

**MINISTRY OF FINANCE, ECONOMIC PLANNING AND
DEVELOPMENT**

Circular No. 3 of 2021

My Ref: BUDGT/CALL/CIRCL

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

2021-2022 Budget Circular

You are kindly requested to submit your budget proposals, both expenditure and revenue, for financial years 2021-2022, 2022-2023 and 2023-2024 at latest by **09th April 2021**.

2. As you are aware, the COVID-19 pandemic is severely impacting on the world economy. In 2020, global output contracted by 3.5%. More than 85% of countries worldwide recorded a decline in their GDP. Mauritius was not spared. The Mauritian GDP fell by around 15.2% in real terms.

3. The measures taken by Government, such as the Wage Assistance Scheme, the Self-Employed Assistance Scheme and other support provided to businesses and individuals, have helped to mitigate the negative impact of the pandemic on the economy and also in saving thousands of jobs. The significant cost of these support schemes, together with the shortfall in tax revenue arising from the contraction in economic activities, have weighed heavily on public finances, leading to a rise in public sector debt.

4. With the gradual rollout of vaccine programmes and additional fiscal support across countries, global economic prospects for 2021 have improved. It is, therefore, crucial to direct our resources and efforts towards policy responses that will help us ride through the negative impact of the second lockdown, strengthen our economic recovery, boost investment, create more employment opportunities, address public health and climate change issues, while at the same time embarking on a medium-term fiscal consolidation programme.

5. Thus, in formulating your budget proposals, you are requested to focus on:

- (i) implementing projects and schemes that have high impact on growth and job creation;
- (ii) reviewing processes and procedures to ensure effective and timely implementation of projects, and improvement in service delivery;
- (iii) reducing recurrent expenditure by 25% compared to the voted provisions for FY 2020-2021;
- (iv) addressing issues raised by the Director of Audit with regard to wastage and other unproductive expenditure; and
- (v) reviewing the operations of public bodies to enhance their revenue raising capacity and contain expenditure.