

Financial Circular 07 2020

Budget 2021

Line Agency Ceilings and Guidelines for Submissions

8th July 2020

Part 1 – 2021 Indicative Budget Ceilings

1 Purpose

The purpose of this circular is to provide indicative budget ceilings for each ministry and to assist all ministries with the preparation of their budget submissions for the 2021 Budget. Ministries are to lodge budget submissions for the entire ministry approved by the Minister by no later than **27th July 2020**.

2 2021 Budget Ceiling Calculations

The Government aims to finalise and present a balanced budget for 2021. At this stage, revenue estimates assume that there will be no change in the rates of taxation but do depend on the expected growth of the economy in 2021.

Any revenue initiatives to be implemented in 2021 should be communicated to the Revenue policy unit. The total expected expenditure should be in line with the level of total revenue and receipts to achieve a balanced budget as stated in the 2021 Budget Policy Statement.

The ultimate allocation of resources is based on the Government priorities as defined by the Government in the 2021 Budget Policy Statement. This means that, although every effort will be made not to reduce ceilings that have been set, resources may be reallocated to reflect other priority areas in the light of the MBC's Budget considerations.

The 2021 budget ceilings given in Table 1, Table 2 and Table 3 below have been calculated as follows:

- a) Budget 2020 appropriations have been used as a base.
- b) All one-off funded activities, commitments and New Policy Proposals (NPPS) for 2020 have been netted out.
- c) 2020 debt repayments have been removed and 2021 debt repayments (both principal and interest) added.
- d) Ongoing supplementary for 2020 have been added.

Table 1 – 2021 Indicative Budget Ceilings by Ministry, in Vatu

AGENCIES	2021 INDICATIVE BUDGET
President of the Republic	62,842,632
Parliament	929,789,059
Office of the Ombudsman	61,934,447
Malvatumauri Council of Chiefs	96,754,939
National Audit Office	90,683,636
Citizenship Office	37,548,891
State Law Office	205,389,004
Public Prosecutor	88,632,188
Public Solicitor	74,424,984
Judiciary	313,602,008
Public Service Commission	180,913,668
Judicial Service Commission	1,914,514
Constitutional Agencies	2,144,429,970
Prime Ministers Ministry	784,609,237
Ministry of Education & Training	7,418,378,316
Ministry of Internal Affairs	2,747,893,627
Ministry of Finance and Economic Management	9,421,088,387
Ministry of Tourism, Trade, Commerce and Ni- Vanuatu Business	643,237,081
Ministry of Health	3,017,489,078
Ministry of Agriculture, Livestock, Forestry, Fisheries and Biosecurity	1,194,331,166
Ministry of Lands, Mines & Water Resources	418,521,411
Ministry of Infrastructure and Public Utilities	1,681,836,783
Ministry of Foreign Affairs, International Cooperation and External Trade	640,618,830
Ministry of Youth Development and Sports	178,342,478
Ministry of Justice and Social Welfare	531,791,988
Ministry of Climate Change Adaptation, Geohazards, Meteorology and Energy	529,408,981
Total For All Government Agencies	31,351,977,333

Table 2 – 2021 Indicative Budget Ceilings for Grant Bodies, in Vatu

AGENCIES	2021 INDICATIVE BUDGET
VTO	325,124,942
Vanuatu Chamber of Commerce	31,918,961
VARTC	70,032,584
Vanuatu Cultural Centre	43,402,152
Vanuatu Agriculture College	86,325,933
VBTC	95,193,317
URA	67,226,099
VMC	50,174,434
VIPA	49,115,761
National Archives	19,993,242
Total	838,507,425

Table 3 – 2021-2023 Baseline Allocations, VT millions (S = Supplementary, GC = Government Commitment, O = Ongoing)

Activity by Ministry		Current Budget Year	Budget Year	FE1	FE 2	FE 3	FE 4	
		NPP End	2020	2021	2022	2023	2024	2025
01	President of the Republic		61.55	62.84	63.99	65.20	66.52	67.86
	Payroll	O	39.21	40.21	41.10	42.04	43.07	44.11
	Operation	O	11.26	11.55	11.80	12.07	12.37	12.67
02	Parliament		1,300.52	929.79	950.31	972.22	995.94	1,019.93
	Payroll	O	200.42	205.54	210.08	214.92	220.16	225.47
	Operation	O	706.21	724.25	740.24	757.30	775.77	794.46
	2020 NPPs		186.25	0.00	0.00	0.00	0.00	0.00
	Legislature		181.68	0.00	0.00	0.00	0.00	0.00
	Goodwill Payment		4.56	0.00	0.00	0.00	0.00	0.00
03	Office of the Ombudsman		60.39	61.93	63.30	64.76	66.34	67.94
	Payroll	O	45.91	47.08	48.12	49.23	50.43	51.64
	Operation	O	14.48	14.85	15.18	15.53	15.91	16.29
04	Malvatumauri Council of Chiefs		94.48	96.75	98.77	100.93	103.26	105.63
	Payroll	O	62.83	64.44	65.86	67.38	69.02	70.68
	Operation	O	26.39	27.06	27.66	28.30	28.99	29.69
05	National Audit Office		95.42	90.68	92.09	93.59	95.22	96.86
	Payroll	O	47.20	48.40	49.47	50.61	51.85	53.10
	Operation	O	14.92	15.30	15.64	16.00	16.39	16.78
	2020 NPPs		6.98	6.98	6.98	6.98	6.98	6.98
	Recruitment	O	6.98	6.98	6.98	6.98	6.98	6.98
	Capital NPPs		6.32	0.00	0.00	0.00	0.00	0.00
	Office Refurbishment		6.32	0.00	0.00	0.00	0.00	0.00
06	Citizenship Office		36.61	37.55	38.38	39.26	40.22	41.19
	Payroll	O	19.85	20.36	20.81	21.29	21.81	22.34
	Operation	O	16.76	17.19	17.57	17.97	18.41	18.85
11	State Law Office		200.83	205.39	209.43	213.75	218.42	223.15
	Payroll	O	154.16	158.10	161.59	165.31	169.35	173.42
	Operation	O	24.48	25.11	25.66	26.26	26.90	27.54
	2020 NPPs		7.71	7.71	7.71	7.71	7.71	7.71
	New Position FIU - Cooperation Officer	O	2.07	2.07	2.07	2.07	2.07	2.07
	FIU Annual Membership Subscription & System Maintenance fees	O	1.50	1.50	1.50	1.50	1.50	1.50
	FIU Rental - Port Vila Mall Building	O	4.14	4.14	4.14	4.14	4.14	4.14
12	Public Prosecutor		102.34	88.63	90.27	92.02	93.91	95.82
	Payroll	O	60.24	61.78	63.14	64.60	66.17	67.76
	Operation	O	12.04	12.35	12.62	12.91	13.23	13.55
	2020 NPPs		3.53	3.53	3.53	3.53	3.53	3.53

	Recruitment of Principal State Prosecutor (Integrity & Commercial Crime)	O	3.53	3.53	3.53	3.53	3.53	3.53
	Capital NPPs		15.55	0.00	0.00	0.00	0.00	0.00
	Additional Funds for Construction of OPP		15.55	0.00	0.00	0.00	0.00	0.00
13	Public Solicitor		72.81	74.42	75.86	77.39	79.05	80.73
	Payroll	O	54.11	55.49	56.71	58.02	59.44	60.87
	Operation	O	9.28	9.51	9.72	9.95	10.19	10.44
14	Judiciary		324.14	313.60	320.20	327.24	334.86	342.57
	Payroll	O	198.94	204.02	208.53	213.34	218.54	223.80
	Operation	O	92.44	94.80	96.89	99.12	101.54	103.99
	2020 NPPs		13.63	11.13	11.13	11.13	11.13	11.13
	Additional to Court of Appeal	O	11.13	11.13	11.13	11.13	11.13	11.13
	Library Books Acquisitions		2.50	0.00	0.00	0.00	0.00	0.00
	Capital NPPs		15.48	0.00	0.00	0.00	0.00	0.00
S	Video Conferencing Equipment & Accessories		13.15	0.00	0.00	0.00	0.00	0.00
S	Teleconferencing Equipment & Accessories		2.33	0.00	0.00	0.00	0.00	0.00
19	Public Service Commission		192.91	180.91	183.84	186.96	190.34	193.76
	Payroll	O	99.06	101.59	103.83	106.23	108.82	111.44
	Operation	O	30.19	30.96	31.65	32.38	33.17	33.97
	2020 NPPs		33.42	18.13	18.13	18.13	18.13	18.13
	Resourcing of OPSC - Termination payment, local workshops, consultant		15.30	0.00	0.00	0.00	0.00	0.00
	Resourcing of OPSC - Permanent Wages	O	13.45	13.45	13.45	13.45	13.45	13.45
	OPSC GRT anomalies	O	4.68	4.68	4.68	4.68	4.68	4.68
21	Judicial Service Commission		1.87	1.91	1.96	2.00	2.05	2.10
	Payroll	O	0.66	0.68	0.70	0.71	0.73	0.75
	Operation	O	1.20	1.23	1.26	1.29	1.32	1.35
M02	Prime Ministers Ministry		1,247.57	784.61	799.98	816.38	829.39	847.36
	Payroll		331.16	339.61	347.11	355.11	363.78	372.54
	Operation		347.75	356.63	364.50	372.91	382.00	391.20
	2020 NPPs		461.26	23.37	23.37	23.37	18.62	18.62
	Goodwill Payment		4.59	0.00	0.00	0.00	0.00	0.00
	Implementation of the National M&E Policy		4.75	4.75	4.75	4.75	0.00	0.00
	Principal Policy Analyst	O	3.62	3.62	3.62	3.62	3.62	3.62
	Vanuatu Inter-Island Shipping Support Project (VISSP)		30.00	0.00	0.00	0.00	0.00	0.00
	Vanuatu Project Management Unit (VPMU)	O	15.00	15.00	15.00	15.00	15.00	15.00
	Vanuatu Internet Governance Forum (VanIGF)		8.00	0.00	0.00	0.00	0.00	0.00
S	European Union 11th EDF - support for Civil Society Organisations (CSOs)		395.29	0.00	0.00	0.00	0.00	0.00
	Capital NPPs		33.42	0.00	0.00	0.00	0.00	0.00
	Vanuatu Energy Access Project (VEAP)		33.42	0.00	0.00	0.00	0.00	0.00
M03	Ministry of Education & Training		7,417.08	7,418.38	7,546.54	7,683.37	7,831.45	7,981.27

	Payroll	O	3,998.51	4,100.65	4,191.16	4,287.79	4,392.37	4,498.18
	Operation	O	1,663.29	1,705.77	1,743.43	1,783.62	1,827.12	1,871.14
	2019 NPPs		835.44	835.44	835.44	835.44	835.44	835.44
	2020 NPPs		919.83	776.51	776.51	776.51	776.51	776.51
	Goodwill Payment		2.89	0.00	0.00	0.00	0.00	0.00
	Year 7 to 10 Tuition Fees	O	161.20	161.20	161.20	161.20	161.20	161.20
	Teachers' Housing Allowances	O	237.62	237.62	237.62	237.62	237.62	237.62
	Teachers Recruitment Plan	O	123.00	123.00	123.00	123.00	123.00	123.00
	Teaching Service Commission Legal, Data, Registration & Licencing		8.00	0.00	0.00	0.00	0.00	0.00
	VQA Operational Budget to Ensure Compliance of PSET Providers with National HRD Plan	O	16.33	16.33	16.33	16.33	16.33	16.33
	Contract Agreement for Connection to the INTERCHANGE Network		74.04	0.00	0.00	0.00	0.00	0.00
	Vanuatu National University Development Program	O	103.91	103.91	103.91	103.91	103.91	103.91
	PSET Contract Trainers/Lecturers and Principals with Deputy Principals' Arrears of 2019 GRT Scale	O	74.28	74.28	74.28	74.28	74.28	74.28
S	Tuition Fee Subsidy	O	60.17	60.17	60.17	60.17	60.17	60.17
S	Malapoa College Teachers Salary difference January 2005 to December 2017: Civil Case No. 191/18SC/Civil		58.39	0.00	0.00	0.00	0.00	0.00
M04	Ministry of Internal Affairs		2,919.33	2,747.89	2,792.13	2,839.35	2,890.45	2,942.16
	Payroll	O	1,379.49	1,414.73	1,445.95	1,479.29	1,515.37	1,551.87
	Operation	O	574.51	589.19	602.19	616.08	631.10	646.30
	2020 NPPs		413.74	298.11	298.11	298.11	298.11	298.11
	Goodwill Payment		2.63	0.00	0.00	0.00	0.00	0.00
	40 Years Independence Celebration		100.00	0.00	0.00	0.00	0.00	0.00
	Land Transport Authority - Additional Budget	O	17.00	17.00	17.00	17.00	17.00	17.00
	Recruiting of Next 18 Area Administrators in Year 2020	O	90.00	90.00	90.00	90.00	90.00	90.00
	New Police Recruits		181.11	181.11	181.11	181.11	181.11	181.11
	Additional Funding for Electoral Payroll		10.00	10.00	10.00	10.00	10.00	10.00
	Draft Bill Consultation for National ID		3.00	0.00	0.00	0.00	0.00	0.00
	Visa Processing Software (Department of Immigration)		10.00	0.00	0.00	0.00	0.00	0.00
	Capital NPPs		5.72	0.00	0.00	0.00	0.00	0.00
	Additional ID card Printer For Sanma CRVS Office		5.72	0.00	0.00	0.00	0.00	0.00
M05	Ministry of Finance and Economic Management		20,029.59	9,421.09	9,946.53	9,971.16	8,879.92	9,722.89
	Payroll	O	821.44	842.42	861.01	880.87	902.35	924.09
	Operation	O	2,488.96	2,517.32	2,572.89	2,632.21	2,696.41	2,761.36

	2020 NPPs		6,301.10	245.50	245.50	245.50	245.50	245.50
	Goodwill Payment		2.93	0.00	0.00	0.00	0.00	0.00
	Tourism Accommodation Survey		5.04	0.00	0.00	0.00	0.00	0.00
	Strengthening the Institutional Capacity, Resource & governance of VNSO	O	8.00	8.00	8.00	8.00	8.00	8.00
	2020 National Population and Housing Census		75.00	0.00	0.00	0.00	0.00	0.00
	11th EDF contribution towards 2020 Population and Housing Census – Vanuatu Value Chain (VaVac) module.		50.00	0.00	0.00	0.00	0.00	0.00
	Vanuatu Competent Authority (VCA) Funding to Attend OECD Global Forum Meetings.	O	5.00	5.00	5.00	5.00	5.00	5.00
	Funding Support for Vanuatu to Commit to European Union Code of Conduct (EU COCG) requirements	O	3.00	3.00	3.00	3.00	3.00	3.00
	URA Arbitration Cost	O	5.00	5.00	5.00	5.00	5.00	5.00
	VMC Additional Operating Funds	O	2.62	2.62	2.62	2.62	2.62	2.62
	Additional Grant Top Up: 2 Recruitment & Operational Top Up	O	6.25	6.25	6.25	6.25	6.25	6.25
	AVL Grant	O	75.00	0.00	0.00	0.00	0.00	0.00
	VBTC increasing Grant (COM 175/2018)	O	35.00	35.00	35.00	35.00	35.00	35.00
	Severance fund	O	180.62	180.62	180.62	180.62	180.62	180.62
	PIF Hosting 2020		150.00	0.00	0.00	0.00	0.00	0.00
	TRR Grant for UAP (Telecommunication connectivity for schools round Vanuatu)		50.00	0.00	0.00	0.00	0.00	0.00
	PITAA Meeting host by Vanuatu Customs and Inland Revenue in 2020		5.00	0.00	0.00	0.00	0.00	0.00
	Employment Stabilisation Payment		857.23	0.00	0.00	0.00	0.00	0.00
S	TC Harold Supplementary		857.23	0.00	0.00	0.00	0.00	0.00
S	Employment Stabilisation Payment		2,500.00	0.00	0.00	0.00	0.00	0.00
S	SME Grant		400.00	0.00	0.00	0.00	0.00	0.00
S	Tuition Fee Exemption		510.30	0.00	0.00	0.00	0.00	0.00
S	Commodity Support Grant		300.00	0.00	0.00	0.00	0.00	0.00
S	Shipping Support Grant		100.00	0.00	0.00	0.00	0.00	0.00
S	Vanuatu Disaster Risk Management Development Policy Grant with a Catastrophe-Deferred Drawdown Option (CAT-DDO) (due to forex movement)		17.88	0.00	0.00	0.00	0.00	0.00
	SME Grant		100.00	0.00	0.00	0.00	0.00	0.00
	Capital NPPs		2,079.13	0.00	0.00	0.00	0.00	0.00

	Renovation budget for MFEM Staff house, Lakatoro		6.60	0.00	0.00	0.00	0.00	0.00
	17 Ministerial Vehicles		60.00	0.00	0.00	0.00	0.00	0.00
	Infrastructure Development fund		2,000.00	0.00	0.00	0.00	0.00	0.00
	Renovate and readjust Bauerfield Airport		10.00	0.00	0.00	0.00	0.00	0.00
	Equipments for Customs Vila Airport Primary Line Passenger Processing		2.53	0.00	0.00	0.00	0.00	0.00
	Debt Repayment		4,605.65	4,076.62	4,536.58	4,539.77	3,424.68	4,241.15
	Domestic		1,427.36	908.64	1,111.90	1,115.09	0.00	0.00
	External		1,123.66	1,167.98	1,424.68	1,424.68	1,424.68	2,241.15
	Advanced Debt Repayment	O	2,054.63	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
	Interest Payment (Domestic and External)		837.01	735.97	727.29	669.56	607.73	547.54
GC	Emergency Budget Top-Up	O	50.00	150.00	150.00	150.00	150.00	150.00
M06	Ministry of Tourism, Trade, Commerce and Ni- Vanuatu Business		621.02	643.24	652.11	653.69	524.94	535.31
	Payroll	O	264.36	271.12	277.10	283.49	290.40	297.40
	Operation	O	127.67	130.93	133.82	136.90	140.24	143.62
	2020 NPPs		279.74	199.95	199.95	192.05	53.05	53.05
	Goodwill Payment		1.00	0.00	0.00	0.00	0.00	0.00
	Additional Operation Top Up		4.50	0.00	0.00	0.00	0.00	0.00
	Sustainable Tourism Development Project		38.00	38.00	38.00	38.00	38.00	38.00
	Review of National Intellectual Property Strategic Plan		2.00	0.00	0.00	0.00	0.00	0.00
	Development of product standards for exported commodities	O	4.60	4.60	4.60	4.60	4.60	4.60
	Intergrated Trade Ready Program		139.00	139.00	139.00	139.00	0.00	0.00
	Support to implementation of the Vanuatu Made Brand	O	10.45	10.45	10.45	10.45	10.45	10.45
	Support to the implementation of the National Industrial Policy (NIDS 2018-2022).		7.90	7.90	7.90	0.00	0.00	0.00
S	Implement AFIC Court Order 981 of 2018		7.00	0.00	0.00	0.00	0.00	0.00
S	European Union 11th EDF - support for livelihoods, processing		65.29	0.00	0.00	0.00	0.00	0.00
	Capital NPPs		8.00	0.00	0.00	0.00	0.00	0.00
	Trade Development Division Building Extension		8.00	0.00	0.00	0.00	0.00	0.00
M07	Ministry of Health		3,297.07	3,017.49	3,080.78	3,148.35	3,221.48	3,295.47
	Payroll	O	1,865.25	1,912.89	1,955.12	2,000.19	2,048.98	2,098.33
	Operation	O	930.82	954.60	975.67	998.16	1,022.51	1,047.14
	2020 NPPs		1.00	0.00	0.00	0.00	0.00	0.00
	Goodwill Payment		1.00	0.00	0.00	0.00	0.00	0.00
	Capital NPPs		350.00	0.00	0.00	0.00	0.00	0.00

	Health Sector Expanded Infrastructure and Equipment Program and Non Communicable Diseases (NCD) Hub Program		350.00	0.00	0.00	0.00	0.00	0.00
M08	Ministry of Agriculture, Livestock, Forestry, Fisheries and Biosecurity		1,838.07	1,194.33	1,212.55	1,232.01	1,227.20	1,248.50
	Payroll	O	610.55	626.15	639.97	654.73	670.69	686.85
	Operation	O	194.39	199.36	203.76	208.46	213.54	218.68
	2020 NPPs		838.37	177.07	177.07	177.07	151.22	151.22
	Goodwill Payment		1.00	0.00	0.00	0.00	0.00	0.00
	Monitoring & Evaluation for EDF11 VaVac Programme under MALFFB		5.86	5.86	5.86	5.86	0.00	0.00
	Increasing Production of Coffee for Rural Communities	O	11.80	11.80	11.80	11.80	11.80	11.80
	Implementation and enforcement of the Kava Act and 'Noble' Kava Replanting Program		5.00	0.00	0.00	0.00	0.00	0.00
	HOSTING OF NATIONAL AGRICULTURE FESTIVAL		20.00	0.00	0.00	0.00	0.00	0.00
	Regenerating Cocoa Production to Improve Rural Livelihoods	O	12.00	12.00	12.00	12.00	12.00	12.00
	Implementation of the Organic Policy	O	5.00	5.00	5.00	5.00	5.00	5.00
	COCONUT PROMOTION AND REPLANTING		20.00	20.00	20.00	20.00	0.00	0.00
	EDF11 Fruits &Vegetables Vanuatu Value Chain Project : Mechanization to maximise food crop production in the provinces		40.00	0.00	0.00	0.00	0.00	0.00
	EDF11 F&V Vanuatu Value Chain Project : Research and Development		5.00	0.00	0.00	0.00	0.00	0.00
	EDF11 F&V Vanuatu Value Chain Project : Market Vegetable Production		10.85	0.00	0.00	0.00	0.00	0.00
	EDF11 F&V Vanuatu Value Chain Project : Administration		7.04	0.00	0.00	0.00	0.00	0.00
	Irrigation for a Resilient and Sustainable, Beef, Coconut, Fruits and Vegetable Production in Vanuatu	O	23.00	23.00	23.00	23.00	23.00	23.00
	Completion of Hatchery Facility and Aquaculture Farm Support		30.00	0.00	0.00	0.00	0.00	0.00
	2020 Staffing Costs for Fisheries Department	O	14.87	14.87	14.87	14.87	14.87	14.87
	2019 STRENGTHENING MEAT INSPECTION IN RURAL COMMUNITY	O	5.20	5.20	5.20	5.20	5.20	5.20
	STRENGTHEN MEAT INSPECTION CARCASS WEIGHT AND DISEASE	O	5.00	5.00	5.00	5.00	5.00	5.00

	INCIDENCES DATABASE IN VANUATU						
	ESTABLISHED AND STRENGTHENING VANUATU PLANT BIOSECURITY LABORATORY AT THE NORTHERN PROVINCE		15.00	0.00	0.00	0.00	0.00
	ANIMAL HEALTH & VETERINARY SERVICES	O	7.90	7.90	7.90	7.90	7.90
	NATIONAL PLANT PEST AND DISEASE SURVEILLANCE SYSTEM - EDF11		5.50	0.00	0.00	0.00	0.00
	DEDICATED INSPECTION FACILITIES (POST ENTRY AND PRE-EXPORT)-EDF11		18.50	0.00	0.00	0.00	0.00
	Implementation of Forestry Events	O	3.50	3.50	3.50	3.50	3.50
	IMPLEMENTATION OF THE LIVESTOCK MANAGEMENT ACT NO. Of 2018	O	5.00	5.00	5.00	5.00	5.00
	National Cattle Restocking Program - EDF 11		20.00	0.00	0.00	0.00	0.00
	SMALL LIVESTOCK DEVELOPMENT	O	21.00	21.00	21.00	21.00	21.00
	SUSTAINABILITY OF CATTLE RESTOCKING PROGRAM BY ACQUIRING A GOVERNMENT FARM.		26.35	0.00	0.00	0.00	0.00
S	Benueal Tarilongi Civil Case 130 of 2013	O	36.95	36.95	36.95	36.95	36.95
S	European Union 11th EDF - Support to the Food Security & Agriculture Response to TC Harold		249.88	0.00	0.00	0.00	0.00
S	European Union 11th EDF - Support to the Food Security & Agriculture Response to TC Harold		65.29	0.00	0.00	0.00	0.00
S	European Union 11th EDF - Support to the Food Security & Agriculture Response to TC Harold		65.29	0.00	0.00	0.00	0.00
S	Remaining 11th EDF funds for allocation to MALFFB		76.59	0.00	0.00	0.00	0.00
M09	Ministry of Lands, Mines & Water Resources		575.55	418.52	426.93	435.91	445.63
	Payroll	O	279.02	286.14	292.46	299.20	306.50
	Operation	O	92.52	94.88	96.97	99.21	101.63
	2020 NPPs		163.72	0.00	0.00	0.00	0.00
	Goodwill Payment		2.49	0.00	0.00	0.00	0.00
	Lakatoro Subdivision		53.23	0.00	0.00	0.00	0.00
	Compulsory Acquisition Cost		8.00	0.00	0.00	0.00	0.00
	Water development		100.00	0.00	0.00	0.00	0.00
	Capital NPPs		2.80	0.00	0.00	0.00	0.00

	Purchase of Replacement Vehicle- Valuer Generals Office		2.80	0.00	0.00	0.00	0.00	0.00
M10	Ministry of Infrastructure and Public Utilities		1,739.91	1,681.84	1,718.96	1,758.59	1,801.48	1,844.88
	Payroll		552.97	567.10	579.62	592.98	607.44	622.08
	Operation		1,086.97	1,114.74	1,139.34	1,165.61	1,194.04	1,222.80
	2020 NPPs		69.96	0.00	0.00	0.00	0.00	0.00
	Goodwill Payment		1.00	0.00	0.00	0.00	0.00	0.00
	2020 Additional Budget request		68.96	0.00	0.00	0.00	0.00	0.00
	Capital NPPs		30.00	0.00	0.00	0.00	0.00	0.00
	AIDS TO NAVIGATION		30.00	0.00	0.00	0.00	0.00	0.00
M12	Ministry of Foreign Affairs, International Cooperation and External Trade		678.58	640.62	647.01	659.18	672.34	685.66
	Payroll	O	349.09	358.01	365.91	374.35	383.48	392.72
	Operation	O	154.25	158.19	161.68	165.41	169.44	173.52
	2020 NPPs		125.10	74.28	69.28	69.28	69.28	69.28
	Goodwill Payment		3.07	0.00	0.00	0.00	0.00	0.00
	DUBAI 2020 EXPO – Vanuatu Participation		30.00	0.00	0.00	0.00	0.00	0.00
	Maritime Boundary Negotiation 2020		17.75	0.00	0.00	0.00	0.00	0.00
	MSG Chairmanship 2020		5.00	5.00	0.00	0.00	0.00	0.00
	Geneva Mission Payroll Top Up 2020	O	17.60	17.60	17.60	17.60	17.60	17.60
	First Secretary Post - New York	O	11.68	11.68	11.68	11.68	11.68	11.68
	Establishment of an Embassy and Consulate Office	O	40.00	40.00	40.00	40.00	40.00	40.00
M14	Ministry of Youth Development and Sports		201.46	178.34	181.67	185.22	189.07	192.96
	Payroll	O	105.75	108.45	110.85	113.40	116.17	118.97
	Operation	O	41.24	42.29	43.22	44.22	45.30	46.39
	2020 NPPs		47.87	24.00	24.00	24.00	24.00	24.00
	Goodwill Payment		1.87	0.00	0.00	0.00	0.00	0.00
	Recurrent Provincial Sports Grant for 'Grassroots' Sport	O	18.00	18.00	18.00	18.00	18.00	18.00
	Provincial Sports Infrastructure Maintenance Budget	O	6.00	6.00	6.00	6.00	6.00	6.00
	Provincial and National Games Preparation Budget		15.00	0.00	0.00	0.00	0.00	0.00
	Olympic & Paralympic Games Tokyo 2020		7.00	0.00	0.00	0.00	0.00	0.00
	Capital NPPs		3.00	0.00	0.00	0.00	0.00	0.00
	Director Generals Vehicle		3.00	0.00	0.00	0.00	0.00	0.00
M15	Ministry of Justice and Community Services		774.49	531.79	541.76	552.40	563.91	575.56
	Payroll	O	329.32	337.73	345.19	353.15	361.76	370.47
	Operation	O	110.94	113.77	116.28	118.96	121.87	124.80
	2020 NPPs		38.53	24.58	24.58	24.58	24.58	24.58
	Goodwill Payment		1.00	0.00	0.00	0.00	0.00	0.00
	GRT Anomalies - Department of Correctional Services	O	5.00	5.00	5.00	5.00	5.00	5.00

	Additional Budget - Parole Board Sitting	O	0.80	0.80	0.80	0.80	0.80	0.80
	Maintenance of the four Correctional Facilities in Port Vila	O	1.50	1.50	1.50	1.50	1.50	1.50
	Child Desk Provincial Officers - Sanma and Shefa Officers Transition to Government Payroll	O	2.54	2.54	2.54	2.54	2.54	2.54
	Victim Support	O	2.05	2.05	2.05	2.05	2.05	2.05
	GRT Anomalies - Department of Women's Affairs	O	1.68	1.68	1.68	1.68	1.68	1.68
	Consultation of National Disability Inclusion Policy		1.20	0.00	0.00	0.00	0.00	0.00
	Additional Recurrent: Recruitment of Disability Provincial Officer - Torba	O	1.27	1.27	1.27	1.27	1.27	1.27
	Billboard Printing and Service Messages for LMPC Approved Lease Applications	O	6.74	6.74	6.74	6.74	6.74	6.74
	Training & Awareness		9.40	0.00	0.00	0.00	0.00	0.00
	Consultation and Awareness for National Library Policy		2.35	0.00	0.00	0.00	0.00	0.00
	Second Phase of Implementation (Payroll) of the new organizational structure and its additional Operational cost	O	3.00	3.00	3.00	3.00	3.00	3.00
	Capital NPPs		240.00	0.00	0.00	0.00	0.00	0.00
	Juvenile Correctional Centre		40.00	0.00	0.00	0.00	0.00	0.00
M20	Ministry of Climate Change Adaptation, Geohazards, Meteorology and Energy		658.52	529.41	538.08	547.34	557.36	567.50
	Payroll	O	307.40	315.25	322.21	329.64	337.67	345.81
	Operation	O	75.73	77.66	79.38	81.21	83.19	85.19
	2020 NPPs		41.01	21.11	21.11	21.11	21.11	21.11
	Goodwill Payment		1.93	0.00	0.00	0.00	0.00	0.00
	Provincial budget allocation	O	6.00	6.00	6.00	6.00	6.00	6.00
	Tafea and Malampa Environment Extension Offices in 2020	O	2.00	2.00	2.00	2.00	2.00	2.00
	2nd Phase Ban of Single Use Plastics		6.70	0.00	0.00	0.00	0.00	0.00
	Compliance of Environmental Legislations and MEAs	O	2.00	2.00	2.00	2.00	2.00	2.00
	Government Staff house Repair and Maintenance		6.00	0.00	0.00	0.00	0.00	0.00
	Staff recruitment for VMGD	O	8.90	8.90	8.90	8.90	8.90	8.90
	Recruitment of National Advisory Board (NAB) Project Development Officer (Payroll)		2.21	2.21	2.21	2.21	2.21	2.21
	Climate Change Resilience Outreach Program	O	5.27	0.00	0.00	0.00	0.00	0.00
	Capital NPPs		119.00	0.00	0.00	0.00	0.00	0.00
	Operationalizing the National Green Energy Fund for Renewable Energy Projects in Off-grid Vanuatu	O	100.00	0.00	0.00	0.00	0.00	0.00

	<i>Talise Micro-Hydro Project-Phase 3</i>	O	17.00	0.00	0.00	0.00	0.00	0.00
	<i>PROCUREMENT OF EQUIPMENT FOR FUEL QUALITY MONITORING</i>	O	1.00	0.00	0.00	0.00	0.00	0.00
	<i>MEPSL Confiscated Products Enforcement</i>	O	1.00	0.00	0.00	0.00	0.00	0.00
	GRAND TOTAL		44,542.09	31,351.98	32,273.43	32,718.28	31,920.77	33,232.49

Part 2 – 2020 BUDGET GUIDELINES

3 Preparing the Ministry's 2021 Budget Submission

All senior managers must take ownership of the Ministry's 2021 budget preparation, which requires leadership, co-ordination and a team effort. Ultimately, the Minister must sign the budget and submit it through MFEM to the Ministerial Budget Committee (MBC). They will be accompanied by the Director-General and other relevant officials, such as department heads, and will be responsible for arguing its merits during the MBC meeting. The Minister should therefore take a close interest in the preparation of the submission and the new policy proposals.

Ministries' recurrent budget submissions must not exceed very strict 'budget ceilings' approved by the Ministerial Budget Committee and COM. Those working on the budget within each agency may have to make difficult decisions about the allocation of resources to meet the tight budget ceilings. The Ministry's operations may have to be streamlined by changing the way things are done, re-allocating resources and/or reducing staff. Ministers may be prepared to support additional expenditure in 2021 if this will result in savings in later years (e.g. closing an activity and paying staff redundancies in 2021, with consequential savings in later years). The expenditure analysts in Treasury may be able to advise ministries on opportunities for savings.

Section 23 A of the Public Finance and Management Act defines New Policy Proposals (NPPs) as:

- (1) "New policy proposal" means any proposal that requires a decision of the Government that:
- (a) Has a certain or potential financial impact, including on revenue, expenditure, assets, liabilities or equity, on existing estimates within the forward estimates period or beyond; or
 - (b) Involves changes in expenditure offset by changes in other expenditure, or user charges or revenue; or
 - (c) Creates a legal, financial, contingent or other commitment for the Government; or
 - (d) Changes the intent of a previous new policy decision, including proposals that are fully offset, absorbed within existing resources or involve movements between or within programs.

Ministries who wish to bring forward New Policy Proposals (NPPs) for expenditure in excess of these ceilings for urgent and unavoidable policy priorities must identify them clearly and provide justifications. Any new policy proposals should be rigorously justified in terms of meeting Government policy priorities (as outlined in the 2021 Budget Policy Statement and NSDP), necessity of their introduction and the costs involved. NPPs must have a start and end year, or it must be specified that they would be on-going, i.e. would continue indefinitely. The total amount of NPPs must not exceed 5% of the Ministry's approved budget ceiling.

New policy proposals can also be included where they do not involve additional expenditure, but there are significant cost implications (e.g. savings from rationalising a program and where there might be political sensitivities that require the consideration of the MBC and ultimately COM). Templates for costing NPPs and its user guide have been sent through Government email to Finance Managers and Officers.

Revenue-collecting agencies must also make estimates of the revenue they expect to receive. Revenue estimates must be realistic, based on historical data and future expectations. The Revenue Policy Unit in Treasury will assess these estimates and discuss them with revenue collecting agencies if necessary.

Ministries must enter 2021 Budget estimates directly onto the financial computer system, Vanuatu Budget Management System (VBMS). Estimates submitted through any source other than VBMS will not be accepted. Submissions entered into VBMS must include the ministry's ceiling, NPPs, any revenue estimations and the narrative. Print out two copies of the estimates from VBMS, and get them signed and dated by the Director General. Keep one copy and include the other copy with the budget narrative submitted to Treasury and DSPPAC.

Ministries must also prepare budgets for ALL development projects. New Donor NPP projects for 2021 and Ongoing Donor NPP projects will need to be budgeted and entered into VBMS together with the recurrent budget. The recurrent (government) and development (donor) budgets are presented and debated at the same time by MBC. When MBC finalises each ministries' recurrent budget for 2020 it will also approve the list of projects to be funded by donors. Projects which have not been entered into VBMS at the time of budget submission will not be considered by MBC.

Presenting the two components of the national budget together ensures that funding (whether recurrent or from donors) is used to pursue and achieve national policy goals and objectives as efficiently as possible. This should also avoid duplication of programs/activities and resources to meet sectoral needs. By integrating the recurrent and donor budget, the Government can monitor all its donor-funded projects and their implication on recurrent expenditure annually.

Failure to submit the recurrent budget by **27th July 2020** will result in the Department of Finance and Treasury submitting the agency's budget. The Public Service Commission will be informed of this failure in performance.

4 Grant Bodies

Grant bodies must provide detailed expenditure estimates by program for 2021 as well as up-to-date financial statements. Failure to provide these documents may result in the reduction of grant allocation. This ensures transparency and accountability in the expenditure of public funds. This also enables MBC and COM to make better decisions regarding the efficient allocation of funds.

All ministries responsible for grant bodies must ensure that the relevant bodies are aware of this obligation. This includes URA, VTO, VBTC, VIPA, Chamber of Commerce, Maritime College, VARTC, Vanuatu Agriculture College, Vanuatu National Archives and the Vanuatu Cultural Centre.

5 Medium Term Budget Preparation from next year onwards

The Department of Finance and Treasury has been working on a Medium Term Expenditure Framework, which will be rolled out across all ministries in 2020, following the review and amendment of the PFEM Act. The fiscal framework, given in Table 3, currently includes the budget for the current year, the budget for the next financial year and forward estimates for the next four years. This will be updated for the medium term (i.e. this year, the next budget year plus forward estimates for the next four years) for each ministry and constitutional agency. The baseline for the next budget year (e.g. 2021) will be a hard ceiling whereas the baseline for the four forward years (e.g. 2022-25) will be indicative. This baseline will reflect the cost of ongoing Government policies into future years. Templates for costing NPPs and its user guide have been sent out in Government to Finance Managers and Finance Officers. However, further advice on updating the baseline and entering estimates into the VBMS will be provided shortly.

Further details will be given in a separate financial circular in the coming months, but for now, agencies should start preparing their corporate plans/sector strategies, from 2021 to 2025. Target outcomes from these plans should be linked with the ones prioritised in the Budget Policy Statement.

Should you require any further information, please do not hesitate to contact our office on telephone number 22605.

Thank you for your understanding and co-operation in this regard.

Yours Sincerely,

A handwritten signature in blue ink is positioned to the left of a circular official stamp. The stamp is blue and contains the text "REPUBLIC OF VANUATU" at the top, "DEPARTMENT OF FINANCE & TREASURY" around the inner circle, and "DIRECTOR" in the center. The bottom of the stamp reads "REPUBLIQUE DE VANUATU".

Dorothy Ericson
Director
Department of Finance and Treasury

Annex 1: Structure of 2021 Budget Submissions

Main Body of Submission	
Policy issues and challenges	Brief discussion of policy issues and challenges in the ministry (around 2 pages)
Approach taken to address these issues and challenges	<ul style="list-style-type: none"> Steps the ministry is taking to address these policy issues and challenges Link with the revised program structures and key elements in the ministry's corporate plans
Budget proposals for 2020	<ul style="list-style-type: none"> Efficiencies the ministry has identified How resources have been reallocated to best achieve policy and service outcomes If new policy proposals are being brought forward for expenditure above ceilings, these require brief justification
Recommendations	Recommendations that the Minister wishes MBC to approve
Minister's Signature	Submission signed and dated by the Minister
Attachments – most of these can be attained from VBMS	
Attachment 1: Introduction to Ministry	<ul style="list-style-type: none"> What the ministry does (no more than one paragraph) The ministry's current organisational structure (or proposed organisational structure) Locations of departments within the ministry (e.g. Department X has two offices located in Port Vila and Luganville) The number of people employed by the ministry at the time of budget preparation, by department The ministry's final actual 2020 budget allocation and the budget ceiling provided for 2021 Ratio of salary and wage costs to overheads Percentage of budget allocated to capital expenditure

Attachment 2: Budget Narratives	<p>Descriptions of the programs and activities that will be included in the budget documentation.</p> <ul style="list-style-type: none"> ▪ Must be consistent with the corporate plans and business plans of ministries ▪ Priority objectives have a financial cost that should be reflected in the narrative. ▪ Give insight into how ministries intend to make use of their funds in the future. <p>The narrative must be as concise as possible, and no longer than 2 pages in total (apart from very large departments, e.g. Health, Education, Police, and Public Works).</p>
Attachment 3: Program Justification	<p>Explain the basis of your new program structure and indicate the cost and benefits of each program undertaken by departments.</p> <ul style="list-style-type: none"> ▪ The <u>priority of the program</u> (programs should be ranked in order of importance, 1 being the most important). ▪ The <u>number of people who should benefit</u> from the program (if numbers are not available, groups may be used). ▪ The <u>estimated cost in each year from 2021 to 2025 and importance</u> (ranked in the Program) of each Activity in the Program. ▪ How the service (Activity) is provided to those who should benefit ▪ Other methods of providing service ▪ Effect of not providing service <p>Any other supportive information that should be considered in association with your proposed budget distribution.</p>
Attachment 4: Within-Ceiling Budget Estimates	<p>Table showing estimates of expenditure for each ministry by program within budget ceilings approved by COM. Submissions that do not comply with this requirement will be returned to ministries for reworking and resubmission.</p>
Attachment 5: Recurrent Revenue Estimates	<p>All revenue-collecting ministries must enter their revenue projections into VBMS together with their recurrent expenditure budget entries for the 2021 financial year</p> <ul style="list-style-type: none"> • Revenue must be reported against the most appropriate revenue chart of account to avoid duplication of entries. • New approved revenue activities must be reported to the FMIS for appropriate creation of a new chart of account.

	<ul style="list-style-type: none"> Ministries must ensure adequate entries are made so that the government can meet its budget expenditure forecasted for 2021. MBC will be informed of ministries that fail to comply.
Attachment 6: New Policy Proposals (<i>if required</i>)	<p>Where a ministry wishes to propose expenditure to meet a policy or service delivery priority that cannot be met from within the budget ceiling, these can be submitted for consideration by the MBC as 'New Policy Proposals'. The format of these new policy proposals is in the VBMS.</p> <p>Guidelines for NPPs are given above.</p> <p>New proposals should be discussed with Treasury and the accuracy of the proposed costs should be agreed before they are included in the submission and NPP cost model. It is essential to avoid bringing in any NPP to MBC without prior analysis from Treasury.</p>

Annex 2: Checklist of Information to Submit

1. For ongoing or expanded services,
 - a. A budget submission that is prepared along the lines set above, signed by the Minister, and
 - b. All relevant fields in the VBMS correctly filled out and printed out in hard copy attached to the budget submission.
2. As soon as possible,
 - a. Discuss your Ministry's proposed new Program and Activity structure with Treasury and agree on narratives and performance criteria,
 - b. Review your ministry's business activities and consider where savings might be achieved, and
 - c. Advise grant bodies that fall within your ministry's overview of the requirement to provide budget submissions and up-to-date financial statements to Treasury.
3. For *New Donor Projects* (Donor NPP):
 - a. Budget narrative (brief but including the project number, name, donor funding source and amount as a minimum), and
 - b. Print out the VBMS summary report of these projects.
4. For *Ongoing Donor Projects* (Donor NPP):
 - a. Budget narrative (brief but including the project number, name, donor funding source and amount as a minimum), and
 - b. Print out the VBMS summary report of these projects.

Annex 3: Timetable for Preparation of the 2021 Budget (updated)

Date	Activity	Responsible Agencies
23 rd – 31 st March Week 13 – Week 14	Meeting to discuss 2021 policy priorities	DSPPAC & DOFT
23 rd – 31 st March Week 13 – Week 14	MEC 1 Meeting	DOFT, RBV, NSO
6 th – 24 th April Week 15 – Week 17	Consultation with line ministries regarding 2021 Budget Policy Priorities	DSPPAC
27 th April – 1 st May Week 18	Technical Development Cooperation Partnership Meeting	DSPPAC
30 th April Week 18	Q1 Expenditure Report	DOFT
11 th – 15 th May Week 20	Finalize Financial Regulation 2.2 Reports	DOFT
11 th – 15 th May Week 20	<p>Compile 2021 budget policy priorities</p> <p>Submit 2021 budget policy priorities to DCO for information</p> <p>Submit 2021 budget policy priorities to COM for approval</p> <p>Inform Ministries to start amending their programs, activities and narratives to reflect policy priorities</p>	DSPPAC
11 th – 15 th May Week 20	<p>Fiscal aggregates and macroeconomic framework developed by DOFT in consultation with RBV & NSO:</p> <ul style="list-style-type: none"> ➤ Draft overall expenditure envelope (for whole of Government) <p>Establish Fiscal Priorities</p>	DOFT , NSO and RBV
11 th – 15 th May Week 20	Closing Date for 2020 Supplementary Budget Submissions	DOFT & DSPPAC
18 th – 22 nd May Week 21	Analysis of 2020 Supplementary Budget submissions	DOFT & DSPPAC

Date	Activity	Responsible Agencies
25 th -29 th May Week 22	Screening of 2021 Ministry Budget Ceilings Screening of 2020 Supplementary Budget Submissions	<u>MBC</u> , DOFT & DSPPAC
1 st – 5 th June Week 23	Submit Ministry Ceilings for approval to DCO and COM Distribution of MBC approved ceilings to every Ministry and Department along with the Budget Guidelines <i>Ceilings are set at the Ministry level only.</i>	<u>DOFT</u>
1 st – 25 th June Week 23 – Week 26	Budget Training for All Line Agencies	<u>DOFT</u>
15 th – 19 th June Week 25	Presentation of the Financial Regulation 2.2 Report to PSC	<u>DG MFEM</u>
17 th June Week 25	Open VBMS to line agencies for budget entries	<u>DOFT</u>
18 th – 26 th June Week 25 – Week 26	2021 Budget Policy Statement to be submitted to Minister and DG MFEM followed by its publication	<u>DOFT</u> & DSPPAC
18 th – 26 th June Week 25 – Week 26	2021 Budget Policy Statement to be shared with Development Partners	<u>DSPPAC</u>
18 th – 26 th June Week 25 – Week 26	Internal consultations on Agencies respective budget ceilings	<u>Line Agencies</u>
22 nd – 26 th June Week 26	MEC 2 meeting	<u>DOFT, RBV, NSO</u>
29 th June – 3 rd July Week 27	Donor Round Table Meeting	<u>DSPPAC</u>
27 th July Week 31	Lock-down of VBMS for all Ministries	<u>DOFT</u>
27 th July-31 st July Week 31	Submit budget submissions to DOFT	<u>Ministers, DGs & Finance Officers</u>

Date	Activity	Responsible Agencies
27 th July – 21 st August Week 31 – Week 34	Review budget submissions and NPP's for MBC briefs and presentations	DOFT & DSPPAC
31 st July End of Week 31	Q2 Expenditure Report	DOFT
29th July – 3rd August Week 31 – Week 32	Publish Half Year Economic and Fiscal Update	DOFT
17 th – 21 st August Week 34	Final Development Partner support figures provided to DOFT for presentation to MBC	DSPPAC
24 th – 28 th August Week 35	Presentation of budget and NPP briefs	DOFT & DSPPAC
24 th – 28 th August Week 35	Presentation of Ministry budgets to MBC	Line Agencies
31 st August – 4 th September Week 36	Consideration of final draft of budget and NPP list (Recurrent and Donor)	MBC , DOFT & DSPPAC
31 st August – 4 th September Week 36	Review and finalization of Narratives Narratives sent to language service for translation	DSPPAC
7 th – 11 th September Week 37	Draft final budget papers sent to DCO for information Final Budget forwarded to COM	DOFT
7 th – 18 th September Week 37 – Week 38	Preparation of Appropriation Bill	SLO
21st – 25th September Week 39	Appropriation Bill distributed to MP's	Clerk of Parliament & DOFT
28 th September – 23 rd October Week 40 – Week 43	Final budget books prepared in French and English and printed	DOFT & Language Services
12 th – 16 th October Week 42	MEC 3 Meeting	DOFT , RBV , NSO
26 th – 30 th October Week 44	Donor Round Table Meeting	DSPPAC

Date	Activity	Responsible Agencies
26 th October – 20 th November Week 44 – Week 47	Distribution of Budget Books to MP's Budget tabled at the Parliament	<u>Clerk of Parliament</u> & DOFT
30 th October End of Week 44	Q3 Expenditure Report	<u>DOFT</u>