

How does the Government of Jamaica decide on an allocation in The Estimates of Expenditure for the activity, Natural Disasters, and in the event of the occurrence, how is the budget allocation executed? How are transparency and accountability ensured?

#### The institutional/administrative framework - The Budget Process

Planning for the Budget begins with the development of the medium term framework and the policy targets. This is the responsibility of the Ministry of Finance and the Public Service, the central bank – the Bank of Jamaica - and the Planning Institute of Jamaica.

For the development of that budget, several months prior to the beginning of the fiscal year, the permanent secretary of the ministry, who is the accounting officer for the ministry, receives a budget call from the Financial Secretary in the Ministry of Finance to submit expenditure proposals in a draft budget for the next financial year. The permanent secretary is instructed that the expenditure requests should be prioritized and integrated with the ministry's Corporate Plan which development would have been guided by government's macroeconomic policy and financial constraints.

Section 115 of the Constitution gives the Minister of Finance the responsibility for the preparation of annual Estimates of Revenues and Expenditures before the close of each financial year and the tabling in Parliament of those Estimates. Section 116 of the Constitution further authorizes the Minister of Finance to "introduce in the House of Representatives an Appropriation Bill" containing under appropriate heads, the estimated aggregate sum proposed to be expended for the delivery of public goods and services.

The Appropriation Bill is rigorously debated by the Standing Finance Committee of the House, which comprises all members of parliament. After the Bill is passed by the House of Representatives, it is submitted to the Senate. After passage through the Senate the Bill is passed into law and becomes the Appropriation Act which gives the government legal authority for the collection of revenues, the raising of loans and the expenditure of funds for the purposes approved by Parliament. By virtue of this Act, Parliament becomes the sole authority to appropriate resources for the provision of goods and services.

The allocation for natural disasters can be found in the Estimates of Expenditure under the Budget Heads of the Ministry of Finance and the Public Service, the Ministry of Health and the Office of the Prime Minister. In the financial year 2009/2010 allocations of \$40.0M were made indirectly under the allocations for projects to strengthen disaster

risk management i.e. \$27.489M for the project Natural Hazard Management in Urban Coastal Areas and \$13.274M for the project Building Disaster Resilient Communities.

Direct allocations of \$689.661M were made with the contribution of \$17.0M to the Caribbean Disaster Emergency Response Agency (CDERA) and \$128.811M to the Office of Disaster Preparedness & Emergency Management (ODPEM). However, from the allocation of \$128.811M to the ODPEM the real direct allocation for natural disaster is \$5.0M for the purchase and storage of food supplies for relief. There is also a capital allocation of \$50.0M for the National Disaster Fund, to provide for the co-ordination of relief activities. In the Recurrent Budget of the Ministry of Health, \$54.851M is allocated to cover the operating expenses for Emergency, Disaster Management and Special Services in the Ministry of Health. In addition, under the Recurrent Budget of the Ministry of Finance and the Public Service there is an allocation of \$439.0M for payment of the premium for Catastrophe Risk Insurance.

In the event of a disaster, the ODPEM can respond by requesting the funds allocated in the Estimates of Expenditure. The Minister of Finance will issue a warrant to the Accountant General authorizing withdrawals of the specified sums from the Consolidated Fund. In turn, the Accountant General issues orders to the commercial bank in which the Consolidated Fund is held to release the funds to the appropriate agency, in this case, ODPEM.

Transparency and accountability for this expenditure is ensured by several bodies:

- 1) internal auditors and audit committees;
- 2) the Auditor General;
- 3) the Public Administration and Appropriations Committee, a sub-committee of Parliament, that is chaired by a member of parliament from the opposition party; and
- 4) the Public Accounts Committee of Parliament, that is chaired by the member of parliament from the opposition party speaking on finance.

Clearly, the allocation in the current budget could not respond adequately to a disaster of any magnitude. However, there is a Contingencies Fund provided by the FAA Act which is administered by the Accountant General from which funds can be released for reasons such as a disaster. In addition, given the nature and magnitude of the disaster, claims may be made on the Catastrophe Insurance Policy. Where a claim cannot be made against the Catastrophe Insurance Policy, Parliament can approve the re-allocation of the existing Budget to address aspects of the recovery.