends by which stipulates forming a specialized committee will prepare draft budgets in accordance with the actual outcomes of budget implementation, through past three years, taking into account, the real growth rates, inflation and on the basis of quantitative standards and patterns, the technical and economic studies and researches, and that lead to achieve the planned targets, taking into account, excluding of any exceptionally revenues realized during a given year.

Therefore, the Ministry of Finance calls upon all entities to submit their draft budgets to the Ministry of Finance within dates not exceeding Monday 31 of October 2011.

**With the hope to receive, the entities' draft budgets prior to the pre-determined date, the Ministry of Finance requests that the draft budget of each entity shall be accompanied by:**

1. Budget forms with complete information and particulars and with chapters, volumes, items, types and branches in accordance with the new classification of the uses and resources of the budget the detailed forms supported to the activities and programs according to the social gender.

2. Statement of the Uses estimates required in the coming Fiscal Year 2012/2013 and the resources estimates proposed in the same fiscal year compared to uses and resources of the current Fiscal Year 2011/2012.
3. The outcome of the actual execution for the previous three (3) years (2008/2009 – 2009/2010 –2010/2011) at both uses and resources.
4. Any practical proposals for rationing public expenditure or developing public resources on either the entity level or the national level and the instruments required for this purpose.
5. Compliance with the provisions of the publication of the Ministry of Finance No. (10) For the year 2011 in terms to provide the Ministry of Finance the following:-
  - A. Distribution Statement of all the draft budget estimates (budgetary authority) at the level of accounting units in accordance with the economic classification of the state's general budget.
  - B. Plan of quarterly cash flows determined by which all the projected revenues as well as all aspects of expenditure expected to do within the limits of estimates for each section of the budget and for its intended purpose.
  - C. Analytical Statement of the uses and resources of the draft distributed based on major and sub programs

(Programs and Performance based - budgeting), as required by article No. (4) of Law No. (53) for the year 1973, after the amended Law No. (87) for the year 2005 in order to strengthen and promote the principles of financial management in the public sector and the development of management of financial resources available and improve the performance of governmental services provided.

**On this occasion, the Ministry of Finance has the honor to inform the various entities by the following:**

- The strategic objectives of the draft state budget for fiscal year 2012/2013.
- The general rules of uses and resources estimates of the draft state budget for fiscal year 2012/2013.



## **Major Objectives of The Draft Budget of The Fiscal Year 2012/2013**

The state general budget is mainly based on the above-mentioned group of axes, the structure of this budget must be preceded by a clear definition of the objectives of the state budget, from which could design a financial and intellectual framework of the Egyptian economy, no doubt that the more specific determining the objectives of this budget, that could ensure the success of our fiscal policy and implementation of this policy in favor of the national economy.

**Therefore, the construction of the state budget for the financial year 2012/2013 should involve the following main objectives:-**

**First: Continuation taking into account the social dimension as a fixed strategy for the implementation of fiscal policy through the general budget.**

Providing the citizens' needs especially the low-income would remain a strategic objective of the state's general budget in frame of the state's responsibility to achieve the social justice among civil servants. The Egyptian citizen should feel that he is the focal point of the government concern and care.

**There is a necessity have closer look in the services provided by the state to citizens, and in this regard should take in consideration the following:**

1. The product-specific support services, education, health, transport and other services are represented - one-way or another - part of the real incomes of citizens, although not directly in its financial form.
2. The good performance of these services and to ensure delivery to recipients should be a strategic objective to ensure the success of the role played by the budget, and this is not only the interests of good performance and delivery of services to beneficiaries, but also - and fundamentally - in the interest of public money and direct maintenance expense to be effective and in its right purpose.
3. Providing needs of citizens must be commensurate with their actual needs, subsidy and services provided by the state should be commensurate with the income that goes to each citizen, and that therefore those who earn less should increase the subsidy providing for them, and increase of income, should reduce the subsidy and delivery of services. And should strive for this proportionality, otherwise this would consider waste of subsidy and services and guidance to non-recipients.

4. Justice in the distribution of state resources is inevitable, but is represent a sound guidance for the proper use of state resources and distribution of expenditure, which will meet the major needs, in accordance with the community priorities and citizens' requirements, particularly low-income, that meets the social justice.
5. Taxpayers should be assured that what they pay goes to the state planned purpose, the country needs, and they express meeting their requirements to from the basic services.
6. The good performance of the services offered by the state to citizens and quality in the framework of dermal and respect, and simplification of treatment, is importance, sometimes more than the subsidy provided by the State even if free of charge, and that the Egyptian citizen has the right to strive to obtain the good service in decent manner and it might be preferable to obtain this service against partial or complete paid, instead of getting the services of a form without content.
7. The inclusion of Egyptian family' needs of a man and woman and child, in the general budget, become a necessity to enhance the social justice and safeguard the rights of children , which comes in line with the role of Egypt's civilization and its commitment to the conventions and international treaties on women and child.

**Second: Guide public spending to its objectives and used as a tool to raise the economic development rates, support services, and community needs.**

The public expenditure in any society is the main engine of development and whenever there is a good selection of objects of expenditure - and taking into account the necessary and national imperatives - whenever we can increase the growth rates.

Consequently, there is a need to work on controlling public expenditure, and set its sound estimates in the framework of a scientific basis, and to ensure that public expenditure reflects the actual needs of society, to ensure that the actual implementation consistent with the estimates without overruns budget as possible.

**In light of the foregoing, the achievement of Strategic Objective on public expenditure to be based on:**

1. Linking public expenditure of the entity to the quantity and kind objectives required to achieve, and clearly determine that in the estimation basis.
2. Clearly separate between economic objectives and social objectives while setting the estimates of the public expenditure.

3. Taking into account the actual outcomes of the implementation of the general budget in previous years and link expenditure estimates in the draft budget for fiscal year 2012/2013 to the outcomes of the implementation in previous years and to justify the requested increases, if any.
4. Emphasis on the importance of maintenance as the main entrance to maintain the community assets and national wealth, and the main guarantee for the continuity of performance, and optimal use of available capacity.
5. The need to prepare estimates of public expenditure, not only within the budget framework for the financial allocations, but also in the framework of the budget for programs and performance based-budgeting, and that this new approach must be the basis for presentation and analysis of the state budget, in accordance with the provisions of Article (4) of Act No. 53/1973 on State's general Budget, amended by law No. 87/2005.
6. Taking into account while estimating the public expenditures, the ability to achieve and develop public revenues, represent a basis to face these expenses, in order to curb the growing budget deficit and reducing public debt.

**Third: Development and maximizing of state's public resources is a strategic goal to ensure meeting the necessary requirements for public spending according to the community and social priorities.**

There is no doubt that one of the most important factors that impede development, is the lack of public resources, and the problem is when the growth rates of public resources less than that in public spending, which leads to a gap between the public resources and public uses, and the greater the gap, is the greater the of public debt which the State is making intensive efforts to reduce the increase and control.

Therefore one of the strategic objectives for all of us in while setting budget estimates; is estimating resources in the state budget, not only sound estimation, but also aim to maximize these resources and give indication of the capacity and performance to achieve revenue and cost-effectiveness of public spending.

There is no doubt - on the other hand - that whenever the availability of a greater of public resources, whenever the greater opportunities to meet the spending requirements and provide the needs of development and increasing investment and operating opportunities.

**This is complemented by – for absolute necessary - the various entities should consider the following:**

1. Apply the principle of coverage and generality of the state's general budget so that all resources transfer to the State's General Budget.
  
2. Compliance with the provisions of Law No. 139/2006 amending some provisions of Law No. 127/1981 on government accounting, and the need to take appropriate actions towards the following:-
  - Add all the resources of the entity to open its account in the Treasury Single Account at the Central Bank of Egypt, as well as deduction the uses on its' own account except funded by the National Investment Bank.
  - Transfer the balances of its open accounts at banks outside the central bank (except for those excepted) to open accounts within the Treasury Single Account at Central Bank of Egypt.
  - Commitment to the Ministry of Finance's periodic publication No. (105) for the year 2008 on the necessity to abide by the instructions of Mr. Prof. Dr.\ Minister of Finance taking into account not negotiating or conclude any agreements with any of the companies or banks operating in the field of collection and electronic payment only after the presentation to the Minister of Finance and get his approval.

3. Re-assessment of the state's resources in light of an objective balance between the cost capacity of the community - especially the tax community - and the income achieved, aimed at broadening the base of the tax community and ensure justice among citizens.
4. All the entities have to present their proposals to increase the resources of the state, and the foundations which are deemed to be applied, and whether the units can be converted to units able to cover or to finance expenses even if gradually, only to be a mechanism to link the delivery of services to provide an adequate return in the framework of justice and without prejudice to the low-income.
5. Compliance with the collection of receivables and the tax and non-tax rights of the State Treasury. No-Doubt ,it is a serious matter that lead to increase debt is not Powell's first collecting the state's rights while the state is commit with to Powell's first pay its liabilities, which will reflect a negative impact on the state budget, and hampers the implementation of the needs of economic and social development.
6. Compliance with the modern tax approach recently passed Law No. (91) for the year 2005 on the general tax on income.



**Fourth: Raising Efficiency of the Commodity Stock and Stock Assets and Activation of New Systems in Purchase for Preservation of Public Funds**

a. Commodity Stock and Stock Assets:

The sound management of the commodity stock is a vital prerequisite; i.e. the in case the commodity stock exceeds the strategic limits, it with constitute a waste of the national economy.

**Therefore, the Ministry of Finance calls upon all entities and agencies concerned to coordinate the General Authority for Governmental Services, leading to:**

1. Survey of the key and affiliate stores and their inclusions.
2. Survey, coding and proper classification of the various stores assets.
3. Inform the General Authority for government services and in-certain budget sectors by the accurate and detailing data about the stock and its types and the quantity and value of each.
4. Determining the types that excess needs, and establish a plan in co-ordination with the general authority for government services to dismiss these excess and forwarded to other entities need them, and prohibits to

purchase those types that exists in other government entities.

5. Management of the market movement, activation of its mechanisms and limiting the stagnant mechanisms.

b. Central Procurement:

The Ministry of Finance completes the annual plan for the application of the central procurement system through the General Authority for Government Services.

**This plan aims to develop a mechanism for procurement of governmental items that lead to:-**

1. Profiling and unifying standards to the experience categories on the level of the participating agencies in central purchasing system.
2. The promotion of the quality of purchased categories and provision of highly efficient cadres to undertake governmental procurements.
3. Price savings in the purchase prices as a result of the bulk purchase and through an integrated knowledge of markets and improve the quality of items purchased.
4. Compliance with appropriations and away from the phenotypic spending and commitment to the national and domestic product and taking into account laws and regulations governing government procurements.

5. Recourse first to the disposal of the excess at stores in some entities before purchase, thus reducing public spending and limited to the necessary requirements.

**Fifth: Support Decentralization policy and maximizing the governorates Role.**

It has become essential orientation and activation of a broader and more comprehensive application of decentralization as it is one of the principles of good governance, and how that comes through the link between the real and serious power on the one hand and responsibilities for performance and achievement of targets and the economic community on the other hand.

The attention to decentralization, and what it means to give real authority and a greater role to the governorates and gives the popular councils the responsibilities, is essential not only to connect between the authority and responsibility, but a strengthening of public scrutiny and a deepening of the role.

**Then - entails the above - it has to estimate uses and resources of the state budget, the different entities should take into account as follows:**

1. Coordination among the various provinces and concerned central ministries and the Ministry of Domestic

Development in the areas of education, health, agriculture, housing, utilities and social affairs, transport, roads, etc., to determine the strategy of governorates and providing the funds necessary, to carry out the tasks assigned, and be responsible for their achievement in front of their domestic community and provide service to the citizens and the territory of each.

2. Distribution of the uses and resources - as much as possible - within ministries and service centers within their respective responsibility and is linked to the achievement of the tasks and achievements, linking each official with all its responsibilities, implementing good and successful governance detection of imbalances and execution of bottlenecks.

**The adoption of this method leads to the decentralization goals and overcome the constraints in terms of the following:**

- Find a balance between authority and responsibility.
- The application of the principle of comprehensiveness and publicity of budget in the framework of openness and transparency and disclosure, as the entities use resources to cover its direct needs and meet the development requirements and its sound direction.

- Confirm the effectiveness of performance at administrative point and ensure taking proper decisions for each provision in accordance with the requirements for each status.

**Sixth: Public Investment contribute in providing the development requirements and a base for building community assets and national wealth**

Those public investments are part of the total investments of society and are integrated with the private investment to form a strategic infrastructure and development projects in the framework of the general plan for economic and social development.

This helps to economic and social construction of the nation, and increases the production and national income and GDP, and provides opportunities for the operation and employment and reduces unemployment.

**Therefore, all authorities and entities in-certain should, while requesting investments in the projects of their draft budgets to take into account very carefully the following:-**

1. Priorities for projects that is needed, and is applying for investment allocations for these projects, together with feasibility studies confirm the importance of these real investment applications and determine their economic and social benefit.

2. Interest in the assessment and identification of investment projects, applications that have not yet been completed, despite spending from investment in previous years, and the importance of activation and operation of these projects, which represents national wealth are disabled, and can even contribute to these projects to meet community needs, set up for which.
3. Accompany each project required a study of sources of funding and how to respond to this financing, or paid, and help in this regard, work on making the most of the loans and grants held by Egypt with the international financial institutions, and whenever such soft loans and grants free of charge whenever helped us in our reduce the cost of investment and reduce the pressure on domestic public debt.
4. The implementation of projects in their legal frameworks with the distance from the reference direct order, will help provide more opportunities for the implementation of these projects the lowest possible cost, and more quality available, and that full commitment to investments in the approved budget limits is necessary and inevitable and is out for trespassing should be held the responsibility.

**Seventh: Promotion of Domestic Production and Investment Promotion are a prerequisite to achieve targeted development.**

**Increasing production and promoting investment must be the first priorities for these are a highly sensitive issue, which success is dependant on the success of our economic and social plan through:**

1. Raising the gross domestic product growth rate, the related national income, and citizens' income increase.
2. Increasing the productivity rates along with limiting exportation and improving the balance of trade in favor of Egypt.
3. Activating the Egyptian exports, associated with improving the Egyptian product and sound planning with the hope of raising our competitiveness in global markets.
4. Promoting domestic and foreign investments and creating the capacity to attract these investments, something that generates the necessary return to increase development and the operational capacity of the labor, handling unemployment issue and reduce pressure on governmental labor.

**General Rules  
For the Estimation of the Uses  
and Resources of the Draft Budget of  
The Fiscal year 2012/2013**

The general rules for the estimates of the state budget for fiscal year 2012/2013, is a set of rules, which various entities of the administrative units and units of domestic administration and service authorities and economic authorities, and public sector companies should work and commit to it.

**These general rules are:**

- The general rules for the Estimates of Uses of the state's General Budget.
- The general rules for the Estimates of Resources of the state's General Budget.

**First: General Rules for the  
Estimation of the Uses of the  
State's General Budget**

The entities of the state's general budget conform with when laying down the estimates of uses and resources of their draft budgets, according to the economic classification of the Budget and according to Law No. 87/2005 amended of some provisions of Law No. 53/1973, divided according to financing



section (financing from public treasury, financing from special accounts and funds, financing from other self-resources) as the expenditures divided into the following economic classification:

**Expenditures:**

Chapter I: **Wages and Compensation of Employees**

Chapter II: **Purchase of Goods and Services**

Chapter III **Interest**

Chapter IV: **Subsidies, Grants and Social Benefits**

Chapter V: **Other Expenses**

Chapter VI: **Purchase of Non-Financial Assets "Investments"**

Financial Assets Acquisition:

Chapter VII: **Acquisition of Domestic and Foreign Assets**

Loans settlement

Chapter VIII: **Domestic and Foreign Loans Settlement**

The entities shall abide by Article No. 10 of Law No.87/2005 promulgating the amendment of some sections in Law No. 53/1973 on the Budget stipulating that the allocation for the one entity should not exceed 20% of the total allocation set in the Budget for this entity. This percentage has to be reduced gradually within the following four years to 5% in the fourth year according to the percentages and schedule defined by the Minister of Finance.

It is worth mentioning that the allocation percentage is to be reduced to 5% for the fiscal year 2012/2013, taking into consideration that allocations should be distributed to their prospective chapters, items, groups, types and branches and that total allocations should be restricted to the minimal and under necessities and within the referred limits.

## **Chapter I: Wages and Compensation of Employees**

**The following rules should be taken into consideration when laying down the estimates of staff rewards:**

1. Estimates should be restricted to the required necessities to pay staff reward according to Form No. 4 concerning reward budget entitled "Occupied Jobs According to the actual situation on (1/10/2011) and Form No. 5, including job titles form distributed to the specific work groups on (1/10/2011) in pursuance to the laws and rules in force in this concern.
2. Takes into account the costs of raising the proportion of staff incentives to 200% of base salary in accordance with the provisions of Article No. (11) of the Decree - Law No.51/2011 and included in the type 3-22 incentive reward an additional induced the decision of the Deputy Prime Minister for Economic Affairs and Minister Finance No.406/2011.

3. Takes Into account the costs arising from the decision of Mr. Prof. Dr. - Chairman of the Council of Ministers No. 1024 of the 2011 report of the catalytic performance of incumbents educational and included in the type 3/23 - catalytic performance of the teachers introduced, according to the decision of Prof. Prime Minister referred to above and published in the Ministry of Finance No. 17/2011.
  
4. Connecting new recruitments to the actual needs according to occupational ordinances approved by the Central Agency for Entity and Administration and according to the positions included in the vacancies list. In all cases, entities should conform with Decree of Minister of State for Administrative Development No. 23/1997 promulgating the amendment of some Provisions of Law No. 47/1987 on the treatment of the State's Civil Servants System and Decree No. 24/1997 on the National Experts' Recruitment System (Takes Into account for the Central Agency for Organization and Administration on the approval of Mr. Dr. Professor, Prime Minister on any new contract for national and foreign experts), and the Decree of State Minister for administrative development No. 7/2010 on basis and rules of the Temporary Staff Recruitment System, concerning eliminating Decree of State Minister for administrative development No. 25/1997 ,as well as periodic book No. 3/2010, periodic book No. 2/2011 issued by the Central Agency for Organization and Administration concerning basis and rules of the Temporary Staff Recruitment System.

5. Banning the recruitment of any of graduates in any field except after having the approval of the Cabinet and the availability of the required funding from the Ministry of Finance.
6. Considering the programs of transforming training , and focusing on it, maximizing its role in order to assure providing specialized labor to perfume work, increasing the production and make use of available human resources.
7. Contacting the general Authority for government services as to establish the database for inventory and listing the needs for each at the other entities, to exchange making use of the inventory on the national level.
8. Applying the production-related payment principle, so that bonuses and raises are confined to those with high-efficient performance, contributing to increased production and service levels, saving general expenses or maximizing the state resources.

## **Chapter II: Purchase of Goods and Service**

**The different entities shall consider the following rules when putting the estimates of this section:**

1. Rationing public expenditure without adversely affecting the levels of performance or functionality avoiding all forms extra expenses on fancy things that are not related to the entities' work objectives and activities.

The different entities have to conform with the Decree No.1025/2011 of the Prime Minister on rationing governmental expenditure and banning the acquisition of any commodities as long as they have a national alternative according to the Circular of the Ministry of Finance No.16/2011 in this regard.

2. Paying attention to maintenance, developing the required programs to apply it, and providing the required elements to preserve production capacities and to ensure continual functionality and performance of the equipment and devices without neither failures nor hardships.
3. Commitment to program development and follow-up performance of the different elements of expenditure relating to Chapter Two "Purchase of goods and services" and the emphasis on the effectiveness of maintenance, and ensuring making best use of each expense as much as possible .
4. Compliance with the provisions of Law No. 89/1998 on bids, as amended by Law No. 5/2005 on contracts with contractors, and Law No. 148/2006 on the inalienability of real estate and usage license the use or exploit the path of

direct spending, the decree of the President's cabinet 2041/2006 in this regard, the law No. 191/2008 on the amendment which limits contract through the bidding process and to limit domestic participation by domestic suppliers and contractors who have located their activities in the governorate, where implement of the contract in its district (Article 4) must also the Contracting at the end of each three-month contractual modify the value of the contract according to increase or decrease in the cost of the contract (Article 22 bis 1).

The executive regulations should be adhered to the law on regulation of tenders and bids issued by Ministerial Decree No. 1367/1998 and the amendments made by the Ministerial decrees No.s 219/2006, 497/2006, 435/2007, 374/2008, 528/2008.

5. Subject to the provisions of Article (81) of the Rules of government storage assays that require the preparation of the annual requirements of the needs of the commodity before the start of the fiscal year to nine months, with notification of the competent financial authorities and the financial Directorate to maintain or control of the Ministry of Finance to assign one of its inspectors to review the annual measures and the entities' needs, and discussed in preparation to be sent to the Ministry of Finance to estimate the necessary appropriation and inserted into the draft budget in a timely manner.

6. Make full use of inventory and sluggish, so that is not included or allocated any new estimates of the balance as long as the needs of those available in the entities and exchange benefiting from the inventory across the national level.
7. Contact the General Authority for Government Services to provide the Ministry of Finance (budget sector specialist) a statement on its stock approved by the General Authority for Government Services annexed to the draft budget no later than Thursday, equal 31 October 2011.

### **Chapter III: Interests**

- Interests on domestic and foreign loans shall be included to ensure payment on due dates.
- The different entities have to present clear data to the Ministry of Finance (the appropriate budget sector) about the due dates for payment of the interests, settlement currencies and the equivalent in Egyptian pounds and exchange rates.

It is worth mentioning, that the different entities are considered liable in case these interests are not included, enough data about them is evaded, or false data is

presented. In such cases, the Ministry of Finance will not be responsible to provide the required allocations to pay for this interest during the fiscal year as it never for these entities considering or requesting in its draft budget.

#### **Chapter IV: Subsidies, Grants and Social Benefits**

- The entities shall clarify the inclusions of their draft budgets, specifically in this chapter, about the social subsidies, pensions and benefits.
- They should also clarify in their draft budget the required allocations they need for social aids whether they are in cash or in kind, clarifying the service expenditures for the non-employed and the social benefits of the employed.

#### **Chapter V: Other Expenses**

- Different entities shall ask for the required allocations to pay the due taxes, commodities charges, whether custom charges or sales tax preserving accuracy in these estimates as the entities will be chargeable in case they do not settle these legally determined liabilities.



- As well as, the estimates mentioned in this chapter include the compensations, penalties, current and specific transfers, and total allocations listed in the balance sheets of the entities.

## **Chapter VI: Acquisition of Non - Financial Assets "Investments"**

**Different entities are to adhere to the following rules when estimating their investments:**

- Entities have to coordinate with the Ministry of Planning and International Cooperation to draft the estimates for their investment projects according to the new classification of non-financial assets (investments) and according to the international classifications of these assets. Accordingly, each entity project and investment allocation will be distributed to the fixed assets and their components in kind as well as the natural assets and the former interests on initiation of operation, researches, studies and advance payments.
- Entities shall determine their needs to continue their investment projects and to implement new investment projects. Then, they shall present their projects to both the Ministries of Planning and International Cooperation and

Finance according to a defined plan that provides the essential infrastructure and necessary requirements of these projects.

- Entities shall attach feasibility economic and social studies to their investment requirements for their projects, the suggested financial package for each project as well as the possible achieved revenues in order for these entities to be able to settle the liabilities based on these finances.
- Entities shall deepen the policy of self-dependence and the principle of domestic industry to lessen dependence on imports in order to reduce trade balance deficit and to support it to rise serving the Egyptian interest.
- Entities shall achieve maximum potential revenues from the invested capitals in a proportion with the amounts spent on these projects and in a manner, which achieves a reasonable economic and social return.
- Entities shall not refer to any external authority to have loans or external credit facilities for funding investment projects unless through referring to the Ministry of Planning and International Cooperation and after making sure that no financial domestic substitutes are available, knowing that the projects that depend on foreign finances should be stable enough to settle their loans and interests without putting any more financial burdens on the Budget.

- There must be attraction for domestic national, arab and foreign investments to contribute to the implementation of investment plans, participate in them and to create the capital assets that help decrease the financial burdens of these investments from one side, and to provide employment opportunities for fresh graduates from the other side.
- Entities shall enlist the expenses of purchasing non-financial assets in their required allocations in order for them to be able to pay taxes, custom charges and sales tax on the imported equipment and devices or, on other commodities, the entity buys from domestic market or on construction works, recruitment and services made in the context of the Plan.
- Entities shall coordinate with the Ministry of planning and international cooperation in this context observing this issue is crucial in providing the enough required investment allocations to be fully reflective of the real expenses of projects and to avoid problems and hardships that may encounter projects during implementation. Both Custom Administration and Sales Tax Authority will not be liable in case that the required equipment and devices are not released when entities do not settle the taxes and custom charges imposed on them.

## **Chapter VII: Acquisition of Financial Assets**

This chapter shall include lending from one entity to another. It also clarifies the contributions of financial assets acquisition on raising capitals and increasing equities. This can be divided into loans and domestic and foreign contributions.

## **Chapter VIII: Domestic and Foreign Loan Settlement**

Different entities shall state their required financial allocations in order to be able to settle their payables whether loan installments or other liabilities. They also shall state which of these payables are to be settled in domestic currency and which of them to be settled in foreign ones.

**Entities shall also state the installments to be settled to:-**

- National Investment Bank.
- External loans that are re-lent through the Treasury, emphasizing the fact that these loans are listed as domestic loans.
- To other parties with an attachment that states the payables of each.

In this context, entities shall submit clear data to the Ministry of Finance (the relevant budget sector), stating the schedule of loan installments settlement, payables, settlement currency and the equivalent in Egyptian pounds and exchange rate.

Entities and entities are liable in case they do not enlist these installments and payables in their draft budgets, if they do not submit data on that, or if they present false, misleading data. The Ministry of Finance will not be liable in case it cannot supply the allocations required to settle these installments and payables during the fiscal year as long as the entity does not comply with these rules or does not ask for the allocations in their draft budgets.

## **Second: General Rules For the Estimation of the Resources of the State's General Budget**

The entities of the state's general budget conform with when laying down the estimates of the resources of their draft budgets, according to the economic classification of the Budget and according to Law No. 87/2005 amended of some provisions of Law No. 53/1973, divided according to financing section (State's Resources, Resources of Special Accounts and Funds, Other Self-Resources) as the resources divided into the following economic classification:

### **Revenues:**

- Chapter I: **Taxes**
- Chapter II: **Grants**
- Chapter III: **Other Revenues**

### **Acquisition Proceeds:**

- Chapter IV: **Proceeds from Lending, Financial Assets Sales and Other Sales**

### **Finance Resources:**

- Chapter V: **Borrowing**

Accordingly, the Administrative System units, economic and services entities, and Public Sector Companies and entities shall observe the following rules, when setting the resources estimates of its budget for the fiscal year 2012/2013:

## Chapter I: Income Taxes

The entities mentioned hereinabove, when enlisting their taxes, shall distinguish between income taxes and taxes on profits, taxes on properties, taxes on goods and services, taxes on international trade, and other forms of taxes.

When enlisting such estimates, the entities shall abide by the economic classification of this chapter according to the new classifications. Besides, they shall observe the laws and acts recently passed in relation to income taxes, sales taxes and taxes on customs.

They shall, also, consider that the estimates of this chapter cope with the actual reality, without exaggerations, in order that no discrepancies occur at the actual implementation, causing financial embarrassment or shortage while providing the necessary resources to cover the general expenditures.

In addition, overdue taxes shall be calculated and their collection plans shall be made in order to provide actual resources, enabling the government to cover different requirements and commitments.

## **Chapter II: Grants**

At the estimates of this chapter, domestic grants should be distinguished from foreign grants, which are allocated to the entities.

In addition, current grants should be distinguished from capital grants, and the grants related to financing non-financial assets "investments".

## **Chapter III: Other Revenues**

At other resources estimates, the entities shall present the possession proceeds as distributed to collected interests on loans, bonds and other interests, including collected interests from foreign loans, which have been lent again from the public treasury, and the profits from contributions in different entities.

The estimates of this chapter include also services returns revenues and revenues from imposed fines and penalties, and other revenues.



## **Chapter IV: Lending Proceeds and Financial Assets Sales**

The estimates of this chapter include also the collected installments from loans, including loans installments collected from foreign loans, which have been lent again from the public treasury.

In addition, the estimates of this chapter include proceeds from privatization of financial assets and other assets.

## **Chapter V: Borrowing**

Various entities shall secure their estimates of this chapter as follows:

- Necessary borrowing to finance their non-financial assets "investments" and other requirements, distinguishing between domestic borrowing, foreign borrowing and credit facilities, and clarifying all related matters to investment financing and other requirements.
- Deficit represented in the differences between total uses, total resources and the required finances from the public treasury, clarifying all related matters to investment financing and other liabilities.

## ~ CONCLUSION ~

The draft state's general budget for FY 2012/2013 should represent and express the planned financial programs to achieve the targeted objectives of the 25<sup>th</sup> revolution 2011 which underpinned three major demands (freedom, Dignity, Social justice) reflect methodology and strategy of the government in the next stage in frame of accurate and efficient matrix in order to meet our nation requirements and citizens' needs.

Therefore, the Ministry of Finance, present the budget circular for next fiscal year 2012/2013, explaining the strategic objectives of the budget and the necessary general rules in setting budget estimates for Uses and Resources, they put their trust in all units of the Central Administration, domestic administration and service authorities, and the economic authorities entities and public sector companies, and the ability of these authorities and their agents and employees, to prepare their budgets and out in an integrated and clear manner; reflect our financial policy and management of financial flows of the state budget, and the preservation of property rights and increase the GDP, through planning balance between providing the necessary funding from real savings , and the financial control policies necessary to reduce the budget deficit and to decrease the public debt and curb the burdens of its' service.

The Ministry of Finance, also, calls all the entities referred to herein above for intensifying their efforts and working the necessary technical studies and researches through the competent committees in every entity in order to make the Budget drafting for the fiscal year 2012/2013 within the frame of the provision of article (14), Public Budget Law No.53/1973, amended by the Laws No.87/2005, No. 109/2008, in order to prepare the state's general budget as a financial program expressing the targets of the Public Plan for Economic and social Development.

**In this connection, the Ministry of Finance has the honor to attach to this general Budget circular the following:**

- Detailed basics of the Draft Budget.
- Necessary forms to make the uses and resources estimates of the Budget.

Whereas the Ministry of Finance hopes that all relevant entities commit to this circular, and present the draft budgets made by every entity on time, the Ministry wishes success and progress to all.

**May Allah bestow on our beloved nation and guide us all to the welfare and progress of our nation.**

**Deputy Prime Minister  
for Economic Affairs  
and Minister of Finance**

**(Dr. Hazem El-Beblawy)**

## **Detailed Basics of Drafting the Budget of the Fiscal Year 2012/2013**

**All the Administrative System units, Domestic Administration units, Public Services entities, economic entities, and Public Sector companies and entities shall, during drafting their budgets, abide by the provisions provided in the following laws and acts:-**

1. The provisions of Law No. 53/1973, on the Public Budget and its amendments under the Law No. 11/1979, Law No.104/1980, Law No. 87/2005, Law No. 109/2008 and the Executive Regulations of this law, promulgated by the Decree of the Minister of Finance No. 745/2005, amended by decree No. 272/2006 and decree No. 668/2009.
2. The Provisions of Law No. 70/1973 concerning the General Plan of the State and observing its implementation.
3. The Provisions of Law No. 119/1980 on the establishment of the National Investment Bank and the Presidential Decree No. 418/2001 that the Bank reports to the Minister of Finance.
4. The Provisions of Law No. 127/1981, amended by Law No.139/2006 and its Executive Regulations on

governmental accounting providing that all the administrative system units accounts, domestic administration units, and public, services and economic entities, and other entities accounts, besides the funds and private accounts opened at the Central Bank of Egypt within the unified treasury account. It also prohibits the opening of accounts outside the Central Bank without the approval of the Minister of Finance and abiding by the measures mentioned in this law.

5. The provisions of Law No. 97/1983 on the Public Sector entities and companies and its Executive regulations, and its amendments as seen in laws and acts.
6. The provisions of Law No. 203/1991 on passing the law of Public Enterprises corporations and its executive regulations.
7. The provisions of Law No. (155, 156) for the year 2007 (a cadre of teachers) as well as the decree of the Minister of Finance No. (446) for the year 2007 in regard Teacher allowance disbursement.

All the units referred to hereinabove shall observe the following general basics on laying down their budget estimates:-

## **Chapter I - Wages and Compensation of Employees**

---

Various entities shall present their proposals about "Wages and Compensation of Employees" to the Central Agency for Organization and Administration on a date not more than Thursday 13/10/2011, including the Form No. 4 of wages balance sheet, Form No. 5 of the positions titles, and the helpful forms in this regard, Such two forms shall be made on the basis of the data which are approved from the Central Agency for Organization and Administration and Ministry of finance, for the positional representation of these two forms to be made on 1/10/2011, and all documents which support the amendments conducted during the last fiscal year and the elapsed period of the current fiscal year shall be attached to the two forms in accordance with the application of the Provisions of Law No. 47/1978 concerning the State's Civil Servants and its Executive Regulations as well as abiding with the applicable rules. The Agency view shall be put up before the Ministry of Finance in a time not more than November 1, 2011.

Such entities, while developing the estimates of chapter I "Wages and Compensation of Employees" in its Draft Budget of the fiscal year 2012/2013, shall observe the following:-

- Ordering their proposals and the progress of presenting them is in accordance with the classification of the State budget ... With the commitment to attach all the forms

prepared by serial and its' supporting documents in accordance with the sequence of these proposals.

- Necessity to attach the data of posts failure to implement in career decreed by Dr.\ Head of the organization No.s (221, 222) for the year 2010 and the amendments to previous decrees with a commitment to the models prepared for that.
- Compliance with dates of Draft budget so that the organization is able to study and to notify the Ministry of Finance.
- For any proposed enhancements in any items and types of Chapter I must be attached to the legal authority, whether rewards or allowances or ... etc...
- Moreover, attach the proposals of the transfer of personnel and to those with both drafts (from ... and to) with a commitment to model prepared for moving, determined by all of the data contained in it.
- Distinguish between each of the following, in the estimates of this chapter:
  1. Necessary amendments, including all necessary requirements for the implementation of the laws and presidential acts and the general approvals related to the laws of networking the Budget, Cabinet decrees or Prime

Minister's decrees passed under an assigned authority, or the amendments arising from the transfer of competencies or approvals from one unit to another.

2. New amendments, including any proposal, especially the proposals about raising the level of service providing, the horizontal expansion or the implementation of new investments.

- The study of the draft budget of positions should be based upon the performance rate relying upon actual positional assignments arising from actual requirements and the unit competencies. All of this shall be conducted within the domain of positions order tables according to the last approved amendment, with considering the following basics:

**First- Groups, Items and Categories:**

*a) Wages and Allowances:*

- Permanent staff:

The increase in category (1), permanent Jobs, shall be not exceed the determined number in the budget of the fiscal year 2011/2012 and limited to the necessities defined hereinafter, Such increase shall be determined according to the number of the actual occupied jobs mentioned in the From No. 4 in relation to wages balance sheet pursuant to the status on 1/10/2011:



1. Periodical and incentive allowances in light of the provisions of article 41 and article 52 of the Law No.47/1978 and the provisions of some special regulations.
2. Annual accrued increase, which has been determined for the employees of fixed salaries and public positions a sum of 120 L.E., according to the Provisions of Article No. 6 of Law No. 203/1994.
3. Periodical accrued allowances according the provisions of Article No. 7, law No. 203/1994.
4. Special allowances which have been enlisted to enlisted to basic salaries according to the provisions of Law No.29/1992, Law No. 174/1993, Law No. 203/1994, Law No.23/1995, Law No. 85/1996, Law No. 82/1997, Law No.90/1998, Law No. 19/1999, Law No. 84/2000, Law No.18/2001, and Law No. 149/2002, No. 89/2003, No.86/2004, No. 92/2005, No. 85/2006, Law No. 77/2007. Excluded these allowances from item (5) cash benefits.
5. Positional amendments by decrease or increase enlisted to the balance sheets of various entities during the year, as a result to the cancellation or approval of jobs financing, for all financial grades through the application of the provisions of public annotations in the Budget of the fiscal year 2011/2012. The approvals of the Central Agency for Organization and Administration and the decrees and approvals of the Ministry of Finance in relation to these amendments.

In all cases, the relevant entities shall attach the supporting documents of their proposals, refer to the date of the approval of the Central Agency for Organization and Administration, and mention the number of decrees and approvals of the Ministry of Finance on conducting the amendments that have been really conducted. Accordingly, the Jobs Balance Form No. 5 shall be amended. Following documents and approvals shall be attached:-

1. Cabinet's approval on the recruitment in jobs of the lowest category.
2. Notice of assuming office as for the employees who have actually assumed office.
3. The approval of the Ministry of Finance on the finance of low category recruitment out of the public reserve.

▪ Finance Non-leading Jobs:

At submitting their proposals for jobs finance, other than cadres, in order to apply the provisions of Law No. 5/1991 on the recruitment of jobs, other than leading jobs, and its executive regulations passed under the decree of the Minister of Finance No. 1596/1991, the proposals should be supported with the following:

- The approval of the Leaderships Committee on non-leading jobs, a copy of the decree of the competent authority shall be attached to the proposals, in case the transfer is made to a job outside the unit.

- A copy of the decree of the head of the Central Agency for Organization and Administration on recruiting jobs, other than cadres jobs.
- Vacant jobs statement (the category of the group of each job should be determined).

At the finance of these jobs, their should be a reference that such jobs are personal and should be cancelled from the date of its vacancy, such jobs should not be recruited and its funds should not be used to finance any other jobs. Besides, a statement of jobs, other than cadre's jobs, which are personally occupied pursuant to Law No. 5/1991, proposed to be and which are proposed to be cancelled for it is vacant should be submitted to the Central Agency for Organization and Administration during the period from 1/10/2011 to 30/9/2012.

▪ Costs of Transferred Jobs Degrees:

Various entities shall observe that their draft budgets include the amendments arising from employees transfer in accordance with the provisions of the approvals attached the law of fixing the Budget of fiscal year 2011/2012 for which the approval of both the Ministry of Finance and the Central Agency for Organization and Administration. A copy of such approvals should be attached.

As for the proposals for transferring jobs degree for the first time between various units through the Draft Budget

of the following fiscal year 2012/2013, such proposals shall point out the jobs from and to which the transfer is required pursuant to table of the approved jobs order and the availability of the occupation prerequisite; Such transfer shall rely on the approval of both the transferee unit, transferor unit and expressly attach such approvals.

In order to modify any financial degree for the first time in the draft, which have been transferred to/from any of the entities, the following should be attached:

- Date of the Central Agency approval of the study.
- Date of the Ministry of Finance approval.
- Decision from the entity.
- Modification reasons.

Different units shall submit the proposals for transferring jobs degrees for the purpose of employees redistribution and surplus directing to the degree where it could be used, so as to face the problem of employment surplus, if any, in accordance with the provisions of Decree of the State Minister for Administrative Development No.23/1997, concerning amending some provisions the executive regulation of civil servants law No.47/1978, without the necessity to attach the approvals of Employee Affairs committees in both the proposed transferee and transferor units. Other administrative units shall submit their proposals for the transfer in a number of administrative units whether through transfer within the

same sector or other sectors. In addition, administrative units shall inform the Central Agency for Organization and Administration on the number and titles of the jobs required to be dismissed and the surplus according to the recruitment provisions of each Entity.

▪ Personal Degrees:

Concerning, the emptied personal degrees, which should be cancelled from the budget form. Effectuating ad hoc official endorsement should not include and empty figures in the budget form and attach breakdown statement (Manager personal - adviser - unqualified office employees - lowest rung of the recruitment - unqualified technical – assigned or all other personal empty posts).

▪ Functions of Academic Institutions:

Academic institutions, which apply the provisions of law No. 49/1972 concerning organizing universities and law No. 103/1961 to reorganize El-Azhar, considering within presenting the proposals establishing new posts and enhance its proposals by the following :

- The statement of research plan within each institute or centre as for each individual department.
- The statement of organizational structures approved by the competent Authorities of academic units within every institute or centre including its departments, specializations, or labs of each department.

- ❑ The statement of functional decisions of each academic department.
- ❑ The statement of the distribution of financed academic functions on academic departments in the budget of each centre or institute.
- Ranks of Managers and Deputies of Service Directorates:

Service ministries should determine and insert jobs allocated to managers and deputies of Service Directorate of each governorate in the budget of the Directorate General, in its balance sheet of fiscal year 2012/2013 so that the allocated jobs would be determined.
- Operating Needs:

Needs of entities to operate projects that ended its first operation cycle are being managed from existing labor force or over-employment.

No finance of new jobs shall be considered unless according to actual operating needs and functional decisions approved by the authority and in consideration of appropriate hierarchical order, proper functional hierarchy and work interest.

Upon application of provisions of Law No. 5/2000 amending some provisions of Law No. 47/1987 concerning the State's Civil Staff System, the following should be considered:

a) Equivalence of Staff who Got Higher Educational Qualifications during the Service:

Entities shall include in its functional draft budgets the amendments pertaining to its implementation of Law No. 5/2000 amending some provisions of Law No.47/1987 concerning the State's Civil Staff System and circulars No.s (4, 5) for the year 2000 concerning equivalence of staff who got higher educational qualifications during their service, by using attached form No. 13. Consideration should be given to cases approved during the fiscal year according to provisions of general endorsements of fiscal year 2011/2012 attached with a copy of the competent authority's decision concerning appointment according to provisions of Law No. 5/2000.

b) Financing of functions required for equivalence of staff who got higher educational qualifications during their service shall be subject to the provisions of Article 25 (bis) of Law No. 47/1978, amended by Law No. 5/2000 as follows:-

1. Use of costs of jobs occupied by those staff proposed to be equivalent to finance the proposed functions in the implementation of this law. The difference of costs shall be self- financed.
2. Redistribution of ranks of positions occupied by those staff proposed to be equivalent if these ranks are the

same of proposed positions according to the appropriate qualitative categories.

3. Refinance the vacancies and positions classed as reminder providing that ranks of positions occupied before the equivalence shall be forwarded to reserves stated in the first section (Wages and Compensation of Employees) of the budget of the Administrative Authority.

- c) Equivalence of staff appointed to temporary jobs with permanent ranks (periodic book No. 6/2000):-

The Law No. 5/2000 amended some provisions of Law No. 47/1987 concerning the State's Civil Servant System including the addition of second paragraph to the Article No. 23 of the said Law, reading:

*"Its permissible excluding from Article (17), appointing of staff appointed with comprehensive rewards within wages appropriations according to the provisions of general annotations of the Budget and economical authorities, and spent minimum three years in the occupied degrees starting at the degree of the beginning of appointment in the ad-hoc entities if fulfilling the conditions of appointment, and after the approval of the Central Authority for Organization and Administration".*



Ministry of the State for Administrative Development issued the Circular No. 6 /2000 stating the executive regulations of the application of the second paragraph added to the said Article No. 23.

Therefore, entities shall include amendments relating to the implementation of the said paragraph approved during the fiscal year or relevant proposals in its functional draft budgets, according to provisions and terms stated in the circular of Ministry of the State for Administrative Development No. 6/2000, attached with a copy of the approval of both the Central Authority for Organization and Administration and Ministry of Finance, providing that the proposals should be made on the appropriate form of preparation forms of the State's general budget for fiscal year 2012/2013, considering the following:

1. What indicates that the to-be-appointed staff occupies temporary job at the unit deducting from funds - item (2) temporary jobs - kind (3) Casual employment wages only.
2. What indicates that the worker occupies temporary job or that the renewal of his appointment is made according to the relevant provisions of general endorsements of the State General Budget and economical authorities and pertaining to procedures stated by the decree by the Minister of State for Administrative Development No. 25/1997 concerning the employment of temporary staff, taking into

account, the Circular No. 10/2006 issued by the Minister of State for Administrative Development on the fiscal treatment of temporary staff as well as circulars of the Central Agency for Organization and Administration no.s 23/2006, 2/2007, 15/2008, 2/2011.

3. What indicates that the seasonal worker is appointed since continuous three years at least in the same unit in which he was recruited.
4. Suggestion of the recruitment commencement degree for each worker.
5. Suggestion of the modification of item (2) Temporary Jobs, type (2), two season pay through decreasing it against the labor costs recruited at suitable degrees.
6. The confirmed recruitment of the temporary staff contracted to item (2) Temporary Staff, type (2) two-season pay on vacancies through the refunding of the jobs listed for memorial after reference in this regard to both Ministry of Finance and the Central Authority for Organization and Administration, provided that the terms and conditions provided for in Law No.5/2000 and the Circular No.6/2000, provided that the utilization of the costs of type (2) two-season pay in the funding the jobs required for this purpose only in case of no vacancies.

Considering assuring listing the numbers (Male - Female) and costs of the temporary staff recruited to permanent staff in a separate template according to the

attached templates to determine the amounts by which decrease Item (2) Temporary Staff, kind (3) Casual employment wages through the draft Budget in compile with the approved total amount during the year.

▪ *Jobs and Allocations Local Administration Units:*

The various governorates shall, on drafting their budgets:

- ❑ Distribute the jobs and financial allocations (wages and compensation of employees) to all districts and cities of the governorate to constitute a basis on studying their proposals, being organizational divisions.
- ❑ Distribute the jobs and allocations of the budget of the governorate for management of the productive projects to clarify the burdens of the Budget of these projects management and such data shall be a guide for the draft budget studying.

▪ *Costs of the Seconded Staff, School Holidays and Training Grants:*

The different entities should consider the issued decisions when setting its estimates for kind (2) Costs of expatriate officials and budget affords their wages, kind (3) Costs of School Holidays and Training Grants.

▪ *Temporary Staff:*

The different units have to take into account when assessing the appropriations item (2) types of temporary posts, a review of provisions for this item and limited to

meet the needs have already been recruited or situations that have been contracted in accordance with the dates of expiry of contracts, and approvals issued with respect to whom contract or renewal contract of the provisions of Article (14) of the Law No. 47/1978 and both resolutions of the Minister of State for Administrative Development, No.s24/1997 a recruitment system of national experts, 7/2010 - recruitment system for employees who do temporary jobs.

Also, takes into account, deduct the cost of these employment according to its types by the budget appropriations allocated for each type separately, with the necessity to attach lists of appointees on the type separately and to clarify the number and type of national or foreign experts and a statement of age less than sixty years and cases of over that age for national experts, with the necessity to attach a copy of the consent of the Prime Minister or the President of the Central Agency for Organization and Management for any new contract or renewing the contract according to circumstances.

However, consider decrease the appropriations of item (2) temporary posts allocation by the costs of temporary employment contracts that are set on permanent posts in the same unit and attach a copy of the approval of the Central Agency for Organization and Management in this regard, as well as the statement of their names.

Taking into account, that one of the inevitable changes, is what made on this type increase during the financial year 2011/2012, as well as the resulted costs of contract and renewing the contract held with national experts or temporary employment, under approvals issued by the Prime Minister or the Central Agency for Organization and Management and who have had a contracting Period of time to intervene directly in the following fiscal year and in the light of the actual work requirements.

▪ Rewards

On estimating item (3) rewards , the different entities should not amend the allocations of this item, beyond the amount allocated thereto in the Fiscal Year 2011/2012, unless in light of the inevitable may arise as changing the number of employees of its posts status or increasing their basic salaries and etc without any increase in the system of releasing these rewards ( categories – percentage ) .

In addition, a statement shall be attached by each entity, clarifying the presidential decrees or the regulations of the in-certain authority on the determination of each branch, including the resolutions of the payment appropriate authority (as for non- ordinary efforts and support rewards) to these rewards determining the ratios of maturity, numbers (males/ females) and costs of the entitled and total cost.

All entities shall observe on calculating the costs emerging from the execution of the Decree of the Prime Minister No. 4249/1998 on granting all the civil servants of the state a monthly reward equaling the difference between 25% percentage of the monthly base salary and the incentives they receive, less than what follows:

- ❖ The Decree of the Minister of State for Administrative Development No. 220/1998 on the executive rules of the aforementioned Decree of the Prime Minister.
- ❖ The Letter of the Minister of State for Administrative Development No. 1660 dated 29/6/1999, clarifying the exclusion of the listed financial allocations, kind (3) - requisite incentives costs.
- ❖ In case of the insufficient allocations dedicated for covering the required actual costs of execution of the aforementioned Decree of the Prime Minister, these costs shall be completed by transforming from the listed allocations in the following types:
  - Kind (I) The reward of the employees against the unusual efforts.
  - Kind (II) Incentive rewards.

Considering the marginal annotations may be attached to each of these branches.

Entities should, take into account, when calculating the costs resulting of implementing of Article 51/2011 of Supreme Council of Armed Forces No. 51/2011 and Article

four of the Act No. 114/2008 to release to the civil servants in ministries and authorities and agencies of special budgets and services authorities and local administration units , incentives, Rewards For employees' extra ordinary efforts, allowances and periodic or annual rewards, equivalent to 200% of basic salary of the employee and didn't include in calculating the total of this amount what may decided to the employee of incentives for stimulate employees or assignment allowance or residence allowance at remote areas or risk allowances. taking into account decrees of the State Minister of Administrative Development, No. 220/1998, No.s 51 /2008, 54 /2011 .

On submitting their proposals on the reward of training, the entities shall be committed to training plan clarifying their aims, the emerging programs, the number of the expected trainees (Males/Females) and the scope of the sufficiency of the financial allocations for training. In addition, the Central Agency for Organization and Administration shall approve the special programs of administrative training, with observing that each entity shall attach a copy of this approved training plan.

In general, all entities shall attach to their draft budgets a detailed statement clarifying the condition of settlement on all branches of item 3 (Rewards) and reasons of exceeding its allocations, if any, in compliance with the applicable rules of kind 21 (Other Rewards). On submitting proposals

in this regard, the entities shall be committed to the circular of Ministry of Finance No. 1/1989, and the periodic book of Ministry of Finance No. 85/1988.

On submitting proposals for enhancement of discriminative incentive allocations, the domestic administration units shall attach a statement clarifying the allocation dedicated to such incentive, not exceeding 10% of the proceeds of potable water and sewage in kind (4) "Incentives for Public cadre employees".

As for kind (3) "Requite incentives costs" and kind (4) "Incentives for Public cadre employees" submission of any proposals shall adhere to the decisions and resolutions issued in this regard confining proposal to the actually occupied jobs and the number of seconded staff, in case of any domestically or externally seconded staff and for determining the actual cost.

▪ Specific Bonuses:

Any relevant proposals shall be only restricted to the occupied jobs according to the content of the Budget Form, stating the occupational nominations of the bonus.

▪ Cash Benefits:

The allocations listed of this kind shall be restricted to permanent jobs only, without including any costs related to temporary staff ... etc.



This kind shall not also include the special bonuses provided for by virtue of Law No. 101/1987, Law No.149/1988, Law No. 123/1989, Law No. 13/1990, Law No.13/1991 and Law No. 29/1992, which appended to the base salaries by virtue of Law No. 29/1992, special bonus promulgated by virtue of Law No. 174/1993, special bonus promulgated by virtue of Law No. 203/1994, special bonus promulgated by virtue of Law No. 23/1995, special bonus promulgated by virtue of Law No. 85/1996, special bonus promulgated by virtue of Law No. 82/1997, special bonus promulgated by virtue of Law No. 90/1998, special bonus promulgated by virtue of Law No. 19/1999, special bonus promulgated by virtue of Law No. 84/2000, special bonus promulgated by virtue of Law No. 18/2001 and special bonus promulgated by virtue of Law No. 149/2002 and special bonus promulgated by virtue of Law No. 89/2003, special bonus promulgated by virtue of Law No. 86/2004, special bonus promulgated by virtue of Law No. 92/2005, special bonus promulgated by virtue of Law No. 85/2006, special bonus promulgated by virtue of Law No. 77/2007 that would be appended to base salaries as of the 1<sup>st</sup> of July 2012 pursuant to the Provisions of the herein referred - to law.

Therefore , item (5) includes cash benefits and special allowances determined under the following laws and decrees:

- ❖ Special bonus under the Law No. 114/2008 and the Decree of the Minister of Finance No. 293/2008.

- ❖ Special bonus under the Law No. 128/2009 and the Decree of the Minister of Finance No. 377/2009.
- ❖ Special bonus under the Law No. 70/2010 and the Decree of the Minister of Finance No. 361/2010.
- ❖ Special bonus under the Law No. 2/2011 and the Decree of the Minister of Finance No. 89/2011

***b) In-Kind Benefits:***

At submitting any proposal in this connection, all entities shall abide by the decrees of the competent authority which organize funding according to internal executive regulations of the entity responsible for defining the form of funding whether it is (garments, foods, sports activity or medical medicine) paying consideration to defining the system of medical care (whether it is a health insurance, comprehensive medical care, or others . . .).

***c) Insurance Benefits:***

Such benefits are to be reckoned on the workers basis, paying consideration to the necessities related kind (1) Permanent Jobs. As well as the employer's share of insurance of the temporary employment and casual.

Taking into account, the maximum variable wage subject to the insurance share.

**Second - Wages Allocations to be listed within Acquisition of Non-Financial Asset "Investments":**

The entities, having budgets including wage allocations within their investment projects, shall fulfill the following data:

- a) Nature, objectives and competences of the project in details.
- b) Project starting year, phases of implementation and the operation condition during the current year.
- c) Statement of wages included under deferred revenue expenses within the fixed asset components of the investment projects.
- d) Statement of wages included under deferred revenue expenses regarding the first course of operation in the budget year, the contract with the temporary staff on the sixth chapter (Purchase of non - financial assets "Investments") for determined periods accompanied with implanting investment projects, the contract ends with those on the sixth chapter by the end of the investment projects and joining the work.
- e) The allocation-specified objectives (wages, support rewards and incentives...etc.) beside clarifying the staff their operations and costs as well as the project staff (permanent or temporary).

As for the wage allocations collected from the acquisition of non-financial assets (investments), the following shall be observed:

1. Funding shall be in the light of the approved job schedules with a transitory funding in the context of project implementation.
2. Kinds and financial level of jobs shall go in line with the nature of the project and implementation and operation purposes.

### **Third - Formal Modifications:**

#### **Marginal Annotations:**

Each entity studies the annotations listed in their budget schedules from the fulfilled annotations and submit their justified deletion proposals stating with a mass survey statement to all marginal annotations listed in the Unit's budget, reflecting the reasons for their maintenance and the legal prop thereof with the observance of banning the use of degrees and the entrustments of the seconded and the days-off either by means of appointment of entrustment unless following reference to the Central Agency for Organization and Administration and the Ministry of Finance.

**Under-Distribution Job Degrees:**

Each entity having non-distributed jobs in their budget shall distribute such jobs to the specific jobs and groups in the light of schedules of jobs and administrative resolutions in this concern. Taking into account in any proposals on redistribution, a form shall be accompanied stating the name, qualification, current and proposed, status and the relevant justifications.

**Jobs of Desk posts, technicians, and shift to the specific groups of craft posts:**

- The entities should include within their job draft budgets the amendments related to the enforcement of the Decree of the Chairman of the Central Agency of Organization and Administration No. 120/1985 concerning the modernization by "the specific groups of the non-qualified office posts" of the necessary separation between the cases approved during the fiscal year in accordance with the provisions of the annotations of the Fiscal Year 2011/2012 attached with a copy of the approval of the Ministry of Finance and the other new proposals first listed in pursuance to the Provisions of the Agency's Circular No. 39/1985.
  
- The entities should include within their job draft budgets the amendments related to the enforcement of the Decree of the Chairman of the Central Agency of Organization and Administration No. 208/1986 on the modernization of the specific group of the non-qualified technicians' jobs

previously recruited to technical jobs before 1/7/1978 in the light of the Provision of Article No.12 of Law No. 210/1951, the entities shall act in accordance with the amendment made by virtue of Decree of the Central Agency for Organization and Administration No. 93/1988 with the separation between the cases approved during the Fiscal Year in accordance with the provisions of the annotations of the Fiscal Year 2011/2012 attached with a copy of the approval of the Ministry of Finance and the other new proposals first listed in pursuance to the Provisions of the Agency's Circular No. 31/1987 and the Amendments made thereto besides the same established requirements and disciplines.

- The entities should include within their job draft budgets the amendments related to the transfer of staff from the specific group of the supporting service jobs to the specific groups of the occupational jobs in execution of the Provisions of Article No. 55 (bis.) of Law No. 47/1978, amended by Law No. 115/1983, the entities shall separate between the cases approved during the Fiscal Year in accordance with the Provisions of Article No. 19 of the Annotations of the Fiscal Year 2011/2012, attached with a copy of the approval of the Central Agency for Organization and Administration and Ministry of Finance along with the decision of the appropriate authority for transport and the new proposals first studied in accordance with the Decree of the Prime Minister No. 816/2001 on the

ongoing applicability of the provisions of the Decree of the Prime Minister No. 24/1981, provided that the Central Agency for Organization and Administration should approve the transfer of staff of the supporting service jobs, alternatively trained to the occupational group in the administrative entities suffering shortage in this category of staff, but, having surplus of staff at the supporting service group in accordance with the Provisions of Law No. 47/1978, the Decree of the Prime Minister No. 24/1981 and the Agency's Circular No.10/1989.

**Fourth - Required information to be attached to the Budget as follows:**

- The laws and resolutions founding and organizing the Unit competences.
- The key and sub-organizational map and each amendment in the organizational structure.
- The organizational unit competences.
- Schedules of the Units' approved jobs as per the latest approved amendment.
- The special approved regulations related to the Unit Staff Affairs Organization, if any.
- A copy of Form No. 5 on the Job Budget Form as per the status as at 1/10/2011.
- Filling all data related to the amendments of Chapter I (wages and compensation of employees) in the forms issued by the Ministry of Finance.

- A statement reflecting the staffing at each level distributed as per their financial condition, whether on assessing the degree, mid-assessment or at the end of assessment or those exceeding the end of wage assessment to the degree the servant occupies.
- A statement reflecting the staffing of the employees seconded abroad, those on holidays and unpaid holidays pursuant to the financial degree and the specific group.
- A statement of the amendments made to the previously approved jobs for funding. .

Whether by amendment to another entity or leave the service or join other third party for inclusion as empty in the entity's budget and not to legitimize to be compromised.

**Occupational Allowances:**

The form of allowances shall include the main elements required to study the amendments and proposals in item (6) specific allowances as the kind of allowance (expressly highlighted) reflects the number of those entitled, type of allowance and total costs, compared to those currently listed and spent for the last fiscal year.

**Order Schedule and Budget Form:**

All units of the administrative mechanism, domestic administration units and the service and economic public authorities shall attach to their draft budgets to the fiscal year 2012/2013 a copy of the schedules of their jobs and the



amendments made their to, since the sole basis for considering the proposals of the entities concerning their needs of jobs and the relevant allocations in addition to a copy of their job budget form approved by the Chairman of the Central Agency for Organization and Administration and this form shall clarify the nominations of the occupied jobs and vacancies funded within each specific group as per the schedule of jobs.

**Vacancy Degrees Statement:**

All entities shall correct the numbers of vacancies they have and their degrees and the occupied posts included in its budget as a reminder for the FY 2011/2012, and listing the numbers according to the amendments within applying the provisions of general annotations containment associated with the Budget Law for the FY 2012/2013 and the equivalent public in economic authorities for the same fiscal year and which were formerly approved by the Central Agency for Organization and Administration and the ad-hoc issued decree of Ministry of Finance Organizations, attach a copy of these decrees and the supporting approvals taking into consideration to enlist the numbers of occupied positions in template no.4 of the wage budget for the FY 2011/2012, as well as enlist the number of vacancies proposed for listing within the different entity budgets to be mentioned as a reminder and to forward the costs of financing these vacancies to the general reserve according to the modified Form No.5 concerning job titles distributed on the different qualitative groups according to the actual status on October 1, 2011.

At the same time, the unit's suggestions regarding vacancies that are mentioned in Form No. 23 in the draft new amendments are to be taken into consideration.

Also, a retired staff statement shall be attached to the draft budget for the fiscal year 2012/2013.

**Distribution of Total Allocations:**

The different administration units should present in their draft budgets the proposals they have regarding the total allocations enlisted in their budgets and which are distributed on the sections, types and branches of Chapter I "Wages and Compensation of Employees" according to the units' real needs and on the light of the purposes targeted from these allocations conforming with the Decrees of Article No. 10 of Law No. 87/2005 promulgating the amendments of some of the decrees of Law No. 53/1973 concerning the state Budget, taking into consideration that this percentage does not exceed 5% of the total allocations for the fiscal year 2012/2013.

**Chapter II: Purchase Of Goods and Services**

---

**All different entities should abide by the following general rules when drafting their estimates for purchasing Goods :-**

- 1) Achieving the maximum benefit from commodity and leftover stock, so that no more funds are to be allocated for new commodities unless needed, taking into consideration providing the required strategic stock for the organization.
- 2) Rationing public expenditure without negatively affecting the levels of Performance or functionality avoiding all forms extra expenses on showy things that are not related to the work objectives.
- 3) Not load chapter II "Purchase of Goods and Services" the value of taxes, customs duties and sales tax due on the government procurement of goods and services, but must be loaded on the appropriate item to chapter five "Other Expenses".

**In general, all entities shall observe the following:**

**Oils and Fuels for Vehicles:**

All different entities shall develop fuel consumption criteria for each vehicle in the manner that ensures the proper operation of the vehicle throughout the year, not permitting the violation of the fixed criteria, adhering to the criteria determined by the General Authority for Governmental Services.

**Stationery and prints:**

On drafting allocation estimates, the entities shall take the necessary measures to ration the use of writing and printing materials and office supplies according to the necessary work requirements.

### *Water and Lighting:*

Organizations should take firm measures to ration the use of water and lighting supplies as it is noticed that these section much raise the organizations payables to electricity and water supply companies. Accordingly, budget allocations should reflect the seriousness of applying this rationing, especially regarding the public lighting.

This requires stating the principles and justifications of each allocation estimate, defining the costs of each bought service or commodity and defining the outcome of each according to integrated economic and financial studies that should be made by the organization.

### *Maintenance:*

Maintenance is the real key to preserving energy and ensuring functioning and performance continuity without breakdown or delays.

Accordingly, the entities shall commit themselves to put strong maintenance programs to preserve each asset and equipment required to ensure the continuity of functioning and performing services without breakdowns or delays, as Compliance with the decision of the Council of Ministers session number (25) on 14/2/2007 as follows:

- Allocate at least 10% of the investment cost of for each entity projects for "Maintenance" item.

- Do not allow transfer of the maintenance budget to any other items.
- Purchase contracts include a provision for maintenance.
- Develop long-term plan for the maintenance of state-owned assets.
- Encourage the trend to contract with maintenance companies and benefit from the experiences of ministries that follow this method.

**Telephones:**

It is prohibited to increase the allocations defined for this purpose, to install any new lines unless within the range of allocations defined for this purpose in the budget and to buy imported telephone kits.

**Delegation:**

The different entities shall confine delegating individuals and groups to the main official missions and to minimum number possible including ministers' delegations according to the orientation of the Prime Minister and his Decrees No.(1134, 1372) /1985 and No. 1261/1989 concerning defining the categories of travel allowance rules.

Allocations of the fiscal year 2011/2012 are the maximum limit for estimating the allocations of this item for the year 2012/2013.

**Publication, Advertisement, Promotion and Reception:**

Advertisements and promotion are prohibited unless as far as the necessary essential needs and requirements of work are concerned.

**The following rules must be abided by upon laying the estimations of this item:-**

- All ministries, governmental authorities and systems that have its own budgets, municipalities, public authorities and institutions and public sector's organizations and companies are prohibited to publish in different occasions congratulations, condolences or whatever that might disclose the figures of officials in the abovementioned authorities or any other authority subordinate thereof where such authorities supervise or participate. This takes part in the form of paid advertisements whether on newspapers, magazines or other mass media.
- Allocations of the fiscal year 2011/2012 are the maximum limit for estimating the allocations of the item of advertisement, propaganda and reception for the year 2012/2013.

**Internal and External Conferences and Festivals:**

All entities shall organize local conferences and the permission of holding it and the ministries that organize festivals or openings or visits or hosting delegates should coordinate with protocols of cabinet in order to invite the in-

certain ministries through General Secretaries of Cabinet in limit of budget appropriations according to mentioned authorizations and rules in the pre-mentioned circular and decree.

Generally speaking, revenues of such conferences and festivals must cover expenses necessary for establishing them and all other expenses relating thereto.

The State's participation in bearing expenses of such conferences and festivals is limited to such expenses deemed as of political or national aspect depending on what is defined by the Ministry of Foreign Affairs and the Cabinet.

#### **Offices Abroad:**

Different entities shall be limited in their expansion in external offices and ration expenses on them, not only to unburden the State's Budget, but also to improve the conditions of the balance of payment as well.

Likewise, all entities that have external offices are to commit to the instructions of the Prime Minister regarding paying a part of the salaries and dues of workers in these offices in the internal in Egyptian pounds.

#### **Stagnant and Leftover Stock:**

All the entities shall pay attention to use up stagnant commodity reserves before buying any new requirements -

with the exception of necessary strategic reserves, which must be kept. Authorities are also prohibited to enlist any allocations to buy new requirements so long as their requirements are available in their stores. They are also to abide by the general circular No. 5/1995, which enjoins that authorities should send their own draft of cost estimate according to their actual and necessary needs of commodity requirements paying necessary care for drafting, licensing it from relevant financial authority then sending it to the general authority of governmental services to audit it. This is in preparation of notifying the budget sector subject to the Ministry of Finance of it in the fixed times, so that enlisted allocations might be expressive of the actual needs and rationing public expenditure.

All entities need to cooperate with the General Authority of Governmental Services in order to develop a comprehensive database about the commodity reserves on the State's level, so that different authorities might be able to reciprocate their needs on the national level from such reserves and to reciprocate needs of purchasing from such stock in the stores on the national level instead of unwarrantedly buying new commodities. This will also help limit and ration public expenditure and abide by rulings of the general circular No. 10/2000 regarding enjoining ministries, public authorities and agencies and municipalities to supply the general authority of governmental services (the Central Administration of Stores) with detailed information



about the components of commodity reserves of the authority distributed according to its components such as equipment, furniture and other categories. Moreover, strategic reserves, which must be kept, must be stated - on forms specified for this purpose - in order for the authority to conduct analytical studies of such information and to lay a complete system for the administration of such stock, raise its efficiency and ration its resources.

Different entities shall, as well, abide by Provisions stated in the Circular No. 7/2001 enjoining coding the categories of the commodity reserve to government agencies, municipalities and public authorities through giving each category a code number according to the manual of categorization and numbering of commodity stock.

### **Chapter III: Interest**

---

On laying their estimations of Chapter 3 "Interests" the different entities shall enlist domestic and external loan interests in order to ensure commitment to paying such interests when due.

Furthermore, different entities are to supply the Ministry of Finance (relevant budget sector) with clear information about the issue including the time when such interests are

payable, payment currency in Egyptian pounds and exchange rate according to the following:-

- 1- Dividing allocations enlisted for such interests according to authorities to which they are due. Moreover, a detailed statement clarifying this should be attached in accordance with forms attached to the circular of budget drafting, paying special attention to what is due to the public treasury and to the National Investment Bank.
- 2- Taking into consideration loan interest rate whether due to the National Investment Bank or otherwise.
- 3- Taking into consideration that foreign loans re-lent to the authorities through public treasury are domestic loans. Hence, interests of such loans due on the authorities to the public treasury should be shown within kind (2): Public Treasury Interests.
- 4- Taking into consideration exchange rate dominant in the foreign currency free market upon estimating interests due on external loans.

The authorities are responsible for overlooking enlisting any due domestic or foreign interests. The Ministry of Finance is not held responsible in case providing allocations necessary to pay such interests during the fiscal year is infeasible so long as the authorities did not consider them or demand them in

their budget draft, because providing any allocations in this regard during the fiscal year will be infeasible.

Moreover, different authorities are responsible for the payment on due times, which must be known to them as they are signers and thus responsible for loans. Responsibility must not be laid on the coming of a notification from the Central Bank or otherwise.

#### **Chapter IV: Subsidies, Grants and Social Benefits**

---

The different entities shall study the required allocations for this chapter and limit it to the inevitable necessities, constant estimation of which is deemed necessary including its grants, aids and social benefits.

#### **Chapter V: Other Expenses**

---

On drafting the budget of the fiscal year 2012/2013, inevitable things relating to this chapter such as taxes, custom duties and sales tax.

The authorities should commit to paying taxes, custom duties and sales tax according to the requirements that come

to them and their budgets should include necessary allocations thereof. Other expenses must not be included with the value of taxes and fees inasmuch as they relate to investment projects. Rather, they should be included in (Purchase of non-financial assets "Investments").

## **Chapter VI: Non-Financial Assets Acquisition "Investment"**

---

Each entity shall submit its investment projects of the FY 2012/2013 to Ministry of Finance and Ministry of Planning and International corporation at least 13/10/2011 and presenting all information and clarifications required by various agencies to prepare draft Budget on the legally determined dates and considering the following:-

*First* : Prohibiting listing any other allocations for investment projects in order to expand in the current projects that have unused capacities and giving priority to the current projects.

*Second* : Attaching the economic and social Field Studies to the application of listing of this project. (including objective – location – cost - financing resources that decrease burdens on state's general budget), as well as considering in any new project, compiling with the state's social and economic plan's objectives and strategies.

- Third* : Considering the sector dimension by distributing the cash and real components of the investments to the principal economic activities and in conformity with finance sources.
- Fourth* : Considering the place dimension by distributing the cash and real components of the investments according to the governorates benefit from these projects.
- Fifth* : Attaching the Precise and Detailed Studies of the investment allocations required for the projects as well as the proposed revenues in the Draft Budget of 2012/2013, which shall be distributed to quantitative and value goals, programs and activities. This shall be compared to the allocations and estimates of Fiscal Year 2011/2012 and the actual results of the Fiscal Year 2010/2011, stating the main achievements that completed its implementation and determine the in-kind achievements for these projects and its social economic and social return.
- Sixth* : Taking into account the special guidance by limiting the aspects of releasing grants that Egypt received in only development projects, and not releasing in rewards and consulting and purchase

vehicles or furniture or what relevant.

*Seventh* : Taking into account, informing the ministry of planning and international corporation with what included in investment projects of detailed wages and requirements, interest of pre-operating and other similar expenses concerning these projects.

*Eighth* : Listing the Studies and Researches required to certain projects irrelevant to the nature of the operation of the agency. All entities shall fill all data and forms required to draft the budget at preparing their investment allocation estimates and resources in the draft budget of the Fiscal Year 2012/2013, in relation to the stipulation of Law No. 70/1973 on the State's General Plan, Law No. 119/1980 on the National Investment Bank.

*Ninth* : Taking into account the provisions of the resolutions of the Meeting of the Ministerial Committee for consideration of issue of the security of government buildings under the chairmanship of Dr. \ Chairman of the Cabinet on 27/8/2008 particularly with regard to the needs of buildings security and government establishments and set the necessary plans for insurance against fire.

In all cases, each entity shall observe the preparation of its estimates concerning each project with the declaration of its financial means as follows:

*Autonomous Finance..* Clarifying its means and what is included of foreign currency and clarification of the autonomous financing settlements (Reduction of the debtor balance).

*Grants.....* Clarifying the domestic and external ones, the granter entity, number and date of agreement (Taking into account the Decree of the Loans Prime Minister No.1063/2001). In addition, the expected balance in 30/6/2007 shall be clarified with the schedule of the rest balance.

*Credit facilities.....* With an indication the domestic and foreign, and donor of facilitation and date of the agreement.

*Loans.....* With an indication of both domestic and foreign lenders and the number and date of the agreement with a projected balance in 30/06/2012, with the clarification of the timetable for the

remaining balance, taking into account not rely on new loans and recourse in the case of absolute necessity for loans with appropriate conditions.

In all cases, take into account, the full advantage of the loan agreements and grants in accordance with the set programs, so as not to bear the state's general budget of any additional burdens.

**Moreover, the following data of each project shall be mentioned:**

1. The regional location of the project (name of the governorate, non-located or central projects).
2. The investments allocated for the project in the new plan.
3. What has been achieved until the Fiscal Year 2010/2011.
4. What is expected to be achieved within the Fiscal Year 2011/2012.
5. The target of the project during the new plan of 2012/2013.
6. The proposed investments in the Fiscal Year 2012/2013, and the proposed finance programs pursuant to the monetary components distributed on quarterly period basis. In addition, the foreign cash shall be distributed on the same periods.
7. The investments required for the completion of the project in the future distributed to the implementation years, the



finance sources and expected date of project commencement.

8. The economic and social yields of implementing the project.
9. The job opportunities generated by this project.

All the preceding interests, advance payments and the documentary credits of the investment mentioned in Chapter VI (Acquisition of non-financial assets "Investment") shall be observed in conformity with the Ministry of Planning and International Corporation.

Furthermore, all required taxes, custom fees and sale tax shall be observed as an elements of projects costs as well as all investment works whether in sets, machinery, equipments or the contracting works in order to show the actual cost of these projects and to make them in conformity with the sovereignty of sources for customs and sale taxes, which demonstrates the real status of the investment costs and national counts.

Moreover, all these entities shall observe the provisions of the Decree of the Prime Minister No. 1025/2011 concerning Rationing of Government Expenditure and the inclusion of banning the purchase of cars such as (Saloon, Jeep and Station), offices and furniture against more that the allocations listed in the Budget, also purchase means of transport and conveyance from domestic production only, according to policy replacement and quartering of the General Authority

for Government Services in the included within the appropriation for these both items, by the approval of the Minister in-certain without any request for increasing this allocations in the Budget. It is not allowed to purchase foreign production unless there is national alternative and in case of an emergency in conformity with lists adopted by the competent ministers in accordance with the provisions of Tender and Auction Law and its executive regulations.

**What have been mentioned above apply specially for the following:**

- Installing telephone lines and purchasing furniture and vehicles with the possibility of renting the cars instead of purchasing them.
- Purchasing the required furniture for schools, institutes and universities.
- The required computers and air conditioners.
- Fire extinguisher units.
- The necessary stationeries.
- The typewriters and the photocopier.
- Hospitals' requirements including furniture, equipments and machineries.
- All sets, equipments and machineries that have an alternatives in the domestic production.

In addition, the provisions of the Decree of Prime Minister No. 869/2010 concerning the rules and regulations of controlling grants, donations and contributions submitted by natural persons or national entities.

*Tenth* : The commitments of the cross-entities are approved, including its investments during the fiscal year 2012/2013 without overflow.

*Eleventh* : The treatment of financial benefits to contractors and suppliers to the cross-entities for the work carried out during the previous years against investment appropriations for each cross-entity in the time of assigning receivables and the following years and in accordance with adopting cash-basis of the state's general budget.

## **Chapter VII - Domestic and Foreign Financial Assets Acquisition**

---

- *On the estimation of the Chapter VII (Domestic and Foreign Assets Acquisition), listing the allocations required for the following:*

1- Investment in securities along with shares whether they are bonds or notes or others.

2- Lending, whether it is to National Investment Bank, Economic Agencies, Holding Companies, Public Sector

Companies, Public Business Sector Companies, Budget Agencies or others.

3- Contributions and property rights, whether it is to National Investment Bank, Economic Agencies, Holding Companies, Public Sector Companies, Public Enterprises Corporations , Budget Agencies or others.

**To take into account in the foregoing, the distinction between what is domestic and foreign.**

- At preparing the estimations of this chapter, it shall include the contribution of the treasury in the fund of financing constructing business sector companies program within the program approved annually by the Ministry of Investment.

## **Chapter VIII - Domestic and Foreign Loan Settlement**

---

On preparing their estimation of Chapter VIII (Domestic and Foreign Loan Settlement), the entities shall observe the following:

1. Listing the allocations of the payments of domestic and foreign loans due to the actual allocations in the Fiscal Year 2012/2013.
2. Distributing of the allocations listed for domestic and foreign installments as per the entities entitled to receive

these installments. In addition, a detailed list of what is related to the National Investment Bank and the Treasury as well as the installments due to Banks and other entities shall be attached pursuant to what is mentioned in the forms of drafting budget attached to this circular.

3. The current rate of exchange in the free market of the foreign currency shall be observed at the time of estimating the amounts of the installments due on the foreign loans.
4. The foreign loans relent through Treasury shall be regarded as a domestic loans and the due installments to Treasury from these entities should be explicit within loans installments / item (2) loans repayment kind (2) foreign loans relent through Treasury.
5. Observation of rates and rules of installments settlement, which are applicable and agreed upon concerning the installments of loans and whether due to the National Investment Bank or others.
6. The settlement of the domestic loans granted from the Treasury shall start after three years other than the year of granting. In addition, the period of settlement is 24 years for Agriculture and Housing sectors, 12 years for other sectors unless there is another agreement.

## **Resources**

---

Estimation of the public resources is a basic element in the Budget drafting process, upon which the State's capabilities determination is based, and through which, the planned limits are made for the Budget result in the form of shortage or surplus.

Accordingly, when conducting resources estimates, various entities shall observe that reality of collection copes with the target collection, pointing out estimate basics and the programs set forth for the collection of such resources.

All entities shall observe the following basics when making the resources estimates of their draft budgets for fiscal year 2012/2013, besides the included general rules in the budget circular in this regard. Taking into account, the provisions of Executive Regulations of Law no. 53/1973 on the state budget as amended by Law no. 87/2005, Law no.109/2008. As well as taking into account, the following principles as contained in the Circular as well as the year of the budget from the general rules in this regard and all entities should consider the following:

### **First:- Revenues**

1. When laying the estimates of the fiscal year 2012/2013, the expected proceeds of direct and indirect tax and the general tax on sales shall be observed. Taking in consideration, the last legislative instrument, by which every kind of the aforesaid revenues is collected, shall be observed as well as the actual collection of the previous three fiscal years and the expected collection in the fiscal year 2011/2012.
2. Acting upon the Provisions of Law No. 17/2001 in relation to applying phases II and III of the general tax on sales.
3. Acting upon the Provisions of Law No. 11/2002 on the interpretation of some Provisions of the Law of general tax on sales in relation to operation services for third parties.
4. Acting upon the Provisions of Law No. 164/2002 on the amendments of the Law of general tax on sales.
5. Acting upon the provisions of law No. 73/2010 and law No.89/2004, on the amendment of some Provisions of the Law of general tax on sales, passed under the Law No.11/1991.
6. Acting upon the provisions of law No. 90/2004 on the amendments of some provisions of law No. 147/1984 on the impositions of State Financial Resources fees.

7. Considering the impact of the Presidential Decree No.300/2004 concerning the customs tariff, and the Presidential Decree No. 410/2004 concerning modification of the customs tariff on imports and as well as considering the cancellation of services fees imposed on imports and the provisions of Presidential Decree No. 39/2007 issuing the customs tariff and identifying the conditions and status some provisions of the above-mentioned presidential decree and also the presidential decree No. 51/2009 concerning amending No. 103/2008 concerning amending customs tariff.
8. Acting upon the effects of the Law No. 161/2004 on the modification of the category of State Financial Resources fees on parties and services to unified at ratio of 10% after it was upward.
9. Acting upon the provisions of Law No. 8/2005 on the amendment of some Provisions of the Law of organizing of costumes exemptions.
10. Acting upon the Provisions of Law No. 9/2005 on the amendment of some provisions of the law No. 11/1991 in relation to the general tax on sales for purpose of treating the defects arising in application. As well as Law No.114/2008 amending the general sales tax, Law No.73/2010 amending some articles of general sales tax law.



11. Acting upon the provisions and effects of income tax law No. 91/2005 in relation to revenues of taxes imposed on income and other profits generated from commercial works. As amended by Law No. 114/2008 to cancel some provisions of the above-mentioned in Income Tax Act.
12. Acting upon the effects of the law No. 95/2005 on the amendments of some provisions of costumes law No.66/1963 and its amendments.
13. Consider the provisions of Law No. 143/2006 amending some articles stamp tax law issued by law No. 111/1980.
14. Consider the provisions of Law No. 196/2008, issuance law on tax on built real estate.
15. As a part of the revenues of the central department of Ministry of Finance General Divan, the estimated receipts in relation to the State Public Resources fee Law No. 147/1984, as amended by the Law No. 5/1986, Law No. 231/1989, Law No.16/1991, and Law No. 25/1994, various entities shall act upon the implications of Income Tax Law No. 91/2005 on the cancellation of development fee for some tax bases (development fee on salaries and the like, development fee on non-commercial professions, development fee on the commercial and industrial business and development fee on the net profit of companies).As well as the contents of the law No.

114/2008 in this regard, as well as included in law No. 73/2010 in this regard.

In addition, various entities shall act upon the effects of Law No. 146/2006, on the amendment of some provisions of the aforesaid Law No. 147/1984 in relation to exempting drivers of passengers and public goods vehicles, whether Egyptians or foreigners, and those who drive vehicles or work on roads outside the territories of the Egyptian Republic of Egypt from the development fee on exiting the country.

Various entities shall make its estimates based on receipts expects in fiscal year 2012/2013, paying consideration to the actual receipts of the last 3 years and the receipts of fiscal year 2011/2012.

As for services expected to be performed, various entities shall point out the collected fee category or service charge, basis of its use, number of sale units, and unit price in case of sales revenues, provided the estimates are made upon a sound scientific basis.

All entities responsible for collection shall inform the Ministry of Finance of any proposals in relation to revenues development, and develop programs and systems to monitor and raise the level proceeds efficiency of these revenues, whether central or domestic.

Every entity shall comply with the economic classification for the state's general budget, in order to achieve this; the entities should commit with sound guidance for revenues kinds, also analysis to kind (6) other revenues to show the nature of the included amounts.

All entities shall commit with guiding sale of stagnant inventories to sale of inventories, concerning proceeds of scrap sales should directed to other sovereign regulations.

## **Second: Finance Sources:**

- ❑ All entities shall determine the resources resulting from borrowings and sales of financial assets and other assets, with determining the related resources to investment financing.
- ❑ The resources to be directed to finance capital liabilities shall be distinguished from the resources to be directed to finance investment, illustrating the basis of the evaluation basis of each of them.
- ❑ Estimates of various entities shall include the following:
  1. *Borrowing from the Banking System to finance their non-financial assets "Investments".*

2. *Foreign borrowing and credit facilities, pointing out what is related to investment financing and what is related to other requirements.*

### **Third: Special Accounts and Funds:**

- ❑ Each entity shall include in its draft budget a statement of the funds and private accounts, defining its resources and expenditures as distributed to the appropriate chapters according to the funds nature. The distribution shall include a provision for the finance of investment projects of these entities under the item of "Other Resources". Each entity should attached to the budget, the laws and resolutions establishing for such funds and special accounts, as well as the latest financial status of those funds and special accounts with the identification of the bank where opened these accounts.
- ❑ Consider implementing the provisions of law No. 127/1981 on the government accounting, as amended by the law No.139/2006, providing that opening accounts in the name of funds and private accounts should be included in the unified treasury account established at the Central Bank, and that opening accounts outside the Central Bank, unless the approval of the Minister of Finance is obtained and according to the regulations provided for in the said Law.
- ❑ The administrative entities should not transfer any amounts from its budgetary accounts opened at Central

Bank of Egypt to its special accounts opened at its own name within Treasury Single Account, unless after consultation with ministry of finance - finance sector- with notifying the reasons and justification of the transferring.

### **Domestic Administration Budget**

---

Article No. 120 of Law No. 145/1988 stipulates the amendment the provisions of Law No. 43/1979, in the issuance of the Law of Domestic Governance System as follows:-

*"The financial agency of the Governorate is in charge of drafting the budgets of the domestic units within its scope. The Governor submits the project to the Popular Municipality of the Governorate in order to be discussed and approved before at least four months of beginning of the Fiscal Year. In addition, each Governorate submits its draft budget to the Minister of Domestic Administration immediately after it is approved by the Popular Municipality in order to be discussed with the competent Governor. Afterwards, it will be submitted along with his notes to the Minister of Finance and the minister of planning and international cooperation and economic development " .*

In accordance with article No. 122 of Domestic Law No.43/1979 stipulating that, the budget of each Governorate shall be listed in a special division in the Budget, shall be

deemed as an integral part thereto, and is subject to the provisions of the Budget.

**The Draft Budget of the Governorates for the fiscal year 2012/2013 shall be made as follows:-**

1. The competent financial agencies of each domestic unit (Governorate / District City / Province / Village) are in charge of drafting its budget including receipts and payments pursuant to the rules and principals mentioned in this circular. In addition, all data and documents on which the estimations of revenues and expenditures are based.
2. The draft budget of each domestic unit (Governorate / District City / Province / Village) shall be submitted to the financial agency of the Governorate.
3. Governor is in charge of submitting the accumulated draft budget of the Governorate to the Popular Municipality for discussion and approval.
4. Each Governor shall submit its accumulated draft budget to the Minister of Domestic Administration immediately after it is approved by the Popular Municipality in order to be discussed with the competent Governor. Moreover, a copy of the mentioned draft budget to the Minister of Finance

and the Minister of planning and international cooperation on a date not exceeding 13/10/2011.

5. Each department of the maintenance services prepare a draft budget including revenues and expenditure in accordance with the rules and principles contained in this circular with all the data and attach supporting documents to their own budget, then submits the consolidated draft budget of the governorate to the Ministry of Finance no later than 13/10/2010 and sent a copy to the Central Agency for Organization and Management for Chapter I, as well as a copy to the Ministry of State for planning and international cooperation with respect to Chapter VI.
6. Each Governorate shall include in its draft budget the details of the special accounts and boxes of each, distributed on the competent chapters according to the nature of allocations. In addition, a copy of the statement of the investment projects financed by the special accounts and boxes shall be submitted to the Ministry of planning and international cooperation to be studied and inserting in it the investment plan of the Governorate.
7. Identify and separate budgetary allocations for the domestic people's councils and broken-down on item and

type with the number of members of domestic People's Councils across entire domestic levels.



## **Economic authorities and Public Sector and Public Enterprises Corporations**

---

### **First - Economic Entities and Public Sector Companies:**

Out of the goals of the Decree of the Prime Minister No.1039/1979 on economic agencies, Law No. 97/1983 on public sector entities and companies, and its Executive Regulations, as amended by laws and decrees, and Law No.88/2003 on the issuance of the Law of the Central Bank, Banking Mechanism and Cash, as amended.

Economic agencies and public sector companies shall work on making the best use of all available financial and human capabilities, in a way by which the desired targets could be achieved with a high level of economic efficiency. Also, they shall focus on economic and financial researches and its related evidences to the plan and Budget of fiscal year 2012/2013, acting upon:

1. Legal obligation of the public economic authorities under the provisions of resolution No. 204/2001 on the amendment of accounting manual and explain the financial statements of the consolidated accounting system, and decisions as amended, and the Egyptian Accounting Standards issued by the President of the Central Auditing Agency No. 1570/2006 and what is required from the necessity of public entities to use costs systems, to help in

preparation of budget estimates with the importance of the continuation of entities in developing cost-accounting systems with the aim of providing those final outputs and also to raise its efficiency and effectiveness, which is a step towards the application of performance-based- budget.

2. Preparing programs and performance balances through analyzing budgets items "revenues and uses", on various activities.
3. Benefiting from the actual implementation results that provide the final accounts and performance reports for the fiscal year ending on 30/6/2011, as well as the remarks of Monitory Agencies and working on developing the positive results of and putting an end to its negatives.
4. Rationing of expenditures to the extent possible, especially in the items indirectly related to production in order to achieve the best utilization possible from expenditures, in accordance with the Prime Minister's decree No. 1025/2011 on rationing governmental expenditures and the provisions of law the Ministry of Finance public circular No. 16/2011, as well as acting upon the implications of the aforesaid decree and circular of limitation of commitment to procure from domestic production, unless in cases of dire need when there is a lack in the national production, according to the approved lists by the competent ministers and the provisions of the law on tenders and bids and its executive regulations. In addition, they shall act upon the

provisions of the Ministry of Finance No. 2/2002 on the use of cell phone lines, and the Prime Minister's decree No.1353/2002 on the publication in the official newspaper and the newspaper of "Al-Waqei Al-Masriya."

And taking into account what included in the mentioned resolution and circular in the rationalization of government spending that will be the supply of items that are purchased through a schedule of supply, dissemination of experience of interface exchange to the classes of commodity stocks across all administrative entities, disposal in administrative real estate man that non-exploited effectively, rationing electricity and water through maintenance and periodic check-ups, considering the decree of the Supreme Council of Energy No. (11/03/90) held on 11/3/2009 for rationalization of energy consumption in public lighting, using efficient bulbs in all new installations, taking into account the criteria established by the Ministry of Electricity in this regard, the experience of the implementation of centralized procurement at the level of each ministry or province, not to request the expansion of government cars license plates owners unless within the narrowest limits.

5. Work on raising the level of staff efficiency and the application of "production-based wages" policy.

6. Make the best use of available powers and resources, in a way that generates the best production possible in the light of sound economic operation.
7. Develop the resources, in a way that secure self-finance and increase the surplus transferred back to the state public treasury.
8. Challenging profligacy of all forms and raises the level of products and diminishes wastages and damages.
9. Raise the level of performance rates and economic evidences of actual results, besides targeting the financial and economic balance and working on generating a reasonable return to the state coping with the invested capital volume, so as to achieve a progress secedes the targeted rate in the budget of fiscal year 2011/2012 There should be quantitative indicators reflect the achievements on a concrete basis.
10. Abide by the provisions of Law No. 86/1997 on the amendment of some provisions of Law No. 59/1979 on the construction of new urban communities, and Law No.7/1991 on some provisions related to the state owned properties. In addition, the shall abide by the provisions of the Ministry of Finance circular No. 35/1996 on the deposit of the resulting revenue from the surplus in the sale of state owned lands assigned to the General Authority for

Construction Projects and Agricultural Development , the New Urban Communities Authority in the opened account in the Central Bank of Egypt within the accounts of the Ministry of Finance under the name "Sales Proceeds of State-owned lands in different places".

11. Making use of the leftover stock, maintaining the minimum level of necessary strategic reserve and prohibit the enlistment of any funds for purchasing new supplies so far as the entity maintains its supplies in its stores. Bills of quantities should be made according to actual and necessary requirements of good supplies, paying necessary consideration to its making and approval by the competent financial authority, for the enlisted approvals in the Budget to express the actual uses as a sort of public expenditures rationing.
12. Work on developing the Foreign Transactions Center to achieve a progress in the Payments Balance through increasing exports, rationing imports of production supplies and using to alternative domestic products in a way not affecting the targeted production. In addition, the shall work on opening new domestic and foreign markets, develop and raise the level of production and services coping with the market requirements and demands, and devise new kinds of products which secure keeping in line with the global development.

13. Work on completing works and projects under implementation as soon as possible in order to make the best utilization of the invested funds and secure putting new projects into operation and production, and reflecting the resulting effect on the results targeted works in the Draft Budget to affect the increase in production, added value and surpluses.
14. Work on utilizing the technological development in the field of production and administration.
15. Work on achieving networking and integration of requirements between productive companies economic entities and the requirements of the governmental agencies, authorities and the beneficiary entities so as to secure production merchandizing, limit reserves, achieve a sound rationing of utilization and limit resorting to foreign markets.
16. Observing interest settlement rates and rules and the installments agree upon with the National Investment Bank and other lenders.
17. Providing self-financial resources to finance all the estimated capital obligations without burdening the state Budget.

18. Considering the current exchange rate in the foreign currency open market when drafting the allocation estimates that are related to foreign transactions including foreign loans installments and interests.
19. Draft budgets for economic authorities for the fiscal year 2012/2013 shall not include any interests or installments for the loans that have been raised to their capitals. They also shall not include the loans granted to those authorities from the Treasury in order to finance their current deficit. This is based on the Policies Higher Committee Decree, Session July 3, 1985 until authorities are informed about this point.
20. No financial investment should be enlisted unless after having the approval of the concerned authorities. These investments are to depend on the available self-finance after paying for investment utilizations and long run obligations related to them.

Similarly, proposed draft investment for the fiscal year 2012/2013 shall state the counted capital interests on the loans financed for the assets that are not ready to use during this fiscal year, taking into consideration accounting standards "Standard of Borrowing Cost".

21. Draft budgets for public sector corporations should be presented to both the Ministers of Finance and Planning and International Planning, should comply with the forms

of final accounts and public budget in this respect on a date that does not exceed 31/10/2011, attached with copy of its final accounts and general balances of FY ended in 30/06/2011.

All the draft budgets submitted to both the Ministers of Finance and planning and international cooperation according to what they see in their general meetings on a date that does not exceed the mid of January 2012.

Moreover, both ministries of finance and planning and international cooperation should be informed by the draft budgets of economic authorities and Public Sector corporations according to modules which ministry of finance prepared in that concern.

22. Economic entities, public sector companies, electricity companies and Egypt Telecom should settle all arrears to the ministry of finance and the National Investment Bank. Supply its surpluses and the state's share in state's profits to the Public Treasury and in accordance with the certain deadlines, and these parties pay all its arrears to the Ministry of Finance and National Investment Bank.
23. Conforming to Decree No. 134/2001 issued by the Cabinet President to ban the purchase, up grading or development of printing offices without the approval of the Cabinet President.



24. Abiding by Decree No. 1063/2001 issued by the Cabinet President regarding the control rules and regulations for grants and donations given by ordinary people or by national authorities.
25. Adhering to the Prime Minister's instructions regarding giving the priority to the ships of the Egyptian fleet that entails transferring goods through the sea and considering all that is related to that regard.
26. Abiding by Decree No. 467/2006 issued by the Cabinet President entailing that "the maximum allocations for workers are to be increased" according to Decree No.122/1985 issued by the Cabinet President. The increment starts from 100 L.E. or the equivalent sum of two months salary starting from accounting the revenues of the fiscal year 2009/2010.
27. Conforming to Decree No. 1506/2005 issued by the Cabinet President regarding the organization of the administration program of the assets owned by the state.
28. Adhering to applying the regulations of Law No. 127/1981 related to governmental accounting and promulgating the amendment by Law No. 139/2006 that entails that opening accounts for economic authorities, funds accounts and private accounts are to be enlisted in the unified Treasury account that is created in the Central Bank of Egypt.

29. Each economic authority should study the possibility of increasing its potentials through promoting its activity and through presenting ideas about the ways, they can elevate the burden off Public Treasury.

The economic authorities should abide by of the decree of the Council of Ministers session number 25 held on 14/2/2007 as follows:

1. *Allocate at least 10% of the investment cost of projects for each entity for maintenance.*
2. *Do not allow transfer of the maintenance budget to any other items.*
3. *Include item for maintenance in Purchase contract.*
4. *Develop long-term plan for the maintenance of state-owned assets.*
5. *Encourage the trend to contract with maintenance companies and benefit from the experiences of ministries that follow this method.*

30. A commitment of economic authorities with Circular No.15/2008 concerning the rules of treatment of temporary staff in the central administrative, issued agreed with the Ministry of Administrative Development and the Central Agency for Organization and Management.

31. Preparation of integrated studies of the operation economics of for all economic entities, take into account, the social dimension for the authorities that provide social

services at prices less than the economic cost, which represents the real profit, and not targeted to generate benefit, in order to work on separation of the cost according to the economic price from the social price to determine the subsidy granted based on absolute economic basis.

**Second - Public enterprise sector companies subject to Law No.203/1991:**

The Ministry of Finance should be informed with the draft budget estimates for public business sector holding and affiliate companies once approved by their general meeting at least three months prior to the beginning of the fiscal year 2012/2013.

These companies should settle all their payable arrears with the Ministry of Finance on a date that does not exceed six months from the date the general meeting decides to distribute revenues and according to Law No. 149/2001.

It is worth mentioning that these companies should abide by the two Decrees No. 2076/2004 issued by the Cabinet President regarding re-organizing the finance fund of the public business sector companies structuring program and the second No. 1506/2005 regarding organizing the outcome of the State owned assets program and which entails delivering the proceeds of selling the stocks of business sector companies

and joint companies as well as the proceeds of selling their production assets to the account of the Ministry of Finance during a period that does not exceed seven working days from the date of collection to the account of ministry of finance at CBE.

At the same time, it's a must for these companies to abide by the Decree No. 905/2001 and Decree No. 1129/2005 issued by the Cabinet President promulgating the amendment of the provisions of the two articles (37, 43) of the executive regulations of public business sector companies law respectively.

### **Dealing with Other Countries**

---

In the context of the economic reform program, liberation policy, facilitating foreign currency transactions, and the importance of the evaluation and control of the plan to deal with the other countries, the different organizations have to consider the following:

*First* : The decrees and instructions decreed from the concerned authorities and related to dealing with other countries and which are drafted according to the polices decreed by the concerned authorities according to the commercial and economic

variables and according to dealing with foreign currency.

*Second* : Carrying up transactions of importing commodities and invisible payments according to the public sector needs, within the range of the allocated sums in the state budget for the administrative system, municipal units and public and service authorities, and to what is included in the draft budgets of the economic authorities and public sector units which do not work according to the decrees of Law No. 203/1991.

*Third* : Central Administration of Balance of Payments and Cash Balances studies is to draft estimates for cash balances (foreign currency resources and utilizations) for the year 2012/2013 for governmental sector, public business sector and private sector according to the discussions take place with the concerned authorities especially the Ministries of Finance, planning and international cooperation, Foreign Trade and Investment.

**Organizations should report the central department for researches on balance of payment and cash budgets in ministry of foreign trade and industry the Following: -**

1. Foreign cash estimates related to administrative mechanism, national administration units and public service agencies that were taken into consideration

when the Budget plan of the fiscal year 2012/2013 was prepared.

2. The estimates included in the planning budget (estimating budget) of concerning the foreign transactions in foreign currency for FY 2012/2013 for economic authorities and public sector units that didn't subject to law No. 203/1991 and also, Public enterprise corporations (holding companies and its subsidiaries)
3. A monthly statement of the implemented estimates previously mentioned in the above passages so as to continue implementing cash budget and preparing preconception of the construction of the funds and uses of the country's foreign cash.

*Fourth* : Working on enhancing the status of external transactions in a way that improves the balance of payment by increasing exports and decreasing imports of production requirements through using alternate national productions in a way that does not affect targeted production. Besides, working on opening new markets. In addition, developing production to increase its competitiveness and be able to cope with the market's needs together with starting new kinds of products that comply with the world demand and technological development.

Different entities have to abide by the provisions of Decree of the Prime Minister no. 1025/2011

regarding rationing government expenditure as well as the Circular of the Ministry of Finance No.16/2011. Entities should take into consideration the disciplines included in the above- mentioned decree and circular prohibiting purchasing rather than national products, unless in case of necessity and lack of national production together with the approval of the in-certain minister.

*Fifth* : Working on achieving integration and connection between the needs of public business sector companies and the requirements of governmental agencies, administrations and different authorities. Accomplishing that ensure marketing production, decrease of stock as well as reasonably rationing usage besides decreasing reliance on external markets, which burdens foreign cash usage.

*Sixth* : Taking exchange rate in foreign exchange free market into consideration when preparing allocation estimates related to external transactions.