

MINISTRY OF FINANCE CIRCULAR NO. 7 OF 2014

FROM: - FINANCIAL SECRETARY

TO: - CABINET SECRETARY, SOLICITOR GENERAL, CHIEF EXECUTIVE OFFICERS, HEADS OF DEPARTMENTS AND OTHER ACCOUNTING OFFICERS

SUBJECT: BUDGET CALL – DRAFT ESTIMATES OF REVENUE AND EXPENDITURES FOR FISCAL YEARS (FY) 2015/16 – 2017/18

DATE: November 3, 2014

1. The purpose of this circular is:
 - to advise ministries and departments of their approved budget ceilings for FY 2015/16 and forward estimates FY 2016/17 and FY 2017/18;
 - to set out the requirements for entering your budget estimates and forward estimates into the Corporate Performance Management (CPM 10) system in accordance with the budget ceilings; and
 - to provide instructions for the preparation and submission of programme-based budget documents for FY 2015/16, FY 2016/17 and FY 2017/18.
2. The priority areas for this budget process continue to be
 - Roads and Highways, streets and drains – construction and reconstruction;
 - Health care;
 - National and citizen security;
 - Housing; and
 - Social assistance.
3. In recent years Cabinet has introduced a number of improvements to the budget formulation processes aimed at helping us achieve a more affordable and sustainable budget. This has included the introduction of budget ceilings; the requirement to submit formal new spending requests for any additional resources above the ceiling for Cabinet consideration; and the requirement to submit mandatory savings options (from identifying efficiencies and targeting low priority and poor performing programs and activities).
4. For the FY 2015/16, your budget estimates are required to be submitted using a web-based application on SmartStream network, the Corporate Performance Management 10 Budget Module (CPM 10). This process will eliminate the need to submit a number of manual spreadsheets. Accounting Officers must ensure that the total estimates for Recurrent and Capital II **do not** exceed the relevant budget ceilings for their Ministry. Ministries work programs and activities must reflect the level of available resources within the ceiling. **If Accounting Officers consider that resources are required in excess of the ceiling, these must be submitted separately as a formal new spending requests to Cabinet in accordance with the instructions set out below. The CPM 10 will reject budget estimates that exceed the ceiling.**
5. While for the FY 2014/15 exercise ministries and departments were required to prepare multi-year programme budget statements in addition to the traditional line item annual budget estimates, for the FY 2015/16 budget exercise the presentation shall only be based on the Programme Budget format while still using the current Chart of Accounts. The allocations and de-reservations will follow the same routine by Cost Centers and Line Items. In future years, following the development of a new programme-based Budget Classification and Chart of Accounts, it is expected that the programme budget statements will replace the existing cost centre based annual budget estimates. The Ministry of Finance is currently reviewing the Chart

of Accounts. To assist in this exercise, ministries are required to bring to the budget consultations a list of the “Below the Line Accounts” they currently operate and to indicate how they plan to reconcile these accounts at the end of the fiscal year and if they plan to use them in future fiscal years.

6. The present expenditure budget ceilings and revenue forecasts for FY 2015/16 yield a primary balance of 1.9 percentage points of GDP and an overall deficit equivalent to 0.7 percent of GDP. The background for these estimates includes a projected modest growth in GDP, low inflation, a rising public debt as a consequence of the steady inflows under the Petro Caribe Accord. The medium-term economic and fiscal outlook that frame these estimates are highlighted in **ANNEX 1**.
7. Recurrent and Capital II ‘baseline’ expenditure ceilings for each Ministry for the 2015/16 budget and 2016/17 and 2017/18 forward estimates are presented in detail at **ANNEXES 4 and 5**. The ceilings reflect existing approved policies and programs only and have been determined taking into account the resources available under the Government’s fiscal framework. The ceilings for each Ministry is derived principally from the amount approved in the previous fiscal year (FY 2014/2015), the approved supplementaries, adjustments made for inflation and salary increments for approved personnel all which have been uploaded into the Corporate Performance Management (CPM 10) system. Ministries are required to input their line item budget estimates in accordance with the approved ceilings.
8. Financial and staffing information are required for Actual FY 2012/13 and FY 2013/14 Expenditure; Approved FY 2014/15 Budget; FY 2014/15 Projected Out-Turn; Draft FY 2015/16 Estimates and Forward FY 2016/17 and FY 2017/18 Estimates.
9. Ministries and departments are required to present information on their mission and vision for each programme. Also, required are information on programme objectives, planned key activities for 2014/15 and performance indicators (of output and outcome). All ministries are required to provide data for each indicator in the table provided in Budget Form 1(PB). The plan is to present the Programme Budget submissions of each ministry to the National Assembly. Ministries that require further information and guidance on the programme budgeting should contact Mr. Jose Franco (Tel: 822-2158; Email jose.franco@mof.gov.bz).
10. Ministries needing additional resources for urgent and unavoidable expenditure in excess of their budget ceiling must complete a new spending request for the consideration of Cabinet using Budget Form 2, which has been distributed electronically to all ministries. In addition, ministries are required to submit a mandatory potential savings equivalent to 5% of their FY 2015/16 budget ceiling. This is to provide Cabinet with a ‘menu’ of savings options from which it can choose, if required, to fund new urgent spending or meet fiscal targets. Following Cabinet consideration of new spending requests and savings options, ministries will be advised of their final budget ceilings for FY 2015/16 and forward estimates ceilings for FY 2016/17 and FY 2017/18. Final budget ceilings are expected to be issued in January, 2015.
11. Ministries should be aware that there are new guidelines for the approval of supplementary warrant. In accordance with these guidelines, supplementary warrant will not be approved unless such expenditure is **urgent** and was unforeseen at the time the budget was prepared. Requests that do not meet these criteria will require full offsetting savings. Any applications for genuine supplementaries should be made using the new format.
12. Accordingly, it is very important that ministries develop their work plans and activities in accordance with their final budget ceilings. Where new spending requests are not approved by Cabinet, ministries and departments will need to adjust their work programme to fit within the available budget ceiling rather than anticipating supplementary ‘top-up’ estimates to meet potential shortfalls.
13. A request for supplementary warrant due to insufficient resources, for example because a ministry did not adjust their work plans and activities to reflect their approved ceilings, will not be deemed ‘unforeseen’ and therefore will not be considered for additional resources unless full offsetting savings from elsewhere within the ministry’s existing budget ceiling are provided. Similarly, any requests for additional resources as a result of estimates being ‘omitted in error’ will also require full offsetting savings.

14. In executing their budgetary operations, ministries and departments must heed and adhere to the following:
- the Finance and Audit (Reform) Act 2005;
 - the Finance and Audit (Reform) (Amendment) Act 2010, S.I. No. 31 of 2010, which gave legislative effect to the Financial Orders and the Stores Orders;
 - the Fiscal Transparency and Responsibility Regulations, S.I. No. 95 of 2010;
 - Ministry of Finance Circular Number 8 of 1992, provides updated figures to those contained in Stores Orders Number 13;
 - Ministry of Finance Circular Number 7 of 2008 that deals with the employment of new staff and the upgrading of positions; and
 - Ministry of Finance Circular Number 10 of 2008 that addresses overtime payments to established staff.
15. Ministries and Departments are to complete entering their draft and forward estimates, in conformity with the budget ceilings, by expenditure category and economic classification into CPM 10 by November 28, 2014. New spending requests, savings options and revenue proposals are also due for submission on this date. Details of the budget forms and deadlines for completion are set out at **ANNEX 8**, and the forms have also been distributed electronically. The detailed budget time table is at **ANNEX 9**.
16. Nine Annexes form an integral part of this circular, as they provide more detailed instructions and background to the budget estimates. These annexes are the following:

Annex 1 – Medium-Term Economic and Fiscal Outlook

Annex 2 – Preparation and Submission of Draft Budget and Forward Estimates

Annex 3 – FY 2015/16 Recurrent and Capital Baseline Ceilings

Annex 4 - Recurrent Expenditure Ceilings and Forward Estimates

Annex 5 – Capital II Expenditure Ceilings and Forward Estimates

Annex 6 – Prioritizing Budget Expenditures – New spending requests and savings options and Revenue measures

Annex 7 – Government Procurement

Annex 8 – Budget Forms and Deadlines

Annex 9 – Budget Timetable

17. The contacts for all inquiries relating to budget process are:

Mr. Marion Palacio, Deputy Financial Secretary, Budget
Ministry of Finance, Sir Edney Cain Building, Belmopan
Email: Marion.Palacio@mof.gov.bz

And/or

Mr. Artemio Osorio, Budget Director
Ministry of Finance, Sir Edney Cain Building, Belmopan
Email: Artemio.Osorio@mof.gov.bz
Tel. 501-822-2344, Fax 501-822-2886,

18. As Belize continues to face an extremely difficult fiscal environment, your cooperation and adherence to the instructions set out in this circular is essential for the success of the budget process.

JOSEPH WAIGHT
FINANCIAL SECRETARY

ANNEX 1: MEDIUM-TERM ECONOMIC AND FISCAL OUTLOOK

Despite some recent signs of economic improvement and better than expected revenue collections in the current year, the FY 2015/16 budget is being prepared against the background of a very difficult fiscal outlook for Belize. The need to make higher debt payments, and the impact of the projected decline in future oil revenues, means there continues to be very little scope for new or additional spending for ministries and departments.

Robust economic activity in most sectors of the economy led to GDP growth of 8.7% of GDP in the second quarter increasing the overall rate of GDP growth to 3.7% during the first six months of 2014. While it is expected that this trend will continue in the remaining quarters of 2014, the trend may decrease as activity in the sugarcane industry decreases due to end of the sugarcane harvest. While the renegotiation of the Bond 2038 was successful, interest payments are still high as the net decrease of interest rate was only 1% (from 6% to 5%) and debt service is estimated at 20.4% of government's current revenue. Moreover, the external level of government debt as a percentage of GDP currently at 75.1% of GDP is expected to increase in 2015 due to the increasing financing obtained under the Petro Caribe Agreement. It is to be noted that debt service on the Petro Caribe Loans will be due in September 2015, well within Fiscal Year (FY) 2015/16. While the interest payments may be low on these loans, the principal payments in FY 2015/16 will be an additional \$2.0 million dollars and it will grow to \$10.0 million by FY 2017/18. This shows that further structural adjustment to our budget is required if we are to live within our means and able to meet the increase in debt service requirement specially when the interest rate on the "superbond" increases from 5% to 6.767% in 2017 which is when we also expect the revenue from the oil sector to decrease. It is noted that the increase in interest payments on the Superbond will increase in FY 2017/18 by approximately \$16.0 million dollars. There is also the looming payments for the nationalization of BTL and BEL.

The expenditure ceilings, totaling \$850.9 million for recurrent and \$90.5 million for Capital II, that we are providing will achieve a primary surplus of 1.9 percent of GDP for FY 2015/16 and an overall deficit to approximately 0.7 percent of GDP. Clearly, any additional outlays, without reprioritizing other expenditure lines or revenue increases, would result in expansions to the public debt and overall deficit. In order to meet the fiscal balance target above and consistent with forecast revenues, you are urged to comply with the provisions of this circular. While there is no formal ceiling for Capital III, Line Ministries are requested that funding be confirmed for all the projects under this expenditure category.

As in previous years, the Government's priorities for FY 2015/16 and the medium term continue to be focused, within available resources, on **Education, Health and Poverty Elimination, Security, with an adequate level of infrastructure expenditure.** Belize is also committed to continue working towards the achievement of the Millennium Development Goals (MDGs) especially in 2015 which is the target year to see results on this program. Consequently, investment expenditures as reflected in Capital II and Capital III projects will primarily be aimed at reducing poverty and improving the delivery of education, health care, housing, infrastructure needs and assist in reducing crime. It is also projected that expenditure will increase in relation to border security issues.

ANNEX 2: PREPARATION AND SUBMISSION OF FY 2015/16 BUDGET AND FORWARD ESTIMATES

Recurrent and Capital II 'baseline' expenditure ceilings for each Ministry for the FY 2015/16 budget and FY 2016/17 and FY 2017/18 forward estimates are presented in detail at **Annexes 4 and 5**. The ceilings reflect existing approved policies and programs only and have been determined taking into account the resources available under the Government's fiscal framework. The ceilings for each Ministry is derived principally from the amount approved in the previous fiscal year (2014/2015), the approved supplementaries, adjustments made for inflation and salary increments for approved personnel all which have been uploaded into the Corporate Performance Management (CPM 10) system. Ministries are required to input their line item budget estimates in accordance with the approved ceilings and to take concerted steps to contain staff costs through reorganization.

The format for the presentation of programme-based estimates is set out in **Budget Form 1(PB)** which has been distributed electronically. The form requires ministries and departments to provide details against the following headings and sub-headings:

Section 1: Ministry Programme Summary

- Ministry's Vision
- Ministry's Mission Statement
- Strategic Priorities and Objectives
- Total Staff Numbers for the ministry

Section 2: Programme Details by Economic Classification (separate table for each programme)

- Programme Objectives
- Staffing numbers for each programme by category (managerial, technical or administrative)
- Key Programme Activities for 2015/16
- Performance Indicators (Input - Output and Outcome)

Financial and staffing information should be presented for Actual Expenditure FY 2013/14; Approved Budget FY 2014/15; FY 2014/15 Revised Estimates (or Projected Out Turn); FY 2015/16 Budget Estimates; FY 2016/17 Forward Estimates; and FY 2017/18 Forward Estimates). The total budget and forward estimates for each ministry and department should be consistent with the ceilings set out at **Annexes 4 and 5**.

The new multi-year budgeting process utilizes a concept known as 'rolling' forward estimates as the basis for establishing future budget ceilings. Under this approach, budget ceilings are presented for the budget and two following fiscal years. As we move from one budget to the next, the 'forward estimates' of the two forward fiscal years (ie. in this case FY 2016/17 and FY 2017/18) will 'roll forward' to become the starting point or new baseline ceiling for the FY 2016/17 budget, subject to any spending decisions approved by Cabinet. As spending decisions are made by Cabinet, ministries' budgets and forward estimates will be updated to reflect the financial implications of such decisions. This is intended to strengthen fiscal discipline as well as provide ministries greater certainty and flexibility in using their resources within the approved ceiling. The forward estimates for FY 2016/17 and FY 2017/18 reflect current budget year (ie. FY 2015/16) prices. Any adjustments for future inflation will be made in consultation with the Budget Department during the relevant budget cycle.

The programme budget statements also require ministries and departments to present information on their mission and vision as well as, for each programme, programme objectives, planned key activities for FY 2014/15 and performance indicators (of output and outcome). All ministries are required to provide data for each indicator in the table provided in Budget Form 1(PB). It is intended that the Programme Budgets submissions of each ministry will be presented to the National Assembly.

Most ministries and departments have attended programme and performance budgeting training provided by the SEMCAR Advisor and should be well advanced in the preparation of the narrative information of their programme budget statements including programme objectives and performance indicators. For further information and guidance on the requirements of the programme budget estimates, ministries should contact Mr. Jose Franco (Tel: 822-2158; Email jose.franco@mof.gov.bz).

ANNEX 3: FY 2015/16 RECURRENT AND CAPITAL BUDGET BASELINE CEILINGS

Table to be completed by Ministry or Department

XX. MINISTRY OF XXXX				
		2015/16 Budget Ceiling	2016/17 Forward Estimate	2017/18 Forward Estimate
Recurrent				
Baseline Recurrent Ceiling (previous 2015/16 and 2016/17 forward estimates plus 2016/17)				
+ Forward Year Financial Impact of 2014/15 Post-Budget Spending Decisions, if any (list each adjustment)				
+ Approved Adjustment for Inflation (if any)				
+ Approved Adjustment for Wage/Salary increases (if any)				
- Approved Savings (if any)				
2015/16 Recurrent Expenditure Ceiling				
Currently Approved Capital II Expenditure				
Act.	Name of Project			
	Project A			
	Project B etc			
2015/16 Capital II Expenditure Ceiling				
2015/16 BUDGET CEILING AND FORWARD ESTIMATES				

ANNEX 4: RECURRENT EXPENDITURE BUDGET CEILINGS AND FORWARD ESTIMATES

	Actual Budget Approved FY 2014/15	Projected Outturn FY 2014/15	New Budget Ceiling FY 2015/16	Budget Ceiling FY 16/17	Budget Ceiling FY 17/18
	(\$'000)				
TOTAL	821,797.5	820,673.9	850,880.0	876,406.4	902,698.6
Office of the Governor General	357.3	370.4	386.7	398.3	410.3
Judiciary	8,712.4	8,655.1	9,086.8	9,359.4	9,640.2
Legislature	2,379.5	2,301.5	2,410.4	2,482.7	2,557.2
Ministry of the Public Service and Elections & Boundaries	13,142.0	13,591.9	13,892.4	14,309.2	14,738.4
Director of Public Prosecutions	2,633.9	2,178.4	2,295.2	2,364.1	2,435.0
Auditor General's Office	2,207.5	2,238.6	2,351.2	2,421.7	2,494.4
Office of the Prime Minister	4,758.7	4,557.1	4,652.9	4,792.5	4,936.3
Ministry of Finance & Economic Development	237,080.5	241,008.6	244,685.2	252,025.8	259,586.5
Ministry of Health	104,957.0	104,242.4	106,865.0	110,071.0	113,373.1
Attorney General & Ministry of Foreign Affairs	19,391.3	18,778.1	19,438.6	20,021.8	20,622.4
Ministry of Education, Youth & Sports	222,550.2	220,785.0	234,148.1	241,172.5	248,407.7
Ministry of Forestry, Fisheries & Sustainable Dev.	6,651.1	6,591.1	6,902.8	7,109.9	7,323.2
Ministry of Natural Resources & Agriculture	15,277.8	14,884.7	15,522.5	15,988.2	16,467.8
Ministry of Trade, Investment Promotion, Private Sector Development & Consumer Protection	4,505.9	4,401.2	4,499.4	4,634.4	4,773.4
Ministry of Tourism & Culture	5,347.6	4,777.7	4,859.3	5,005.1	5,155.2
Ministry of Human Development, Social Transformation and Poverty Alleviation	14,651.4	14,425.2	14,745.3	15,187.7	15,643.3
Ministry of Works & Transport	16,652.8	17,897.1	18,743.2	19,305.5	19,884.7
Ministry of National Security	114,825.2	111,768.1	117,221.5	120,738.1	124,360.3
Ministry of Housing & Urban Development	1,686.8	1,610.7	1,682.2	1,732.7	1,784.6
Ministry of Labour, Local Government, Rural Development, NEMO & Immigration & Nationality	22,114.7	23,758.4	24,558.4	25,295.2	26,054.0
Ministry of Energy, Science & Public Utilities	1,913.9	1,852.7	1,932.9	1,990.9	2,050.6

ANNEX 5: CAPITAL II EXPENDITURE CEILINGS AND FORWARD ESTIMATES

Capital 2 Budget, Outturn and Ceiling by Ministry

-	(\$'000)						
	Actual Expenditure FY 12/13	Actual Expenditure FY 13/14	Approved Expenditure FY 14/15	Expected Out-Turn FY 14/15	Budget Ceiling FY 15/16	Projected Ceiling FY 16/17	Projected Ceiling FY 17/18
TOTAL	66,651.4	111,577.1	106,878.8	83,507.5	90,489.8	93,204.5	93,233.6
Office of the Governor General		15.8	15.1	7.6	10.3	10.6	10.8
Judiciary	254.1	266.8	87.6	95.5	77.3	79.6	81.2
Legislature	22.3	10.3	9.7	4.9	10.3	10.6	10.8
Ministry of the Public Service and Elections & Boundaries	419.5	638.3	1,330.6	698.1	215.7	222.2	226.6
DPP	25.0	20.8	64.1	42.6	23.7	24.4	24.9
Auditor General's Office	29.5	17.5	43.3	21.7	43.5	44.8	45.7
Office of the Prime Minister	372.4	881.6	663.2	378.9	373.8	385.0	392.7
Ministry of Finance & Economic Development	12,155.1	25,079.0	39,294.1	24,445.5	25,450.5	26,214.0	24,903.3
Ministry of Health	1,398.1	3,614.0	4,691.3	3,871.0	4,335.6	4,465.7	4,555.0
Attorney General's Ministry & Ministry of Foreign Affairs	1,214.8	262.8	1,166.3	700.7	618.0	636.5	649.3
Ministry of Education, Youth & Sports	3,422.8	5,659.0	4,388.7	3,697.6	3,645.4	3,754.8	3,829.9
Ministry of Forestry, Fisheries & Sustainable Development	680.8	738.9	1,111.1	740.0	661.4	681.2	694.9
Ministry of Natural Resources & Agriculture	10,545.9	13,877.2	16,308.4	15,878.1	13,713.7	14,125.1	14,407.6
Ministry of Trade, Investment Promotion & Consumer Protection	318.6	278.5	578.0	369.7	174.1	179.3	182.9
Ministry of Tourism & Civil Aviation	83.2	457.8	458.5	256.9	720.5	742.1	757.0
Ministry of Human Development & Social Transformation	10,619.9	10,308.8	8,463.9	6,562.1	10,374.9	10,686.1	10,899.9
Ministry of Works & Transport	21,002.6	41,294.3	22,050.0	21,711.0	24,257.3	24,985.0	25,484.7
Ministry of National Security	1,533.5	2,375.4	2,716.9	1,632.3	3,021.1	3,111.7	3,174.0
Ministry of Housing & Urban Development	932.7	3,464.7	150.0	422.4	412.0	424.4	432.8
Ministry of Labour, Local Government, Rural Development, NEMO & Immigration	973.5	1,683.9	1,997.0	1,227.3	1,640.0	1,689.2	1,723.0
Ministry of Energy, Science & Technology and Public Utilities	647.1	647.5	1,306.1	751.8	721.0	742.6	757.5

ANNEX 6: PRIORITISING BUDGET EXPENDITURES – NEW SPENDING REQUESTS, AND SAVINGS OPTIONS AND REVENUE MEASURES

New Spending Requests

Ministries that wish to request additional resources for urgent and unavoidable expenditure in excess of their budget ceiling must complete a new spending request for the consideration of Cabinet using Budget Form 2 that has been distributed electronically to all ministries. **Budget Form 2(a)** should be used for new or additional recurrent expenditure and minor capital, **Budget Form 2(b)** for replacement minor capital expenditure II (eg computers, office equipment, furniture etc), and **Budget Form 2(c)** for new major capital expenditure and other projects. A separately completed form, setting out costs, need, urgency and expected results of the additional resources should be completed for each proposal, and multiple proposals should be ranked in order of priority.

Requests for additional resources for capital projects should be clearly identified as either "ongoing" or "new" projects. For Capital III expenditure ministries should only submit requests for projects for which external funding has been secured or is highly likely to be secured during FY 2015/16 as well as identifying the source of funds (Funding Agency) and financing (grant and/or loan). Accounting Officers should also ensure that the full future recurrent costs of proposed capital projects are identified.

Cabinet will consider new spending requests taking into account availability of resources, the relative priority of the proposal (in terms of social and economic impact), planned results (outputs and outcomes) and overall value for money. However, the scope for allocating additional resources for new spending in 2015/16 is extremely limited and only the highest priority new spending requests will be approved. For new major capital spending requests ministries are advised that there is little scope for new borrowing (including concessional loans) given Belize's current debt levels.

Ministries and departments should, therefore, only submit requests for additional resources for new spending that are considered both urgent and essential. Requests that do not meet these criteria will not be considered by Cabinet

Mandatory Savings Options

The current fiscal environment requires us to make difficult choices if we are to live within our means. With revenue growth weak, new urgent spending priorities can only be funded if savings are identified from elsewhere within the Government's budget.

Therefore, in parallel with the new spending round, **all** line ministries and departments are required to submit potential savings options equivalent to 5% of their 2015/16 budget ceiling. This requirement is **mandatory**.

This process is intended to provide Cabinet a 'menu' of savings options from which it can choose, if required, to fund new urgent spending or meet fiscal targets. Targeting savings from the lowest priority and poorest performing programmes is intended to eliminate the need for 'across the board' budget reductions in ministry and department budget allocations. Savings options ensure that any reduction in budget allocations is matched by clearly specified efficiencies or reductions in programs or activities, thereby avoiding so-called unfunded mandates. **Nevertheless, Ministries who fail to submit savings options (or who submit clearly unrealistic options) will be subject to an automatic 5% across the board reduction of their budget ceiling.**

The format and instructions for completing the savings options is provided at **Budget Form 3 (which has also been distributed electronically)**. Ministries and departments may be required to present several 'options' to achieve the 5% target and should specify any adverse consequences that would arise from implementing the savings. A separate form should be completed for each savings option.

The budget estimates also requires the inclusion of Recurrent and Capital II Expenditure by Project Execution Units of Line Ministries, especially in regards to counterpart funding to Capital III Projects. It is extremely important that provisions be made for (Capital) counterpart funding as this

is a major cause of supplementary requests and is one practice that the MOF seeks to reduce. When calculating capital requests Line Ministries should “roll over” any savings to the following fiscal year.

Revenue Estimates

Ministries should also enter their revised estimates of revenue into CPM 10 using the latest actual and forecasted economic and budgetary data, actual collections and most probable trends. Ministries should also examine options for setting revenues consistent with full cost recovery for providing user services. Estimates should be updated for the effects of any new laws and policies approved by Government. For example, provisions are to be made for a decrease in GST collection due to Zero-rating of the supply of Internet Services or the possible removal of Revenue Replacement Duty (RRD) on CARICOM imports.

The current position of arrears of revenue should be rigorously examined with a view to reducing the present levels and safeguarding against accumulation of further arrears in FY 2015/16. A detailed description of arrears of recurrent revenue, together with details of an effective collection strategy should be submitted with the recurrent revenue proposal to the Ministry of Finance.

In preparing estimates of **capital revenue**, particular attention should be focused on the sale of land and also those items of "non-recurrent" or "extra-ordinary" revenue, e.g. sale of capital assets etc. which cannot be relied on from year-to-year to sustain recurrent expenditures.

ANNEX 7: GOVERNMENT PROCUREMENT

Government Procurement has taken new importance in recent years as the public is much vigilant of procurement practices in the public service. Creditors of the government and donors also demand that there be transparency in government procurement to ensure accountability and value for money. Line Ministries are therefore, encouraged to follow the rules in regards to government procurement and ensure use of the Open Tendering Procedure as much as possible in accordance with the provisions of the Finance and Audit (Reform) Act 2005 as amended. Some tips to follow in regards to Government Procurement are as follows:

1. Line Ministries (LM) are urged to draft procurement plans and so establish a cash flow requirement on a pre-determined basis, be it monthly, bi-monthly, etc. In this way availability of funds is ensured when needed.
2. LM are urged to carry out strategic procurement which seeks, inter alia, to build partnerships with key suppliers, be informed of new and improved products, replacement parts, etc.
3. Locating and maintaining best sources of suppliers for goods or services needed.
4. Locating not only the cheapest price but quality, value and the ability to respond to changing supply requirements.
5. Purchase in bulk to ensure discounts especially for large ministries.
6. Keep a list of suppliers of goods, services and works.

There are some developments in this area which will call for training of Procurement Officers. Line Ministries will be informed of this by the Ministry of Finance.

ANNEX 8: BUDGET FORMS AND DEADLINES

Ministries are required to complete the following information into CPM 10 or using the excel spreadsheets in accordance with the deadline indicated. Excel forms have been distributed to ministries electronically.

Budget Data		Deadline for Submission
CPM 10 Data Input:	Submission of: <ul style="list-style-type: none"> • Recurrent Approved and Projected Estimates FY 2014/15, Ministries Recurrent Budget Estimates FY 2015/16 • Capital II Approved and Projected Estimates FY 2015/16, Ministries Capital II Budget Estimates FY 2015/16 • Personal Emoluments of Established and Un-established Staff • Statement of Objectives and Outcomes • Estimates of recurrent revenue 	28 November 2014 (for all)
Budget Form 1 (PB):	Programme Budget Estimates	28 November, 2014
Budget Form 2(a):	New Spending Request (Recurrent)	28 November, 2014
Budget Form 2(b):	New Spending Request (Minor Capital – Equipment, Furniture and Vehicles)	28 November, 2014
Budget Form 2(c):	New Spending Request (Major Capital Investment and Other Projects)	28 November, 2014
Budget Form 3:	Savings Options	28 November, 2014

ANNEX 9: BUDGET TIMETABLE

Ministries and departments should enter data to the CPM 10 system by no later than 28 November 2014. Failure to adhere to this deadline will adversely delay budget preparation and affect the timing of discussions between the Budget Review team and the individual Ministries and Departments.

Requests for new spending above the budget ceiling, as well as savings options and proposed new or additional revenue measures should also be submitted by 28 November 2014.

The Ministry of Finance will conduct formal budget consultations with each ministry following their submission of the budget forms in order to prepare the Mid-year Assessment and Fiscal Outlook and draft 2015/16 Budget and Forward Estimates. These meetings are tentatively scheduled for December 15-19 and if necessary continued after in January 2015.

(FY 2015/16 BUDGET CYCLE)

Key Task	Activities	Responsibility	Target Completion Date
Budget Call Circular 2015/16 Issued	Budget Call Circular issued to all line ministries (LMs) setting out baseline budget ceilings and requirements for: <ul style="list-style-type: none"> annual budget estimates submission new spending requests (above initial ceiling) , savings options, and revenue measures (ie LM fees and charges); and multi-year programme budget statements 	Budget Department (BD)	22 October 2014
Preliminary Consultations with LMs	BD meets with LMs to discuss new spending proposals and proposed revenue measures in the context of the Government's fiscal targets and Fiscal Outlook and Mid-Year Budget Review Report.	BD, LMs	Oct 27 – Nov 7, 2014
Fiscal Outlook and Mid-Year Budget Review Report	BD prepares the Fiscal Outlook and Mid-Year Budget Review Report including, inter alia updated MTFE setting out medium term revenue, expenditure and fiscal balance targets.	BD	7 November
	Cabinet approves and submits Fiscal Outlook and Mid-Year Budget Review Report to National Assembly (tentative)	Cabinet	15 November
Budget Estimates entered into CPM 10	LMs enter draft budget and forward estimates by expenditure category and economic classification into CPM 10 in accordance with 2015/16 budget ceilings		28 November
LMs submit 2015/16 budget submission	LMs submit the following: <ul style="list-style-type: none"> new spending requests, savings options and revenue proposals 	LMs	28 November
	BD rejects and returns incorrect or incomplete submissions to LMs for amendment and resubmission.	BD, LMs	5 December
Draft Programme Budget Estimates	All LMs submit draft 2015/16 multi-year programme budget statement (ie 2015/16 budget estimates and 2016/17 and 2017/18 forward estimates by programme)	All LMs	15 December 2014
Final 2015/16 Budget Ceilings Approved by Cabinet	BD submits recommendations on new spending, revenue measures, and final budget ceilings in accordance with MTFE to Cabinet.	BD	15 January
	Cabinet approves new spending and revenue measures and final 2015/16 budget ceilings and forward estimates.	Cabinet	15 January
	BD updates CPM 10 system to reflect final budget and forward estimates	BD	15 January
Preparation of Draft Budget and Fiscal Strategy Statement	BD prepares Draft Budget 2015/16 Budget Estimates and Forward Estimates based on Cabinet approved ceilings, new spending initiatives and savings options.	BD	7 February
	BD consolidates 2015/16 – 2017/18 Programme Budget and Forward Estimates (based on LMs programme budget statements).		
Draft 2014/15 Budget and Fiscal Strategy Statement Approved by Cabinet	Draft 2015/16 Budget Estimates and Forward Estimates and Fiscal Strategy Statement submitted to Cabinet for approval.	BD	12 February
	Cabinet approves Draft Budget and Fiscal Strategy Statement	Cabinet	13 Feb
Submission of Draft Budget to National Assembly	Draft 2015/16 Budget Estimates and Forward Estimates submitted to National Assembly (incorporating the Fiscal Strategy Statement)	PM	2 March
	Draft Programme budget statements submitted to National Assembly as supplementary budget paper	PM	1 March
	Budget Debate	Assembly	1-31 March
	Budget Approved	Assembly	31 March
Final Budget Outcome Report	MoFED prepares Final Budget Outcome Report	MoFED	15 July
	Final Budget Outcome Report approved by Cabinet and submitted to National Assembly	Cabinet	31 July