



DEBT MANAGER IN THE FORMULATION AND EXECUTION OF THE ANNUAL BUDGET IN THE GAMBIA

PRESENTATION OUTLINE

- Budget preparation processes
- Implementation and control
- Cash management
- Role of debt manager
- Challenges
- Conclusion

Budget Preparation

- *Begins with Budget Framework Paper (BFP)*

This :

- ◆ Assess the macroeconomic situation of the country
- ◆ Analyze the frame work of the country in the medium term
- ◆ Considering the expenditure and revenue outlook for the medium term

BP cont.

- *The BFP is followed Call Circular, which is release based on the BFP, this determines or provides:*
 - ❑ Policy guide line
 - ❑ Communicates the ceilings allocated to MDA
 - ❑ Other budgeting guide lines for the fiscal year

Implementation and Control

- Based on call circular instructions, institutions MDAs will prepare their budget and submit to Ministry of Finance
- MDAs, are given schedule for bilateral with budget execution committee to review their submission
- After bilateral with MDAs a consolidated cabinet budget is submitted to cabinet to seek their approval
- When approval is granted, the consolidated budget submitted to the National Assembly for scrutiny

IC cont.

Budget discussion focus on:

- Revenue

mainly non tax

- Expenditure

Personnel emolument –PMO & Sector

Goods and Services

Current Transfers

Capital Expenditure

IC cont.

- Sectors are required to resubmit their budget if it varies significantly with the ceiling without tangible justification
- Revenue collecting agencies submit their forecasting along side their expenditure requirements
- After all revenue forecasts have been discussed and entered into the budget system, MOF will compare the overall figures against their expenditure forecasts
- If huge variation occurs, individual revenue generating agencies are notified for possible adjustment

Draft Budget

- The draft budget is reviewed by MOF and IMF
- To determine consistency with IMF fiscal forecast and policies
- IMF discussion focus mainly on budget aggregates
- Cabinet will deliberate on the draft cabinet budget, make amendments if any for inclusion before sending it to National Assembly, this needs to be done at least thirty days before the end of financial year
- NA review the budget on the basis of government development objectives

Budget Implementation

- Disbursements are made to MDA in accordance with the approved estimates,
- A General Warrant will be conveyed to all Permanent secretaries by the Minister of MOF
- A virement Warrant to cover recurrent or development expenditure.
- Provision designated as Reserved requires the issuance of Release Warrants by the Minister of MOF before the fund are made available for spending

Cash Management

- MOFEA operates cash budget and issue monthly cash allocation for spending by institution based on the expectation of revenue performance and sector cash requirements over the same period
- The cash release to ministries are mainly personnel emolument, other charges including current transfers, Goods and services and development expenditure

Role of Debt Manager

- Debt Managers including stakeholders in the budget preparation make up the Budget executing committee
- This committee reviews the submissions from the MDAs before having bilateral with them
- The essence of prior review was to check for compliance with BFP, call circular, National Development Plan (NDP) priorities.
- Once the consolidated budget is approved by cabinet, the deficit determine, debt managers ensure that the deficit is finance at the most optimal cost.
- Debt managers in collaboration with Central Bank of the Bank, embark on weekly Treasury Bill auction, to financing the government deficit

Role of DM cont.

- When government wish to contract external loans for development financing or otherwise, debt managers analyze the terms of the loans for consistence with the IMF and World Bank policy.
- They make sure that the borrowing is prudent and cost effective
- Debt manager actively participate in all the processes of budget formulation and execution
- Debt Management Department provides debt service allocation to the budget, which includes: principal, interest payment for both domestic and external.

Challenges

- Budget preparation is not fully strategize
- Unwillingness to use report for decision making
- Lack of compliance to cash plan implementation strategy
- Refinancing risk due to short-term nature of treasury bills.
- The issuance of non-marketable Bonds, which are mainly arrived at due to persistence prevalence of fiscal dominance over the years.

Conclusion

- The role of debt managers in the formulation of annual budget plan cannot be over emphasised, hence the deficit is determined in the budget, which needs to be financed by either borrowing domestically or externally
- Debt managers ensure these borrowings are done in the best optimal manner with prudent degree risk and cost.