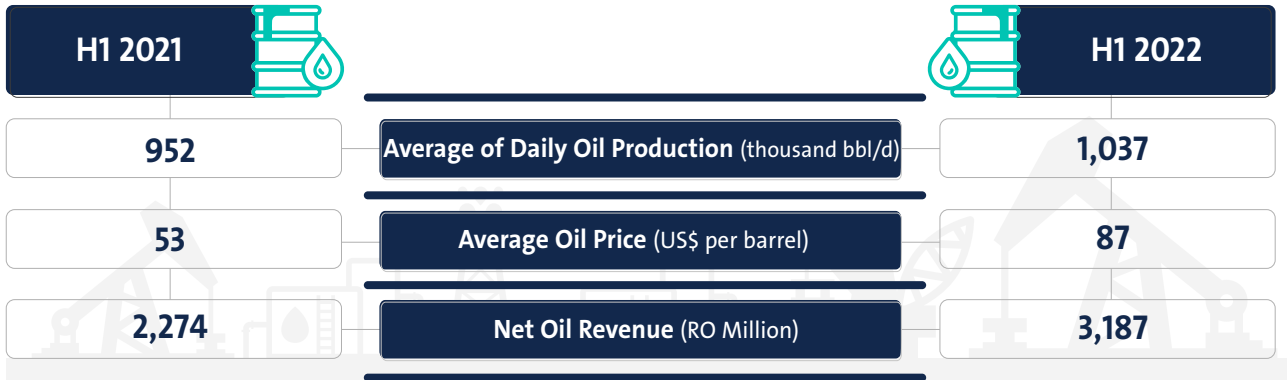




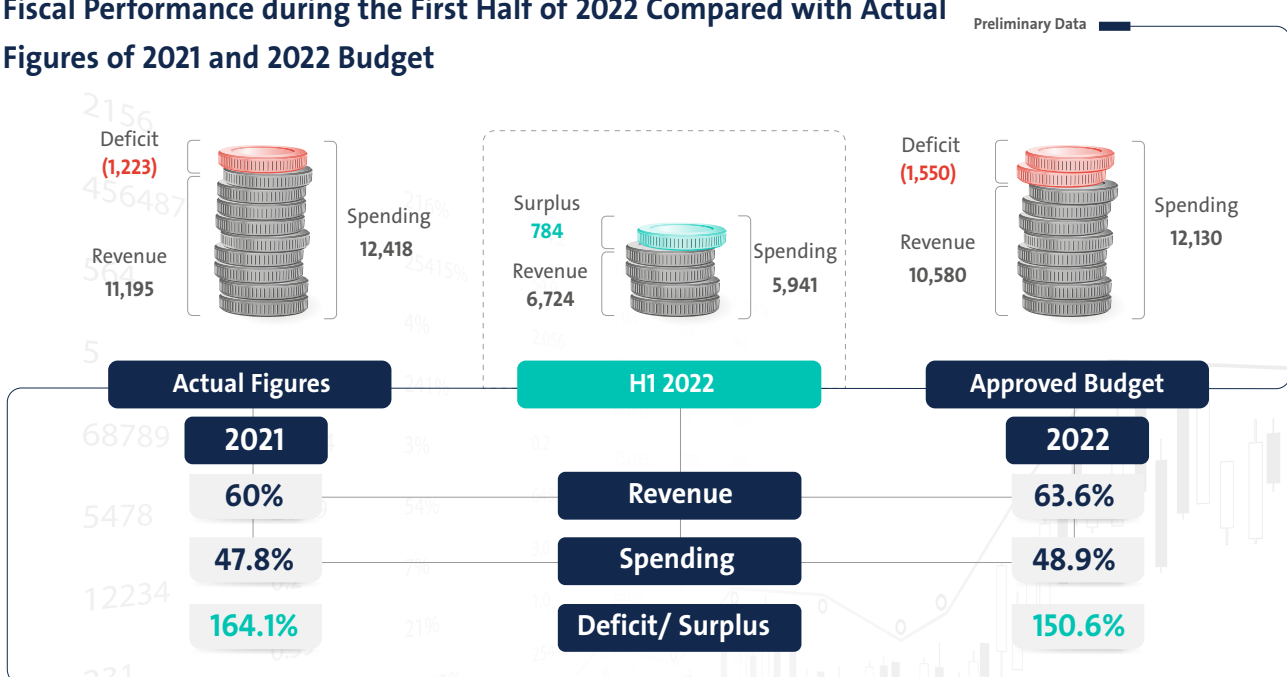
Fiscal Performance

A Special Bulletin on the First Half of 2022

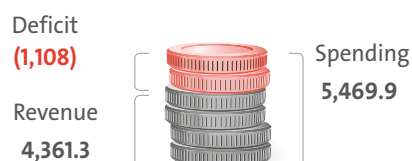


Fiscal Performance during the First Half of 2022 Compared with Actual Figures of 2021 and 2022 Budget

RO Million



Fiscal Performance in the H1 2022



Actual Figures of H1 2021



H1 2022

Change (%)	
Revenue	54.2%
Spending	8.6%
Deficit/ Surplus	170.8%

Public Revenue

By the end of H1 2022, total revenue collected amounted to RO 6,724 million, up by 54.2% when compared to RO 4,361 million registered over the same period in 2021.

Statement (as of end-June)	RO Million		
	2021	2022	Change (%)
Net Oil Revenue	2,274	3,187	40.1%
Gas Revenue	727	1,729	137.8%
Current Revenue	1,337	1,796	34.3%
Capital Revenue & Repayment	24	13	(45.8%)
Total	4,361	6,724	54.2%

Moreover, the collected revenue accounted for 63.6% of total revenue estimated in 2022 Budget, i.e., RO 10,580 million. This is due to an increase in:

Net Oil Revenue

At the end of H1 2022, net oil revenue stood at RO 3,187 million, up by 40.1% compared to the same period in 2021. This is as a result of an increase in average oil price to US\$ 87 per barrel compared to US\$ 53 per barrel achieved over the same period in 2021 and a rise in average oil production to 1,037 thousand barrels per day compared to 952 thousand barrels per day registered over the same period in 2021.

Gas Revenue

By the end of H1 2022, gas revenue amounted to RO 1,729 million, up by 137.8% compared to the same period in 2021. This is as a result of higher gas price and production.



Current Revenue

At the end of H1 2022, current revenue amounted to RO 1,796 million, up by 34.3% compared to the same period in 2021. Tax and fees revenue amounted to RO 1,125 million, up by 71.5% compared to the same period in 2021. At the end of H1 2022, corporate income tax amounted to RO 424 million, up by 23.3% compared to the same period in 2021. Moreover, excise tax and VAT revenues amounted to RO 48 million and RO 345 million respectively as of end-H1 2021.

Furthermore, other revenue amounted to RO 671 million, including RO 392 million of dividends received from Oman Investment Authority at the end of H1 2022.

Public Spending

By the end of H1 2022, total public spending amounted to RO 5,941 million, up by 8.6% compared with the same period in 2021.

RO Million

Statement (as of end-June)	2021	2022	Change (%)
Current Expenditure	4,009	4,550	13.5%
Development Expenditure	299	413	38.1%
Contributions & other Expenses	459	863	88%
Pending Settlement	-	115	-
Oil & Gas Expenditure	703	-	-
Total	5,470	5,941	8.6%

Moreover, the public spending accounted for 48.9% of 2022 Budget estimates of RO 12,130 million.

01

Development Expenditure: Development expenditure amounted to RO 413 million, up by 38.1% compared to RO 299 million registered over the same period in 2021.

02

Current Expenditure: At the end of H1 2022, total current expenditure amounted to RO 4,550 million, up by 13.5% compared to the same period in 2021. This is driven by an increase in gas purchase and transport expenditure to RO 639 million, i.e., 154.6% and an increase in public debt service to RO 521 million, i.e., 31.7%.



Contributions and other Expenses: By the end of H1 2022, total contributions and other expenses amounted to RO 863 million, up by 88% compared to the same period in 2021. This is due to a rise in oil products subsidy to RO 314 million and an allocated RO 100 million for future debt obligations budget-item which aims to repay part of future loans.

Deficit / Surplus

At the end of H1 2022, the budget achieved a surplus of RO 784 million as compared to a deficit of RO 1,108 million over the same period in 2021.



How did the Government benefit from the additional revenue during 2022?

01 Accelerating Economic Recovery:

Development expenditure increased to RO 1,100 million compared to budgetary figures, up by RO 200 million to be allocated for priority projects and economic and social impact.



As of end-June 2022, the development expenditure amounted to RO 413 million, up by 38.1% compared to RO 299 million registered over the same period in 2021.



Allocating RO 650 million for implementing additional development projects to be added to projects list of the Tenth Five-Year Development Plan (2021-2025). Such projects would be implemented across various sectors such as health, education, housing, transport, tourism, and municipal.

02 Increasing Government Subsidy for Fuel & Basic Food Commodities:

In light of the current global geopolitical situations, which led to a rise in oil prices and price of basic food commodities, the Government revised the subsidies to mitigate the implications. **By the end of H1 2022, Government subsidy amounted to:**

RO
314
Million

Allocated for oil products subsidy (the fuel prices were fixed in November 2021)

RO
11
Million

Allocated for basic food subsidy

03 Liability Management Exercise & Reducing Public Debt:

By the end of July 2022, total public debt amounted to RO 18.6 billion, down by RO 2.2 billion compared to the end of 2021.

Oman's liability management exercise reduces public debt by RO 2.2 billion as of end-July 2022. This was achieved through:



Buy-back some of sovereign bonds for less than its nominal value.



Prepayment of high cost loans.



Issuance of government Sukuk in Muscat Stock Exchange at preferable rate.

Outcomes:



Reduce total public debt to RO 18.6 billion by the end of July 2022.



Achieve saving on debt servicing cost of around RO 127 million.



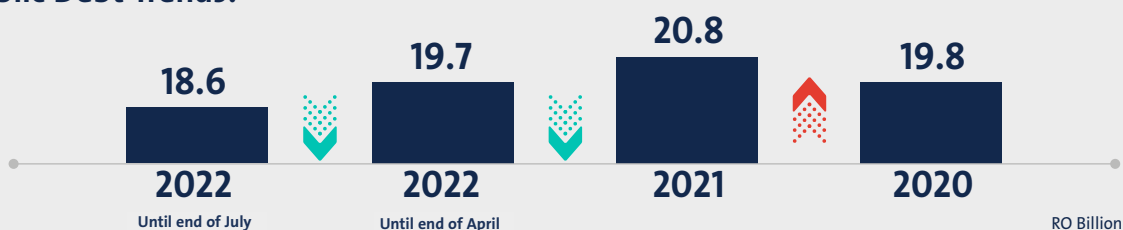
Enhance investors' confidence.



Improve Oman's credit ratings.



Public Debt Trends:



Supply Chain Financing (SCF) Scheme

SCF scheme is a government initiative managed by Ministry of Finance (MOF) and designed for financing the payment of Government contractors and suppliers on monthly basis through one of the local financing institutions. The MOF would cover the total financing amount and will pay part of the interest, while the contractors and suppliers will pay the remaining part of the interest by deducting from the funds they receive.

Beneficiaries of the SCF scheme

All Government contractors and suppliers, provided that:

01



The invoice

value must not be less than RO 100 thousand.

02



The total value of invoices

for the same client must be RO 100 thousand and more.

Objectives

Accelerate the payments of private sector.

Ensure supply chain sustainability.

Strengthening private sector participation in public tenders.

Improve cash management.

Benefits for the private sector



Supporting the private sector by obtaining timely payments.



Expanding the cooperation between the public and private sectors.



Enhancing financial efficiency and solvency of private sector.

To view more details, please click on:

Supply Chain
Financing Scheme

Supply Chain Financing
Participation Agreement

More than RO 500 million paid to private sector by the end of H1 2022

During the H1 2022, the Ministry of Finance has managed to settle the payments of private sector with an amount of RO 504.4 million. This reflects the payment vouchers received through the e-financial system, and which have completed the documentary cycle.

Global Economy

According to World Economic Outlook report (April, 2022) released by the International Monetary Fund (IMF), global growth is projected to slow from 6.1% in 2021 to 3.2% in 2022, lower than the rate that was anticipated in the April 2022 World Economic Outlook. In 2023, global growth is expected to grow up by just 2.9%.

According to the IMF, global output contracted in the second quarter of this year, owing to downturns in China and Russia, higher-than-expected inflation worldwide especially in the United States and major European economies, supply-demand imbalances, and high food and energy prices; which led to tighter monetary policy, the need for a disinflationary overall macroeconomic policy stance, and further negative spillovers from the geopolitical tensions. It is also projected that the global financial conditions may deepen the global debt crisis.

Global Oil Market

According to the July Short-Term Energy Outlook released by the U.S. Energy Information Administration (EIA), the spot price of Brent crude oil averaged US\$ 71 per barrel (b) in 2021, and the Brent price is expected to average US\$ 104/b in 2022 and US\$ 94/b in 2023.

Moreover, the OPEC pointed out in its monthly oil market report (July, 2022) that the world oil supply increased by 0.1 million barrels per day (mb/d) to 1.3 mb/d during the first half of 2022. The OPEC also indicated that the world oil demand decreased by 0.8 mb/d to 1.0 mb/d during the first half of this year and anticipated to rise by 2.1 mb/d to 2.3 mb/d during the second half of 2022.

National Economy

According to the July Monthly Statistical Bulletin released by the National Centre for Statistic and Information (NCSI), total merchandise exports amounted to RO 3,399.5 million at the end of Q1-2022. Hydrocarbon exports represent 61.1% of total merchandise exports due to an increase in the value of oil and gas exports in the Q1-2022, up by 66% compared to the same period in 2021. Total recorded merchandise imports amounted to RO 3,400.3 million at the end of Q1-2022.