



**Ministry of Finance and Economic Management**

# **Budget Performance and Outlook:**

**Quarter Ending 30 June 2015**

**2015-16**

## Contents

1. Overview .....	1
2. Budget Commentary .....	1
Statement of Recurrent Revenue and Expenditure .....	2
Revenue .....	3
Taxation revenue .....	5
Non-tax revenue .....	6
Capital Grants/Revenue .....	6
Expenditure .....	6
Current Expenditure .....	6
In Year Adjustments to the Budget .....	15
Capital Expenditure .....	15
Cash Balance .....	16
Government borrowing and debt servicing .....	16
Liabilities .....	17
3. Outlook for 2015-16 .....	19
<i>Global Economic Context</i> .....	19
Policies and Programmes for 2015-18 .....	19
4. Recurrent Budget Projections for Quarter 2: 2015-16 .....	21
A. BUDGET PERFORMANCE REPORT .....	26
B. Revenue Outturn by Programme .....	28
C. Expenditure Outturn by Programme .....	29
D. Staffing Details as at 30 June, 2015 .....	30
E. 2015-16 Long-Term Technical Cooperation - Financial report as at 31 June 2015 .....	31
F. 2015-16 SHORT-TERM TECHNICAL ASSISTANCE PROGRAMME - Financial Report as at 31 June 2015	32
G. GOM CAPACITY DEVELOPMENT – 2015-16 - Long-term Awards .....	33
H. LONG TERM LEARNING AND DEVELOPMENT REQUIEMENTS 2015-16 .....	34
I. Project Data as at 30 <sup>th</sup> June, 2015 .....	35
J. EXTRACT FROM CARTAC MAY 2015 MISSION REPORT .....	37

## 1. Overview

- 1.1. The Budget Performance and Outlook Report is a quarterly review of the Budget. The aim of the Budget Performance and Outlook Report is to enable the Cabinet, the Legislature and the public to understand and scrutinise how public funds are being spent, increasing transparency and accountability.
- 1.2. The Report provides commentary on the Budget (Recurrent and Capital as well as Debt Servicing) and an Outlook for the upcoming period along with on notes the key Policies and Programmes to be instituted.
- 1.3. Economic outlook continues to indicate that growth will be at a slow pace.
- 1.4. Domestic revenues for the quarter fell in comparison to previous years. This phenomenon was observed across most tax revenues while non-tax revenues were boosted by the collection of arrears on Royalties from the Sand Mining industry.
- 1.5. On the expenditure side, there has been an estimated \$8.66 million (27%) underspend. With the exception of Social Benefits, Debt Servicing and Revenue Refunds all recurrent spending categories were underspent.
- 1.6. The total original Approved Budget for the fiscal year 2015-16 was \$171,660,100 (Recurrent \$128,238,300; Capital \$43,421,800). The total revenue intake for the quarter was \$44.97 million (Recurrent \$42.05 million; Capital \$2.92 million). The local component of revenue stood at \$11.78 million while budgetary aid was \$30.27 million. Expenditure for the quarter stood at \$28.07 million (Recurrent \$23.38 million; Capital \$4.69 million).
- 1.7. Total debt at the end of the period stands at just under \$5.89 million. The total cash balance for the Consolidated Fund and the Development Fund was \$49.36 million (at 30 June 2015).
- 1.8. Comparative analysis by CARTAC of Montserrat's progress since the 2010 Public Expenditure and Financial Accountability Assessment (PEFA) shows an overall improvement in GOM systems while some areas declined.

## 2. Budget Commentary

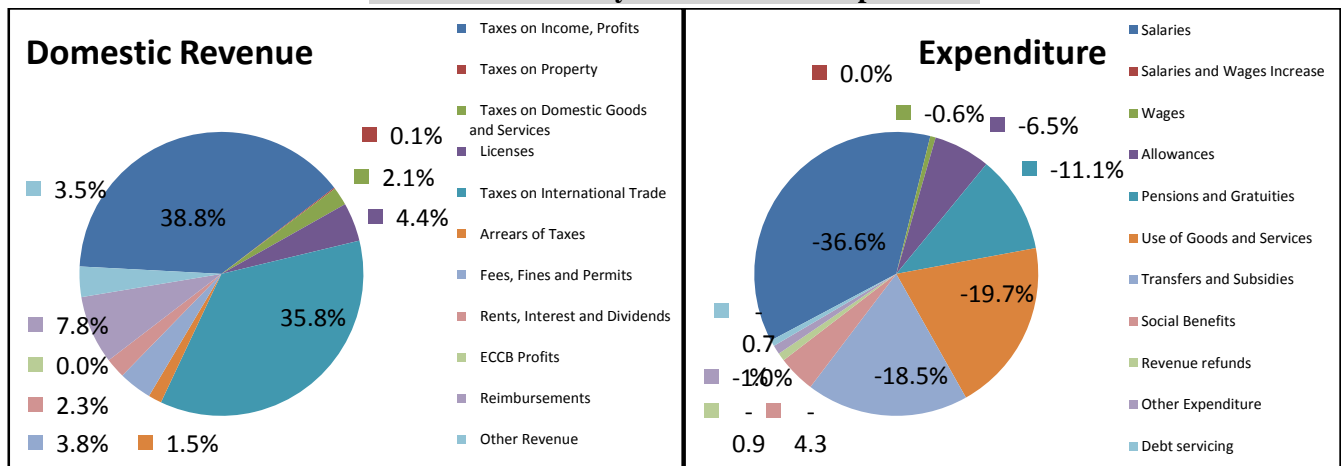
- 2.1. Government of Montserrat has been meeting its overall local revenues targets with no immediate causes for alarm. Thanks to DFIDs front loading of the second quarter with 2 months of predictable spend on personal emoluments, GOMs revenues have been secured. Spending during the quarter has however lagged, in some key areas. These include Technical Cooperation, Training, External Contributions, Small Capital Asset Fund, Revenue Refunds, Maintenance Services, Healthcare Improvement (Capital). Ministries and Departments have taken longer than expected to meet the requirements to produce plans to justify spending. Along with GOM cash flow management practices which were instituted and general challenges related to staff movements these have lent to GOM ending Q1 with a higher balance than was anticipated.
- 2.2. No additional appropriations were performed during the 1<sup>st</sup> quarter. However, adjustments are anticipated on the recurrent budget to enable spending on the Child Safeguarding initiatives. Similarly, the Capital Budget will incorporate any new fund agreements.

## Statement of Recurrent Revenue and Expenditure

2.1. The Statement of Recurrent Revenue and Expenditure sets out the scale and nature of the flows to and from the government. It shows that, in quarter 1 of the fiscal year 2015-16 the government:

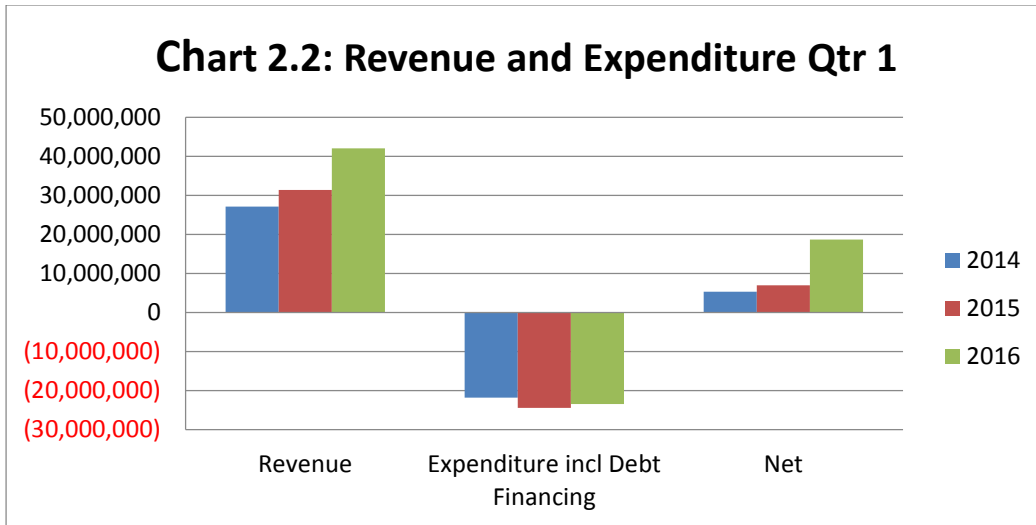
- received \$42.05 million (restated 2014-15: \$31.4 million) in taxation, budgetary aid and other operating revenue, including local revenues of \$11.78 million and aid of \$30.27 million;
- spent \$23.4 million (restated 2014-15: \$24.4 million), including \$10.2 million employing staff and \$10.4 million on goods and services; and
- further reduced its financing costs by \$0.13 million from \$6.01 million to \$5.89 million with no new debts incurred (CDB loan for the Second Power Project available but not yet drawn on).

**Chart 2.1: Summary of revenue and expenditure**



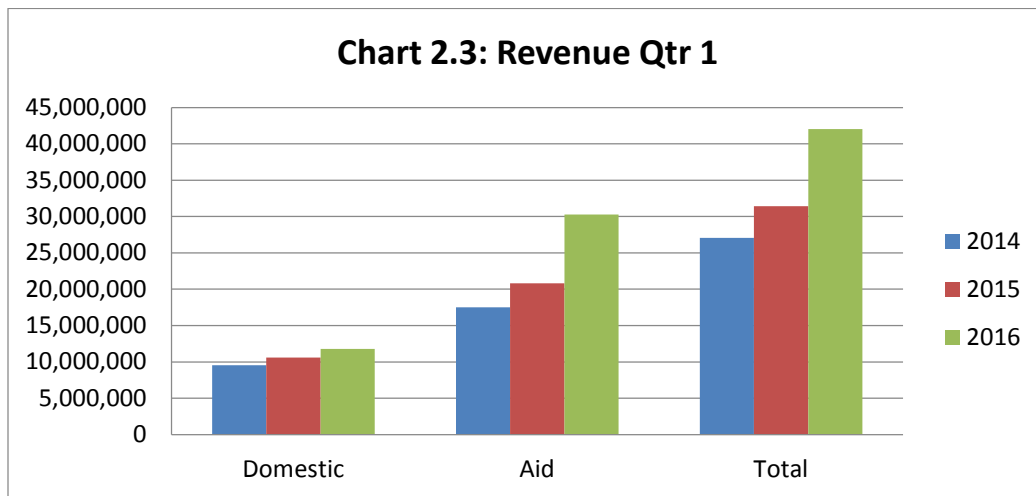
2.2. Recurrent budget performance in the quarter reflected:

- increased tax receipts from Income & profits; Rents, and Interests and dividends;
- lower staff costs (with increments not yet paid);
- decreased spending on pensions and gratuities;
- lower spending on goods and services, (as well as revenue refunds and other fees);
- reduced debt levels

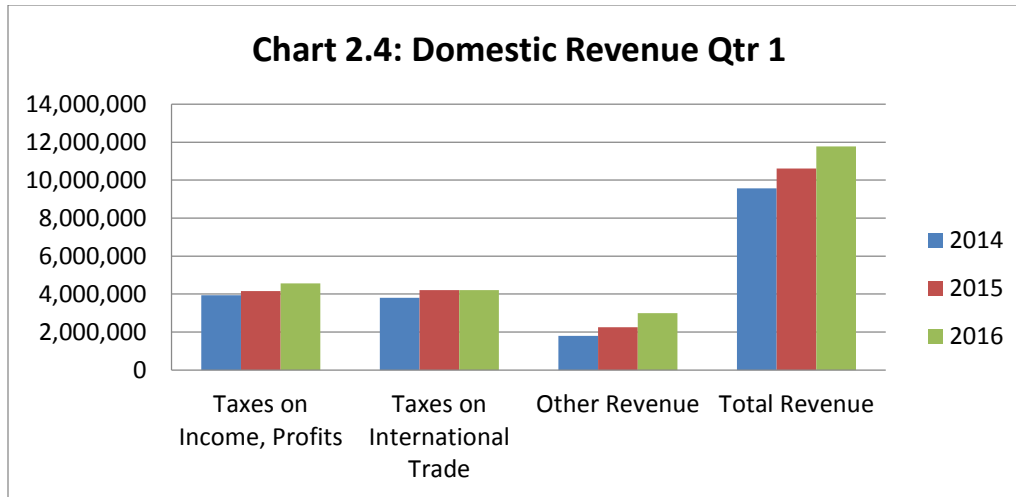


2.3. Chart 2.2 reveals that overall 1<sup>st</sup> quarter revenue receipts have increased over the triennium while spending activity has remained steadier though trending upwards. Changes to the timing and mode of UK Aid delivery are implicated particularly in the revenue increases.

### Revenue



2.4. Chart 2.3 shows increasing revenues during the 1<sup>st</sup> quarter over the triennium. The primary source of income for the quarter was grant aid from the UK government, being 72% of total revenue followed by taxation, contributing 22%. Direct taxation is the main method of collecting taxes on Montserrat for funding public services and the delivery of other Government objectives.



2.5. The triennial comparison of quarter 1 shows an increase in tax revenues this year with non-tax revenues increasing even more markedly. Tax collection for the quarter amounted to just over \$9.22 million, accounting for 22% of total recurrent revenues during the quarter. This was about the anticipated amount for the quarter.

**Table 2.1: Recurrent revenue Qtr 1**

	Projections	Actuals	% Actuals/ Projections
<b>Taxes on Income, Profits</b>	3,725,600	4,567,930	123%
<b>Taxes on Property</b>	63,000	15,398	24%
<b>Taxes on Domestic Goods and Services</b>	229,300	246,328	107%
Licenses	856,060	518,255	61%
<b>Taxes on International Trade</b>	4,476,400	4,212,668	94%
Arrears of Taxes	156,700	178,705	114%
Fees, Fines and Permits	340,039	445,101	131%
Rents, Interest and Dividends	110,423	270,760	245%
ECCB Profits	-	-	-
Reimbursements	912,507	916,821	100%
Budgetary Assistance	20,517,567	30,266,881	148%
Other Revenue	6404,160	406,893	63%
	<b>32,031,756</b>	<b>42,045,739</b>	<b>131%</b>

## Taxation revenue

2.6. An overview of the collections data (table 2.2) shows that overall the Montserrat Customs and Revenue Service (MCRS) exceeded its target for the 1<sup>st</sup> quarter of this current fiscal year. This was largely due to compliance with provision for the payment of Company Taxes.

**Table 2.2 MCRS revenue**

Classification	Projections	Actuals	% Actuals/ Projections
Company Tax	810,000	1,621,996	200%
Income Tax (Personal)	2,761,600	2,768,835	100%
Withholding Tax	154,000	177,099	115%
Property Tax	63,000	15,398	24%
Hotel/Residential Occupancy Tax	10,500	19,256	183%
Insurance Company Levy	44,000	43,040	98%
Embarkation Tax	80,800	94,695	117%
Import Duties	1,520,000	1,374,819	90%
Consumption Tax	2,700,000	2,538,058	94%
Customs Processing Fee	221,400	299,791	135%
Company Tax (Arrears)	18,000	14,882	83%
Income Tax (Arrears)	100,000	106,261	106%
Property Tax (Arrears)	38,700	57,562	149%
Customs Fines	900	2,233	248%
Customs Officers Fees	37,500	60,320	161%
Royalties - Quarries	50,000	218,850	438%
Customs Auction	-	704	-
Other Receipts	-	-	-
<b>Total</b>	<b>8,610,400</b>	<b>9,413,798</b>	<b>109%</b>

2.7. **Company Tax** – The amount collected for Company Tax doubled the projection for the quarter. This performance is due to the payment of the required first pre-payment of the 3 annual instalment payments along with payment of assessments in respect of previous years.

2.8. **Customs (Import) Duties (90%), Consumption Tax (94%) and Processing Fee (135%)** – Taxes on International Trade is comprised of these three taxes. There is a direct correlation between the Processing Fee and the other two taxes. Concession granted on the other two will tend to positively affect the collection on the Processing Fee. GOM has granted several concession resulting in shortfalls in the targets for Customs Duties and Consumption Tax. This accounts for the very positive collections on the Processing Fee.

2.9. **Customs Officer Fees** – new entrants into the business of exporting Sand and aggregate has resulted in officers having to attend Port Plymouth more frequently a service which has to be paid for. Corresponding expenditure was about \$22,635 representing net gain for GOM.

2.10. **Royalties paid on the export of mining and quarrying products** – During the quarter GOM realised collection of a large amount for arrears plus the amounts billed for April and May. Actual amounts paid for April and May was \$61,965 – The amount collected for arrears was \$156,885.

### Arrears of Taxes

2.11. A target of \$0.97 million was set for the collection of taxes in arrears for the fiscal year. This amount was spread over in Income Tax \$600k, Company Tax \$90k and Property Tax \$280k.

**Table 2.3 Arrears of Taxes**

Classification	Budget Estimates	¼Y	Q1 Projections	Q1 Actuals	% Actuals/ Projections
Company Tax	90,000	22,500	18,000	14,882	83%
Income Tax	600,000	150,000	100,000	106,261	106%
Property Tax	280,000	70,000	38,700	57,562	149%
<b>Totals</b>	<b>970,000</b>	<b>242,500</b>	<b>18,000</b>	<b>178,705</b>	<b>88%</b>

2.12. Notwithstanding some challenges with the collection of taxes in some key areas, the MCRS was able to meet its overall collection target for the year.

### Non-tax revenue

**Table 2.4 Non-tax revenue Qtr 1**

	Projections	Actuals	% Actuals/ Projections
Licenses	856,060	518,255	61%
Fees, Fines and Permits	340,039	445,101	131%
Rents, Interest and Dividends	110,423	270,760	245%
Reimbursements	912,507	916,821	100%
Budgetary Assistance	20,517,567	30,266,881	148%
Other Revenue	644,160	406,893	63%
<b>Total</b>	<b>23,380,756</b>	<b>32,824,711</b>	<b>140%</b>

2.13. The UK's budget support for the quarter amounted to \$30,266,881, 148% against original projections. This included a forward payment of \$10,404,600 for quarter 2 which was based on GOM projections for Personal Emoluments and Pensions for July and August. The next big contribution to non-tax revenue was revenue from Reimbursements, mainly from an overpayment (\$870,000) in the acquisition of property which was recovered. This was followed by Licenses amounting to \$0.5 million at 39%.

2.14. **Rents, Interests and Dividends** included a significant collection of arrears for Royalties from Mining and Quarrying.

### Capital Grants/Revenue

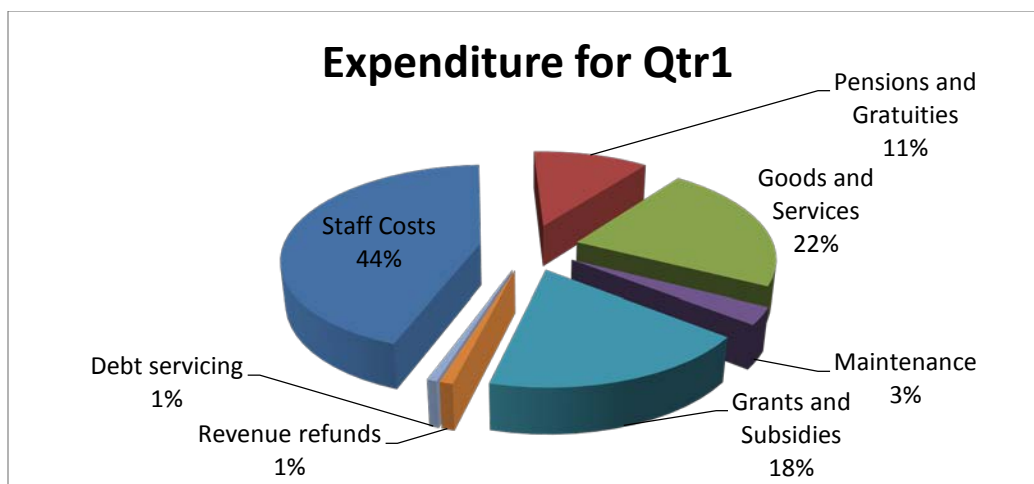
2.15. GOM's capital accounts operate on an accrual basis unlike the recurrent accounts allowing for the rolling forward of unexpended funds. This accounts for the disparity between capital receipts and spending. Actual capital grants claimed/received by GOM over the period amounted to \$0.97 million.

### Expenditure

#### Current Expenditure

2.16. Total expenditure in the 1<sup>st</sup> quarter was \$23.4 million, 27% below the projections for the quarter. This underspend was chiefly observed in the Use of Goods and Service as well as Other Expenditure categories. Slow spending on items approved under the Small Capital Asset Fund accounts for a substantial amount of this, as well as, Maintenance under the Infrastructure Services programme. Transfers and Subsidies





2.17. Tables 2.5a and b below shows the year on year changes across the major expenditure categories.

**Table 2.5 Expenditure Qtr1**

Classification	Projections	Actuals	% Actuals/ Projections
Salaries	(9,248,982)	(8,564,623)	93%
Salaries and Wages Increase	-	-	-
Wages	(174,303)	(144,741)	83%
Public Sector Reform Initiatives	-	-	-
Allowances	(1,703,781)	(1,509,786)	89%
Pensions and Gratuities	(3,129,710)	(2,605,519)	83%
Use of Goods and Services	(8,862,160)	(4,616,350)	52%
Transfers and Subsidies	(6,717,398)	(4,324,690)	64%
Social Benefits	(1,009,150)	(994,557)	99%
Revenue refunds	(225,000)	(214,129)	95%
Other Expenditure	(799,378)	(240,787)	30%
Debt servicing	(161,894)	(160,003)	99%
<b>Total</b>	<b>(32,031,756)</b>	<b>(23,375,184)</b>	<b>73%</b>

2.18. The fixed components of expenditure are staff costs 39%, pensions and gratuities 14% and debt servicing 0.49%, which collectively accounted for 46% of the spending for the quarter.

2.19. **Salaries** – A budget of \$36,677,200 approved with an expenditure of \$316,232 was to cover costs of permanent, temporary and contract personnel. The amounts were mainly due to unfilled vacancies during the fiscal year. Some ministries and departments engaged temporary measures by engaging substitutes, who were remunerated against funding for the posts.

2.20. **Allowances** – Allowances are provisions made for GOMs employees. Thus, unspent amounts were in part due to unfilled posts and pending approvals for persons in post. An amount of \$6,716,600 was budgeted of which 84% (\$5,674,253) was expended.

2.21. **Communications** – Communications budget provision covers telephone, postage, internet and other related expenses. With the approved amount of \$929,000, an expenditure of \$760,812 resulted. The lowest spent were the first two periods in the first quarter of the fiscal year. A \$40,000 reduction is seen when compared to 2013-14's expenditure – a 5% decrease.

### *Staff costs*

2.22. Staff costs include the salaries and allowances of permanent staff, temporary staff and contractors. Staff costs are the net direct cost to the government of employing staff in the public sector for the delivery of front line services. The net cost does not include social security contributions and pension costs, these are discussed below.

2.23. The approved number of posts for GOM during the fiscal period 2015-16 is now 965, as per the breakdown tabulated below:

<b>Head Count (FTE)</b>	<b>No of Funded Vacancies</b>	<b>No of Unfunded Posts</b>	<b>Total No of Approved Posts</b>
864	64	37	965
<b>Breakdown of Head Count</b>			
Permanent – 682 (70.7%); Fixed-term/Contract – 82 (8.5%);		Short-term – 46 (7.2%); Wages/non-established – 31 (3.2%)	

2.24. Refer to Appendix D – ‘Staffing Details as at December 2014’ for details by department.

### *Pensions, Gratuities and Other Benefits*

2.25. Under the Government Pensions Scheme, Pensionable Officers are eligible for Pension Benefits and other Benefits. Pension Benefits are paid upon Normal Retirement, Early Retirement and Medical Retirement. Other Benefits include the Early Exit Benefit for 10 years or more service and Death Benefit where an officer dies while in the service.

2.26. Pensions include monthly payments made to pensioners both local and overseas. Gratuities are made up of one off lump-sum payments comprising: Commuted Gratuity Payments to new retirees; Early Exit Benefits to officers who resign with ten or more years of service; and Contract Gratuity. Legislators’ Gratuities were paid to Legislators following the Dissolution of Parliament and the consequent Constitutional obligation to vacate their seats. Social Security Contributions represent Employer Contributions paid to the Montserrat Social Security Fund in respect of all employees and Contract Officers.

2.27. Spending on pensions and gratuities for the quarter was \$2,605,519 million, 10.1% of total expenditure, (restated 2013-14: \$2.84 million, 13.1%; 2014-15: \$2.84 million, 11.6%). Expenditure was incurred as follows:

- Pensions - \$ 2,085,930
- Gratuities - \$ 288,863

2.28. Additionally, GOM provided health insurance coverage of totalling \$ 87,412 for staff during the quarter; activity on this element is classified under goods and services along with other types of insurance payments.

### *Use of goods and services*

2.29. Goods and services were purchased to meet operational requirements. This included the maintenance of public sector buildings, maintenance of the road network, materials for schools and medicines, as well as administrative costs, such as rent and utilities. The total value of goods and services purchased was \$6.25 million (24% of the total expenditure).

### Small Capital Asset Fund (SCAF)

2.30. DFID in collaboration with Ministry of Finance and Economic Management has accepted that there is a need for a fund to purchase various pieces of equipment required by Ministries and Departments on an annual basis. These items are too expensive to be considered as recurrent costs, but too small to be considered a major capital project.

2.31. Funds totalling \$1.8 million has therefore been made available for this financial year to meet that requirement. Protocols have been agreed and guidelines provided for accessing and utilising and reporting on the use of the funds.

2.32. The following Projects received approval for funding during the fiscal year 2014-15, however due to issues surrounding procurement Ministries were not able to implement them. Funds were ring-fenced and permission was granted for these projects to be implemented within this fiscal year.

- Equipment for Glendon Hospital (\$250,000)  
Purchase of equipment for the hospital which will complement, the equipment purchased under the Healthcare improvement Programme. The equipment under this project cannot be accommodated under the Healthcare Improvement Programme.
- Generator to power server room in DITES (\$60,000)  
Generator necessary to protect the new DITES serves and switches purchased during the last fiscal year. It has been deemed necessary for the continued integrity and independence of the government servers that it has its own independent power supply in case of frequent power failure.
- Verge Cutter (MCW) (\$210,000)  
This project allowed for the purchase of a verge cutter to help maintain the vegetation along Montserrat main and secondary road network. This allows for increased visibility in all areas, as Montserrat it's famous for its blind corners.
- Hydraulic Hose(MCW) (\$230,000)  
This is to allow for the increasing the quality of service offered by the PWD Workshop in improving the efficiency and maintenance of heavy equipment and machinery in both the private and public sector.
- Equipment for MSS (Ministry of Education) (\$71,940)  
This projected allowed for the purchase of computers for various IT school labs across the Secondary and Primary schools.
- Laboratory Equipment (MCW) (\$147,000)  
This project provided necessary equipment to the PWD Laboratory that will allow the Ministry to continue to earn revenue, as a result of their laboratory testing services to the public.
- ETD Equipment (MCW&L) (\$175,000)  
This project involved the acquisition of an Electronic Trace Detector (ETD) device which is capable of detecting prohibited substances and explosive materials. This piece of equipment will be used to enhance the security system at the John A Osborne Airport.

2.33. To date total expenditure committed from the Small Capital Asset fund amounted to \$1,733,545. It has been noted that issues surrounding procurement has resulted in tardy progress under the project within quarter 1 of 2015-16 but activity should increase in quarter 2.

### Long-Term Technical Cooperation (LTTC)

2.34. By Cabinet decision 64/2015 Government approved 14 new posts. These were in addition to the other ongoing contracts under this Programme. As at 30 June these posts were filled, namely: Legal Consultant; Director of Health Services; Environment Officer; Child Safeguarding Specialist; and the Senior Social Worker.

2.35. The recruitment process for the Chief Economist and the Head of Procurement was completed in June 2015. The Chief Economist is scheduled to commence in mid-August 2015 while the Head of Procurement, begins duty early October.

2.36. Expenditure under this programme is contingent on line ministries and departments submitting the rationale for the Technical Cooperation requirement, in addition to timeframes and actions to source the assistance.

### Short-Term Technical Cooperation (STTC)

2.37. Funding for the short-term technical assistance has been prioritised based on the requirements for achieving the Strategic Growth Plan (SGP). Appendix F shows that \$413,783.78 was spent from the approved annual allocation of \$2.6 million.

2.38. The work of the Legal Consultant during the reporting period proved beneficial to the Government. Additional support would be needed in the Office of the Director of Public Prosecution and the Legal Department. GOM's intention is to use the STTC programme to provide that support while at least two local lawyers are on training overseas.

2.39. The Child Safeguarding Agenda is being advanced with the retention of two qualified Specialist Support Staff. The Senior Social Worker was retained to assist in the development of social policy as well as assist in the training and development of local staff by creating opportunities for knowledge and skills sharing. These experts will help to develop the talent of the new recruits in the Social Services Department.

2.40. The Tax Advisor commenced duties from the 1<sup>st</sup> April 2015.

2.41. The Consultant working on the United Nations Convention against Corruption (UNCAC) Assessment has made a submission to the Legal Department for their feedback.

### GOM Capacity Development Programme (previously Annual Country Training Scheme)

2.42. Some six awardees successfully completed their training programme and have since returned to work in the following areas:

- BA Media and Communication (Journalism) – working fulltime at Radio Montserrat
- BSc Nursing Administration – employed at the Glendon Hospital
- BSc Music Education – Teacher assigned to the Ministry of Education
- BSc Construction Management & Quantity Surveying – engaged with the Public Works Department
- BSc Quantity Surveying – also employed with the PWD
- BSc Health Science – working with the Department of Environmental Health

2.43. A total of The 2015-16 Fiscal Year began with 16 continuing students reading for a range of subjects, to include Quantity Surveying, Social Work, Nursing, Construction Management, Economics and Accounting, Environmental Health Management, Geology, Mathematics, English/English Literature and Social Statistics; committing an estimated total of \$882,471.36 of the approved budget.

### Maintenance of Public Assets

2.44. Spending was low during the quarter as Ministries and Departments adjusted to and prepared the necessary documentation for procuring goods and services required to maintain assets. Maintenance Services under the Infrastructure Works programme in particular performed poorly against projections. This is expected to improve in the new quarter.

2.45. Listed below are some major components of this year's maintenance programme under the Ministry of Communications, Works and Labour (MCWL) involved the maintenance and improvement to a number roads and drains, to include the following:

- Judy Piece Drainage Works
- Woodlands Drainage Works
- Rocklands Drainage
- St. John's Retaining Wall

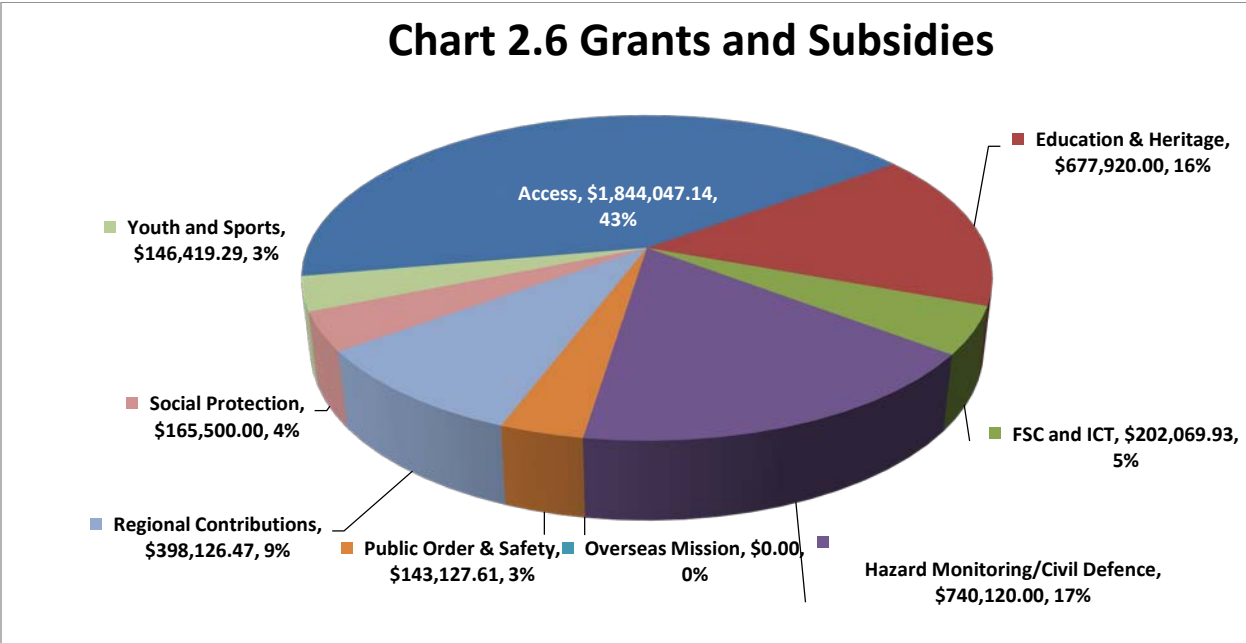
2.46. The programme also includes the following:

- The maintenance and repairs of the mechanical works to include electrical wiring corrections.
- The repairs of a storage facility for the MCWL's Electrical Unit.
- The maintenance and up-keep of the MCWL buildings.
- The maintenance, repairs and the supply of fuel for the operation of the hot-mix plant.
- The procurement of road construction materials such as Base Material, Aggregates, Bitumen, Emulsions and other construction materials.
- The supply of materials for the PWD Laboratory.

2.47. Education maintenance - Maintenance works have been programmed for all the schools/centres, with the exception of Lookout Primary School utilising the Ministry's maintenance budget allocation. All works will be issued as labour contract only. The Ministry plan to procure all materials required to carry out the works. Most of the works have been programmed to be undertaken during the schools summer break spanning July to September 07, 2015. This decision was taken to avoid disruption to the school activities. Therefore maintenance expenditure for the first quarter was minimal and was limited to very urgent routine maintenance works.

2.48. The approach used to plan and execute the various components of maintenance has been very effective in this past year.

Grants and subsidies



2.49. The central government makes grant and subsidy payments to regional institutions, private sector and non-governmental organisations as well as some statutory bodies to deliver public services or to facilitate their delivery. Payments of this nature are usually given to support on-going services; they can also be for the creation of new assets. Total grants and subsidies were \$4.32 million (Chart 2.6), 18.5% of spending for the period.

Access Subsidy

2.50. The ferry operated a 5 day week schedule during this quarter. Three weekend special fares were also introduced, one for Labour Day Bank holiday, weekend 12<sup>th</sup> to the 15<sup>th</sup> June and weekend 26<sup>th</sup> to the 28<sup>th</sup> June. The last two weekend specials were operated because of an international music show in Antigua and Montserrat Cricket team taking part in a cricket tournament in Antigua.

2.51. There were no disruptions to ferry operations in this quarter except on Sunday 7<sup>th</sup> June when the Ferry was scheduled for maintenance work on both engines. This did not caused any major disruptions to the traveling public as both airlines had the capacity to operate extra flights.

2.52. The Ferry contract with Caribe Transport LTD was extended for a one year period until the 31<sup>st</sup> March 2016. Early market research is currently been carried out to explore other options for a ferry service as a mechanism of demonstrating good value for money until the Montserrat owned ferry becomes available.

2.53. Discussions regarding subsidy agreements between the GOM and both airlines, Fly Montserrat and SVG are still ongoing. Both airlines were offered subsidies based on the last subsidy agreement. While the airlines have not refused the offer, they have not made any firm decision on whether or not they will accept it. Fly Montserrat is asking for an increased subsidy of \$90,000 per month, this request was not granted. SVG has stated that they would not be able to survive on subsidies of \$18,000 but has not given a figure of what they would like their subsidy to be increase to.

2.54. Discussions are being held with Caribbean Helicopters LTD (CHL) to explore the operation of a Twin Otter service in Montserrat. This service will be operated through a joint partnership between LIAT and CHL. Win Air was also asked to submit proposals.

2.55. The leasing of the Coast Night Club building for a two month period during the last quarter, has proved to be very successful, in terms of the improvement in washroom facilities and waiting areas. This is according to feedback from passengers who used the facility. There is a new lease agreement in place for a one year period starting from the 1<sup>st</sup> May 2015.

2.56. The total ferry cost for this period was \$1,816,876.61. Of this amount, \$1,189,139.38 represents charter hire for the vessel while \$627,737.23 was spent on operational expenses with fuel accounting for \$319,388.06 and other expenses \$308,349.17. The increase in fuel expenses and charter hire are mainly because the ferry operated a three day week for most of the 4<sup>th</sup> quarter in comparison to the 1<sup>st</sup> quarter where it operated a five day schedule. There were also a number of days in the 4<sup>th</sup> quarter when the ferry did not operate due to bad weather or mechanical issues. Revenue collected in the 1<sup>st</sup> quarter amounted to \$464,729.50 with \$448,590 collected as passenger ticket sales and \$16,139.50 recorded as cargo sales. The difference of revenue collected in the 1<sup>st</sup> quarter is \$70,477.50 less than the revenue collected in the 4<sup>th</sup> quarter. This is because of the high number of visitors for St Patrick's week of activities and passengers returning from Christmas vacation in Montserrat.

2.57. Passenger movements for the ferry during the 1<sup>st</sup> Quarter totalled 2612, a reduction of 1717 in comparison to the 4<sup>th</sup> quarter's figures of 4,329. Reports in previous years has shown that the 1<sup>st</sup> quarter is usually the quietest period in terms of passenger movements.

2.58. The monthly breakdown for the 1<sup>st</sup> quarter is as follows:

April	-	991
May	-	908
June	-	713

2.59. The total authorised subvention budget for Air/Sea Access is \$6,125,600 for 2015-16. This is an increase of \$134,800 on the last financial year, 2014-15. There is also a budget of \$302,000 for the operation of the Ferry Terminal in Antigua. The total expenditure for the period April 2015 to June 2015 was \$1,816,876.61 while the revenue collected over the same period totalled \$464,729.50. No monies were spent on airline subsidy or airline charters for the 1<sup>st</sup> quarter.

2.60. The table below shows the actual budget performance for budget year 2015-16, 1<sup>st</sup> Quarter.

**Table 2.6**

GOVERNMENT OF MONTSERRAT ACCESS BUDGET PERFORMANCE 2015/2016					
	Actual	Projected			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Ferry Subsidy	1,816,877	1,376,472	1,427,348	1,419,072	5,644,701
Airlines Guarantee		70,224	70,224	70,228	280,900
WINAIR Charters			25,000	130,000	155,000
Fly Montserrat Charter			25,000	8,000	33,000
SVG Charter			12,000		12,000
<b>Total Subsidy (EC\$)</b>	<b>1,816,877</b>	<b>1,446,696</b>	<b>1,559,572</b>	<b>1,627,300</b>	<b>6,125,601</b>

### *Contingency Funds*

2.61. GOM and DFID agreed a budget for a contingency fund to meeting emergency expenditure related to the occurrence of unforeseen events leading to activities that have not been provided for in the Government of Montserrat annual budget. The 2015-16 Budget Aid Contingency Fund has two distinct uses: 1) for general contingency uses and 2) for child safeguarding (as the emerging GOM Child Safeguarding Action Plan is taken forward).

#### Contingency Fund 1 (Child Safeguarding)

2.62. Lucy Faithful Foundation completed the Child Safety Review in December 2014. The report was submitted to GOM in March 2015 with findings and recommendations have been formatted into a 3 year work plan across all agencies with the proposed financial allocation of \$1 million yearly.

2.63. The recommendations are organised under the key Child Protection agencies:

- Social Services Department
- Royal Montserrat Police Services
- Education Department
- Legal

2.64. A Paper was submitted to Cabinet on the 30 June to approve:

- The Montserrat Child Safety Review, March 2015
- The child safeguarding work plan and budget
- The transfer of funds from the Contingency Fund to the Ministry of Health for child safeguarding initiatives.

2.65. During Quarter 1 GOM reviewed the recommendation made by Lucyfaithful Foundation and drafted a Government of Montserrat costed action plan for child safeguarding and agreed it with DFID. This was submitted to Cabinet for approval.

#### Contingency Fund 2 (Main)

2.66. No instances arose during the quarter to require the use of these funds.

### *Healthcare Improvement*

2.67. Following the Hospital and Healthcare Improvement Project (HHCIP)/Hospital Redevelopment Project annual review 2014-15 it was recommended that the non-infrastructure components of the HHCIP should continue while a new Business Case is being developed. The HHCIP Project was closed in February 2015. A costed work plan was developed for the non-infrastructure components, and the appropriate allocations were included in the 2015-16 recurrent budget.

2.68. The plan covered, health financing and functional reviews, purchase of equipment, emergency preparedness and response, elderly care, non-communicable diseases and Health Information system.

2.69. GOM projected to spend \$1.2 million on Capital items and another \$0.26 million on recurrent initiatives. Actual spending was as follows: \$0.35 million and \$9,000 respectively.

2.70. Procurement activities via Crown Agents were not completed within the timeframe stipulated leading to underspending. Additionally, tenders for consultancies services for health financing were not completed as anticipated. These are now expected to occur in Quarter 2. Also, a Health camp for primary school children had to be rescheduled as a result of unavailability of team members' prior commitments.



2.71. Based on the projected agenda for quarter 1 the Ministry of Health was able to accomplish the following:

- The ambulance arrived and use of its equipment training was conducted
- Payment for four (4) items on the equipment list have being made and awaiting shipping information
- Discussions and demonstrations on healthy snack options for primary school children ages 8-9 have been completed
- A questionnaire was developed to assess the needs of the elderly

### *Cross-Classification of Functional and Economic Classifications of Expense*

2.72. Table 2.7 is meant to provide an approximation of the breakdown of recurrent expenditure according the classifications of functions of government (COFOG) against the economic classifications of expenses according the Government Financial Statistics (GFS) 2001. The functions cover the ministries as follows:

- **General public services** includes Executive and Legislative organs as well as external affairs, Ministry of Finance and Economic Management
- **Defence:** Disaster Management Coordination Agency including MVO subvention and the Royal Montserrat Defence Force;
- **Public order and safety:** Law Courts, Police, Fire and Prisons;
- **Economic affairs:** Agriculture, Communication, Works and Labour;
- **Recreation, culture, and religion:** Sports, Tourism & Culture should be included here but have not yet been unbundled from the general public services;
- **Environmental protection; Health; & Social protection** relate Environmental Management, Ministry of Health and Social Services

**Table 2.7a: Q1**

Function of Government	Totals
General public services	6,610,711
Defence	1,043,262
Public order and safety	2,123,329
Economic affairs	6,556,300
Environmental protection	148,785
Housing and community amenities	105,246
Health	3,280,288
Recreation, culture, and religion	329,910
Education	1,928,946
Social protection	1,248,408
<b>Totals</b>	<b>23,375,184</b>

**Table 2.7b: Q1**

Economic Classification	Totals
Compensation of Employees	12,913,601
Use of Goods and Services	4,685,521
Consumption of Fixed Capital	-
Interest	160,003
Subsidies	3,482,706
Grants	851,569
Social Benefits	931,600
Other Expenses	350,185
<b>Totals</b>	<b>23,375,184</b>

### *In Year Adjustments to the Budget*

2.73. No adjustments to the recurrent budget have been required in quarter 1.

### *Capital Expenditure*

2.74. Progress under GOM's Capital Projects for quarter 1, have been achieved at a slow pace owing to various factors to include; the recent approval of projects and the winding down of existing projects. It is foreseen that progress would begin to pick up momentum around quarter 3.

#### 2.75. **Government of Accommodation**

- The two remaining buildings under the project MAHLE and MCRS will be completed within this fiscal year. The MAHLE building is currently three months behind schedule and should be completed by the revised date of October, 2015. Works continue at a steady pace both internally and externally. Finishing activities were conducted on the MCRS building for the quarter, signalling the near completion of the building. A total of \$484,900 was expended at the end of the quarter.

#### 2.76. **Geothermal Exploration**

- Preparation for the third well is on the way, with the possibility of drilling commencing in quarter 3. Expenditure for the quarter amounted to \$5,800

#### 2.77. **Hospital and Healthcare Improvement Project (HHCIP)/Hospital Redevelopment Project**

- The Infrastructure component of the project came to a close in the fiscal year 2014-15. However, payment under the supervision contract is currently being finalised. Expenditure for the quarter stands at \$687,400

2.78. Recently approved projects to commence in Quarter 2 include; Montserrat's Priority Infrastructure Needs, ICT, Housing Programme and the Ferry Terminal Upgrade. The introduction of the Montserrat's Priority Infrastructure Needs Project seeks to address urgent Infrastructure requirements on the island and also strengthen GOM's project management capability. This project is funded by DFID with a total estimated cost of £4.9m and is managed through collaboration of various Ministries and Organisations. The project would be implemented over a span of three years and is currently within the preparation stage. It comprises the following sub projects;

- **Roads and Bridges** – To upgrade the bypass roads, reconstruction of the Bunkum Bay Bridge and replacement of the Asphalt paver
- **Power** – The extension of distribution lines, providing additional transformers and upgrading of lines to provide better area wide services.
- **Water** – Replacement of water mains and upgrades to enhance the network and improving the delivery of water to residents and businesses while addressing the issue of leakage.
- **Solid Waste Management** – Promoting effective waste management.
- **Liquid Waste Management** – Installation of a sewage treatment plant at Margarita Bay.
- **Emergency Shelters** – Upgrading and refurbishing existing emergency shelters.
- **Sea Defences** – The replacement of little Bay's existing sea Defences.
- **Social Housing** – The replacement of priority GOM Housing and refurbishment of the remaining housing stock.

### Cash Balance

2.79. The total cash balance at 30 June 2015, was \$49,364,420.04 broken down as follows:

- The Consolidated Fund 24,682,210.02
- The Development Fund 24,633,217.15

### Government borrowing and debt servicing

2.80. No new loans were entered into for quarter 1. Government borrowing and financing comprises the Plymouth 2<sup>nd</sup> Port Development Loan and the Consolidated Line of Credit (a loan used to provide student loans, business loans and agricultural developments).

2.81. As at 30 June, 2015, the Government had current borrowing of \$5,886,737.83. Total repayments of \$158,310 (Principal \$125,465; Interest \$32,845) were made during the period.

2.82. The debt portfolio at the end of the period is as follows:

	Opening Balance	Principal	Interest	Repayment	Closing Balance
Port Development Loan (2 <sup>nd</sup> Loan 1)	1,825,774.24	57,055.46	11,767.68	68,823.14	1,768,718.78
Port Development Loan (2 <sup>nd</sup> Loan 2A1)	2,802,438.65	38,922.77	14,012.19	52,934.96	2,763,515.88
Consolidated Line of Credit	1,383,989.57	29,486.40	7,065.06	36,551.47	1,354,503.17
<b>Total</b>	<b>6,012,202.46</b>	<b>125,464.63</b>	<b>32,844.93</b>	<b>158,309.56</b>	<b>5,886,737.83</b>

## Liabilities

2.83. GOM is committed to systematically reducing all its outstanding obligations which include the following quantified items approximating to \$ 5.73 million:

- Pensions & Gratuities \$0.48 m
- MSF - Davy Hill Houses (Cab Dec. 470/2014; \$1,577,711; 3.5% interest) \$1.58 m
- Tax Refunds (Estimate) \$1.50 m
- MUL (Generating set, Executive Council Dec. 529/06) \$2.17 m

## Contingent liabilities

2.84. Contingent liabilities are liabilities associated with events that, while possible, are considered sufficiently improbable (or unquantifiable) that they are not included in the governments financial statements. These contingent liabilities recognise that future expenditure may arise if certain conditions are met or certain events happen. That is, the risk of a call on the Consolidated Fund in the future will depend on whether or not certain circumstances arise. For example, payment under a government guaranteed loan would only be required if the body covered by the guarantee was unable to repay the loan.

2.85. Government Savings Bank (GSB). The GSB was established by statute in the 1937 by the UK Government at the time to provide limited banking services on Montserrat. The financial services market has developed to the point where there is no longer the need for such services. Further, the regulatory framework is not conducive and in the specific case of the Banking Act does not permit maintaining this institution. Consequently, GOM has directed the MOFEM to voluntarily wind up the GSB by 31 March, 2014. The law explicitly provides for GOM to make up any deficiencies between the assets of the GSB and the liability owed to depositors.

2.86. The Government notes the following major civil claims against it:

- CIVIL APPEAL NO. 8 of 2012 Central Tenders Board, the Attorney General and Vernon White. The matter was a claim for judicial review of a decision on the award of a tender for the construction of a school in Look Out of the value of \$2,227,537.77 in circumstances where the tender was non-compliant.
- CLAIM NO. MNIHCV 2006/0011 GERALDINE CABEY V COMMISSIONER OF POLICE AND ATTORNEY GENERAL – The Claim against the defendants arose as a result of an action for malicious prosecution brought by the Claimant arising out of her trial and conviction on several counts of theft and false accounting. The convictions were quashed by Court of Appeal.

- CLAIM NO. MNIHCV 2013/0015 EMMANUEL GALLOWAY ET. AL. T/A THE GALLOWAY GROUP V MINISTER COMMUNICATIONS AND WORKS , ATTORNEY GENERAL, PUBLIC PROCURMENT BOARD – This is a claim for judicial review of the procurement process employed by the Ministry of Communication and Work, for the dredging of the Plymouth Jetty and the award of a contract for the performance of those works.
- CLAIM NO. MNIHCV 0028/2012 JON MILLER V. PLANNING AND DEVELOPMENT AUTHORITY AND THE AG – This is a claim for Judicial Review brought by some of the Isles Bay residents against the alleged decision by the Planning and Development Authority to permit mining in Belham Valley, and the construction of a jetty at Isles Bay to export of sand.
- CLAIM NO. MNIHCV 2012/0036 WARREN CASSELL V COP, AG. This is a constitutional motion in relation to a search conducted by Police and items taken during a search of the Claimant's house after he was convicted of nine counts of procuring the execution of valuable security and one count of Money Laundering.
- CLAIM NO. MNIHCV 2013/0031 THOMAS WINSTON BUFFONGE V THE DEPUTY GOVERNOR, HON. AG. This is a claim for Judicial Review of a decision not to award Pension to the Claimant.
- CLAIM NO. MNIHCV 2014/0004: WARREN CASSELL V SUPERINTENDENT OF PRISONS, DEPUTY SUPERINTENDENT OF PRISONS, ATTORNEY GENERAL, OSWALD WEST, VAUGHN RYAN, JASON BRADFORD This is a claim for Judicial Review and a constitutional Motion filed by the Claimants arising from allegations surrounding his incarceration at the Prison during the period 24<sup>th</sup> February 2012 to 15<sup>th</sup> June 2013.
- PROVIDENCE ESTATE MATTERS. There are approximately 12 matters which relate to the Providence Estate Limited and the circumstances surrounding the illegal sale by Mr. Warren Cassell of the properties to persons without the knowledge and approval of the representatives of the Estate. Government has applied for a consolidation of the matters as they all relate to the same set of circumstances. Two of the main matters which relate to the GOM and have been filed against public officers are:
  - Claim No. MNIHCV 2013/0020 Providence Estate Limited, Owen Rooney v Walter Wood III, et al. & AG – Claim alleging fraud on the part of the 1-4<sup>th</sup> Defendants and breach of statutory duty and misfeasance in public office against 5<sup>th</sup> Defendant (Government of Montserrat/Public Officers)
  - Claim No. MNIHCV 2013/0021 Providence Estate Limited, Owen Rooney v Registrar of Lands – Application for Rectification of Land Register
- CLAIM NO. MNIHCV 2014/0034: CLAUDE GERALD V HERMAN SERGEANT, ATTORNEY GENERAL. This is a constitutional motion arising out of the Claimant's appearance on the Radio station to discuss health issues. Allegation that his right to freedom of expression and the right to receive and impart information is being infringed.
- CIVIL APPEAL NO. MNICVAP No 3 of 2013 Denzil Edgecombe v. Hon. Premier v AG et al This is a claim for Judicial Review of the decision of the Government of Montserrat to identify a new National Song. The Court gave the Appellant leave to file a claim for Judicial Review only in to the declaration sought that the Appellant would have a legitimate expectation that the song would have been ratified as the national song. The Court of Appeal granted leave only in relation to the

declaratory relief. If the Court grants the declaratory relief it is anticipated that only cost would be awarded.

- Claim No. MNIHCV 2014/0037 : JOHN ROSEVELT LEE v. DIRECTOR OF MONTSERRAT CUSTOMS AND REVENUE SERVICE, THE HON. ATTORNEY GENERAL

This is a constitutional motion where the Claimant is seeking to claim that he is entitled to an exemption from Customs Duty under the Returning Montserratians Exemption Order and is seeking to recover the customs duties paid on the basis that he has been deprived of his right to property contrary to the Constitution.

### 3. Outlook for 2015-16

#### *Global Economic Context*

##### Economic Outlook

3.1. Montserrat economy is expected to experience slow growth in 2015-16, when compared to 2014-15. The slowdown in the implementation of major capital projects will be the main factor behind the forecast, as it will impact the Construction sector, Transportation sector, as well as the level of employment in the economy. Other key sectors that are expected to see declines are the Agriculture, as a result of the sustained drought during the first quarter of the year and Hotels & Restaurants as a result of a shortfall in visitor arrivals. Public Administration is likely to experience a small decline due to a decline in personal emoluments and gratuity payments. Some sectors are forecasted to experience significant increases during 2015-16, including the Mining & Quarrying sector, which continues its significant growth trend, as other countries in the region experience growth within their construction sector.

#### *Policies and Programmes for 2015-18*

3.2. Over the next 3 years GOM will focus its activities around: 1) Encouraging a diversified economy which is private sector driven; 2) Developing an education system that delivers skills needed for the 21<sup>st</sup> century and ensures our people have sustainable livelihoods and can fulfil their destiny; and 3) Delivering a cost effective healthcare system that improves the health and well-being of our people.

3.3. To achieve these, GOM will seek to address the 5 goals of the SDP as follows:

- **SDP Goal 1:** Economic Management. This new approach has 3 policy components, which are:
- The creation of a modern and diversified economy, where the active promotion of inward investment and targeted foreign direct investment is the foundation. Additionally, we will leverage Montserrat's particular mix of natural resources setting a clear path for sustainable re-development that will not be reliant on any one sector
- The development of strong fiscal, economic and environmental policies and processes needed to under-pin the development of a sustainable economy
- Government's role will be to facilitate a conducive business environment that encourages the efficient working of the private sector.

- **SDP Goal 2:** Human Development. GOM will invest in people, empowering them to pursue different life paths, encouraging the development of their human potential. To this end we will focus on Healthcare reform, Educational transformation, Modernising Social Care, and Housing for all.
- **SDP Goal 3:** Environmental Management and Disaster Mitigation. The Government of Montserrat will continue to invest in environmental and disaster management whilst forging regional and global partnerships that will improve the effectiveness and efficiency of our ability to reduce our risk to both natural and man-made disasters.
- **SDP Goal 4:** Governance. As part of a strategy to reform the Public Service, the Government of Montserrat will develop and adopt a Good Governance Charter. GOM will more closely monitor the operations of Government, the Public Service and Parastatal Organisations, with a view to better ensuring that they contribute to the real goal of the sustainable re-development and future growth of our country.

#### PEFA Results and New PFM Action

A Caribbean Regional Technical Assistance Centre (CARTAC) Mission during the month of May assisted in the development of a new action plan for improving GOMs Public Financial Management System. CARTAC provided comparative analysis of Montserrat's progress since the 2010 Public Expenditure and Financial Accountability Assessment (PEFA). This analysis demonstrated that GOM had improved against 12 indicator slipped in 6 and maintained ratings in 9. Appendix J contains the CARTAC analysis and high level action plan.

- **SDP Goal 5:** Population. Government will do this by creating an enabling environment to support the repatriation of the Montserratian diaspora, and, to welcome non-nationals with an appreciation of our history, a commitment to our vision and who share our values.
- The Government will implement a number of other initiatives aimed at restoring our communities including:
  - Strengthening the Montserrat U.K. Office to focus on investment, tourism and employment creation.
  - Attracting persons from other jurisdictions with the skills and qualifications that Montserrat needs to rebuild, including teachers.
  - Leveraging our educational transformation to deliver a level of success that makes schooling children here in Montserrat a deciding factor for parents continued residency.

## 4. Recurrent Budget Projections for Quarter 2: 2015-16

4.1. GOM after discussions with DFID anticipates a forward payment for quarter 3 based on the predictable nondiscretionary spends for salaries, wages, allowances and pensions for quarter 3. This has been estimated by using the total amount spent on these for the month of August (\$4,520,600) as the baseline and projecting across 3 months, to total \$13,561,800.

4.2. The claim amount is calculated as projected Q2 deficit, minus, Q2 forward payment and Q3 request, i.e. \$13,561,800 – (\$10,404,600 – \$9,966,125) yielding the claim amount (rounded up to the nearest \$100) of \$13,123,400.

**Table 4.1: Projected Revenues**

Recurrent Revenue	Q1 Actual	Q2 Projected	Projected @ End of Q2
<i>Taxes on Income, Profits</i>	4,567,930	3,652,517	8,220,447
<i>Taxes on Property</i>	15,398	24,382	39,779
<i>Taxes on Domestic Goods and Services</i>	246,328	235,656	481,984
<i>Licenses</i>	518,255	445,431	963,686
<i>Taxes on International Trade</i>	4,212,668	4,839,233	9,051,901
<i>Arrears of Taxes</i>	178,705	189,749	368,453
<i>Fees, Fines and Permits</i>	445,101	362,970	808,071
<i>Rents, Interest and Dividends</i>	270,760	354,267	625,027
<i>Reimbursements</i>	916,821	65,000	981,822
<i>Other Revenue</i>	406,893	437,971	844,865
<i>Budgetary Assistance</i>	19,862,281		19,862,281
<b>Total Recurrent Revenue</b>	<b>31,641,139</b>	<b>10,607,175</b>	<b>42,248,314</b>

4.3. Projections in Table 4.1 have been derived from projections submitted by Ministries. The major revenue lines in particular those from the MCRS will have considered the seasonal inflows. For example Property taxes would peak in the 3<sup>rd</sup> quarter when Bills would become due, while trade related taxes would normally peak around the same quarter because of activities surrounding the Christmas and Festival seasons. As such, it is quite normal to observe lower returns during the 1<sup>st</sup> quarter of the fiscal year. Notably, the high collection on the Reimbursements line is the result of the return of a substantial overpayment from a liability which GOM settled.

**Table 4.2: Projected Expenditure**

Recurrent Expenditure	Q1 Actual	Q2 Projected	Projected @ End of Q2
<b>Salaries</b>	8,564,623	8,729,654	17,294,277
<b>Wages</b>	144,741	146,505	291,246
<b>Allowances</b>	1,509,786	1,504,524	3,014,310
<b>Pensions and Gratuities</b>	2,605,519	3,085,954	5,691,473
<b>Use of Goods and Services</b>	4,616,350	6,884,102	11,500,452
<b>Transfers and Subsidies</b>	4,324,690	6,684,754	11,009,443
<b>Social Benefits</b>	994,557	1,019,939	2,014,496
<b>Revenue refunds</b>	214,129	292,680	506,809
<b>Other Expenditure</b>	240,787	332,396	573,183
<b>Debt servicing</b>	160,003	158,747	318,750
<b>Total Recurrent Expenditure</b>	<b>23,375,184</b>	<b>28,839,255</b>	<b>52,214,439</b>

4.4. The summary expenditure categories (shown in Table 4.2) from the government's Chart of Accounts can be broadly be mapped to the economic classifications set out in the Government Financial Statistic Manual 2001 (GFS). Similar to GFS the Use of Goods and Services to category covers a very broad range of government spending including Maintenance, Training, Utilities, operational supplies, minor

asset purchases and consultancies and other services and fees. Significant activities and spending related to maintenance services and the procurement of items approved under the Small Capital Asset Fund since 2014-15 are planned to occur during the first quarter of 2015-16. Transfers and subsidies for subventions to government parastatals and for contributions to external organisation are serviced according to billing cycles and agreements, hence, the projection of expenditure greater than a quarter of the total budget line.

4.5. Transfers and subsidies covers that government funding to its Arm's Length Bodies, regional and international bodies as well as locally issued grants. Payments are made according to billing cycles and/or other agreements giving predictability to related cash outflows. The Other Expenditure category covers items which do not fall into other classes.

**Table 4.3: Breakdown of Budget Support Being Claimed**

CLAIM ITEMS	Approved	Q2	Total Claimed in H1	Unclaimed
General Budget Support	59,924,400	9,343,900	39,610,781	20,313,619
Transport Access Subsidy	6,125,600	1,771,600	3,263,633	2,861,967
Capacity building (LTTC)	900,000	72,600	152,600	747,400
Capacity building (ACTS)	1,680,000	1,304,600	1,358,500	321,500
Short Term Technical Cooperation (STTC)	2,600,000	303,700	733,700	1,866,300
Small Capital Asset Fund	1,800,000	-	1,000,000	800,000
Healthcare Improvement (Recurrent)	1,060,000	73,700	172,000	888,000
Healthcare Improvement (Capital)	3,090,000	199,800	430,800	2,659,200
Contingency Fund 1 (Child Safeguarding)	1,000,000	-	250,000	750,000
Contingency Fund 2 (Main)	1,500,000	53,500	53,500	1,446,500
	<b>79,680,000</b>	<b>13,123,400</b>	<b>47,025,514</b>	<b>32,654,486</b>

4.6. The individual ring-fenced amounts have been calculated separately as follows:

#### Transport Access Subsidy

4.7. Transport Access Subsidy is based on the Q1 actual and Q2 projected spending submitted by the Ministry of Communications, Works and Labour (MCWL).

GOVERNMENT OF MONTSERRAT ACCESS BUDGET PERFORMANCE 2015/2016					
	Actual	Projected			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Ferry Subsidy	1,816,877	1,376,472	1,427,348	1,419,072	5,644,701
Airlines Guarantee		70,224	70,224	70,228	280,900
WINAIR Charters			25,000	130,000	155,000
Fly Montserrat Charter			25,000	8,000	33,000
SVG Charter			12,000		12,000
<b>Total Subsidy (EC\$)</b>	<b>1,816,877</b>	<b>1,446,696</b>	<b>1,559,572</b>	<b>1,627,300</b>	<b>6,125,601</b>

4.8. GOM claimed \$1,492,033 in Q1 the claim for Q2 is therefore based on difference between claims and commitments (including actual expenditure). The claim for Q2 is therefore (\$324,844 + \$1,446,696) **\$1,771,600**.

#### Capacity building (LTTC)

4.9. The provision of \$80,000 for Housing and Market Premium allowances are being offered in order to attract appropriately qualified personnel to critical posts. These posts are Senior Policy Analyst, Chief Magistrate, Parliamentary Counsel, Community Mental Health Officer, and Chief Medical Officer. GOM claimed in \$80,000 in Q1.



4.10. Actual spending on the Long Term Technical Capacity in Q1 and Q2 to date is \$78,302 and \$74,199 respectively. The claim amount is therefore for the difference of **\$72,600**.

#### Short Term Technical Cooperation (STTC)

4.11. The second quarter focus will be on recruiting for the posts of Audit Advisor, the Senior Crown Counsel while working in collaboration with line ministries to compete the Terms of Reference for approval by DFID. It is anticipated that once these are finalised, the implementation of this programme will gain momentum.

4.12. For STTC GOM claimed \$405,009 in Q1. GOM has spent and committed \$733,635 to the end of September. Thus the claim is now for **\$303,700**.

#### Capacity building (ACTS)

4.13. While expenditure during the first quarter was slow with only about 6% being spent, we projected that the majority of the funds will be spent during the second quarter. Of the total training budget of \$2.16 million some 75% will be spent on the ACTS programme (to include payment for economic costs to the University of the West Indies). The balance of these funds would be used to provide mandatory training to key workers and support other initiatives geared toward staff development.

4.14. The sum of \$1.44 million was set aside for scholarships.

	Q1	Q2	Q3	Q4	Total
	Actual Expenditure	Projected Expenditure	Projected Expenditure	Projected Expenditure	Projected Expenditure
Continuing Awards	61,029.26	547,792.21	246,936.59	26,713.29	<b>882,471.36</b>
New Awards	-	323,299.36	115,594.33	3,150.00	<b>442,043.70</b>
Total	<b>61,029.26</b>	<b>871,091.58</b>	<b>362,530.93</b>	<b>29,863.29</b>	<b>1,324,515.06</b>

4.15. New and Continuing Scholarships were awarded to coincide with the beginning of the Academic Year. GOM claimed \$53,900 in Q1 and has committed \$1,358,484 up to the end of Q2. The claim therefore is for the difference of **\$1,304,600**.

#### Small Capital Asset Fund (SCAF)

4.16. GOM has committed the full SCAF budget however, spending has been slow on the approved items. Some \$257,388 has already been spent, GOM has already drawn down \$1,000,000 of the available \$1.8 million. No further claim is being made for Q2.

#### Healthcare Improvement (Recurrent)

4.17. Planned actions for the quarter include a survey on the state of Elderly Care on Montserrat, commission the new ambulance and continue its programme of sensitisation on the risks of non-communicable diseases.

4.18. Recurrent Healthcare Improvement funds claimed in Q1 were \$98,300 in Q1. GOM has spent \$171,987 to date and is thus claiming the difference of **\$73,700**.

### Healthcare Improvement (Capital)

4.19. The claim for Q2 is **\$199,800** based on the overall commitments and spending through Q2 of \$430,825.98 and the drawdown of \$231,000 in Q1.

<b>Supplier</b>	<b>Description</b>	<b>Amount</b>
Crown Agents	Ambulance Training Fees/Wire	19,745.39
Adjustment JV	Difference In Exchange Rate - Crown Agents	302.17
Crown Agents	Haematology Analyser	197,671.29
Crown Agents	Medical Waste Portable Incinerator	100,481.92
Crown Agents	Burr Hole Set & Orthopaedic General Set	31,881.70
Crown Agents	Hospital Beds and Mattresses	67,208.00
Accountant General	Over Pymt To Crown Agent	(1,188.87)
Harney Motor Ltd	Airline Ticket, Meal- To Inspect Ambulance - Commissioning	1,135.00
Mxg Electronics	Airline Ticket, Meal- To Inspect Ambulance – Siren	1,675.00
M/Rat Port Authority	Port Charge For Ambulance	3,416.00
Crown Agents	Pymt For Medical Waste Portable Incinerator – Additional Charges	8,498.38
<b>TOTAL</b>		<b>430,825.98</b>

### Contingency Fund 1 (Child Safeguarding)

4.20. The Ministry of Health and Social Services is coordinating Government's response to the Child Safety Review conducted in 2014. In quarter two (July to September) the money will be spent on:

- Establishing the family centre (rent, utilities, resources)
- Social Worker Intern attachment to Social Services
- Recruitment of multilingual speaking guidance counsellor
- Top up salary for the two existing Guidance Counsellors in the Primary and Secondary sector
- Recruitment of qualified Probation Officer
- Retention of a Child Protection Lawyer
- Purchasing of Video conference equipment
- Purchasing of Montessori, Psychometric and Educational Materials/Tools

4.21. Contingency Fund 1 (Child Safeguarding) - The necessary planning and approval processes were completed toward the end of the 1<sup>st</sup> quarter. As a result no spending took place during that period and the projected spend for quarter 2 was for the \$250k already claimed. GOM has sufficient funds to support this line until the Q3 claim is processed.

### Contingency Fund 2 (Main)

4.22. This claim of \$53,500 is based on approved expenses arising from the DFID supported Humanitarian Assistance to the Commonwealth of Dominica following the passage of Tropical Storm Erika. The claim amount is the difference from the overall cost after ticketing revenues and contributions from the Government of Antigua have been deducted. Full details have previously been submitted to DFID in keeping with the protocols for the Contingency Fund.

# APPENDICES

## A. BUDGET PERFORMANCE REPORT

(For the Period 1<sup>st</sup> April 2015 – 31<sup>st</sup> March 2016)

Recurrent Revenue	Actuals			Quarterly Returns				Actuals	Variance
	2014	2015	Approved ('R)	Q1	Q2	Q3	Q4		
<i>Taxes on Income, Profits</i>	16,281,301	15,744,101	16,076,000	4,567,930	2,771,427	0	0	7,339,357	(8,736,643)
<i>Taxes on Property</i>	1,023,150	708,912	910,000	15,398	23,095	0	0	38,492	(871,508)
<i>Taxes on Domestic Goods and Services</i>	1,446,095	1,612,302	2,004,600	246,328	221,725	0	0	468,053	(1,536,547)
<i>Licenses</i>	2,802,563	2,863,783	4,075,600	518,255	417,498	0	0	935,752	(3,139,848)
<i>Taxes on International Trade</i>	16,443,847	18,210,571	18,436,300	4,212,668	3,562,694	0	0	7,775,362	(10,660,938)
<i>Arrears of Taxes</i>	0	1,070,514	970,000	178,705	175,921	0	0	354,626	(615,374)
<i>Fees, Fines and Permits</i>	1,897,224	2,109,887	1,838,400	445,101	335,161	0	0	780,262	(1,058,138)
<i>Rents, Interest and Dividends</i>	285,287	1,225,032	689,500	270,760	321,417	0	0	592,177	(97,323)
<i>ECCB Profits</i>	0	0	0	0	0	0	0	0	0
<i>Reimbursements</i>	57,389	150,613	985,000	916,821	42,817	0	0	959,639	(25,361)
<i>Budgetary Assistance</i>	73,722,874	75,349,758	79,680,000	30,266,881	0	0	0	30,266,881	(49,413,119)
<i>Other Revenue</i>	2,547,121	2,367,433	2,572,900	406,893	391,195	0	0	798,088	(1,774,812)
<b>Total Recurrent Revenue</b>	<b>116,506,850</b>	<b>121,412,905</b>	<b>128,238,300</b>	<b>42,045,739</b>	<b>8,262,949</b>	<b>0</b>	<b>0</b>	<b>50,308,688</b>	<b>(77,929,612)</b>

Recurrent Expenditure	2014	2015	Approved ('R)	Q1	Q2	Q3	Q4	Actuals	Variance
<i>Salaries</i>	(31,690,490)	(34,457,042)	(38,094,700)	(8,564,623)	(5,836,795)	0	0	(14,401,418)	23,693,282
<i>Salaries and Wages Increase</i>	(1,453,575)	0	0	0	0	0	0	0	0
<i>Wages</i>	(3,988,217)	(538,125)	(694,500)	(144,741)	(98,400)	0	0	(243,141)	451,359
<i>Allowances</i>	(6,122,261)	(6,337,613)	(6,962,200)	(1,509,786)	(1,015,175)	0	0	(2,524,960)	4,437,240
<i>Pensions and Gratuities</i>	(13,488,963)	(14,142,815)	(13,080,300)	(2,605,519)	(2,137,391)	0	0	(4,742,910)	8,337,390
<i>Use of Goods and Services</i>	(16,742,190)	(25,035,987)	(33,973,600)	(4,616,350)	(5,882,368)	0	0	(10,498,719)	23,474,881
<i>Transfers and Subsidies</i>	(32,433,156)	(25,506,844)	(24,723,100)	(4,324,690)	(5,492,270)	0	0	(9,816,960)	14,906,140
<i>Social Benefits</i>	(3,498,919)	(3,374,498)	(4,590,800)	(994,557)	(946,636)	0	0	(1,941,193)	2,649,607
<i>Revenue refunds</i>	(1,368,314)	(1,458,124)	(1,505,500)	(214,129)	(273,532)	0	0	(487,660)	1,017,840
<i>Other Expenditure</i>	(3,114,227)	(8,167,130)	(3,920,100)	(240,787)	(269,909)	0	0	(510,696)	3,409,404
<i>Debt servicing</i>	(657,350)	(654,300)	(643,500)	(160,003)	(158,497)	0	0	(318,500)	325,000
<b>Total Recurrent Expenditure</b>	<b>(114,557,662)</b>	<b>(119,672,476)</b>	<b>(128,188,300)</b>	<b>(23,375,184)</b>	<b>(22,110,973)</b>	<b>0</b>	<b>0</b>	<b>(45,486,157)</b>	<b>82,702,143</b>
				<b>(5,231,268)</b>	<b>(6,584,306)</b>	0	0	<b>(11,815,575)</b>	
<b>Recurrent Surplus/Deficit</b>	<b>1,949,188</b>	<b>1,740,429</b>	<b>50,000</b>	<b>18,670,555</b>	<b>(13,848,023)</b>	<b>0</b>	<b>0</b>	<b>4,822,531</b>	<b>4,772,531</b>

## CAPITAL EXPENDITURE

Capital Revenue	2014	2015	Approved ('R)	Q1	Q2	Q3	Q4	Actuals	Variance
<i>Development Assistance</i>	49,092,861	33,395,548	52,216,400	2,924,694	1,160,268	0	0	4,084,962	(48,131,438)
Capital Expenditure	2014	2015	Approved ('R)	Q1	Q2	Q3	Q4	Actuals	Variance
Domestic	(199,999)	0	(1,837,239)	(696,459)	(817,678)	0	0	(1,514,137)	323,102
Regional	(269,290)	0	0	0	0	0	0	0	0
International	(269,290)	0	(20,010,000)	(3,994,819)	(4,307,341)	0	0	(8,302,160)	11,707,840
<i>DFID</i>	(75,000)	0	(42,000)	(3,275,449)	(2,800,381)	0	0	(6,075,831)	(6,033,831)
<i>EU</i>	(80,379)	0	0	(49,257)	(51,720)	0	0	(100,977)	(100,977)
<i>Other</i>	(113,911)	0	(19,968,000)	(670,112)	(1,455,240)	0	0	(2,125,352)	17,842,648
	<b>(738,580)</b>	<b>0</b>	<b>(21,847,239)</b>	<b>(4,691,278)</b>	<b>(5,125,019)</b>	<b>0</b>	<b>0</b>	<b>(9,816,297)</b>	<b>12,030,942</b>
<b>Capital Surplus/Deficit</b>	<b>48,354,282</b>	<b>33,395,548</b>	<b>30,369,161</b>	<b>(1,766,584)</b>	<b>(3,964,751)</b>	<b>0</b>	<b>0</b>	<b>(5,731,335)</b>	<b>(36,100,496)</b>

## B. Revenue Outturn by Programme

Departments	Approved	Q1	Q2	Q3	Q4	Received	% Received
Fire Fighting and Rescue Service	-	-	-	-	-	-	0%
Policing Services	282,600	61,196	47,260	-	-	108,456	38%
Financial Crime and Analysis Unit	-	-	-	-	-	-	0%
Administration of Justice	-	-	-	-	-	-	0%
Magistrate's Court Services	40,000	11,769	9,940	-	-	21,709	54%
Supreme Court Services	15,500	63,886	11,751	-	-	75,636	488%
Legislature	800	246	979	-	-	1,225	153%
Constitution Commission Secretariat	-	-	-	-	-	-	0%
Audit	25,000	1,850	-	-	-	1,850	7%
Office of the Opposition	-	-	-	-	-	-	0%
Office of the Deputy Governor	218,200	69,760	57,160	-	-	126,920	58%
Human Resources	-	2,636	2,049	-	-	4,685	0%
Prison Services	-	-	-	-	-	-	0%
Defence Force	1,100	60	880	-	-	940	85%
Disaster Mgmt. Coordination Agency	-	-	-	-	-	-	0%
Governor	-	-	-	-	-	-	0%
Public Prosecution	-	-	-	-	-	-	0%
Strategic Management and Administration	-	769	50	-	-	819	0%
Broadcasting	150,000	-	88,929	-	-	88,929	59%
External Affairs	-	-	-	-	-	-	0%
Development Planning and Policy Co-Ordination	-	-	-	-	-	-	0%
Information Technology & E-Government Services	-	-	-	-	-	-	0%
Cabinet Secretariat	-	-	-	-	-	-	0%
Development Planning and Policy Co-Ordination	-	-	-	-	-	-	0%
Information Technology & E-Government Services	-	-	-	-	-	-	0%
Broadcasting	-	59,295	(50,222)	-	-	9,073	0%
Strategic Management & Administration	-	19,900	-	-	-	19,900	0%
Fiscal Policy & Economic Management	81,645,000	30,266,881	398,983	-	-	30,665,864	38%
Statistical Management	-	-	-	-	-	-	0%
Treasury Management	1,037,500	919,033	45,408	-	-	964,441	93%
Customs & Revenue Services	37,240,500	9,413,798	6,766,854	-	-	16,180,651	43%
Postal Services	215,500	51,762	73,708	-	-	125,470	58%
Internal Audit	-	-	-	-	-	-	0%
Economic Development and Trade	-	-	-	-	-	-	0%
Strategic Administration and Planning	318,000	71,225	8,690	-	-	79,915	25%
Agricultural Services	49,000	12,087	7,968	-	-	20,056	41%
Land Administration	612,000	179,182	82,550	-	-	261,732	43%
Physical Planning & Development Services	43,000	10,369	12,170	-	-	22,539	52%
Environmental Management	-	-	-	-	-	-	0%
Housing Policy & Support Services	-	-	-	-	-	-	0%
Trade, Investment & Bureau for Standards & Quality	7,400	-	-	-	-	-	0%
Strategic Management and Administration	3,939,400	467,061	444,186	-	-	911,247	23%
Infrastructure Services	50,000	-	20,328	-	-	20,328	41%
Plant Hire and Mechanical Services	995,000	41,509	46,157	-	-	87,666	9%
Airport Management & Operation	377,000	68,315	26,705	-	-	95,020	25%
MCW On Behalf Of Other Ministries & Department	-	-	-	-	-	-	0%
Industrial Relations & Employment Services	160,000	51,925	30,625	-	-	82,550	52%
Strategic Management, Administration, and Support Services	360,000	60,752	24,043	-	-	84,795	24%
Primary Education	-	-	-	-	-	-	0%
Secondary Education	-	-	-	-	-	-	0%
Library and Information Services	-	-	-	-	-	-	0%
Early Childhood Education	-	-	-	-	-	-	0%
Youth Affairs and Sports	-	-	-	-	-	-	0%
Strategic Management & Administration	375,800	113,817	78,356	-	-	192,173	51%
Primary Health Care	-	-	-	-	-	-	0%
Secondary Health Care	-	-	205	-	-	205	0%
Social Services	80,000	26,660	27,237	-	-	53,897	67%
Environmental Health	-	-	-	-	-	-	0%
	<b>128,238,300</b>	<b>42,045,739</b>	<b>8,262,949</b>	-	-	<b>50,308,688</b>	<b>39%</b>

## C. Expenditure Outturn by Programme

Departments	Approved	Released	Q1	Q2	Q3	Q4	Spent	% Spent
Fire Fighting and Rescue Service	1,342,300	687,571	287,103	245,414	-	-	532,517	77%
Policing Services	4,577,800	2,348,148	1,182,251	720,988	-	-	1,903,239	81%
Financial Crime and Analysis Unit	131,100	75,291	38,562	20,576	-	-	59,137	79%
Administration of Justice	1,682,700	831,300	358,347	232,667	-	-	591,014	71%
Magistrate's Court Services	330,900	161,380	82,930	44,565	-	-	127,495	79%
Supreme Court Services	690,300	313,319	133,725	121,821	-	-	255,546	82%
Legislature	1,006,200	434,004	208,272	156,669	-	-	364,941	84%
Constitution Commission Secretariat	319,700	121,493	33,472	22,223	-	-	55,694	46%
Audit	1,277,300	448,926	176,623	146,630	-	-	323,253	72%
Office of the Opposition	168,000	80,547	34,277	29,392	-	-	63,670	79%
Office of the Deputy Governor	15,407,800	7,931,129	3,219,068	2,587,476	-	-	5,806,544	73%
Human Resources	6,913,600	3,835,386	852,013	1,424,185	-	-	2,276,198	59%
Prison Services	1,141,600	569,410	269,466	203,649	-	-	473,115	83%
Defence Force	92,000	78,710	5,972	42,260	-	-	48,232	61%
Disaster Mgmt. Coordination Agency	7,834,400	2,925,294	961,585	1,840,306	-	-	2,801,891	96%
Governor	331,700	160,300	75,705	43,620	-	-	119,325	74%
Public Prosecution	629,700	303,273	129,291	89,251	-	-	218,542	72%
Strategic Management and Administration	3,596,600	2,200,300	729,551	816,918	-	-	1,546,469	70%
Broadcasting	1,114,400	499,945	206,257	162,786	-	-	369,044	74%
External Affairs	5,538,100	2,376,575	362,576	902,052	-	-	1,264,627	53%
Development Planning and Policy Co-Ordination	366,400	169,325	59,095	38,870	-	-	97,965	58%
Information Technology & E-Government Services	1,849,500	938,875	290,380	418,702	-	-	709,083	76%
Strategic Management & Administration	2,028,100	977,300	423,270	362,318	-	-	785,589	80%
Fiscal Policy & Economic Management	4,771,300	1,411,250	270,566	482,707	-	-	753,273	53%
Statistical Management	769,000	324,200	121,969	89,327	-	-	211,296	65%
Treasury Management	1,043,600	481,645	204,318	193,069	-	-	397,387	83%
Customs & Revenue Services	3,846,900	1,782,825	721,907	630,324	-	-	1,352,231	76%
Postal Services	516,900	246,589	122,021	81,676	-	-	203,696	83%
Internal Audit	412,500	204,322	80,780	57,642	-	-	138,422	68%
Strategic Administration and Planning	1,319,300	729,180	253,519	206,916	-	-	460,435	63%
Agricultural Services	1,703,700	957,806	325,387	272,403	-	-	597,790	62%
Physical Planning & Development Services	594,000	270,050	110,333	84,345	-	-	194,678	72%
Environmental Management	869,900	410,150	148,785	99,802	-	-	248,587	61%
Housing Policy & Support Services	580,600	334,400	69,157	111,944	-	-	181,102	54%
Trade, Investment & Bureau for Standards & Quality	170,700	90,300	36,089	18,140	-	-	54,228	60%
Strategic Management and Administration	9,607,400	4,774,106	2,240,481	1,993,819	-	-	4,234,300	89%
Infrastructure Services	5,413,100	2,967,326	605,409	968,791	-	-	1,574,201	53%
Plant Hire and Mechanical Services	3,278,800	1,684,392	520,249	457,395	-	-	977,643	58%
Airport Management & Operation	2,126,200	1,105,220	453,037	216,101	-	-	669,138	61%
Industrial Relations & Employment Services	285,400	145,150	54,776	31,449	-	-	86,225	59%
Strategic Management, Administration, and Support Services	2,874,000	1,641,561	749,202	561,285	-	-	1,310,487	80%
Primary Education	1,475,900	720,524	323,698	251,996	-	-	575,694	80%
Secondary Education	2,937,800	1,512,075	610,089	510,814	-	-	1,120,903	74%
Library and Information Services	355,100	154,408	56,453	72,210	-	-	128,663	83%
Early Childhood Education	871,200	443,024	189,504	164,804	-	-	354,308	80%
Youth Affairs and Sports	1,463,000	905,346	329,910	342,232	-	-	672,141	74%
Strategic Management & Administration	5,870,600	3,961,740	580,151	267,464	-	-	847,616	21%
Primary Health Care	2,210,600	1,064,853	457,410	368,988	-	-	826,398	78%
Secondary Health Care	6,972,000	3,926,119	1,912,770	1,349,247	-	-	3,262,017	83%
Social Services	5,269,300	2,641,965	1,248,408	1,211,440	-	-	2,459,848	93%
Environmental Health	1,443,700	695,300	329,956	238,009	-	-	567,965	82%
	128,188,300	64,396,662	23,375,184	22,110,973	-	-	45,486,157	71%

## D. Staffing Details as at 30 June, 2015

Vote	A/C No	Ministry/Department	Per- manent	Fixed Term Contract	Special Agreement	Wages	Wages Part- time/FTE	No of Posts Filled	Vacan- cies	Unfunded	No of approved
05	050	Fire	25	0	3	0	0	28	0	1	29
05	051	Police	76	0	0	0	0	76	0	1	77
05	052	Financial Crime & Analysis	2	0	0	0	0	2	0	0	2
07	070	Administration of Justice	8	2	2	0	0	12	2	0	14
08	080	Magistrate's Court	3	1	0	0	0	4	0	0	4
09	090	Supreme Court	7	0	0	0	0	7	1	0	8
10	100	Legislature/Legislators	4	6	0	0	0	10	0	0	10
10	101	Constitution Commission Secretariat	0	1	0	0	0	1	0	2	3
11	110	Office of the Auditor General	6	5	0	1	0	12	4	1	17
12	120	Office of the Deputy Governor	7	1	0	7	0	15	0	2	17
12	121	Human Resources Management Unit	13	0	2	0	0	15	0	1	16
12	122	Prison	24	1	1	1	0	27	0	2	29
12	124	Disaster Management Co-Ordination Agency	6	0	1	0	0	7	0	0	7
12	125	Governor's Office	1	2	0	3	0	6	0	0	6
13	130	Director of Public Prosecution	4	0	1	0	0	5	1	0	6
15	150	Office of the Premier	9	2	3	0	0	14	1	0	15
15	153	Broadcasting	12	0	3	1	0	16	1	1	18
17	170	External Affairs	1	0	1	0	0	2	0	0	2
17	171	Development Planning and Policy	1	1	0	0	0	2	1	0	3
17	172	Department of Information Technology and E- Government	8	0	2	0	0	10	1	2	13
17	173	Ministry of Finance - Strategic Management and Administration	5	0	0	0	0	5	3	0	8
20	200	Fiscal Policy and Management	6	0	0	0	0	6	2	0	8
20	203	Statistical Management	6	0	0	0	0	6	1	1	8
20	204	Treasury Management	11	0	2	0	0	13	1	0	14
20	205	Customs & Revenue Services Department	34	2	5	0	0	41	3	0	44
20	206	Postal Services	7	1	0	0	0	8	0	1	9
20	207	Internal Audit Unit	5	0	0	0	0	5	1	1	7
20	208	Agricultural Headquarters	6	3	2	1	0	12	0	2	14
30	300	Agricultural Services	18	2	1	0	1	22	1	1	24
30	301	Land Administration	11	0	1	0	0	12	2	1	15
30	302	Physical Planning & Development Services	9	0	2	0	0	11	1	0	12
30	303	Environmental Management Department	10	1	1	0	0	12	1	2	15
30	304	Housing Policy & Support Services	3	0	0	0	0	3	3	1	7
30	305	Trade	1	0	1	0	0	2	0	1	3
35	350	Communications and Works Headquarters	10	1	4	0	0	15	2	0	17
35	351	Infrastructure Services	26	9	4	0	0	39	5	3	47
35	352	Plant Hire & Mechanical Services	24	7	3	0	0	34	2	0	36
35	353	Airport	29	1	0	0	0	30	2	1	33
35	355	Industrial Relations & Employment Services	3	0	0	0	0	3	1	0	4
40	400	Education Headquarters	8	3	1	0	0	12	1	0	13
40	401	Primary Education	26	0	1	2	0	29	2	3	34
40	402	Secondary Education	26	7	4	4	0	41	6	2	49
40	403	Library & Information Services	4	0	0	0	0	4	0	0	4
40	404	Early Childhood Education	25	0	0	0	0	25	1	0	26
40	405	Youth Affairs and Sports	10	0	0	0	0	10	0	0	10
45	450	Health Headquarters	8	0	0	0	0	8	0	0	8
45	451	Primary Health Care	13	8	1	9	0	31	3	2	36
45	452	Secondary Health Care	107	10	14	0	0	131	2	2	135
45	454	Social Services	6	3	3	1	0	13	3	0	16
45	455	Environmental Health	8	2	0	0	0	10	3	0	13
			<b>682</b>	<b>82</b>	<b>69</b>	<b>30</b>	<b>1</b>	<b>864</b>	<b>64</b>	<b>37</b>	<b>965</b>



## E. 2015-16 Long-Term Technical Cooperation - Financial report as at 31 June 2015

Ministry/Department	Post	HRMU Annual Contribution	2015-16 Budget Estimate	Actual Expenditure to Date	2015-16 Revised Budget	2016/17 Budget Projection	2017/18 Budget Projection	2018/19 Budget Projection
Ministry of Finance & Economic Development	Head of Procurement	175,886	170,000	0	117,257	178,000	178,000	178,000
Magistrate's Court	Chief Magistrate	147,448	16,500	23,287.31	170,000	150,000	150,000	150,000
Ministry of Finance & Economic Development	Chief Economist	223,250	140,000	0	148,833	225,000	225,000	225,000
Ministry of Education	Mathematics Teacher No.1	62,064	14,000	0	41,376	65,000	65,000	65,000
Ministry of Education	Mathematics Teacher No. 2	12,672	0	0	12,672	15,000	15,000	0
Office of the Auditor General	Audit Manager No. 1	36,000	55,000	0	24,000	36,000	36,000	36,000
Office of the Auditor General	Audit Manager No. 2	36,000	0	0	24,000	36,000	36,000	36,000
MATLHE	Housing Officer I - Policy & Planning	30,000	0	0	20,000	25,000	25,000	25,000
Legal	Parliamentary Counsel	76,000	31,700	19,000	76,000	76,000	76,000	76,000
Legal	Senior Crown Counsel	24,000	30,000	0	16,000	25,000	25,000	25,000
MATLHE	Fisheries Officer	22,720	0	0	15,147	25,000	25,000	25,000
MATLHE	Director of Lands & Survey/Chief Surveyor	22,384	45,000	0	14,923	25,000	25,000	25,000
Office of the Premier/Cabinet Secretariat	Development Planner	18,000	7,000	0	12,000	20,000	20,000	20,000
MCWL	Structural Engineer	22,000	0	0	0	25,000	25,000	25,000
MCWL	Director of PWD	0	50,000	0	0	0	0	0
Office of the Premier/Cabinet Secretariat	Director of Information & Communications	0	0	0	0	0	0	0
Office of the Premier/Cabinet Secretariat	Senior Policy Analyst	12,000	12,000	3,000	12,000	12,000	12,000	12,000
Ministry of Health	Community Mental Health Officer	35,000	32,000	8,000	35,000	35,000	35,000	35,000
Ministry of Health	Chief Medical Officer	136,000	176,000	34,000	176,000	140,000	140,000	140,000
Legal	Senior Magistrate/Deputy Registrar	0	60,000	0	0	0	0	0
Ministry of Finance & Economic Development	Director of Statistics	0	60,000	0	0	0	0	0
<b>Total</b>		<b>1,091,424</b>	<b>899,200</b>	<b>87,287</b>	<b>915,208</b>	<b>1,113,000</b>	<b>1,113,000</b>	<b>1,098,000</b>

## F. 2015-16 SHORT-TERM TECHNICAL ASSISTANCE PROGRAMME - Financial Report as at 31 June 2015

No.	Ministry/Department	Post	Contract Sum per Year	2015-16 Estimated Budget	Actual Expenditure to Date	2015-16 Revised Budget	2016-17 Budget Projection	2018-19 Budget Projection	2017-18 Budget Projection
1	Legal	Legal Drafter/Consultant Legal Adviser	215,200	215,200	59,466.63	215,200	215,200	215,200	215,200
2	Mo Health and Social Services	HRA/ Director of Health Services	249,600	124,800	62,400.00	249,600	249,600	249,600	249,600
3	Mo Health and Social Services	Clinical Psychologist	220,000	220,000	0	220,000	220,000	220,000	220,000
4	Office of Director of Public Prosecutions	Senior Crown Counsel	123,552	127,200	0	123,552	123,552	123,552	123,552
5	MALHE	Environment Officer	97,328	103,500	24,332.01	97,328	97,328	97,328	97,328
6	MOHSS	Child Safeguarding Specialist	209,600	209,600	52,400.00	209,600	209,600	209,600	209,600
7	Cabinet Secretariat	Monitoring and Evaluation Advisor	80,000	80,000	0	80,000	80,000	80,000	80,000
8	Legal	Consultant Parliamentary Counsel	209,320	80,000	0	209,320	209,320	209,320	209,320
9	IRD, MCRS	Tax Advisor	269,600	260,000	79,987.40	269,600	269,600	269,600	269,600
10	MOHSS	Senior Social Worker	194,600	185,000	48,650.00	194,600	194,600	194,600	194,600
11	Legal	Design of Legal Aid Framework	50,000	50,000	6,328.16	50,000	0	0	0
12	MCWL	Technical Advisor to Port Manager	92,000	0	0	0	0	0	0
13	MoHSS	Biomedical Technician	92,000	0	0	0	0	0	0
14	Legal	UNCAC Assessment	70,000	70,000	0	70,000	0	0	0
15	MoFEM	Financial Advisor	336,000	336,000	0	224,000	336,000	336,000	336,000
16	Internal Audit Unit, MoFeM	Audit Advisor	180,000	180,000	0	120,000	180,000	180,000	180,000
17	Office of Auditor General	Audit Advisor	160,000	160,000	0	106,667	160,000	160,000	160,000
18	Office of the Deputy Governor	Building Maintenance Appraiser	92,000	92,000	0	61,333	92,000	92,000	92,000
19	MoEYAs	Curriculum Leadership Coach	116,700	116,700	0	77,800	116,700	116,700	116,700
20	MoHSS	Physiotherapist	92,000				92,000	92,000	92,000
21	MATLHE	Housing Consultant	92,000				92,000	92,000	92,000
22	MATLHE	Legislative Drafter for Environment	125,000				125,000	125,000	125,000
23	MoHSS	Occupational Health Therapist	98,000				98,000	98,000	98,000
24	MoEYAS	Education Planner	92,000				92,000	92,000	92,000
25	MOHSS	Family Nurse Practitioner	98,000				98,000	98,000	98,000
26	ODG	PAI-Programme Manager/Consultant		0	80,219.56	0	0	0	0
<b>Total</b>			<b>3,654,500</b>	<b>2,610,000</b>	<b>413,783.76</b>	<b>2,578,600</b>	<b>3,350,500</b>	<b>3,350,500</b>	<b>3,350,500</b>

## G. GOM CAPACITY DEVELOPMENT – 2015-16 - Long-term Awards

No	Programme	Institution/Location	Duration	End Date
<b>CONTINUING AWARDS</b>				
1	BSc Structural Engineering	University of Technology, Jamaica	4 years	Sep-12
2	MBBS Medicine & Surgery	University of The West Indies (Mona)	5 years	Sep-12
3	BSc Environmental Health Management	COSTAATT, Trinidad & Tobago	4 years	Sep-12
4	BSc Land Surveying	University of Technology, Jamaica	3 years	Sep-13
5	BSc Social Statistics	University of The West Indies (Mona)	3 years	Sep-13
6	BSc in Geology	Kingston University (London)	3 years	Sep-13
7	BSc in Geology	Kingston University (London)	4 years	Sep-13
8	BA English/English Literature	UWI (Cave Hill)	3 years	Sep-13
9	BSc Computer Science	University of the West Indies (Mona)	3 years	Sep-13
10	Registered Nurse/General Nursing	Barbados Community College	4 years	Sep-13
11	BSc Mathematics with teacher training	University of Technology	4 years	Sep-13
12	BSc Construction Management	University of Technology	4 years	Sep-14
13	BSc Social Work	University of The West Indies (MONA)	3 years	Sep-14
14	BSc Geology	University of The West Indies (MONA)	3 years	Sep-14
15	BSc Social Statistics	University of The West Indies (MONA)	3 years	Sep-14
16	BSc Economics & Accounting	UWI, Cave Hill	3 years	Sep-14
<b>NEW AWARDS</b>				
17	Bachelor Degree -Bio-Medical Engineering	University of Trinidad & Tobago	3 years	Aug - 15
18	BA in English Literature	University of the West Indies - Cave Hill Campus- Barbados	4 years	Aug-15
19	Diagnostic Imaging (Radiology/Radiography)	University of the West Indies (MONA) - Jamaica	4 years	Aug-15
20	BSc Surveying & Geographic Information Sciences	University of Technology - Jamaica	3 years	Aug - 15
21	BSc Mathematics with Teacher Training	UWI-Open Campus (Distance Education) - Montserrat	3 years	Aug-15
22	BSc in Food Science	University of Trinidad & Tobago	3 years	Aug-15
23	MBBS (Medicine & Surgery)	St. Augustine - Trinidad	4 years	Aug-15
24	MBBS (Medicine & Surgery)	University of the West Indies (MONA) - Jamaica	4 years	Aug - 15
25	Geography/Social Studies	University of the West Indies (MONA) - Jamaica	2 years	Aug-15
26	Legal Education Certificate	Norman Manley Law School	2 years	Aug-15
27	BSc Educational Management	University of the West Indies (MONA) - Jamaica	3 years	Aug-15

*Continuing students 2015-16 ACTS-Capacity Development budget*

## H. LONG TERM LEARNING AND DEVELOPMENT REQUIEMENTS 2015-16

NO	AREA OF STUDY
1	BSc Building Maintenance and Construction Management
2	BSc Economic/ Social Statistics
3	BSc Biomedical Engineering
4	MA. Applied Development Studies
5	BA in English / English Literature with Teacher Training
6	BSc. Social Work - major in Child Safeguarding
7	BSc Trade & Finance/ International Trade
8	BSc. Mathematics with Teacher training
9	BSc Industrial Arts majoring in Electricity/Electronics with Teacher training
10	BSc Food Technologist
11	BSc. Diagnostic Radiation
12	BSc Civil Engineering/Chartered
13	BSc. Education Policy & Planning
14	BSc. Psychology major in Clinical Psychology
15	BSc. Geothermal/Renewable Energy
16	BSc./Masters- Economics/ Finance/ Financial Management
17	BSc/ Associate in Land Surveying
18	BSc. Environmental Health
19	BSc. Education Curriculum
20	BSc Policy (Social) Analyst
21	BSc Software/Systems Engineering
22	Diploma/ BSc. Vehicle Systems Overhaul Repairs and Maintenance
23	BSc. / MA Human Resources Management/Information Systems
24	Diploma in Education/Associate Degree in Teacher Education
25	Certificate/Diploma in Office Equipment Technology
26	Diploma/DVM Veterinary Medicine
27	BA/ MA Special Needs Education
28	BSc Adult Nursing
29	BSc Nursing Anaesthetist/Dialysis/Oncology/ Midwifery/ Family Nurse Practitioner
30	BSc Computer Science/ Information Systems/Systems Engineering
31	Dip/BSc Broadcasting Engineering
32	BSc in Forestry Management
33	MA / Dip/Cert. Monitoring & Evaluation
34	BSc/MSc in Physiotherapy
35	BSc Estate Management
36	BSc. Sports Management
37	BSc. Dietary/ Nutrition Technician
38	BSc. / MA. Labour & Employment Relations
39	BSc. Agricultural Science
40	BSc. Library & Archiving Studies
41	BSc. Housing Studies

## I. Project Data as at 30<sup>th</sup> June, 2015

Name of Project -Sector	Ministry Responsible	Status	Financier	Budget 2014-15 EC\$	Expenditure EC\$	Balance(Budget-Exp.) EC\$
<b>Economic Infrastructure</b>						
Geothermal Exploration	MCW	Ongoing	DFID	\$2,273,100	\$1,812,256	\$460,844
Road Refurbishment - Salem to St. John	MCW	Ongoing	DFID	\$124,000	\$92,177	\$31,823
Carr's Bay Port Development	MOFEM	Ongoing	EU	\$1,800,000	\$1,598,124	\$201,876
Fibre Optic	CabSec	Ongoing	EU	\$2,500,000	\$168,026	\$2,331,974
Port Development (Gunn Hill)	MOFEM	Ongoing	EU	\$281,700	\$200,000	\$81,700
MUL GENSET	MOFEM	Ongoing	DFID	\$15,000,000	\$5,120,878	\$9,879,122
Aeronautical project	MCWL	Ongoing	GOM	\$1,228,000	\$775,398	\$452,602
MDC Operations	MOFEM	Ongoing	DFID	\$7,170,400	\$5,255,912	\$1,914,488
Disaster Preparedness	ODG	Ongoing	DFID	\$12,700	\$12,664	\$36
ICT	CabSec	Ongoing	EU	\$100,000	\$20,700	\$79,300
Private Sector Development	MOFEM	Closed	DFID	\$399,100	\$399,100	\$0
<b>TOTAL</b>				<b>\$30,889,000</b>	<b>\$15,455,235</b>	<b>\$15,272,729</b>
<b>DFID</b>				<b>\$24,979,300</b>	<b>\$12,692,987</b>	<b>\$12,286,313</b>
<b>EU</b>				<b>\$4,681,700</b>	<b>\$1,986,850</b>	<b>\$2,694,850</b>
<b>GOM</b>				<b>\$1,228,000</b>	<b>\$775,398</b>	<b>\$452,602</b>
<b>Social Infrastructure, Research &amp; Services</b>						
Hospital Redevelopment project	MOFEM	Ongoing	DFID	\$11,183,800	\$2,503,191	\$8,680,609
BNTF 7	MOFEM	Ongoing	CDB	\$500,000	\$323,880	\$176,120
Davy Hill	MOFEM	Ongoing	EU	\$1,500,000	\$305,671	\$1,194,329
Lookout Housing Force 10	MOFEM	Ongoing	EU	\$700,000	\$700,000	\$0
Credit Union Support to Housing	MOFEM	Ongoing	EU	\$1,500,000	\$0	\$1,500,000
Toilet Facilities for the Vulnerable	MALHE	Ongoing	EU	\$250,000	\$249,852	\$148
Equipping the Abattoir	MALHE	Ongoing	EU	\$1,350,000	\$1,172,360	\$177,640
<b>Total</b>				<b>\$16,983,800</b>	<b>\$5,254,954</b>	<b>\$11,728,846</b>
<b>DFID</b>				<b>\$11,183,800</b>	<b>\$2,503,191</b>	<b>\$8,680,609</b>
<b>EU</b>				<b>\$5,300,000</b>	<b>\$2,427,883</b>	<b>\$2,872,117</b>
<b>CDB</b>				<b>\$500,000</b>	<b>\$323,880</b>	<b>\$176,120</b>
<b>UNECLAC</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>GOM</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Public Administration, Buildings and Reform</b>						
PSRII	ODG	Ongoing	DFID	\$561,200	\$536,737	\$24,463
Access Coordinator	MCW	Ongoing	DFID	\$122,700	\$102,127	\$20,573
Government Accommodation	MOFEM	Ongoing	DFID	\$3,786,000	\$3,057,051	\$728,949
Capacity Development Fund	MOFEM	Ongoing	DFID	\$400,000	\$34,808	\$365,192
Project Management	MOFEM	Ongoing	EU	\$2,000,000	\$1,291,371	\$708,629
Technical Support	MOFEM	Ongoing	DFID	\$1,500,000	\$992,344	\$507,656
Miscellaneous (Small Capital Proj.) 14	MOFEM	Ongoing	DFID	\$386,600	\$72,260	\$314,340
Media Exchange Development	Cabsec	Ongoing	GOM	\$1,471,400	\$1,470,600	\$800
<b>Total</b>				<b>\$10,227,900</b>	<b>\$6,086,699</b>	<b>\$2,669,801</b>
<b>DFID</b>				<b>\$6,756,500</b>	<b>\$4,795,328</b>	<b>\$1,961,172</b>
<b>EU</b>				<b>\$2,000,000</b>	<b>\$1,291,371</b>	<b>\$708,629</b>
<b>GOM</b>				<b>\$1,471,400</b>	<b>\$1,470,600</b>	<b>\$800</b>

Name of Project -Sector	Ministry Responsible	Status	Financier	Budget 2014-15 EC\$	Expenditure EC\$	Balance(Budget-Exp.) EC\$
<b>Education</b>						
Education Infrastructure (PCN)	MOFEM	Ongoing	DFID	\$2,200,000	\$1,010,773	\$1,189,227
Sport Centre	MOFEM	Ongoing	EU	\$3,640,000	\$3,640,000	\$0
<b>Total</b>				<b>\$5,840,000</b>	<b>\$4,650,773</b>	<b>\$1,189,227</b>
<b>DFID</b>				<b>\$2,200,000</b>	<b>\$1,010,773</b>	<b>\$1,189,227</b>
<b>EU</b>				<b>\$3,640,000</b>	<b>\$3,640,000</b>	<b>\$0</b>
<b>CDB</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>UNICEF</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Agriculture</b>						
Darwin Initiative Post Project	MALHE	Ongoing	DARWIN	\$342,800	\$186,734	\$156,066
Overseas Territories Environmental	MALHE	Ongoing	OPEP	\$8,400	0	\$8,400
<b>Total</b>				<b>\$351,200</b>	<b>\$186,734</b>	<b>\$164,466</b>
<b>OPEP</b>				<b>\$8,400</b>	<b>\$0</b>	<b>\$8,400</b>
<b>DARWIN</b>				<b>\$342,800</b>	<b>\$186,734</b>	<b>\$156,066</b>
<b>Statistical Research and Miscellaneous Projects</b>						
Census	MOFEM	Ongoing	DFID	\$157,400	\$0	\$157,400
Miscellaneous 14	MOFEM	Ongoing	EU	\$1,000,000	\$590,998	\$409,002
<b>Total</b>				<b>\$1,157,400</b>	<b>\$590,998</b>	<b>\$566,402</b>
<b>DFID</b>				<b>\$157,400</b>	<b>\$0</b>	<b>\$157,400</b>
<b>GOM</b>				<b>0</b>	<b>0</b>	<b>0</b>
<b>EU</b>				<b>\$1,000,000</b>	<b>\$590,998</b>	<b>\$409,002</b>

Financier	Budget	Expenditure	Balance
DFID	\$45,277,000	\$21,002,279	\$24,274,721
EU	\$16,621,700	\$9,937,103	\$6,684,597
CDB	\$500,000	\$323,880	\$176,120
OPEP	\$8,400	\$0	\$8,400
DARWIN	\$342,800	\$186,734	\$156,066
UNICEF	\$0	\$0	\$0
UNECLAC	\$0	\$0	\$0
GOM	\$2,699,400	\$2,245,998	\$453,402
<b>Total</b>	<b>\$65,449,300</b>	<b>\$33,695,993</b>	<b>\$31,753,307</b>

## J. EXTRACT FROM CARTAC MAY 2015 MISSION REPORT

### Analysis of the 2014 PEFA Assessment

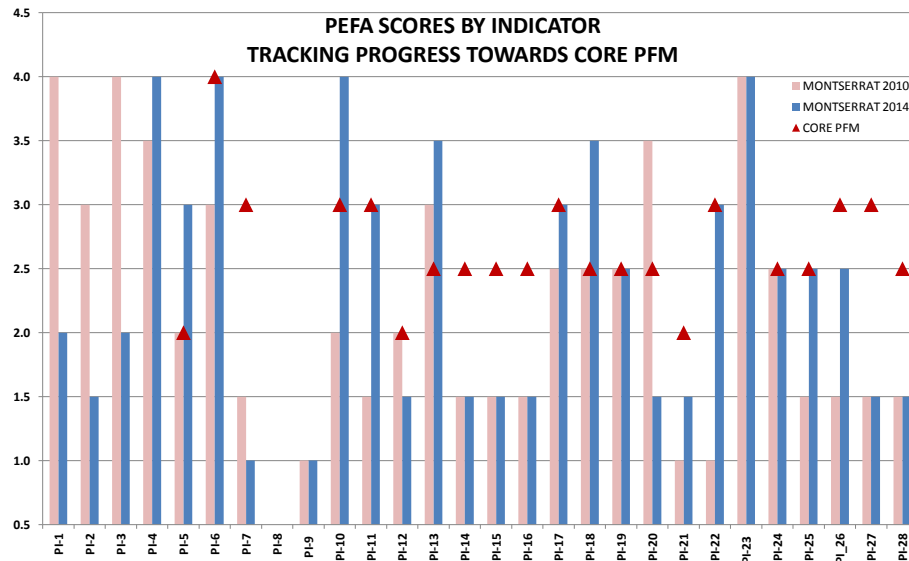
1. **An analysis of the 2014 PEFA was undertaken during the mission to compare PFM performance reported in the 2014 PEFA assessment against the previous PEFA assessment conducted in 2010.** This simple back-to-back analysis highlights a number of improvements in GoM PFM performance, particularly in the area of Accounting, Recording and Reporting. The improvement is largely attributable to the efforts of the GoM authorities to implement many of the elements of the previous PFM Action Plan. However, the 2014 report also notes a lack of progress and, in some cases, deterioration in performance, particularly for those PEFA performance indicators (PIs) measuring Credibility of the Budget and External Reporting and Scrutiny. Chart 1 below shows that between 2010 and 2014, GoM's performance improved for 12 PIs (or 44%), remained unchanged for nine PIs (33%), and declined for six PIs (22%).

2. **Concurrently with the 2014 PEFA, DFID conducted a separate Fiduciary Risk Assessment (FRA).** While there was a high degree of consistency in the findings of the PEFA and FRA, there were some notable differences. In particular, the FRA questioned whether the 2014 PEFA assessment of those performance indicators (PIs) under "Credibility of the Budget" represented a true reflection of the actual situation. The FRA noted that the budget preparation in Montserrat is heavily dependent on DFID and EU budget support; domestic revenues only account for around 40% of total expenditure. However, external funds are not always approved and/or released in a timeframe that is consistent with GoM's budget timetable and planning. The GoM, quite correctly in the mission's view, only includes confirmed sources of funds (and relevant programs/initiatives) in its annual budget. Subsequently approved releases of donor resources are allocated through a supplementary appropriation process which impacts on budget outturns versus the original budget.

3. **In addition to the year on year comparison, the mission compared Montserrat's PEFA performance against the relevant PIs reflected in the 'core' level of PFM functions presented in the IMF Good Practice Note (GPN) on Sequencing PFM Reforms (Diamond, 2013).** The GPN defines the core PFM functions as realistic budgeting; in-year control over spending and revenue; timely accounting and reporting; central control over cash; adequate internal control procedures; adequate external control procedures. The GPN also identifies the relevant PIs that relate to each of the core functions and, importantly, specifies the target score for each of these PIs that would be required for a country to meet 'core' PFM functionality.

4. **The analysis compares the scores of each of the dimensions of the core PFM performance indicators achieved by Montserrat, with the corresponding target level of PFM functionality presented in the GPN.** This provides an additional benchmark for measuring progress in PFM reform beyond a simple back-to-back comparison. The red triangles presented in Chart 1 mark the target level of core PFM functionality. As Chart 1 shows, GoM has met or exceeded the 'core' level of PFM functionality and target scores for eleven of the 21 'core' PIs. However, it is below the core level for ten indicators.

**Chart 1: PEFA SCORES BY INDICATOR: TRACKING PROGRESS TOWARDS CORE PFM**



- Tracking progress towards the “core PFM” allows identifying the areas in which further reform efforts are particularly necessary: general credibility of budget; oversight of fiscal risks, multi-year budgeting, tax system functioning, internal controls and internal audit, accountability in public sector (response to external audit, parliamentary scrutiny)

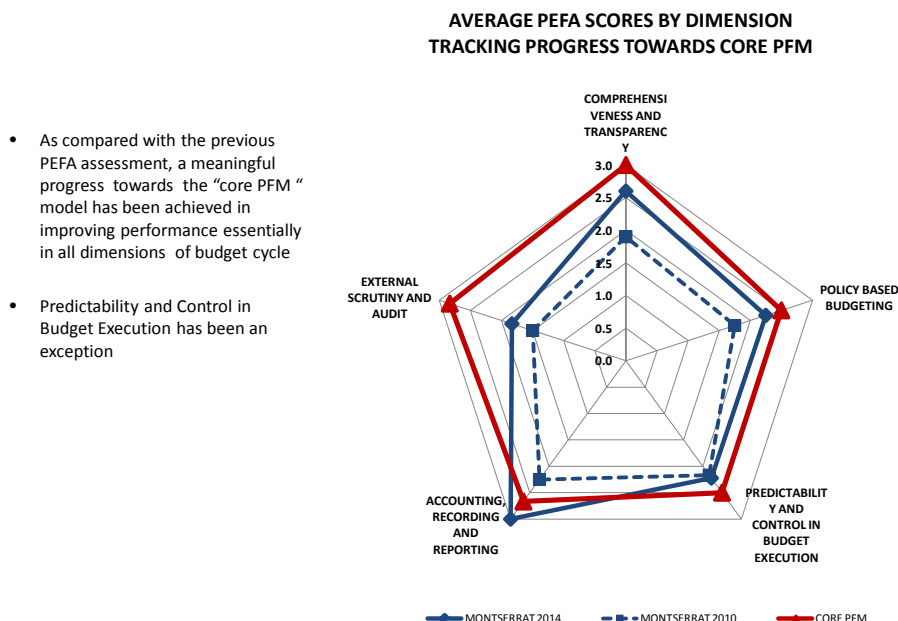
5. The mission undertook further analysis to assess overall PFM performance against core PFM functionality and targets scores for five of the six PEFA themes<sup>1</sup>. This analysis calculated a simple average of the scores of each of the dimensions of the core PFM performance indicators achieved by Montserrat within each theme, and compared these with the corresponding average for the target level of core PFM functionality. This data was then mapped using a ‘spider web’ graph, as presented in Chart 2 below, to plot the average score of the PIs and dimensions achieved in the 2010 and 2014 PEFA with the core PFM targets. Although the indicators are not weighted and, it should be noted that using a simple average does mask some key indicators that have deteriorated, the overall improvement in PFM performance from 2010 to 2014 is quite evident.

6. The analysis also shows that, overall, GoM PFM performance is moving closer to core PFM target levels against the four of the five PEFA PFM categories measured by the chart; Predictability and Control being the exception. Policy Based Budgeting and Control and Budget Execution are two areas, which almost fulfill the characteristics of core level of functionality. Accounting, Recording and Reporting exceeds the core level.

<sup>1</sup> PEFA identifies six PFM themes or categories – Credibility of the Budget; Comprehensiveness and Transparency; Policy Based Budgeting; Predictability and Control in Budget Execution; Accounting, Reporting and Recording; and External Scrutiny and Audit. The analysis in Chart 2 does not assess progress against the PEFA category ‘Credibility of the Budget’ as only dimension (ii) of PI-2 and dimension (ii) PI-4 are included in the core PFM level indicators. Averaging only two dimensions of six within the four PIs included in this category would not accurately reflect performance.



**CHART 2: AVERAGE PEFA SCORES BY DIMENSION: TRACKING PROGRESS TOWARDS CORE PFM**



**Draft 2015-18 PFM Reform Action Plan**

7. **Taking into account the results of the 2014 PEFA assessment, the findings of the FRA, and discussions with senior government officials, the mission assisted the GoM to prepare a draft 2015-18 PFM reform action plan.** The draft action plan is structured around the seven broad categories, or ‘pillars’ of the new 2015 ‘testing version’ of the PEFA PFM performance assessment framework. The action plan includes a brief overview of the 2014 PEFA assessment, FRA and other relevant contextual issues as a preamble to the actions specified for each of the seven pillars.

8. **The draft action plan aims to address the key issues and weaknesses arising from the 2014 PEFA and FRA, as well as the additional performance elements of the new 2015 PEFA framework (testing version)<sup>2</sup>.** Recognizing the resource and capacity constraints faced by the GoM, the action plan has been prioritized to target the core PFM functions (and target levels). As a result coverage of the action plan therefore does not extend to the full range of new requirements of the 2015 PEFA framework. Nevertheless, the draft plan reflects what is realistic and achievable commensurate with Montserrat’s capacity.

9. **Actions have been sequenced half-yearly over the next three fiscal years, and responsibility allocated to the relevant business unit.** Sequencing has also been designed to take into account the GoM’s limited resources and capacity constraints. The plan also includes recommended technical support and capacity development in key areas.

<sup>2</sup> The 2015 PEFA Framework (testing version) includes 30 PIs structured around seven pillars – Credibility of Fiscal Strategy and the Budget; Comprehensiveness and Transparency; Asset and Liability Management; Policy Based Planning and Budgeting; Predictability and Control in Budget Execution; Accounting, Recording and Reporting; External Scrutiny and Audit

## **PROPOSED TECHNICAL ASSISTANCE**

### **1 Credibility Fiscal Strategy and the Budget;**

- Draft circular and template forms have been developed by CARTAC to support more robust analysis of requests for supplementary estimates.

### **3. Asset Liability and Management**

- CARTAC to build capacity in oversight and monitoring; developing fiscal risk statements and produce and train in a AGA/PE oversight and monitoring manual

### **4. Policy Based Planning and Budgeting**

- Updated guidelines and draft templates for medium term program/ results based budgeting developed by CARTAC
- CARTAC Regional MTEFO Workshop in June 2015
- CARTAC providing TA on costed sector strategies to Budget Department, Planning Unit and M&E Unit – May 2015

### **5. Predictability and Control in Budget Execution**

- CARTAC Cash Forecasting annual workshop
- CARTAC to facilitate an attachment to Anguilla Internal Audit Unit to observe regional IA practices
- DFID to engage IA professional for twelve month capacity building engagement
- Regional CARTAC to facilitate expert from a Caribbean IA unit to undertake attachment to Montserrat
- DFID to engage Crown Agents to assist in developing template for annual procurement plans and undertake skills transfer

### **6. Accounting, Recording and Reporting**

- CARTAC annual IPSAS cash basis workshop
- CARTAC to provide TA based on model PFM law for Caribbean

### **7. External Scrutiny and Audit**

- DFID to engage EA professional for twelve month capacity building engagement