THE GAMBIA BUDGET ESTIMATE AND EXPENDITURE:

Formulation, Adoption and Execution

A briefing prepared by the Library and Research Department of the National Assembly of The Gambia

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Introduction

A national budget is considered as a forecast of the country's revenues and expenditures by the government for a specified period of time, usually one year, referred as financial or fiscal year. Depending on the period considered, agreed upon and adopted, the fiscal or financial year for most governments around the world starts from 1st January and ends on 31st December.

The Budget, formulated by the Executive and approved by the Legislature, gives the legal authority to the government to generate and spend the resources of a country in such manners as may be directed by law. What the budget usually indicates as its expected income is referred as revenue and how this will be spent is referred as the expenditure. Most countries' revenue comes from different sources such as taxation, natural or mineral resources, loans, grants and other non-tax incomes.

This paper attempts to highlight the authority to formulate, adopt and execute the budget of The Gambia, the mandate of the executive and the role of the National Assembly in relation to the budget, as provided for in the Constitution of The Gambia 1997, the Public Finance Act 2014, the Financial Regulations 2016, and the Standing Orders of the National Assembly 2019. The paper also gives a summary of the execution rate of the budget from 2018 to 2022.

Objective

- To foster understanding on the formulation, operationalization and monitoring of the budget.

Methodology

- Desk review

Budget Estimates of Revenue and Expenditure of The Gambia

Mandate of the Executive in budget formulation and execution

The Budget Estimates of The Gambia determines the amount of revenue and expenditure that the government expects to generate and spend on behalf of the people for a given fiscal year (1st January to 31st December of each calendar year). Section 21 (2) of the Public Finance Act 2014 outlines the revenue and other receipts of the Government of The Gambia as:

- Tax revenues, including taxes on income and profits, domestic taxes on goods and services, taxes on international trade and transactions, and other taxes;
- Non-tax revenues, including profits from public enterprises, administrative fees and charges, fines and forfeitures, repayment of loans and other non-tax revenues, including proceeds from sale of public assets;
- Domestic and external grants;
- Other revenues paid to the government in accordance with any law, including departmental self-raised revenues; and
- Domestic and external borrowing for financing the budget deficit.

Furthermore, section 21 (3) of the said Act directs the recurrent, development expenditures and other payments of the government to include:

- Current expenditures, including salaries, wages and allowances, pensions and gratuities, expenditures on goods and other services, current transfers, and interest payments;
- Capital expenditures, including acquisition of capital assets and capital transfers;
- Lending and equity participation; and
- Payment of principal on domestic and external borrowing.

In accordance with the Constitution, the formulation of the budget is facilitated by the Ministry of Finance and Economic Affairs on the authority of the President. Section 152 directs that "the President shall cause the Minister responsible for finance to prepare and lay before the National Assembly at least thirty days before the end of the financial year, estimates of the revenue and expenditure of The Gambia for the following financial year."

The Ministry of Finance and Economic Affairs receives sectoral draft budget estimates from the Ministries, Departments and Agencies (MDAs), independent and public subvented institutions, among others, and invite them for bilateral (a form of engagement or dialogue on the submission), except for independent institutions whom the Ministry has no authority over. Pursuance to Financial Regulations 4 (7), the Ministry often sets up a ceiling as well as the procedures to follow by government institutions in preparing, submitting and implementing the budget.

The Ministry of Finance is equally responsible for the implementation and execution of Government budget as par section 4 of the Financial Regulations. As soon as the National Assembly approves the budget, the Ministry through the Accountant General, gives the authority to various institutions to access and spend of what has been appropriated. This is called Warrant for Spending, as directed under section 29 of the Public Finance Act. The Accountant General is the Receiver General, Paymaster, and Chief Accounting Officer of the Government.

Meanwhile, section 28 of the Public Finance Act provides for a vote controller for every budget agency to which an appropriation is made in the Government budget, and this is usually the head of the institution or budget agency. The vote controller ensures the proper and efficient management and utilization of funds in accordance with the applicable regulations, instructions and directions issued in respect of such funds.

The Financial Regulations, under section 4 (3), directs that the vote controller establishes a Budget Committee whose responsibility would be to allocate resources based on the objectives, outputs and activities of the institution, formulate cash plans, and monitor and evaluate budget performance, among others.

Role of the National Assembly in considering, approving and monitoring the execution of the Budget

After the budget has been presented to the National Assembly in accordance with section 152 (1) of the Constitution and section 21 of the Public Finance Act, it is the duty of the National Assembly to consider and approve the budget within an allotted time frame. According to Section 152 (1A) of the Constitution, the National Assembly must, within the fourteen days that the estimates has been laid before it, consider and approve it. The Finance and Public Accounts Committee is the gateway through which the introduction of the budget at the National Assembly is negotiated (Standing Order 81).

The various committees of the National Assembly are tasked under Standing Order 84 (2) to consider the relevant sections of the draft budget, make such inquiries and recommendations as each shall determine, and submit their report to the Finance and Public Accounts Committee who would then lay the consolidated report together with a motion for its debate. The approval of the estimate of expenditure is followed by the introduction of an Appropriation Bill for the authority to issue from the Consolidated Fund of the sums necessary to meet that expenditure as provided for under section 152 (3). The National Assembly must consider and approve the Appropriation Bill within seven days of its introduction.

The National Assembly, under sections 101, 102 and 109 of the Constitution, ensures that it monitors the implementation and execution of the budget and other related matters through its committees, by scrutinizing or examining the programmes, activities, accounts and expenditure of the Government and other public bodies funded by public moneys, as well as examining the reports of the Auditor General. For every new budget cycle, the National Assembly may use the fiscal prudence and performance of the Government and other public bodies in the preceding year to guide its consideration and approval of the budget.

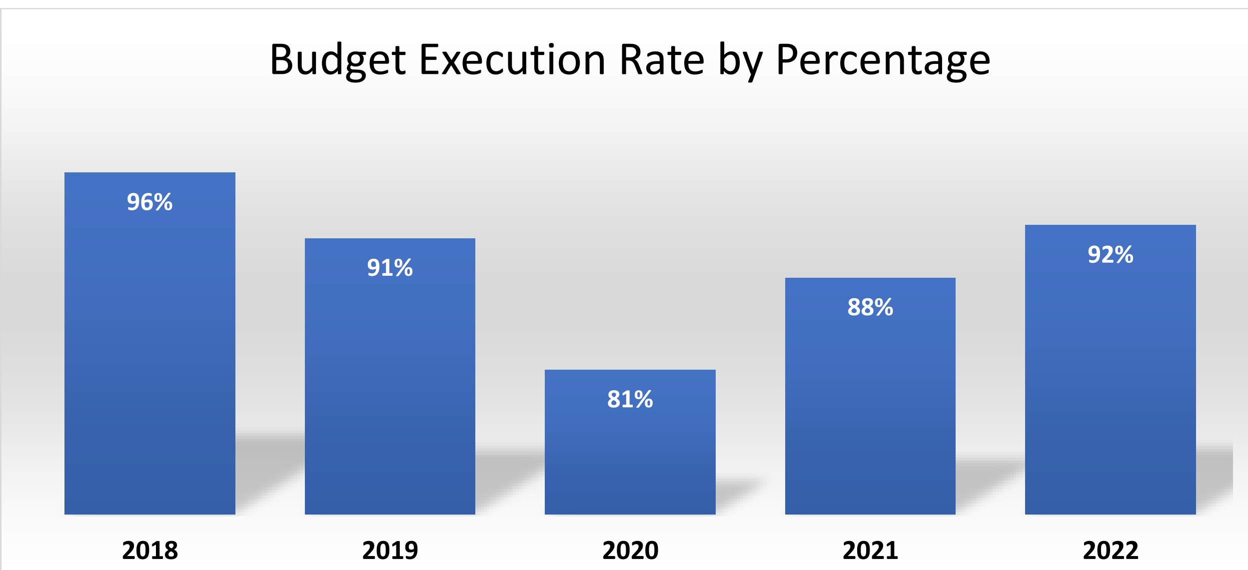
Estimates vs Actuals of Expenditure

Estimate of expenditure simply means a projection or forecast of what is intended to be spent. Actual refers to the amount that, in reality, is spent. When the government makes an estimate of its revenue and expenditure for the year, it is to serve as guidance framework for the accrual of revenue and spending of that which has been accrued. There may be instances where what is projected could either not be spent entirely or fall short of the estimated projection. The inability of the government or public bodies to spend or finish spending from that which has been approved for the year could be as a result of many factors, including the Ministry not being able to meet the revenue targets initially set out, priorities being overtaken by events, among others.

It should be noted that the budget in its entirety reflects the intention and strategies of the government to mobilise and spend the resources and funds of the state. In other words, the funds are barely never available when they are being considered, debated and agreed upon by the National Assembly. It is the duty of the Executive, through the Ministry of Finance and Economic Affairs, to coordinate the mobilization and spending of funds by the various state institutions.

Summary budget execution rate

The chart below shows the summary of the cumulative percentage execution rate of the budget across a five-year period from 2018:



The chart shows that the Government registered the lowest execution rate in 2020 (81%) and highest in 2018 (96%) during the five-year period. In 2019, the execution rate was 91%, 88% in 2021 and 92% in 2022. The fall in the execution rate in 2020 and 2021 respectively may be attributed to Covid19 which has undoubtedly upset the global economic trajectory, thus shifting priorities.

Conclusion

There are several laws that guide the process of budget formulation, execution and monitoring. It may be argued that some of these laws can be reviewed to ensure a more enhanced financial management and accountability process.

For instance, it has often been argued from among the ranks of Members of the National Assembly that the fourteen days period provided by the Constitution for the National Assembly to consider and approve the budget is too small, and that this should be extended to allow parliament enough time to conduct its obligation on the budget.

Therefore, a holistic review of the laws relating to the budget can be sanctioned by the National Assembly to identify all the shortfalls from both within the Constitution and the Public Finance Act, amend or repeal them to suit the current realities, and to benchmark best practices.

REFERENCES

- Constitution of the Republic of The Gambia, 1997
- Public Finance Act, 2014
- Standing Orders of the National Assembly of The Gambia, 2019
- Financial Regulations, 2016