

Footnote

FY2021 Budget Execution

Allocations for FY2021 for Goods and Services and Domestic Capital Expenditures were released to MDAs and were gradually processed to the end of the year with some economic challenges during the implementation that lead to some overrun in some categories.

Actual allotment for Goods and Services to MDAs for FY2021 amounted **Le1.7 trillion** compared to a budgeted target of **Le1.4 trillion** resulting in an overrun of about **Le348.3 billion**. The main reasons for the over-run in the Goods and Services budget was mainly due to the rising food and fuel prices, increase in shipping costs, and the depreciation of the exchange rate.

For Subsidies and Transfers the budgetary target for MDAs was **Le1.4 trillion** and **Le1.6 trillion** was allotted as transferred within the same period, leading to a higher than anticipated transfer of about **Le197.1 billion**. The budget execution for Subsidies and Transfers went well for most of the revenue generating agencies except for transfers to Tertiary Institutions, Energy Subsidies and NaCOVERC. The reasons for the higher than projected transfers to other Agencies excluding TSA Agencies whose transfers are based on revenue performance.

Wage Bill for FY2021 was projected at **Le3.8 trillion** in consideration of a number of policy decisions the Government had implemented. Following implementation of these policy reforms the Wage Bill for FY2021 disbursement was **Le3.9 trillion** against an allotment amount of **Le3.8 trillion**.

FY2022 Budget Execution

Execution of the budget in FY2022 has been going on well with some challenges especially in the clearance of unpaid bills that were carryovers from previous years and at the same time implementing the approved FY2022 budget with other emerging economic challenges at home and abroad.

Prior to the review mission of the IMF, the budget allotment that was released to MDAs for the first half was based on the original budget approved by parliament, and this was done on the 3rd February 2022. In the first half, allotment to MDAs in the form of allocations for Goods and Services was **Le657.7 billion** which has gradually been processed and paid to MDAs. The preliminary actuals or payment to MDAs for Goods and Services for Q1 (January to March 2022) is **Le193.1 billion**.

An amount of **Le758.2 billion** was released as allotment or allocation for Subsidies and Transfers with an actual preliminary disbursement figure of **Le467.0 billion** for the period January to March 2022. This was primarily driven by the payment for energy subsidies (Karpower) amounting to **Le237.2 billion**.

The actual wage bill for Q1 of FY2022 was project at Le1.1 trillion compared to an original target of Le1.1 trillion resulting in an under expenditure of about Le5.1 billion. The main reason for the savings is due to stringent measures adopted by the Ministry of Finance in collaboration with Accountant Generals Department and the Human Resource Management Office (HRMO) to monitor monthly movements on the payroll as well as the delay in the implementation of some pronounced measures on the wage bill.

The approved FY2022 budget for Domestic Capital projects for MDAs was **Le1.2 trillion**, with an actual disbursement of **Le208.6 billion** for the period January to March 2022.

However, based on the above information, the budget execution for the first half (Jan – Jun 2022) released allotment is still ongoing and the comparison between the actual performance against the actual allotment by MDAs would be done and the report would be published by end July, 2022.