

**GOUVERNEMENT DE LA
REPUBLIQUE DE VANUATU**

**MINISTERE DES FINANCES ET DE
LA GESTION ECONOMIQUE
(MFGE)**

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**GOVERNMENT OF THE
REPUBLIC OF VANUATU**

**MINISTRY OF FINANCE AND
ECONOMIC MANAGEMENT
(MFEM)**

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MANAGEMENT**

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DATE: 09 April 2010

Financial Circular 02 of 2010

FROM: Minister of Finance and Economic Management

**TO: All Directors General
All Directors
All Heads of Constitutional Bodies
All Heads of Grant Bodies (Statutory Bodies)**

Subject: Budget Cycle / Timetable for the 2011 Budget

Introduction

At the beginning of each budget cycle the Ministry of Finance and Economic Management circulates a budget timetable, which provides a schedule of tasks and the deadline within which the tasks are to be completed. It is important that these deadlines are adhered to so that all tasks and commitments required for the completion of the 2011 Budget are finalised in a smooth and timely manner.

Timetable for Budget 2011

The outlined tasks will help the Government meet the requirements specified in the PFEM (amendment) Act. 1998, as well as enable the preparation of an accurate budget to be passed by Parliament by the end of November 2010.

The proposed timetable requires Ministries to devote extensive time and effort towards budget preparation. At this stage, it is important that all Director Generals' consult with the staff of the Treasury to begin work on identifying the recurrent and development budget priorities for the 2011 Budget. This is to ensure conformity of Ministry or Department priorities and the overall Vanuatu Government development strategy, policies and objectives.

Further information and guidelines regarding the preparation of the 2011 budget submissions will be circulated in May at the time when the Ministry Ceilings are distributed.

Budget Cycle / Timetable for Preparation of the 2011 Budget

Budget 2011 Cycle/ Timetable

Date for which task(s) are required by	Required Task(s)	Responsible Agency(ies)
19 th March (End of week three, March)	Development of fiscal aggregates and macroeconomic framework: <ul style="list-style-type: none"> ➤ overall expenditure ceiling established; ➤ fiscal priorities established. 	<u>DOFT</u> , NSO and RBV
26 th March (End of week four, March)	Meet to propose and agree list of priority policies together with economic and fiscal targets.	<u>DOFT</u> , DSPPAC, DG PMO and political advisers of MFEM and PMO
1 st April (End of week one, April)	Complete draft 2011 Budget Policy Statement and submit to Hon. Minister of Finance and Economic Management for his approval.	<u>DOFT</u> and DG MFEM
8 th April (End of week two, April)	Issue approval of 2011 Budget Policy Statement.	Hon. Minister of Finance and Economic Management
13 th & 14 th April (Mid-point of week three, April)	Submit 2011 Budget Policy Statement for DCO's information (13 th April); thereafter submit to COM for approval (14 th April).	<u>DOFT</u> and COM Secretariat

14 th April (Mid-point of week three, April)	Issue approval of 2011 Budget Policy Statement.	COM
15 th April (End of week three, April)	Arrange to publish 2011 Budget Policy Statement in weekend press ¹ .	DOFT
29 th April (End of week five, April)	Present to aid donors Government's Budget 2011 policy priorities and hold preliminary discussions on donor-financed policies for enactment in 2011.	<u>DSPPAC</u> and DOFT
29 th April (End of week five, April)	Meet to learn of line agencies' Budget 2011 policy intentions and corporate plans.	<u>DSPPAC</u> , DOFT and all line agencies
7 th May (End of week one, May)	Formulate Budget 2011 line agency ceilings.	DOFT
14 th May (End of week two, May)	Screen and approve Budget 2011 line agency ceilings (i).	MBC
19 th May and 20 th May (Mid-point of week three, May)	Submit Budget 2011 line agency ceilings for DCO consideration (19 th May); thereafter submit to COM for approval (20 th May).	<u>DOFT</u> and COM Secretariat
20 th May (Mid-point of week three, May)	Approve Budget 2011 line agency ceilings (ii).	COM
21 st May (End of week three, May)	Distribute - via Financial Circular - to all line agencies Budget 2011 agency ceilings together with guidelines on the preparation and submission of Budget 2011 bids (both recurrent and New Policy Proposal (NPP) aspects).	DOFT

¹ In the event of COM making changes to the 2011 Budget Policy Statement, publication would follow the following weekend (i.e. end week 4 April); the meetings between DSPPAC and aid donors would also be moved back by one week.

28 th May (End of week four, May)	Provide line agency training sessions: (i) ensure agency proficiency with Vanuatu Budget Management System (VBMS); (ii) clarify any issues/ misunderstandings around technical aspects of the Budget.	<u>DOFT</u> and all line agencies
28 th May (End of week four, May)	Open VBMS to line agencies for Budget 2011 entries.	DOFT
25 th June (End of week four, June)	Hold consultations with line agencies on formulating NPPs and drafting of policy narratives ² .	<u>DOFT</u> , <u>DSPPAC</u> and all line agencies
8 th July (End of week two, July)	Hold second round meetings with aid donors to secure provisional agreement ('agreement in principle') of donor-financed policies for enactment in 2011.	<u>DSPPAC</u> and DOFT
9 th July (End of week two, July)	Inform affected line agencies of outcome of meetings with aid donors and provide advice on incorporating donor-financed policies within Budget 2011 submissions.	<u>DSPPAC</u> and DOFT

² These are the narratives that form Volume 3 of the Budget documentation.

6 th July (End of week three, July)	Submit to DOFT Budget 2011. Submissions cover: (i) Recurrent budgets at agency, department, Cost centre and activity levels; (ii) NPPs to be financed by Government, broken down as per the levels identified at (i); NPPs to be financed by donor partners, broken down as per the levels identified at (i); (iii) Policy narratives.	<u>All line agencies</u> and DOFT
16 th July (End of week three, July)	Submit to DOFT corporate plans.	<u>All line agencies</u> and DOFT
16 th July (End of week three, July)	Close line agencies' access to VBMS.	DOFT
20 th August (End of week three, August)	Review Budget 2011 submissions and clarify any anomalies ³ with line agencies.	<u>DOFT</u> , DSPPAC and all line agencies
3 rd September (End of week one, September)	Hold third round meetings with aid donors to secure final agreement of donor-financed policies for enactment in 2011.	<u>DSPPAC</u> and DOFT
6 th September (Start of week two, September)	Inform affected line agencies of outcome of meetings with donors and provide advice as necessary on how this affects Budget 2011 submissions.	<u>DSPPAC</u> and DOFT
8 th September (Mid-point of week two, September)	Make changes to Budget 2011 submissions as demanded by third round of aid donor meetings.	DOFT

³ If anomalies result in changes needing to be made to the Budget 2011 submissions, it will be the responsibility of DOFT to enter these changes in VBMS.

24 th September ⁴ (End of week 4, September)	Present agency Budget 2011 submissions to MBC.	<u>All line agencies</u> , MBC, DOFT and DSPPAC
8 th October ⁵ (End of week 2 October)	Finalise decisions on line agency Budget 2011 allocations: (i) Recurrent budgets; (ii) Government-financed NPPs; (iii) Donor-financed NPPs.	<u>MBC</u> and DOFT
11 th October (Start of week 3 October)	Update VBMS to reflect decisions of MBC.	DOFT
12 th October (Mid-point of week 3 October)	Prepare Budget 2011 COM paper, containing: (i) Revenue and expenditure projections for Budget 2011; (ii) Financing position for Budget 2011; (iii) Full NPP details for Budget 2011; (iv) 2011 appropriation schedule; (v) Summary of revenue and expenditure outturns through 2010.	DOFT
13 th October and 14 th October (Mid-point of week 3 October)	Submit Budget 2011 COM paper for DCO consideration (13 th October); thereafter submit to COM for approval (14 th October).	<u>DOFT</u> and COM Secretariat
14 th October (Mid-point of week 3 October)	Approve Budget 2011 paper.	COM

⁴ Presentation of Budget submissions to MBC generally takes two weeks (allowing for slippage given Ministers' other commitments; experience has shown that this tends to happen). Hence the September session of MBC should start on Monday, 13th September.

⁵ Decisions on agency Budget allocations should take one week. The extra week is to account for slippage in Ministers' schedules.

15 th October (End of week 3 October)	Send COM-approved appropriation schedule to SLO.	DOFT
22 nd October (End of week 4 October)	Complete Bill for the Annual Appropriation (2011) Act and dispatch to Parliament.	SLO
29 th October (End of week 5 October)	Finalise Budget documents and dispatch to printers.	DOFT
12 th November (End of week 2 November)	Collect printed Budget documents.	DOFT
15 th November (Start of week 3 November)	Distribute Budget documents to Parliament.	DOFT

Notes

1. Where more than one agency is responsible for a task the lead agency is underlined.
2. COM = Council of Ministers
DCO = Departmental Committee of Officials
DOFT = Department of Finance and Treasury
DSPPAC = Department of Strategic Policy, Planning and Aid Co-ordination
NSO = National Statistics Office
SLO = State Law Office
RBV = Reserve Bank of Vanuatu

It is important that all Ministries strictly abide by the schedule in order to have the budget documents ready to be submitted to Parliament by the end of November 2010.

Yours sincerely,



Hon. Sela Molisa
Minister of Finance and Economic Management



cc: All Ministers — For Information