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**MINISTRY OF FINANCE AND THE PUBLIC SERVICE**  
**30 NATIONAL HEROES CIRCLE**  
**P.O. BOX 512**  
**KINGSTON**  
**JAMAICA**

October 16, 2024

Circular No. 15

Permanent Secretaries

Heads of Departments

Chief Executive Officers

### **Budget Call Circular - Financial Year 2025/2026 and the Medium Term**

#### **1. Introduction**

This is the call for Accounting Officers to prepare and submit to the Ministry of Finance and the Public Service by November 29, 2024, the four year Corporate/Strategic Plan of ministries, departments, and agencies (MDAs) containing the budget estimates for Financial Year (FY) 2025/2026 and medium-term forward estimates (FEs) for financial years 2026/27, 2027/28 and 2028/29.

The Budget Call communicates the envelope of resources available to each MDA for allocation to priority programmes, activities and where applicable to public investment projects, for Financial Year 2025/26 and the medium term (2026/27, 2027/28 and 2028/29).

#### **2. The Legal and Regulatory Framework**

The Budget Call Circular is issued in accordance with the requirements of the GOJ public financial management legislation:

- a) *The Jamaica Constitution Order in Council 1962 Chapter VIII FINANCE Section 115 (1)* stipulates that “The Minister responsible for finance shall, before the end of each financial year, cause to be prepared annual estimates of revenue and expenditure for public services during the succeeding financial year, which shall be laid before the House of Representatives.”
- b) *The Financial Administration and Audit Act, the Financial Management Regulations and the Financial Administration and Audit Act (Fiscal Responsibility Framework) Regulations* authorise the Minister of Finance to issue, a Budget Call containing economic and fiscal parameters to govern the preparation of the Estimates of Expenditure for the ensuing financial year and the medium term.
- c) *The Financial Administration and Audit Act (Fiscal Responsibility Framework) (Amendment) Regulations, 2015 6(1) (2)*, require each accounting officer to submit to the Minister of Finance, a four-year Corporate Plan containing budget estimates for the upcoming financial year, and forward estimates for the succeeding three financial years, in respect of existing recurrent and public investments, and any new policy proposals, to be implemented within the period covered by the corporate plan. The Regulations impose a requirement on Accounting Officers for the cost of implementing MDAs Corporate Plans to be consistent with the expenditure ceilings of the Budget Call.

- d) *The Financial Management Regulations Regulation 12(2)* stipulates that the Budget Call shall require every department to submit in respect of the upcoming financial year, its:
- (a) corporate plan
  - (b) operation plan
  - (c) procurement plan
  - (d) expenditure budgets
  - (e) cash flow forecast
  - (f) Permanent Secretary’s memorandum; and
  - (g) any other document prescribed by the Minister.

**3. Context of Central Government Expenditure Budget**

Weakened domestic and external demand along with adverse weather conditions (including hurricane Beryl) have negatively impacted economic performance for the current financial year. Real GDP is projected in the range of -1.0 to 1.0 percent as output growth in many sectors slows. The economy is expected to improve in FY 2025/26, reflecting growth predominantly from ‘Agriculture, Forestry and Fishing’ and ‘Hotel and Restaurants’. Economic growth is projected over the medium term albeit at a slower rate. Growth in the economy is expected to be primarily driven by further improvements in tourism and the continued rebound in Agricultural production.

Inflation is projected to normalize within the target range of 4.0 percent to 6.0 percent in FY 2024/25 at 4.5 percent. This follows a decline from 5.6 percent in FY 2023/24. It is expected to stabilize at approximately 5.0 percent in the later years of the medium term.

A more accommodative monetary policy environment in the medium term, as inflationary pressures reduce, is also expected to contribute positively towards Jamaica’s economic performance. It is within this context that the projections for the key macroeconomic variables outlined in Table 1 below were formulated.

**Table 1- Central Government’s Medium Term Macroeconomic Assumptions (%)**

Macroeconomic Variables	Revised 2024/25*	2025/26	2026/27	2027/28	2028/29
Nominal GDP growth rate (%)	6.6	6.7	6.1	6.1	6.1
Real GDP growth rate (%)	-0.2	1.9	1.0	1.0	1.0
Inflation: Annual Pt to Pt (%)	4.5	4.7	5.0	5.0	5.0

Source: MOFPS  
 \*First Supplementary Estimates 2024/25

The Central Government aggregate non-debt resource envelope available for allocation across the Government for FY 2025/26 and each year of the medium term to 2028/29 is reflected in Table 1 below.

**Table 2 - Medium Term Non-Debt Resource Envelope (J\$’000)**

	2025/26	2026/27	2027/28	2028/29
Programmes	336,230,473	356,404,301	381,352,602	393,342,798
Compensation of Employees	495,421,838	535,906,255	579,267,301	625,608,685
Capital Expenditure	69,057,015	72,677,605	79,186,739	91,011,788

Source: MOFPS

#### 4. RESPONSIBILITY OF ACCOUNTING OFFICERS

- 1) In keeping with the Financial Management Regulations (FMR), Accounting officers are to ensure, among other things, that:
  - a) the estimates are prepared as completely and accurately as possible.
  - b) the estimates are framed with due regard to economy and efficiency.
  - c) the estimates are submitted in due time and in proper form.
  - d) the services which are included in the estimates are within the capacity of the MDA to deliver during the financial year.
  - e) the estimates are submitted in due time and in proper form.
- 2) Accounting officers are required to submit along with the estimates of expenditure the following documents, using the Budget Preparation and Management System:
  - a) **Permanent Secretary's Memorandum** on the budget proposal, giving an overview to include the following:
    - i. the policy and programme direction for the upcoming year
    - ii. a report on the current year's performance and achievement
    - iii. an indication of priority programmes for the upcoming year
    - iv. an indication of the extent to which the ministry will be able to fulfil its mandate and objectives in the context of the expenditure ceilings
    - v. priority programmes which may be affected by the ceilings, and the implications for the ministry's performance
    - vi. Full details of the allocation requested for consultancy payments and contract officers, the purpose of these services, contract period and annual cost
    - vii. the stock of unpaid bills at the end of the previous financial year and the stock at the end of September of the current financial year.
  - b) **Medium Term Corporate/Strategic Plan** highlighting the ministry's specific goals and objectives, strategies, performance indicators and performance targets as well as incorporating the Medium-Term Financial Resource Plan
  - c) **Procurement Plan, Implementation Plan, Cash Flow Forecasts** for both Public Investment Projects and activities which will be implemented under the Recurrent Head of Estimates.
  - d) **Operational Plan**, which provides details of the programmes/activities to be implemented in the first year of the Corporate/Strategic plans.
- 3) In order to present a comprehensive picture of Central Government's Expenditure Budget, Accounting Officers must ensure that the total costs of MDAs operations (both capital and recurrent), whether financed by revenue, grants, loans, or appropriations-in-aid, are reflected in the budget for approval by Parliament. Grants include donations (cash and in kind) from local and external sources.
- 4) The GOJ medium-term results-based budgeting (MTRBB) approach, requires, among other things, the preparation of estimates of expenditure for four (4) years – the budget for Financial Year 2025/26 and the forward years 2026/27, 2027/28 and 2028/29. The MTRBB Forward Estimates Tool is to be used in developing the estimates for the three forward years. Accounting officers are reminded that the Tool is pre-populated with costing measures (e.g., inflation) across the sub-sub objects of each activity. The tool also allows MDAs to record their changes and assumptions for activities and programmes affected by other adjustments such as demand-driven growth or policy changes.



- 5) Accounting officers are advised that the ceilings for the forward years take account only of the cost of ongoing programmes or programmes that have already been approved by Cabinet for implementation in future years. Costings related to new programmes, proposed for implementation by MDAs in the new financial year, is not to be included in the information uploaded to the Forward Estimates Tool. MDAs must ensure that in allocating the budget ceilings, priority is to be given to the programmes/activities that contribute to achievement of the government's key policy objectives.
- 6) In addition to presenting medium-term expenditure estimates, all MDAs are required to present **key performance indicators** (KPIs) for their core programme(s) as part of the medium-term results-based budgeting process. This information is to be extracted from the Corporate/Strategic Plan for inclusion in the Estimates of Expenditure. While there are several types of KPIs, the Estimates of Expenditure currently captures four types; these are **Input, Output, Efficiency and Outcome**. MDAs must provide no more than three examples for each type of Indicator. The selected KPIs are to be identified in the **Performance Information Template** (Appendix III) and submitted with the Corporate/Strategic Plan.
- 7) Accounting officers must ensure that the results to be delivered by the policies and programmes reflected in their Corporate/ Strategic Plans are consistent with the strategic priorities of the government, aligned with the national priorities and outcomes of Vision 2030 and the Sustainable Development Goals.
- 8) Accounting officers are to ensure that submission of the budget numbers is done via upload to the Budget Preparation and Management System (BPMS). Accounting officers are reminded that the Budget Ceilings for each MDA will be loaded into the BPMS prior to the system being made available for the input of budget estimates. Draft Corporate/Strategic Plans along with the Permanent Secretary's Memorandum are also to be uploaded via the BPMS.
- 9) Accounting officers must ensure that the input of data into the BPMS accurately reflects the purpose for which the funds are required. As such, budget allocations at the object, sub object and sub sub-object levels must be accurate to prevent distortion of data and unexplained variances in summary reports that are generated for publishing.
- 10) The Medium-Term Budget is the quantitative expression of the medium-term Corporate/Strategic plans. Accounting officers must therefore ensure that there is alignment between the planning and budgeting processes and that the plans are developed with due regard for the limits of the expenditure ceilings allocated.
- 11) Section 75 of the FAA Act, Financial Management Regulations, requires accounting officers to submit **Quarterly Performance Reports** on the status of their departments in relation to the approved targets stated in their corporate/strategic and operational plans.
- 12) Accounting officers must ensure that their MDAs provide an Implementation Plan, a Procurement Plan and a Cash Flow (Appendix IV) which reflect the Recurrent programmes/activities and the targets whose performance will be reported on in their Quarterly Performance Reports.
- 13) The Corporate/Strategic/Operational plans, that are submitted with MDAs budget proposals, are to be updated and brought in line with the Budget-As-Passed by the House of Representatives. The Implementation Plan, Procurement Plan and Cash Flow must all be updated and aligned with the Approved Budget. The updated plans are all to be submitted to the MOFPS (Public Expenditure Division) by the end of **May 2025**, to inform timely and accurate warrant releases for budget implementation and the quarterly performance monitoring process.

## **5. RECURRENT EXPENDITURE PROPOSALS**

Preparation of the Recurrent Budget is to be guided as follows:

### **a) Compensation of Employees:**

- a. The projected expenditure for wages and salaries is to be calculated on the basis of the staff in place, at the First Supplementary Estimates (FSE) 2024/25.
- b. Approved adjustments to wages and salaries that are due to take effect in FY 2025/26 and the medium term, are not included in the individual compensation ceilings being sent to MDAs.
- c. Compensation arrears related to prior years are to be identified and submitted in the PS Memorandum.
- d. Details of vacancies filled after the FSE 2024/25, details of positions proposed to be filled during FY 2025/26 and the status of the recruitment process are to be outlined in the Permanent Secretary (PS) Memorandum.

### **b) Recurrent Programmes (Non-Wage Expenditure)**

Accounting Officers must ensure that all programmes/activities are reviewed in order to determine their continued relevance to government's current policy directions.

The following guidelines are to be observed in allocating the ceiling across Recurrent Programmes activities:

#### **(i) Public Utilities**

Allocations must be based on actual usage of public utility services to prevent the build-up of expenditure arrears. Accounting Officers are reminded that interest charges are applied on balances over thirty days by the service provider, and therefore, adequate allocations are to be made to keep the accounts current.

#### **(ii) General Consumption Tax on Purchases**

The full cost of purchases of goods and services, inclusive of consumption tax, customs charges and other import duties must be allocated to ensure that the taxes are paid on a consistent and timely basis.

#### **(iii) Rental of Property**

Estimates for rental of property must reflect actual contract arrangements. Allocations are to be made for known increases that are expected to take place during the financial year.

#### **(iv) Travel Allowances and Subsistence**

Fixed travel allowances are to be reflected under Object 21 - Compensation of Employees. Discretionary local and overseas travel are to be managed within the budgetary allocation for the financial year.

#### **(v) Expenditure Arrears**

Due regard is to be given to developing realistic budgets as unauthorized spending above the budget or entering into commitments which result in expenditure above the level approved by Parliament, is a breach of the Financial Administration and Audit Act.

**(vi) Statutory and Other Deductions**

Accounting Officers are to ensure that the payment of statutory and other deductions from the earnings of employees conform with Regulations 54 and 54A of the Financial Management Regulations.

**(vii) Appropriations-in-Aid**

Approved Appropriations-in-Aid (AIA) must be clearly identified in the Estimates of Expenditure. Payments from AIA funds must be processed on the accounting system and submitted to the AGD in the normal manner, using the relevant fund source code in the Chart of Accounts.

**(viii) Budgetary Provisions for Grants and Contributions (Object 27)**

Accounting officers are to ensure that Circular No. 6 (attached) dated May 02, 2024 *“Revised Procedure for Government Funded Projects, Executive Agencies and Treatment of Object 27 in Preparation of Draft Budgets,”* is appropriately implemented.

**6. PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP)**

- a) The Capital Budget reflects the budgetary allocations approved for implementing the Central Government projects included in the government’s Public Sector Investment Programme (PSIP).
- b) The Project Summary Template (Appendix V) is to be:
  - a. Completed for all new projects which will be entering the PSIP for the first time in FY 2025/26, and
  - b. Updated to reflect any approved changes made to existing projects under implementation.
- c) Capital expenditure ceilings that are provided with this Budget Call are to support those public investment projects that have been appraised by the Public Investment Management Committee (PIMC) and approved by Cabinet for implementation and funding. Projects that have not gone through this process are not to be included in the Budget Submission.
- d) Accounting Officers are to ensure that budgetary allocations to support the preparation of public investment projects by MDAs including those approved for development as government-pays public private partnerships (PPPs), are submitted in keeping with the requirements of Circular No. 13, dated July 13, 2024 (attached).
- e) Accounting Officers are to ensure that the Project Implementation Plan, Project Procurement Plan and Cash Flow (Appendix VI) are completed for all public investment projects and uploaded submitted via the BPMS.

**7. BUDGET- FUNDED PUBLIC BODIES**

- a) Public bodies that are fully or partially dependent on the Consolidated Fund for financing, must comply with the requirements of the Budget Call.
- b) The Boards of budget-funded public bodies are to be apprised of the budget constraints and advised of the approval process involved in utilizing own-source funds to off-set their operating expenditure as AIA.
- c) Expenditure proposed for funding from AIA must be clearly identified and submitted along with the budget proposals.

## **8. DEADLINE FOR SUBMISSION OF DRAFT BUDGETS**

Accounting officers are reminded that the budget estimates are to be submitted to the Ministry of Finance and the Public Service via the BPMS by **Friday, November 29, 2024**.

## **9. BUDGET CEILINGS – FY 2025/26 AND MEDIUM-TERM FY 2026/27 – 2028/29**

The budget ceilings along with the Budget Call will be transmitted electronically to MDAs as follows along with the following appendices:

- a) Appendix 1 -
  - (a) Recurrent Expenditure Ceilings for FY 2025/26 and the Medium Term
  - (b) Capital Expenditure Ceilings for FY 2025/26 and the Medium Term
- a) Appendix II - Key Performance Indicators Template
- b) Appendix III - Recurrent Programmes Implementation Plan, Procurement Plan and Cash Flow
- c) Appendix IV - Project Summary Template
- d) Appendix V - Project Implementation Plan, Project Procurement Plan and Cash Flow

Please be guided accordingly.

Yours sincerely,



**Darlene Morrison, CD**  
**Financial Secretary**

*C: Auditor General*

**Attach:**

