



REPUBLIC OF BOTSWANA



BUDGET SPEECH PREPARATION PROCESS

By

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At The

2011/12 BUDGET PITSO

Ministry of Finance and Development Planning

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Director of Ceremonies,
Honourable Ministers,
Permanent Secretaries here present,
Distinguished Guests,
Ladies and Gentlemen,

Introduction

1. Further to my presentation on the National Development Planning (NDP) processes early this morning, I wish to share with you the processes involved in the preparation of the annual Budget Speech. If you can recall, the presentation that has just ended was on the Budget processes. In a Parliamentary system like that found in Botswana, a national Budget is typically presented in a form of a Budget Speech. While the Budget outlines how Government plans to collect and spend taxpayer's money, the Budget Speech is a Government blue print that specifies policies, programmes and projects that Government will undertake in a given year in pursuit of national goals and aspirations as specified in the current NDP.

Key Players in the Preparation Process

2. In Botswana, the Ministry of Finance and Development Planning (MFDP) is responsible for coordinating the preparation of the annual Budget and the Budget Speech. Other key players include the line Ministries, Parastatals, Cabinet and Parliament, all of which go through the processes with the goal of reflecting the views and priorities of all citizens. MFDP plays both an advisory role as well as making analysis of economic and fiscal issues. The Ministry also plays the leading role in commenting or challenging the policy and programme proposals of other Ministries. In the past, another key player was the National Employment, Manpower and Incomes Council (NEMIC). The Council provided recommendation to Government on whether or not to adjust salaries for the public sector. NEMIC is chaired by the Minister (MFDP) and its membership is drawn from senior representatives from the public sector, parastatals, private sector and trade unions.

Key Stages in the Preparation of the Budget Speech

3. The Budget Speech preparation starts in September/October of each year, with formulation of a theme for that year. The theme is approved by the Minister of Finance and Development Planning before it can be circulated to other Ministries to provide guidance in the preparation of the Speech. There have been concerns, however, that it was difficult to mainstream the theme in the Budget Speech with development initiatives for a given year.
4. Once the theme is approved, a call circular for preparing the Budget Speech is issued out around October/November requesting for contributions from the Ministries including (Local Authorities through the Ministry of Local Government). The process of preparing submissions by Ministries usually takes a period of two weeks. Such contributions are collated and validated by MFDP into the first draft of the Speech.
5. The first draft is reviewed by senior management (including the Minister and Assistant Minister) within MFDP. At this stage, some consultation process also takes place between MFDP and other Ministries particularly at senior management level to validate the submissions and policy issues.
6. Three meetings are normally held to discuss the first, second and third draft by the senior management. Once the draft has gone through all these stages, it is submitted to Cabinet through a Cabinet Memorandum, in January each year for consideration and approval.
7. Once approved by Cabinet, the Speech is submitted to Government Printing and Publishing Services for printing. The Budget Speech is then delivered to the National Assembly on the first week of February, usually on a Monday. The delivering of the Budget Speech starts the Budget Session of Parliament.
8. Members of Parliament are given three days before commencing debate on the Budget Speech and considering it for approval. Upon approval by Parliament, respective Ministers then present Committee of Supplies Speeches for their Ministries. Committee of Supplies Speeches provide detailed budget proposals for specific sectors in Ministries whereas the Budget Speech gives details at a national and aggregated level.

Issues considered in Preparing the Budget

9. Economic performance locally, regionally and globally including issues of trade and regional integration are covered in the Speech. This includes economic growth, current account balance and overall balance of payments. Other macroeconomic issues like inflation, exchange rates, economic outlook and risks, projected revenues and expenditures are covered. The priority areas at national or sectoral level are highlighted and they include on-going projects, maintenance of existing infrastructure and new projects.

Major Reforms in the Budget Speech Preparation Process

10. Exclusion of a Theme- MFDP has decided to exclude the Theme. For a number of years, stakeholders including Members of Parliament have raised questions about the relevance of having a theme and whether its overall objectives are ever realised. Some are of the opinion that a theme limits contributors to a specific topic or area of concern particularly given the diversity of issues that have to be addressed each year. To address this limitation, it was decided that instead of a theme, national priority areas and objectives as identified in NDP 10 should be used. These priority areas should then give guidance to the structure of Budget and the Speech. To augment these priority areas, there should also be a clear statement of intent on what the issues are, what will be done during the year and how it will be done? Hence the preparation of the Budget Strategy Paper.

11. Another section to be excluded from the Speech is the sectoral reviews. Instead, the Budget Speech will focus on major policies and strategies including those in different sectors which will guide the development priorities of the country. The sectoral reviews will be discussed in the specific sectors through the Committee of Supplies Speeches by various Ministries.

12. We are also in the process of creating a webpage within the Ministry's website. The webpage will be dedicated to the Budget and the Budget Speech. Members of the public will have an opportunity to submit comments on the process of preparing the Budget and Budget Speech as well as major issues that ought to be considered.

13. Another major improvement on the preparation of the Budget Speech is to enhance the consultation process. In addition to the webpage, MFDP is committed to holding two Budget Pitso, one for Members of Parliament, while the other will be for other stakeholders including representatives of the private sector, trade unions, civil society, non-governmental organisations, think tanks, media and academia, which will be held in September/October every year.

Conclusion

14. The proposed reforms are meant to enhance consultation and improve our budgeting system. We hope our stakeholders and development partners, in particular, will appreciate this increased transparency in our budgeting system.

15. Thank you.