

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

Circular No. 3 of 2018

My Ref: BUDGT/CALL/CIRCL

To : Supervising Officers-in-Charge of Ministries/Departments

2018-19 Budget Circular

You are kindly requested to submit your budget proposals, both expenditure and revenue, for financial years 2018-19, 2019-20 and 2020-21 by **6th April 2018** through the e-budget system.

2. This year, we are witnessing the positive impact and outcomes of the past two budgets, which focused on a New Era of Development and Rising to the Challenge of our Ambitions, on our economy and society. Our economy is showing steady signs of recovering to a higher growth path and we have made concrete achievements in addressing the problem of absolute poverty and lifting the standard of living for low income families. 2018-19 should see further progress if we maintain strong fiscal stewardship as we have done in the past two years, the more so that the global economy as well is performing better than in recent years.

3. The 2018-19 Budget will have to be prepared with the objective of achieving total adherence to the golden rule in public finance, that is, borrowing only to finance investment expenditure. At the same time, Government will have to stay committed to bringing public sector debt to 60% of GDP by 2020-21.

4. We need to pursue our efforts in economic and social reforms aimed at higher growth, faster employment creation and uplifting the quality of life of the population while at the same time keeping in mind the fiscal constraints within which Government has to operate. This will require innovative, well-articulated and implementable policy measures from every Ministry/Department.

5. In this context, your budget proposals will have to be aligned with an updated Three-Year Strategic Plan and the overall vision of Government. This year, allocation and arbitrage for financial resources will be guided by the updated Three-Year Strategic Plan which should reflect fully Government priorities, the need to improve public service delivery and the state of preparedness of schemes/projects. As mentioned above, in the preparation of 2018-19 budget, there will be priority efforts to balance the recurrent budget and meet our debt target.

6. Accordingly, in its budget allocation exercise, this Ministry will give greater weight in containing recurrent expenditure. Your proposals should, therefore, reflect this fiscal stance. As regards the capital budget, you should prioritise your projects and ensure that expenditure proposals are made based on a realistic implementation plan.