



**MINISTRY OF FINANCE
& THE PUBLIC SERVICE
JAMAICA**

THE CITIZEN'S GUIDE TO THE

**2020
-2021**

BUDGET

<http://mof.gov.jm>

SUNDAY FEBRUARY 23, 2020

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MESSAGE FROM THE MINISTER OF FINANCE AND THE PUBLIC SERVICE



The pursuit of economic independence is a policy priority of the Government of Jamaica. Jamaica has been politically independent since 1962 though, for over five decades, we became serially dependent on the international community for economic support. This is inconsistent with the Jamaican identity and incompatible with our national vision of ourselves.

Economic independence does not mean a withdrawal from the global economic and financial system. It does not mean that we cannot benefit from external financial flows, technology, and know-how. However it does mean that we responsibly take our destiny into our own hands. This is important as otherwise we fit into the vision of others for ourselves and will not have the chance to pursue our own dreams.

We believe that economic independence rests on the foundation of an empowered citizenry and nothing empowers more than knowledge. The Government of Jamaica is interested in empowering all Jamaicans and in this regard, we want to ensure that everyone develops an understanding of the National Budget. In support of this, the Ministry of Finance and the Public Service has again prepared a Citizen's Guide to the Central Government's Budget for Financial Year 2020/2021.

It is important that all segments of the Jamaican population understand how revenue is generated to fund the expenditure programme that is undertaken during the financial year to further advance Jamaica's economic growth and development. It is hoped that every citizen will be able to identify with the efforts to improve the lives of Jamaicans through the policies and programmes being carried out by the government to:

- Support national security and reduce crime;
- Upgrade Jamaica's infrastructure;
- Ensure the availability of modern health services;
- Upgrade the delivery of other essential services;
- Facilitate improvement of the Justice System;
- Ensure that social services are available where required;
- Improve Jamaica's resilience to natural disasters; and
- Encourage the growth of micro, small and medium enterprises as the base on which sustainable development of Jamaica will occur;

The Ministry of Finance welcomes your feedback on this Citizen's Guide to the 2020/21 Central Government's Budget and looks forward to continuing the dialogue and deepening our engagement in the coming years.

Nigel Clarke, DPhil, MP
Minister of Finance and the Public Service

MESSAGE FROM THE FINANCIAL SECRETARY



In keeping with the Government's commitment to transparency and accountability, the Ministry of Finance and the Public Service is pleased to present **The Citizen's Guide to the 2020/2021 Budget**.

The Citizen's Guide seeks to provide information on the Government's social and economic policies, programmes and projects in an easy to read format. The objective is to encourage more citizens to develop an interest in the national budget and to increase their knowledge of how public funds are allocated to provide public services. It is expected that this knowledge will lead to more informed public debate during the budget process and ultimately result in improved accountability. As was the case with the first publication,

The Citizen's Guide to the 2020/2021 Budget is focused on the budget of the Central Government, that is, on spending by Ministries, Departments and Agencies and how it is financed. Going forward, the Government intends to include in the Citizen's Guide, information on the Self- Financed Public Bodies which earn revenue and fund their own operations.

Citizens are encouraged to review the **FY 2020/2021 Budget** programme outlined in the Citizen's Guide and to work together, throughout what should be the final decade of Jamaica's existence as a developing country, to the ensure achievement of **Vision 2030**.

Darlene Morrison
Financial Secretary

INTRODUCTION

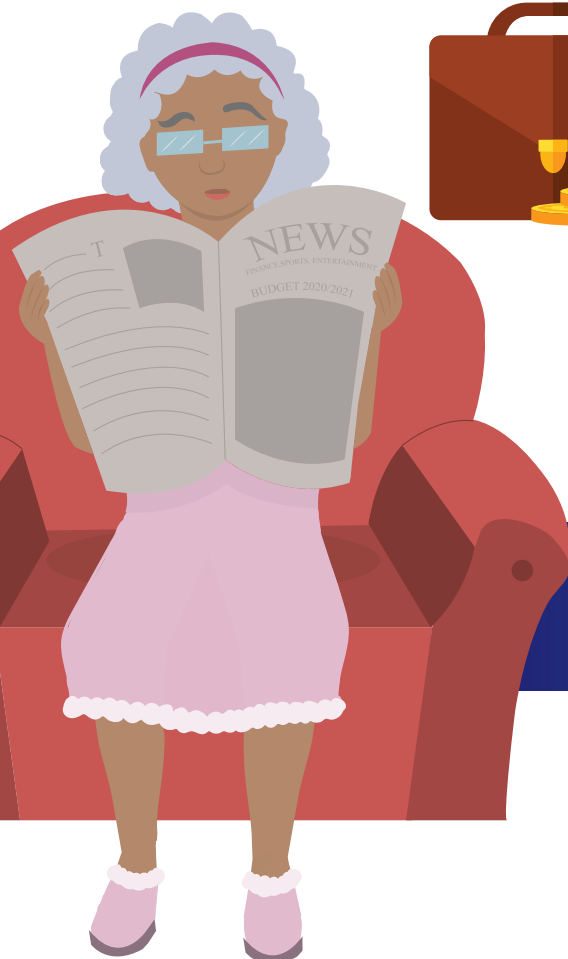
The Constitution of Jamaica authorises the preparation of the annual estimates of revenue and expenditure and the tabling of the estimates in the House of Representatives. The annual estimates of revenue and expenditure (or the budget), outlines the Government's social and economic policies which inform the various projects and programmes undertaken by Ministries, Departments, Agencies (MDAs) during the course of a financial year.

The Citizen's Guide to the Budget seeks to bring aspects of the budget to the wider public in an easy to read format while reducing the use of technical language. In addition to the print media, aspects of the 2020/21 Citizen's Guide to the Budget will also be disseminated electronically and through social media.

The intention is to help to raise the awareness of the general public of the budget information which is tabled in the technical documents in the Parliament. It is expected that this Guide will allow more

citizens to participate in discussions on the budget -wherever Jamaicans meet to exchange views - whether on their favourite corner, in the barbershops, beauty salons, parking lots, around the domino tables or at the market.

The Guide mainly focuses on the Central Government's Expenditure Budget which is funded from the Consolidated Fund and provides budgetary information on the major activities/projects which will be carried out by MDAs during Financial Year April 2020 to March 2021.



PART I - OVERVIEW OF FINANCIAL YEAR 2019/2020:

What did we accomplish and are we still on track to achieve Vision 2030?

FY 2019/2020 witnessed Jamaica successfully exiting the **International Monetary Fund (IMF) Precautionary Stand-By Arrangement** having achieved all quantitative targets. The Government remains committed to maintaining the reform momentum, through among others: continuing to rationalize Public Bodies, and more broadly to transform the public sector; enacting legislation to formalize the independence of the Bank of Jamaica, and to establish an independent Fiscal Council; and implementing sound policies to strengthen Jamaica's resilience to natural disasters and the effects of climate change.

Stability of the macro-economic landscape was maintained during the year with continuation of low inflation rates, low interest rates, record-high employment levels, declining debt/GDP ratio and real economic expansion, albeit lower than expected.

At the start of **FY 2019/2020**, the Government reduced and removed some distortionary taxes through adjustments to the stamp duty, transfer tax and asset tax structures. The GCT threshold was increased from **\$3 million** to **\$10 million** thereby relieving several micro and small businesses from the need to register and file GCT returns. The minimum business tax was also removed. These adjustments to the tax structure have assisted in simplifying the tax system; and generating greater equity and efficiency.

Most of the activities programmed in the **2019/20** budget have been successfully implemented, however, implementation of some activities occurred at a slower than anticipated pace and were therefore unable to fully utilize the resources allocated. The Government addressed this through re-allocating resources from activities that could not utilize them to activities that could. The inflow of higher than anticipated revenue facilitated an increase in the expenditure envelope and the accommodation of additional activities during the year.

Among the additional allocations/re-allocations were increases in subvention to the University of Technology and the University of the West Indies, increased allocation for the maintenance of secondary roads and the clean-up of flooded areas, increased subvention to the Jamaica Urban Transit Company, an allocation to facilitate payments on thirty (30) Pumper Trucks for the Fire Brigade, an allocation to clear electricity arrears of public educational institutions and the provision of resources to provide social support to the elderly.

Implementation of the **FY 2019/20** Budget as revised therefore positively impacted all sectors of the economy thereby maintaining the momentum toward realizing **Vision 2030**.



PART II - WHAT GOES INTO PREPARATION OF THE BUDGET? (Economic Outlook)

In planning the National Budget each year, the Government reviews current and past performances of the main macroeconomic indicators in order to determine the fiscal policy direction for the budget year and the medium term. The macroeconomic projections are prepared by the Planning Institute of Jamaica and the Bank of Jamaica in consultation with the Ministry of Finance and the Public Service. The key indicators include:

Economic Growth Rate

Jamaica's **Gross Domestic Product (GDP)** is the total value of goods and services produced in Jamaica each year. For **FY 2020/21**, the expected expansion in the goods and services industries is estimated to generate real growth of 1.2%.

Unemployment and Job Creation
The Labour Market Survey for **October 2019** revealed an unemployment rate of 7.2%, compared to 8.7% in October 2018, representing a historic low for Jamaica. This reflects an increase in the labour force of 29,200 persons. Along with the growth initiatives, the Government will continue to implement strategies and activities to foster further reduction in the rate of unemployment.

Inflation Rate

The Minister of Finance has responsibility for setting the inflation target each year on the basis of technical advice provided. The inflation rate measures the average percentage increase in general prices in the economy over a specific period. Low and stable inflation represents a moderate movement in the general levels of prices of goods and services which encourages savings, investment and growth. Inflation

for **FY 2019/20** is estimated to be 5%, with a slight reduction to 4.4% projected for **FY 2020/21**. Inflation is forecast at 5.0% over the medium term.

Interest Rate

Assumptions about interest rate in the budget represent the cost of loans undertaken by the Government of Jamaica. Interest rates vary depending on several factors. Among the factors are, whether amounts being borrowed are in local currency from the domestic market or in foreign currency from external markets. Interest rates at which the Government borrows both locally and externally have fallen in recent years. For instance, the 6-month Treasury-bill is currently at a record low rate of 1.4% while the country's last bond issue on the international capital market in September 2019 yielded 5.8%.

Exchange Rate

The exchange rate represents the cost of one unit of one currency in another currency. The most common exchange rate utilized in Jamaica is the cost of one US dollar in Jamaica dollars. At end-December 2019, the selling rate of the US dollar was **US\$1.00 = J\$132.60**, a depreciation of **3.8%** over the last year, compared to **2.2%** during 2018. During the year the Jamaica dollar underwent periods of appreciation as well as depreciation which is expected in an appropriately functioning market.

Fiscal Policy

Fiscal policy represents the policies governing revenue and expenditure under which a Government operates. Some of these policies are legislated and provide

the overall framework within which any Government must operate. Jamaica has put in place a fiscal responsibility framework with three types of fiscal rules: an expenditure rule, a budget balance rule and a debt rule.

The rules serve to manage the levels of expenditure undertaken based on available revenue in any year to ensure that the government meets its debt target and continue to provide needed goods and services to the public.

Within this framework the **FY 2020/21** budget is able to undertake non-debt expenditure of approximately **\$527.794 billion** while keeping the Government on track to achieve the debt rule to attain a debt stock equivalent to no more than **60% of GDP by FY 2025/26**. Included in the **\$527.794 billion** of non-debt expenditure is **\$221.296 billion** for wages and salaries which has been contained to the expenditure rule of **9.0% of GDP** to ensure sufficient resources are available for non-salary recurrent expenditures as well as capital expenditure. The budget balance rule ensures that resources are available to finance debt service payments - interest and principal payments.



PART III - HOW BIG IS THE NATIONAL BUDGET?

The budget is made up of **EXPENDITURE** and **REVENUE**.

Expenditure:

This is the total sum to be spent by the Central Government during **Financial Year period 2020/2021** (the period starting April 1, 2020 and ending March 31, 2021). The size of the Central Government's spending budget for the twelve month period is **\$852.68 billion** and this is **\$6.4 billion** or **0.7% less** than the sum projected to be spent in **FY 2019/2020**. This reduction is due to lower spending on debt service cost of **\$29.99 billion** while the non-debt expenditure is projected to increase by **\$23.4 billion**.

Revenue:

This is the total amount of money that the Government earns from both domestic and external sources. The projected revenue is **\$826.89 billion**. The gap between the projected spending of **\$852.68 billion** and the revenue of **\$826.89 billion** will be filled by cash balances totalling **\$25.79 billion** which the Government will carry forward from **FY 2019/2020**.

THE EXPENDITURE BUDGET	
	J\$ Billions
NON DEBT	564.83
PUBLIC DEBT	287.84
TOTAL EXPENDITURE (including Debt)	852.68*

Source: MOFPS

FINANCING THE BUDGET	
	J\$ Billions
REVENUE & GRANTS	683.29
LOAN FUNDS (Raised & to be Raised)	143.60
CASH BALANCES (Carried Forward)	25.79
TOTAL FINANCING	852.68

Source: MOFPS

*(Slight Variation Due to Rounding of Numbers)

Expenditure

The **\$852.68 billion** allocated to expenditure includes:

- **\$232.07 billion** for **Recurrent Programmes** or the non-wage spending by **Ministries, Departments and Agencies**
- **\$221.30 billion** for **Compensation of Employees**, that is wages and salaries and related payments for Central Government Employees;
- **\$37.26 billion** is to provide financing in the form of loans or capital injection to Public Bodies;
- **\$74.20 billion** is allocated to fund the Central Government's capital projects;
- **\$287.84 billion** for debt service cost;
- At the end of December 2019, Jamaica's total stock of debt was **One Trillion, Nine Hundred and Ninety-Nine Billion Four Hundred and Ninety-One Million (\$1,999,491,000,000)**. The country has made significant progress in reducing its Public Debt but there is still a sizeable stock which must be repaid.
- The diagram below shows:
 - Progress made in reducing the Public Debt from **133.1%** of GDP in **FY 2013/2014** to **94.4%** in **2018/2019**.
 - Continued effort which will be made to reduce the size of Jamaica's public debt and to work towards the legislated target of **60.0%** of GDP or less by **FY 2025/26**.

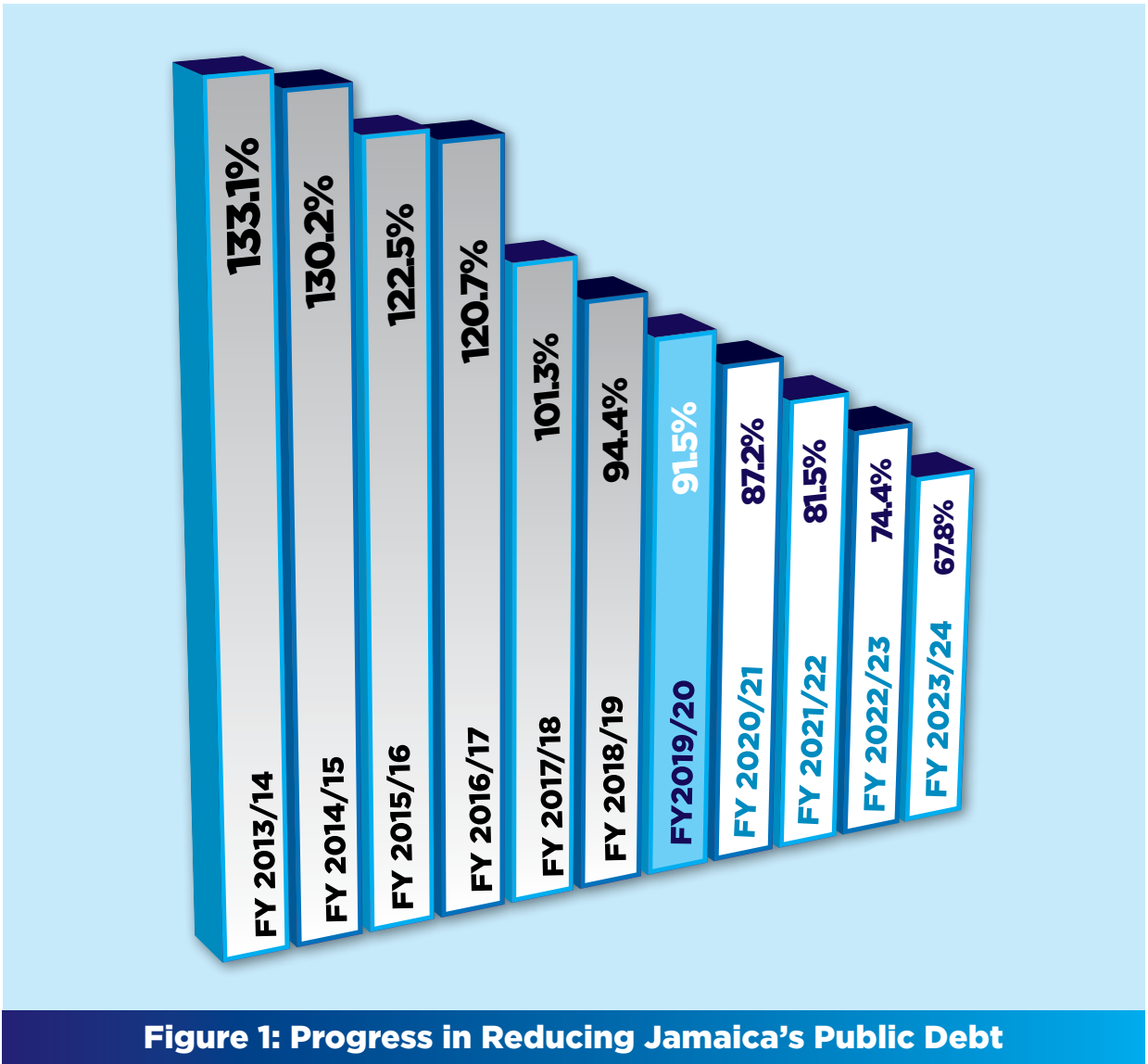


Figure 1: Progress in Reducing Jamaica's Public Debt

Source: MOFPS

PART IV - WHERE DOES THE MONEY COME FROM TO FUND THE BUDGET?

In addition to the money it proposes to collect from taxes, Government will also utilize funds from non-tax sources; grants; and Government borrowing to fund its planned activities. These amounts projected to be collected from these sources are as follows:

- **Tax Revenue: \$603.79 billion**
- **Non-Tax Revenue: \$66.49 billion** including:
 - **\$6.8 billion** from the **Customs Administration Fees**
 - **\$15.1 billion** from de-earmarked revenue
 - **\$11.40 billion** from the **NHT**
- **Capital Revenue: \$8.53 billion**
- **Grants from international agencies: \$4.34 billion;**
- **Bauxite Levy: \$135.7 million;**
- **Loans: \$143.6 billion**
- **Cash Balance Carried Forward - \$25.79 billion**

Where does the money come from to fund the Budget?

	J\$ Billions
Tax and Non Tax Revenue	670.28
Capital Revenue	8.53
Bauxite Levy	0.14
Grants	4.34
Loan Funds (Raised and to be Raised)	143.60
Total Revenue Receipts	826.89
Cash Balance (Carried Forward)	25.79
GRAND TOTAL	852.68

Source: MOFPS

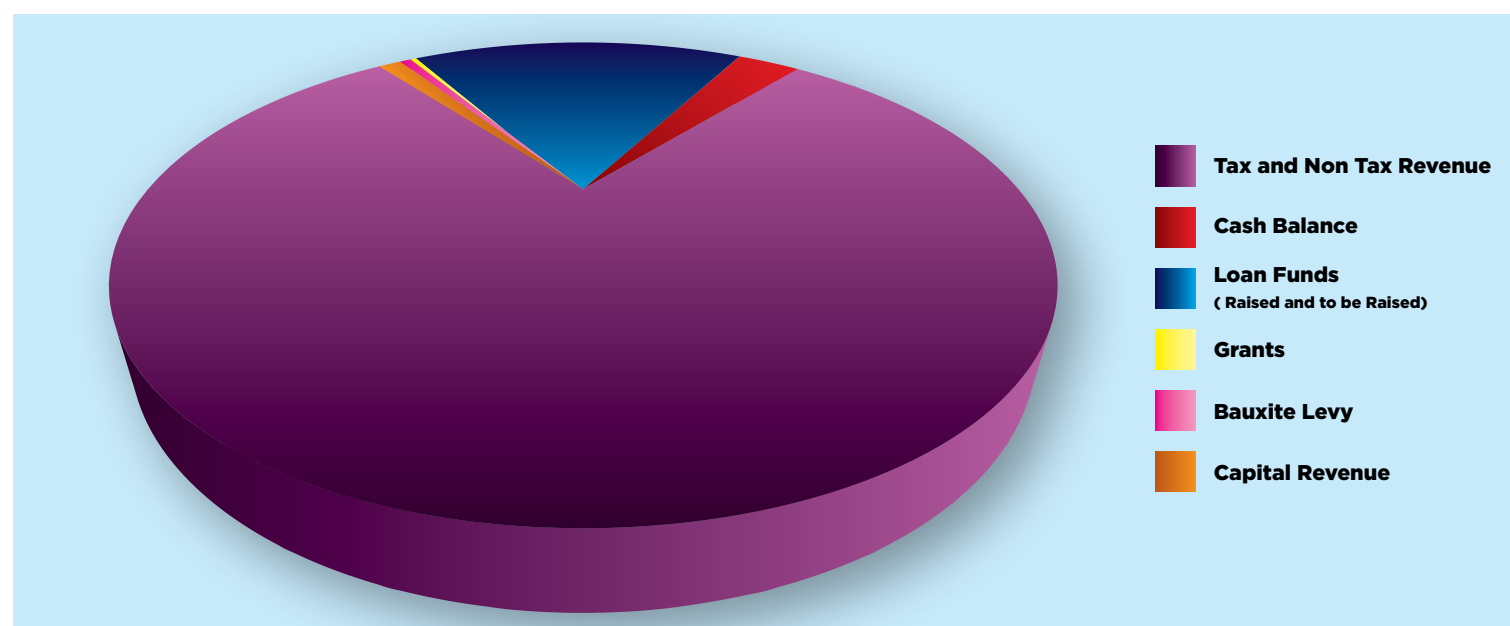


Figure 2: Where does the money come from to fund the Budget?

Source: MOFPS

Details of Tax Revenue

Most of the money that the Government uses to fund the expenditure budget comes from taxes. The **General Consumption Tax (GCT)** of **\$213.69 billion** is the largest source of taxes. This is followed by **Income Tax** of **\$168.13 billion** and **Special Consumption Tax** of **\$83.35 billion**.

Details of Tax Revenue	
	J\$ Billions
General Consumption Tax	213.69
Income Tax	168.13
Special Consumption Tax	83.35
Customs Duties	47.16
Education Tax	34.45
Travel Tax	22.51
Stamp Duties	8.38
Betting, Gaming and Lotteries-Duties, Fees and Levies	6.73
Motor Vehicle Licences (Motor Vehicle Act)	4.92
Environmental Levy	4.44
Guest Accommodation Room Tax	3.12
Telephone Call Tax	2.51
Contractors Levy	2.46
Others	1.94
GRAND TOTAL	603.79

Source: MOFPS

In **FY 2020/21**, the Government will continue to work on making the tax system simpler, fairer and more efficient. In this regard, both major revenue collecting agencies; the **Tax Administration Jamaica (TAJ)** and **Jamaica Customs Agency (JCA)** remain focused on tailoring their efforts toward improving compliance and enhancing taxpayer service and education, including through better use of existing and emerging technology. The improved tax system will provide a more stable and reliable source of revenue thereby ensuring that GOJ's expenditure is adequately funded and in a timely manner.

PART V - WHERE DOES THE MONEY GO?

WHERE DOES THE MONEY GO? - The Big Picture	
	J\$ Billions
Public Debt	287.84
Principal	155.19
Domestic	111.02
External	44.17
Interest	132.65
Domestic	55.46
External	77.19
Recurrent	490.63
Recurrent Programmes	232.07
Compensation of Employees	221.30
Other Recurrent	37.26
Capital Projects	74.20
TOTAL EXPENDITURE	852.68*

Source: MOFPS

*(Slight Variation Due to Rounding of Numbers)

WHERE DOES THE MONEY GO?

Allocation of expenditure FY 2020/21

Ministries/Departments/Agencies	Recurrent Expenditure	Capital Expenditure	Total Expenditure
	J\$ Billions	J\$ Billions	J\$ Billions
Office of the Prime Minister & Departments	10.90	-	10.90
Office of the Cabinet & Departments	0.78	6.57	7.35
Ministry of Tourism	12.51	0.02	12.53
Ministry of Economic Growth and Job Creation & Departments	11.46	22.36	33.82
Ministry of Finance and the Public Service & Departments	115.81	7.93	123.73
Ministry of National Security & Departments	78.01	15.95	93.96
Ministry of Justice & Departments	9.13	0.94	10.07
Ministry of Foreign Affairs and Foreign Trade	4.96	-	4.96
Ministry of Labour and Social Security	5.09	8.60	13.68
Ministry of Education, Youth and Information & Departments	117.07	1.48	118.55
Ministry of Health & Wellness & Departments	74.14	3.90	78.04
Ministry of Culture, Gender, Entertainment and Sport	4.57	0.03	4.59
Ministry of Industry, Commerce, Agriculture and Fisheries	10.66	3.52	14.18
Ministry of Science, Energy and Technology & Departments	6.48	0.70	7.18
Ministry of Transport and Mining	11.02	-	11.02
Ministry of Local Government and Community Development	13.47	2.22	15.69
Others	4.56	-	4.56
	490.63	74.20	564.83
PUBLIC DEBT SERVICE			287.84
GRAND TOTAL EXPENDITURE			852.67*

Source: MOFPS

*(Slight Variation Due to Rounding of Numbers)

DEBT SERVICE

Total debt service costs for **FY 2020/21** are estimated to be **\$287.84 billion**. The Government expects to pay out approximately **\$155.19 billion** for amortization/principal repayment and **\$132.65 billion** for interest expenses;

RECURRENT PROGRAMMES

\$232.07 billion to meet ongoing housekeeping expenses of MDAs such as: rental of property and public utilities; travelling allowances and pensions for public sector workers; payment for goods including drugs for public health facilities, lunches to students; subvention to institutions such as UWI, UHWI, Jamaica Civil Aviation Authority, Tax Administration Jamaica; and maintenance of roads, equipment and buildings, among others. The sum also includes:

- A. **\$2.37 billion** to meet the cost of general and local government elections, both of which will fall due in **FY 2020/21**;
- B. **\$927 million** to begin preparations for the national census which will take place in the **FY 2021/22**;
- C. **\$1.98 billion** for premium payments to provide additional insurance coverage for the country in the event of a major natural disaster;
- D. **\$3.10 billion** for the cost of street lighting;
- E. **\$3.28 billion** for the maintenance of roads, bridges and gullies

COMPENSATION OF EMPLOYEES

\$221.3 billion of the budget that remains after debt servicing will be used to meet the wage bill and employer's statutory contribution of the Central Government. This includes salaries of teachers, nurses, the security forces and administrative personnel.

CAPITAL

A total of **\$74.20 billion** has been allocated in the Capital Budget for implementation of public investment projects.

Some of the larger public investments are:

- **\$15.95 billion - Ministry of National Security** to continue initiatives which will enhance and bolster the effectiveness and efficiency of the

JCF and JDF such as **i)** completion of Phase 2 of the Burke Barracks; **ii)** completion of works at the Moneague Training Camp including the Military Canine Facility; procurement of Vehicles & Specialised Equipment ; Construction & Improvement of Police Stations & Other Buildings including the construction of a Government owned Autopsy Suite; production of designs for the new police headquarters and divisional headquarters in St Catherine and Westmoreland;

- **\$8.28 billion - Programme of Advancement Through Health and Education (PATH)** to meet payments of: **i)** cash grants to an average of 284,000 registered beneficiaries every two months; **ii)** post-secondary grants to 1,700 students with and **iii)** case management of approximately 1,000 families and provide grants where needed; **iii)** on-the-job training and job placement opportunities for 600 persons; **iv)** skill training for 800 new clients and **v)** continuing education for 350 clients.



- **\$12.92 billion - Southern Coastal Highway Improvement Project (SCHIP)** to accommodate land acquisition, design and supervision, execution of civil works along the main south eastern road corridor from Harbour View, St Andrew to Port Antonio, Portland (110Km) and Morant Bay to Cedar Valley (26Km); and commence civil works on the May Pen to Williamsfield leg of the East-West Highway
- **\$3.77 billion - Montego Bay Perimeter Road** to finalize designs; continue land acquisition and commence the rehabilitation of select road intersections in the city of Montego Bay;



- **\$1.615 billion - National Identification System (NIDS)** to continue: **i)** procurement of equipment for the Data Centre; **ii)** phase 2 of the communication plan; **iii)** revision of the NIDS Policy and Bill; **iv)** upgrading of the technology infrastructure at the Registrar General's Department to enable digital birth certificates; and **v)** procurement for the establishment of six (6) pilot enrollment sites and one (1) production site;



- **\$276 million - Integrated Community Development Project I** to conclude ongoing activities for: **i)** provision of improved access to water sources to 162 households, improved sanitation to 2,644 households and alternative fencing to 997 households; **ii)** rehabilitation of approximately 24km of roadways and nine schools; **iii)** procurement of two compactor trucks to facilitate improved waste collection; **iv)** certification of 300 youths in skills development; **v)** provision of 50 enterprises with equipment and technical support for growth and capacity development;
- **\$50 million - School Sanitation Programme**, for the construction of lavatory facilities at Westphalia All Age and Halls Delight Primary and Junior High schools, both in Mavis Bank, St Andrew;
- **\$775 million - Basic Needs Trust Fund Nine (BNTF9)** Project to achieve 100% completion of 14 rural sub-projects across seven parishes including: **i)** rehabilitation of farm roads and water supply systems; **ii)** upgrading of rural primary schools; **iii)** infrastructural development for agricultural and tourism enterprises
- **\$340 million - Poverty Reduction IV**

Project to commence and complete construction on 17 remaining infrastructure sub-projects - 7 health centres, 8 police stations, and 2 road sections;

- **\$100 million - Rural Economic Development Initiative II (REDI II)** **Project** to complete rehabilitation of the Bethel Town Sorrel factory; procurement of irrigation kits and greenhouse materials; completion of pre-construction activities to facilitate hammer mill installation in the Agro Processing Plant;
- **\$570 million - Integrated Community Development Project II** to commence **i)** start up of Integrated Infrastructure Projects in Treadlight and Anchovy; **ii)** implementation of safe passage and minor infrastructure works in seven communities; **iii)** implementation of social interventions programmes, alternative livelihood and skills development programme targeting 1050 youths;
- **\$3.90 billion - Ministry of Health and Wellness** to continue work on the rehabilitation of the Cornwall Regional Hospital (**\$1.785 billion**) and implementing Phase 2B of the Rehabilitation Plan; commence work on the construction of the 220-bed **Western Children and Adolescents Hospital (\$250 million)**; support for the Prevention and Care Management of Non-Communicable Diseases (**\$453 million**); and support GOJ's HIV/AIDS programmes (**\$1.4 billion**);
- **\$1.1 billion - Primary and Secondary**

School Infrastructure Project to commence implementation of the new which will support the removal of some schools from the shift system, construction of additional classrooms and upgrading of other school facilities;

- **\$326 million - Agricultural Competitiveness Programme** Bridging to support the construction/ retrofitting of the packaging facility at the Spring Gardens agro-park, construct river training structures on a nearby river to reduce flooding and soil erosion, and continue the establishment of a nursery at the Bodles Research Station for the mango development programme.
- **\$612 million - Essex Valley Irrigation Infrastructure Development Programme** to: **i)** continue well drilling (at alternate sites); **ii)** complete the irrigation network system and global gap building designs, **iii)** commence construction of the renewable energy infrastructure and agro processing buildings;
- **\$250 million - Rehabilitation of Irrigation Infrastructure** to support: **i)** installation of Solar photovoltaic system pumping station at Hounslow; **ii)** Replacement of aging and inefficient turbine at Free Town; **iii)** Replacement of 865 meters of pipeline at the Clarendon Upper and Lower Rhymesbury; and **iv)** commence restoration of the deteriorating infrastructure at the Rio Cobre/Upper Old Harbour branch;
- **\$250 million - Southern Plains**



Agricultural Development Project to support: **i)** development of Three (3) wells in Parnassus, Clarendon; acquire GIS equipment to log all irrigation assets; and **ii)** conduct land survey to facilitate design work for roads, irrigation and drainage networks at project sites;

- **\$1.25 billion - Farm Road Rehabilitation Programme** to carry out rehabilitation of approximately 80km of farm roads island-wide;
- **\$485 million - Boosting Innovation,**



Growth and Entrepreneurship Ecosystems (BIGEE) Project (new) to support the establishment of a Venture Capital Fund to focus on providing financing during the early stages of businesses; as well as create other financing mechanisms to support the development of Micro, Small & Medium-size Enterprises (MSMEs).

- **\$972 million - Jamaica Foundations for Competitiveness and Growth Project** to complete acquisition and installation of the **Application Management and Data Automation (AMANDA)** broadband network; complete the development of the National Spatial Plan Platform; conduct re-engineering of the border agencies; provide matching grants to MSMEs; and continue support to the

- Electronic Land Titling initiative;
- **\$830 million - Credit Enhancement Programme** for MSMEs Project to provide loan guarantees to Micro, Small & Medium-size Enterprises through the Credit Enhancement Fund
- **\$580 million - Access to Finance for SMEs Project** to capitalise the Credit Enhancement Fund and support the establishment of a Small and Medium Enterprise Fund which provides private equity and access to risk capital for SMEs.
- **\$986 million - Youth Employment in Digital and Animation Industries Project** to support: **i)** training of 80 animators in 2D and 3D animation; hosting of the **KingstOOOn 4 Animation Festival** (January 2021); Procuring hardware and software for 7 training institutions and 5 community centres; Train 2,500 additional youths in digitization of records; and place 1,250 in internship programmes; refurbishing and equipping 4 community centres;
- **\$629 million - Energy**

Management and Efficiency Project to **i)** complete retrofit of the Falmouth, Mandeville and the KPH/VJ hospitals **ii)** complete procurement and installation of the **Urban Traffic Management System (UTMS)**, **iii)** commence retrofit of seven additional hospitals;

- **\$881 million - Montego Bay Closed Harbour Beach Park** to enable completion of all construction activities for the 6.5 hectares public park;
- **\$1.9 billion - Jamaica Disaster Vulnerability Reduction Project (DVRP)** to facilitate payments for **i)** construction works on the three fire stations (Montego Bay, St. Mary & St. Thomas), **ii)** acquisition of pumper trucks and associated equipment for the Jamaica Fire Brigade, **iii)** coastal revetment works on sections of Kingston Harbour **iv)** construction works for the expansion of classrooms at the St. Benedict's Primary School, and **v)** commence drainage works for the Big Pond/Myton Gully in St Catherine.
- **\$797 million - Improve Climate Data Information Management & Adaptation Programme and Financing Mechanisms** to among other activities: **i)** complete payment and installation of the Doppler Weather Radar; **ii)** complete the National Vulnerability Assessment and Vulnerability Assessment of the Health Sector; and **iii)** complete construction of the check dams, rainwater harvesting systems, green/shade houses, reforestation programme and refurbishing of a post-harvest facility in the Upper Rio Minho Sub-watershed.
- **\$489 million - Montego Bay Waterfront Protection Project** to complete rehabilitation of the groyne along the Montego Bay Waterfront;
- **\$2.5 billion** to support public sector transformation through the Support to the Public Sector Transformation Programme and the Strategic Public Sector Transformation Project which will continue the 'roll-out' of shared corporate services; capacity building in several state agencies; execution of several training interventions; improving the ICT governance framework; and procurement of the **Public Investment Management Information System (PIMIS)**;

PART VI - HOW IS THE BUDGET PREPARED AND WHICH AGENCIES ARE RESPONSIBLE AT EACH STAGE

The Budget Process

The major stages in the budget process are:

FORMULATION

- The Bank of Jamaica, the Planning Institute of Jamaica and the Ministry of Finance and the Public Service prepare the Medium Term Macroeconomic Framework (MTMF). The assumptions around the core macroeconomic variables contained in the MTMF are used to forecast the baseline revenue, which sets the level of expenditure that is consistent with the Government's key fiscal policy targets - Debt to GDP and Wage to GDP ratios. Following Cabinet's approval, the MTMF is tabled in Parliament as a key component of the Interim Fiscal Policy Paper by the end of September each year, as required by law;
- The Ministry of Finance allocates the expenditure ceiling to each MDA in a manner that will allow the Government to honour its commitments and in

conformity with the priority objectives as determined by Cabinet. The Ministry then issues a Budget Call Circular which informs MDAs of their expenditure ceilings and provides guidance on how to develop their budgets;

- The Ministry of Finance consults with individual MDA to agree on their budget. Following such consultations, the Minister of Finance presents the budget to Cabinet for sign-off after which it is tabled in the House of Representatives;

APPROVAL

- Parliament's Standing Finance Committee deliberates on the budget two weeks after it is tabled. The Budget is approved by the House of Representatives after which it is referred to the Senate for discussion and approval;

EXECUTION

- MDAs request funds from the Consolidated Fund to implement the programmes and projects approved in the budget; during the budget execution stage, there may be adjustments required to the approved budget, which are submitted by the Minister of Finance to Cabinet and then to the Parliament for approval;

OVERSIGHT

- The Public Administration and Appropriations Committee (PAAC) provides oversight of the budget while it is being implemented by MDAs; the Auditor General audits and reports on the extent to which public resources have been used appropriately, effectively, and efficiently.



Figure 3 The Budget Process

HOW TO ACCESS GOVERNMENT OF JAMAICA'S BUDGET DOCUMENTS

Please visit the MOFPS website at **www.mof.gov.jm** to access the following budget documents:

- Estimates of Expenditure 2020/2021 (Central Government);
- Revenue Estimates 2020/2021 (Central Government);
- Jamaica Public Bodies Estimates of Revenue and Expenditure for the year ending March 2021;
- Public Sector Consolidated Estimates of Expenditure 2020/2021;
- Fiscal Policy Paper FY 2020/21;
- Medium Term Debt Management Strategy FY 2020/21 - FY 2023/24; and
- Tax Expenditure Statement 2020;

Questions on any aspect of the budget which require further explanation should be sent to the **Ministry of Finance and the Public Service Access to Information Unit:**

E-mail: **ati@mof.gov.jm**; Telephone: **(876) 932-5043**;

Feedback on the **Citizen's Guide to the 2020/2021 Budget** may be sent to: **mofps.pr@mof.gov.jm**



Strategic Public Sector
Transformation Project



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