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MoF/DPBP-Budget Call/2024-25/440

December 29, 2023

Budget Call Notification for the Financial Year 2024-25

In accordance to Clause 23 (d) and 45 of the Public Finance Act 2007 (PFA) and Section 3.2 of the Budget Manual, Financial Rules and Regulations (FRR) 2016 the Ministry of Finance is pleased to issue the Budget Call for FY 2024-25, the first year of the 13th Five Year Plan (FYP).

All budgetary agencies (Ministries, Constitutional Bodies, Autonomous Agencies, Dzongkhags, Thromdes and Gewogs) are required to submit annual budget proposals as per the budget preparation guidelines provided for FY 2024-25.

As 13FYP is still under formulation and yet to be approved, the resource envelope for FY 2024-25 has been determined based on the indicative preliminary revenue and expenditure framework for 13FYP. Accordingly, Nu. 30,002.900 million has been estimated for capital expenditure and Nu. 48,489.400 million for recurrent expenditure. In order to ensure a sustainable fiscal path, the fiscal deficit for FY 2024-25 is maintained at 3 % of the GDP corresponding to Nu.9,817.249 million which is expected to be financed through external and domestic borrowings.

With an aim to ensure quality of expenditure through prudent management of limited public resources, the budgetary bodies are required to align the budget proposal to the results and KPIs outlined in the draft 13FYP. In addition, KPIs for mandatory and controllable recurrent budgets must be prepared and submitted keeping in mind the core objective of the agency.

The Budgetary Agencies shall prepare and submit budget proposals through the MYRB system (www.myrbpems.bt) and follow Guidelines indicated in the Annexure I. For any support and clarification, the focal officers in DPBP are available to guide on the budget proposal preparation. The budget proposal shall be completed in all respects and submitted to the Department of Planning, Budget and Performance on or before March 15, 2024.

(Leki Wangmo)
Acting Finance Secretary

Copy to:

1. Heads of Constitutional Bodies and Judiciary, Thimphu.
2. Cabinet Secretary, Cabinet Secretariat, Thimphu.
3. Secretaries of All Ministries, Thimphu.
4. Heads of Autonomous Agencies, Dzongdags, Thrompons and Gups

For kind information of:

1. Hon'ble Dasho Gyalpoi Zimpon, HM Secretariat, Thimphu.



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Annexure I - Budget Preparation Guidelines for FY 2024-25

The Budgetary Bodies shall be guided by the following principles while preparing the budget proposals:

1. Recurrent Budget

- i. **Key Performance Indicators and Targets:** While the recurrent budget will be allocated in the form of annual block grant categorized under mandatory and controllable heads, to ensure that the scarce resources are optimally utilized and the allocation of recurrent budget is aligned with the strategic goals of the organization, all the budgetary bodies are required to formulate and submit Key Performance Indicators and targets for recurrent budget allocation at the Agency level.
- ii. **Mandatory Expenses:** The budget proposal for mandatory expenses (pay & allowances, PF contribution, stipend and retirement benefits) shall be proposed through the MYRB system and submit the detailed workings in *Annexure - II*.

In addition, it must be ensured that the retirement benefits of employees due for superannuation during the FY 2024-25 must be adequately captured.

- iii. **Controllable Expenses:** As in the past FYs, Annual Block Grant shall be determined and allocated to meet the operational expenses based on the internal resources. However, those activities that are recurrent in nature and do not form a part of O&M must be proposed separately with the detailed estimates and specific KPIs and targets distinct from the KPIs for general mandatory and controllable budget (Examples: maintenance of water supply, roads, procurement of medicines and laboratory consumables, animal feed and fertilizers, annual maintenance fees, etc.).
- iv. **Budget Proposals financed through Current Deposit (CD) Accounts:** With the consolidation of Government CD accounts initiated in July 2023, those budgetary bodies such as Thromdes, National Seed Centre, National Medical Service, NLCS, DoFPS, MoHA that operate CD accounts must ensure to propose budget under the respective FICs and under the relevant mandatory and controllable OBCs through MYRB based on the revenue projections for FY 2024-25 to avoid any supplementary incorporations during the FY. *However, fund release by the DTA during the FY shall be subject to fund balance.*
- v. **Non-budgetary Agencies:** Those requiring budgetary support under RGoB financing for O&M must submit their request with detailed workings/estimates including financial plan and Key Performance Indicators along with the actual revenues realized in the past FYs and realistic



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revenue projections for the FY 2024-25 through the Department of Macro-fiscal and Development Finance, MoF.

2. Capital Budget

- i. **Capital budget proposal under RGoB financing:** With the 13FYP still under formulation and external resources yet to be mobilized, the budgetary bodies shall propose only for completion of on-going/spillover, critical activities and mandatory RGoB counterpart financing, which has bearing on public service delivery. However, the budget proposals for new activities shall be subject to finalization/approval of the plan and mobilization of resources.
- ii. **Alignment with the draft 13FYP and Key Performance Indicators:** Besides detailed project report (DPR), all the budgetary bodies shall formulate budget in alignment to the draft 13th FYP and should have corresponding KPIs irrespective of financing sources. The proposed budget and the KPIs must be completed for submission to DPBP in *Annexure - III*.
- iii. **On-going External Funded Programs/Activities:** All the budgetary bodies must note the following for strict compliance:
 - a. Supplementary Incorporation of projects signed after the submission of budget proposals will continue to be facilitated during the FY;
 - b. It shall be the responsibility of the Budgetary Bodies to ensure that the proposed budget is within the committed fund balance and under the appropriate Financing Item Codes (FIC);
 - c. To address huge budget variance and credibility issues due to supplementary budget incorporation during the FY, all the budgetary bodies must ensure that the on-going externally funded activities are included in the budget proposal.
- iv. **GoI Funded Projects for 13FYP:** Based on the tentative list of projects/activities identified to be funded under GoI for 13FYP, the relevant budgetary bodies shall submit detailed proposals along with DPR as specified under SL.No. 2 (ii).
- v. **HRD Programs:** The budget proposal for capacity building programs of the Civil Servants shall be based on the list of programs/courses approved by the RCSC irrespective of source of financing. In addition, those budgetary agencies outside the civil service shall be required to submit the HRD master plan endorsed by the respective HRC. However, budget recommendation/allocation shall be subject to availability of resources.
- vi. **ICT projects/activities:** Proposal for all ICT related projects/activities to be submitted or included ONLY after obtaining prior approval of the GovTech Agency.



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- vii. **Budget Proposal for heritage and religious sites:** Budgetary bodies engaged in implementation of plans for heritage and religious sites must ensure strict compliance of the budget proposal to the Notification issued by Ministry of Home Affairs vide CHAA/PPD(37)/2023/430 dated November 13, 2023. Budget proposals will be reviewed and budget allocated based on the need assessment and significance of the sites.
- vii. **Rationalization Measures:** In view of the limited resources and competing priorities, those projects/activities without economic/social returns shall continue to be rationalized. However, all donor funded projects/activities proposed must be prioritized and endorsed based on economic/social returns.

3. General Guidelines

- i. **Counterpart Funding:** Any commitment of the RGoB financing in the form of counterpart funding and provision for any duties and taxes for new/ongoing and in-kind assistance must be adequately proposed in the budget;
- ii. **Finance Committee:** The Head of the Agencies are advised to convene a Finance Committee (FC) meeting for dissemination of budgetary guidelines, soliciting timely proposals, and for ensuring that proposals are complete, transparent, realistic and achievable within the FY. In addition, the submission of budget proposals to DPBP, MoF shall be upon endorsement by the respective Finance Committee.

All the budgetary bodies shall be required to make a comprehensive presentation of the proposal during the budget discussion.

- iii. **Mainstreaming Cross Cutting Issues:** Budgetary bodies are reminded to ensure that the budget proposal are inclusive of cross cutting issues such as Gender, Environment, Climate, Disaster and Poverty (GECDP).
- iv. **Fiscal Transfers**
- a. All the State-Owned Enterprises (SOEs) requiring financial support from the Government shall route all the proposals through the Department of Macro-fiscal and Development Finance (DMDF), MoF. Details of their revenue performances along with the financial statements for the past two years and projections for the FY with adequate justifications must be submitted based on which DMDF shall review the proposals and recommend the same to DPBP for further review.
- b. The Budgetary Bodies those supported through fiscal transfers and generate revenues must submit the revenue projections, past year's actual expenditure and bank statement of all the deposit accounts (CD & Fixed accounts) as of 31st January 2024.



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- v. **Formulation of Medium-Term Budget Framework:** To promote efficient planning and improve budget formulation through strategic allocation of expenditure to achieve government fiscal objectives, the budgetary bodies including the LGs are required to prepare and submit estimates for two outer years (FY 2025-26 & FY 2026-27) at the output level. The estimates for forward years shall be prepared under two broad economic classification (current and capital) in the format detailed as follows:

Estimates by outputs

| Specify Name of Outputs | FY 2025-26 | | | FY 2026-27 | | |
|-------------------------|------------|---------|-------|------------|---------|-------|
| | Current | Capital | Total | Current | Capital | Total |
| Output 1..... | | | | | | |
| Output 2..... | | | | | | |
| Total at AU level) | | | | | | |

Key Performance Indicators/Targets

| Name of Outputs | Key Performance Indicators | Baseline/ Target Achieved FY 2023-24 | Medium Term Targets | |
|-----------------|----------------------------|--------------------------------------|---------------------|------------|
| | | | FY 2025-26 | FY 2026-27 |
| Output 1 | | | | |
| Output 2 | | | | |

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4. Specific guidelines for Local Governments (LGs) on Capital Budget

The LGs shall note the following for preparation of capital budget:

4.1. RGoB Financing:

- a. **Gewog:** Based on the Resource Allocation Formula, Annual Capital Block Grants will be allocated for the upkeep of existing infrastructure and critical public service delivery.
- b. **Dzongkhag/Thromde:** The Dzongkhags and Thromdes shall propose budgets for completion of the ongoing, spillover and critical activities and submit the endorsed list of activities with detailed DPR as specified under SL.No.2 (ii).

4.2. External Financing: The LGs must ensure to propose adequate budget for completion of on-going and spillover activities within the committed fund, contract amount and implementation capacity for the on-going donor funded activities.

4.3. Recurrent budget for Thromdes: In order to determine the level of budget support, Thromdes are reminded to submit:

1. Details of revenue realized for the past 2 years;
2. Revenue & expenditure estimates for the FY 2024-25;
3. Details or statement of CD/FD accounts, if any;

LGs shall ensure that budget proposals are deliberated and endorsed by the Dzongkhag/Gewog/Thromde Finance Committee before submitting to DT/GT/TT for final review and endorsement prior to submission to DPBP, MoF.



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| Pay and Allowance Details for the FY 2024-2025 | | | | | | | | | | | | | | | | | | | | | | | Annexure II | |
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| Rs in million | | | | | | | | | | | | | | | | | | | | | | | | |
| Sl. | Sector / Department / Field Office | Name of the Employee | Position Title | Position Level | Fixed Pay | | | | Variable Pay | | | | | | | | | | | | Annual Total MYC (E+F+G+H+I+J+K+L+M+N+O+P+Q)*12 | Annual Grand Total Annual total PP + MYC | Annual Total PP 15 % of (A*12)+(B*6) | |
| | | | | | Monthly Basic Pay | | Non-Pensionable Monthly Pay | Annual Total (Fixed Pay) (A+C+D)*12 (B*6) | Monthly Variable Compensation (MYC) | | | | | | | | | | | | | | | |
| | | | | | Basic Pay (A) July 2024 | Increment (Due on Jan 2025) (B) | | | Personal Pay (C) | Home Rent Allowance (D) | 5% Moderation (E) | 50% Revision (F) | one-off Fixed Payment (P) and Below (G) | Leave Travel Concession (H) | Leave Encashment (I) | Professional Allowance (J) | Uniform Allowance (K) | Night Duty (L) | Difficulty Area Allowance (M) | High Altitude (N) | Foreign Service (O) | Contract Allowance (P) | Radiation allowance (Q) | |
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| * Communication allowance is discontinued | | | | | | | | | | | | | | | | | | | | | | | | |
| * One-off Fixed pay is from P1 and below | | | | | | | | | | | | | | | | | | | | | | | | |
| * Refer A1 and A2 | | | | | | | | | | | | | | | | | | | | | | | | |



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| Pay and Allowance Details for the FY 2024-2025 | | | | | | | | | | | | | | | | | | | | Nu in million | | | |
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| Sl. Seter / Department / Field Office | Name of the Employee | Position Title | Position Level | Fixed Pay | | | | | Variable Pay | | | | | | | | | | | | Annual Total MVC (E+F+G+H+I+J+K+L+M+N+O+P+Q)*12 | Annual Total Pay 15% of (A)*12 | Annual Total Pay 15% of (A)*12 |
| | | | | Monthly Basic Pay | | House Rent Allowance (D) | Annual Total (Fixed Pay) (A+C+D)*12 (B*) | Monthly Variable Compensation (MVC) | | | | | | | | | | | | | | | |
| | | | | Basic Pay (A) July 2024 | Increment (Due on Jan 2025) (B) | | | Permitted Pay (C) | 3% Indication (E) | 50% Revision (F) | one-off Fixed Payment (PI and Below) (G) | Leave Travel Concessions (H) | Leave Incasement (I) | Professional Allowance (J) | Uniform Allowance (K) | Night Duty (L) | Difficulty Area Allowance (M) | High Altitude (N) | Foreign Service (O) | Contract Allowance (P) | | | |
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* Communication allowance is discontinued

* One-off Fixed pay is from P1 and below

* Refer A1 and A2 sheets for guidance



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* Note : Transportation charges for personal effects shall be maximum of Nu. 40,000
Retirement within a 10 kms radius is not eligible for the Carriage of Personal Effects, Transfer Grant and Traveling Allowance



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Annexure -

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| Name of the Agency: | | | | | | | | | | | | |
| Fiscal Year: 2024-25 | | | | | | | | | | | | |
| Output | FYP Projects - Guideline to specify on the objectives related to current activities | FYP Key Activities | KPI (Agencies to come up with KPIs based on the objectives and key activities) | KPI unit | KPI baseline/Prior Year's achievement | KPI target | Sub-Activity (Budgetary Activity) | OBC | Budget for the Sub-activity | Source of Funding | Total budg for KPI | |
| POLICY AND REGULATORY REFORMS FOR BUSINESS | | Review and amend FDI policy | | | | | | | | | | |
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| | | Amend Taxes and Levies Act of Bhutan 2016 (export royalties for mineral) & domestic royalty rates. | | | | | | | | | | |
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| Access to quality infrastructure. | Construct multi-mode transit hub in Gelephu, Phuentsholing, and Samdrup Jongkhar | | | | | | | | | | | |
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| | Establish railway connectivity at Gelephu. | | | | | | | | | | | |
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| Definitions: | | | | | | | | | | | | |
| 1 | Output | Agencies to identify the relevent Outcome output from the 13FYP that will be implemented during the FY. | | | | | | | | | | |
| 2 | FYP Projects | After the relevant outcome outputs are identified, the relevant projects under the outputs are to be identified and selected. However, agencies can also come up with their ojectives which are not covered in the FYP especially related to the current expenditures. | | | | | | | | | | |
| 3 | FYP Key Activities | Agencies to identify relevant Key Activities under the projects from the 13FYP for the FY. | | | | | | | | | | |
| 4 | KPI Unit | Identify the relevant unit for the KPI which can be used for Monitoring and Evaluation of the KPI | | | | | | | | | | |
| 5 | KPI baseline | Provide the relevant baseline for the KPI. It can be previous year's achivement or progress. | | | | | | | | | | |
| 6 | KPI target | Provide the target for the KPI that will be achieved during the FY. | | | | | | | | | | |
| 7 | Sub-Activity | Budgetary activity | | | | | | | | | | |
| 8 | Budget for the sub-activity | Budget required for implementation of the sub-activity | | | | | | | | | | |