



OFFICE OF THE AUDITOR GENERAL
P. O. BOX N-3027
NASSAU, BAHAMAS
Phone Nos. 242-322-2521/323-8939/326-6015

DAG/C.9/1/030

Reference No.....

25th June, 2021

Mr. Marlon Johnson
Financial Secretary (Actg.)
Ministry of Finance
Nassau, Bahamas

**RE: AUDIT REPORT OF THE IMF US\$ 250 MILLION UNDER THE RAPID FINANCING
INSTRUMENT (RFI) TO ADDRESS THE COVID-19 PANDEMIC**

Please find the Audit Report of the IMF US\$ 250 million under the Rapid Financing Instrument (RFI) to address the COVID-19 pandemic.

Terrance Bastian
Auditor General

BN/pf

cc. The Treasurer, Treasury Department



VISION:

To provide quality service while protecting the public's trust in the Government of The Commonwealth of The Bahamas and the Public Service by safeguarding the country's financial integrity, implementing best practices and promotes accountability and transparency

MISSION:

Our mission is to serve the people of the Commonwealth of the Bahamas, to protect the public's trust and promote Government accountability by conducting independent audits and examinations.

OUR CORE VALUES:

- Professionalism
- Respect
- Integrity
- Independence



CONTENTS

Vision, Mission, Core Values	4
Executive Summary	6
Background	8
Scope	9
Objectives	10
Overview of US\$ 250 Million (RFI) to Address COVID 19	11
Hurricane Dorian & COVID 19 Impact on Financial Operations	15
Hurricane Dorian Related Outlays	23
COVID-19 Related Outlays	25
Office of The Prime Minister	33
Ministry of Finance	35
Ministry of Health	37
Department of Social Services	39
Ministry of Tourism & Aviation	42
Family Islands COVID-19 Related Expenditure	44
The Government State Own Enterprises (SOE's)	46
The National Food Distribution Task Force	50
The Bahamas Small Business Development Centre	52
Forward Looking – Advancing Resiliency	53
Conclusion	58
Appendix I	59
Appendix II	62



EXECUTIVE SUMMARY

OFFICE OF THE AUDITOR GENERAL – SAI BAHAMAS AUDIT OF THE IMF US\$ 250 MILLION UNDER THE RAPID FINANCING INSTRUMENT (RFI) TO ADDRESS THE COVID-19 PANDEMIC

“The disbursement under the RFI will help boost resources for essential COVID-19 related outlays, strengthen reserves, and catalyze additional support from other international financial institutions, development partners, and the private sector”. (IMF)

EXECUTIVE SUMMARY

On Wednesday, March 11, 2020, Director of the World Health Organization (WHO) declared the Novel Coronavirus (nCoV) a pandemic.

On Sunday, March 15, 2020, the Prime Minister of The Commonwealth of The Bahamas announced the first case of COVID- 19 in New Providence, during his National Address on the level of preparedness and implementation measures to mitigate the spread of the Coronavirus.

The health, safety, and well-being of the Bahamian people and residents of the country stood primarily as the nation’s greatest priority. The government responded within the global pandemic guidelines and took the following risks mitigation and containment measures:

- Executive Orders COVID-19, Regulation 2020 (*“the Component Authority”*, Office of The Prime Minister),
- Health and Medical Measures (Ministry of Health),
- In-country testing for COVID-19 at the National Reference Laboratory,
- Ministry of National Security (Law Enforcement – National Curfew)
- Economic and Financial Measures (Ministry of Finance),
- Establishment of the Economic Recovery Committee (ERC)
- Central Bank of The Bahamas (Supervisory Response and Guidance for Novel Coronavirus (nCoV),



- Other aspects of the pandemic crisis (all the other Ministries, Departments and Agencies, (MDAs),
- Bahamas Travel Advice (travel ban, control over international and domestic travel),
- Suspension of trade and industries,
- Closure of businesses and educational facilities, and
- Work from home protocols.

More than government's initiatives, combating the pandemic involved the greater society working together to achieve the common good of health and safety of all. The government leading this cause instituted:

- Health and Safety Programmes,
- Socio-Economic Programmes,
- Educational and Training Programmes, and other
- COVID- 19 continuous combating initiatives and programmes.

These programmes and initiatives required the involvement of all:-

- Individuals (citizens and residents) levels, practicing COVID- 19 three C's,
- Families and communities levels - living healthy,
- Non-governmental Organizations (NGOs inclusive of religious and civil - clubs, associations, etc.),
- Private Public Partnership (PPPs),
- Businesses (implementing measures to protect the health and safety of employees and consumers).

Beyond the country's borders, the government strengthening the health and financial framework through capacity building and collaborating with international institutions:

- Partnering with other governments around the world,
- The World Health Organization (WHO),
- Pan American Health Organization (PAHO),



- United Nations Development Program in Latin America and the Caribbean (UNDP),
- Center for Disease Control (CDC),
- International Non-governmental Organizations (INGOs), and
- International Financial Institutions (IFIs) in securing assistance to defray the cost of added COVID-19 expenditures and related increase in recurrent and capital outlays.

Thus, the Bahamas requested from the International Monetary Fund (IMF) emergency financial assistance of US\$ 250 million, to help meet the urgent balance-of-payments needs arising from the COVID -19 pandemic. The IMF approved the disbursement of the resources, under the Rapid Financing Instrument (RFI), June 1, 2020.

The Audit Report provides a review of the utilization of the funding and the implemented programmes inclusive of the government's response to the health and safety and socio-economic impact of COVID- 19 and Hurricane Dorian related recovery and reconstruction activities.

The impact of Hurricane Dorian is mentioned to illustrate the convergence of both of these destructive interruptions on the country and the 2019/2020 budget. Importantly, at the impact of COVID- 19, the Bahamas was undergoing recovery for resiliency and sustainable development from Dorian.

BACKGROUND

The collision of both catastrophes, Dorian and COVID-19, put the budget in a crisis, tax receipts going down and government payments increasing.

The required US\$ 250 RFI funding assisted in addressing the supply and demand shock and having provision for the economic downturn. Most importantly, the RFI funding was vital in facilitating the urgent measures taken by The Bahamas with respect to socio-economic impact and public health resiliency to:

- Contain the spreading of the Coronavirus (COVID- 19),
- Maintain the public health and safety wellbeing of all in The Bahamas,
- Provide social assistance and benefits to the most vulnerable,



- Provide unemployment assistance benefits,
- Support jobs,
- Advance job creation and entrepreneurial spirit
- Advance business continuity and stimulating sectors and industries,
- Engage Public Private Partnerships (PPPs).

The Bahamas, in the midst of COVID-19, progressive initiatives for resiliency and sustainable development are noted.

The IMF stated that, “*The authorities’ policy response to the COVID-19 crisis is appropriate, including the timely adoption of targeted fiscal measures to boost health spending, support jobs and vulnerable segments of the population.*”

The Audit outlines the sources and uses of the funding with respect to the initiatives and related programmes under the various Ministries, Department, and Agencies (MDAs), State Owned Enterprises (SOEs) and the Public Private Partnership (PPPs) involvement.

The results of the audit of the US\$250 IMF RFI disbursed in June 2020 and expended in the same period; are shown throughout the report to emphasize the contribution in relation to; COVID- 19 and Hurricane Dorian expenditures impact on the 2019/2020 Fiscal Budget.

SCOPE

The audit primarily focus on the period in which the COVID-19 transactions relative to health, safety, socioeconomic, risks mitigation, and containment of the pandemic occurred in the 2019/2020 Budgetary Period. In addition, Hurricane Dorian recovery and reconstruction outlays executed in this same period are included in the account of the disbursed funds.

Presented are comparatives of prior year’s financial results relative to data analytics to illustrate the pandemic impact. Perspectives for resiliency for sustainable development are also highlighted.



OBJECTIVE

The objectives of the audit were to determine:

- I. The actual expenditure related to COVID-19 within the 2019/2020 Budgetary Period in relation to the US\$ 250 IMF RFI;
- II. The disbursement and uses of the US\$ 250 IMF RFI that contributed to the urgent balance of payments needs;
- III. Contribution of the uses of the funds for budgetary support;
- IV. The programmes instituted to respond to the COVID- 19 pandemic impact on the country and the most vulnerable; and
- V. To make recommendations for improvement and strengthening of processes and systems, as deemed necessary.

APPROACH AND METHODS

To achieve the audit objectives, we interviewed appropriate management and personnel, examined records and reports, and applied data analytics. Further, we employed other methods deemed appropriate in the given circumstances.

STANDARDS FOR THE AUDIT

The audit was conducted following:

- I. The Financial Administration and Audit Act 2010, Amendments and Financial Regulations 1973.
- II. The International Standards for Supreme Audit Institutions (ISSAIs) issued by the International Organization of Supreme Audit Institutions (INTOSAI).

These standards guide the audit team to obtain sufficient and appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives.



OVERVIEW OF US\$ 250 MILLION (RFI) TO ADDRESS THE COVID- 19

“The IMF Executive Board approved The Bahamas’s request for emergency financial assistance of about US\$250 million to help meet the urgent balance-of-payments needs stemming from the COVID-19 pandemic.” (IMF)

The approved US\$ 250 million by the International Monetary Fund (IMF), under the Rapid Financing Instrument (RFI), was an emergency financial assistance for resources to (1) meet the urgent balance of payment needs arising from COVID- 19 (2) boost funds for essential COVID- 19 related outlays and (3) catalyze additional support from development partners.

The Central Bank of The Bahamas as the custodian and disbursement agency, facilitated upon the Public Treasury’s request:

The remittances of the funds to the \$B Expenditure Account; and

The repayment of the \$50 million Treasury Bills (T-bills - short-term borrowings of the Government issued to meet temporary deficits).

The Summary Account (Table 1) shows the receipts and disbursements of the US\$ 250 million for the period 3 June, 2020 to 29 June 2020.

TABLE 1		
MoF IMF Receipts /Disbursements 250 Million Dollars (Under the Rapid Financing Instrument - RFI) Summary Account For June 6, 2020 to June 29, 2020		
Value Date	Transaction	Amount BSD
3 June, 2020	Purchase from IMF	250,115,184.63
9 June, 2020	\$B Dollar Account - Expenditure Funding	(60,000,000.00)
12 June, 2020	Treasury Bills (T-Bills) - Repayment (CBoB)	(50,000,000.00)
16 June, 2020	\$B Dollar Account - Expenditure Funding	(50,000,000.00)
24 June, 2020	\$B Dollar Account - Expenditure Funding	(60,000,000.00)
29 June, 2020	\$B Dollar Account - Expenditure Funding	(30,000,000.00)
29 June, 2020	Balance of Account	115,184.63

Sources: Central Bank of The Bahamas (CBoB) and The Public Treasury Department



Particulars of the US\$ 250 Million IMF RFI Loan

The following is the actual breakdown of the loan:

- ✓ USD Equivalent - USD \$250,927,680.00
- ✓ Total Disbursements - \$250,115,184.63 (\$181,552,908.14 + \$68,562,276.49)
- ✓ Administrative/Legal Fees - \$812,495.37

Accounting and Reporting (Receipts/Disbursement) - IMF US\$ 250 Million

The data, under the listed components below, provided the flow of the COVID-19 related transactions with respect to the financial instrument.

- Capital Revenue (Proceeds from Borrowing);
- Recurrent Expenditure (COVID-19 outlays analysis highlighted);
- Capital Expenditure (COVID-19 outlays analysis highlighted);
- Statement of Cash Flows (Sources and Uses of Funds); and
- Public Debt Statement Supplementary - Bahamas Government Treasury Bills (T-Bills).

Summary of Uses of US\$ 250 Million IMF RFI

The Bahamas received US\$ 250 million IMF RFI loan in June 2020 and \$246.76 million was expended to address the increased fiscal needs.

Summary of the actual expenditure amounts are shown in the table that follows under the following categories:

1. Hurricane Dorian Related Expenditure
2. COVID- 19 Related Expenditure
3. Government Subvention to State Owned Enterprises (SOEs)
4. Operational Activities Domestic Payments
5. Operational Activities Foreign Payments
6. Repayment of Treasury Bills (T-Bills)

Included in the SOEs and in both domestic and foreign payments are COVID-19 related activities. The same are included under detailed expenditure account of the various MDAs, SOEs and Public Private Partnership (PPPs).



SUMMARY OF USES OF US\$ 250 IMF RFI (PAYMENT DISBURSEMENTS)		
PAYMENT CATEGORIES	AMOUNT (\$)	OPERATIONAL TRANSACTIONS AS % OF THE IMF RFI
HURRICANE DORIAN RELATED PAYMENTS	20,306,691	
HURRICANE DORIAN RELATED PAYMENTS	3,481,651	
SUB-TOTAL	23,788,342	10%
COVID- 19 RELATED PAYMENTS	17,161,803	
COVID- 19 RELATED PAYMENTS	737,106	
SUB-TOTAL	17,898,910	7%
*STATE OWNED ENTERPRISES (SOEs)	69,917,701	28%
*OPERATIONAL ACTIVITIES (VENDOR PAYMENTS)	33,667,242	13%
*OPERATIONAL ACTIVITIES (FOREIGN VENDOR PAYMENTS)	29,670,400	12%
SUB-TOTAL	63,337,642	25%
*SALARY DEDUCTIONS MAY 2020 (CONTRACTUAL OBLIGATIONS REMITTED JUNE 10TH, 2020)	21,817,652	9%
TREASURY BILLS (T-BILLS) REPAYMENT	50,000,000	20%
TOTAL DISBURSEMENT PAYMENTS	246,760,247	99%

* Inclusive in the SOEs and Operational Activities are COVID- 19 Programmes

Procurement of Goods and Services Regulatory and Processing Framework

Hurricane Dorian and COVID-19 were both historically unprecedented disasters. At the initial stage of the impact, the government made provision to relax the procurement processing to facilitate urgent and timely delivery of essential goods and services. In addition, in the normal workflow of procurement, for the 2019/2020 budgetary period the processing framework is captured in Appendix I.

We reviewed the procurement documentation, pertaining to both unprecedented crises, outlining the approved directives. Protocols and guidelines of the process during the lockdown were also included.

Suppliers of Works and Services – COVID- 19 Listing

We were provided with a listing of *“Suppliers of Works and Services”* that received payments for the delivery of goods and services related to COVID- 19. Request was made for the beneficial ownership of these business entities, however, the same is pending. Reference is drawn to the law in the Bahamas governing beneficial ownership, in that confidentiality, access and use of the information is legislated. (Appendix II).



We also noted that the IMF states that, “*Knowing who ultimately owns companies (their beneficial owners) is a key piece of data that allows governments and citizens to check that money is going where intended.*”

We note that beneficial ownership full disclosure plays a pivotal role in the good governance in governmental financial affairs with respect to:

- Transparency and accountability,
- Integrity and law enforcement work, and
- Mitigating the risks associated with abuse of public funds, corruption, and financial fraud.

We recommend that consideration should be given to:

- **Addressing the beneficial ownership disclosure in terms of advancing and strengthening good governance;**
- **Harnessing accountability in public sector procurement and financial affairs;**
- **Further strengthen good corporate governance of all legal entities doing business in the country; and**
- **Further advance compliance in the regulatory environment to maintain good ethics for safety and protection.**

We note that the “*Performance Audit*” of the procurement of goods and services for the various programmes for COVID- 19, will subsequently be submitted upon completion. The Performance Audit or “*Value-for-Money Audit*” (VFM) is an examination and assessment of the government officials executing their responsibilities in the delivery of programmes, contractual projects at minimal cost - adherence to conservative standards.



HURRICANE DORIAN & COVID-19 IMPACT ON FINANCIAL OPERATIONS

*“The Bahamas faces an **unprecedented crisis as it battles the fallout from two consecutive large shocks**. It was just recovering from the **widespread destruction caused by Hurricane Dorian in the fall of 2019**, when the **COVID-19 pandemic led to a sudden stop in tourism**, causing a deep recession and **creating large external and fiscal financing needs**.” (IMF)*

On March 16, 2020, the Coronavirus (COVID-19) global pandemic collided with Hurricane Dorian’s recovery, reconstruction and development projects in progress for socio-economic resiliency in The Bahamas.

The country that had already experienced the worst natural disaster in its history, a category 5 hurricane with numerous fatalities and estimated damages at \$3.4 billion; was faced with additional catastrophe and funding needs.

Dorian and COVID-19 took a toll on the country’s health and safety, social, economic, financial, trade, industries, and the entire wellbeing of the citizens and residents.

Overview of Hurricane Dorian and COVID- 19 Financial Impact

Measures put in place to address the recovery and reconstruction, after Dorian, resulted in “forgone revenue” and increased expenditure. The impact on recurrent revenue required additional funding from financing and borrowing activities.

Hurricane Dorian Impact on Recurrent Revenue

- Business interruption in Abaco and Grand Bahama Islands;
- Disaster Reconstruction Authority (Special Economic Recovery Zone – SERZ) (Relief) Order, 2019 and Extension 2020;
- Bahamas Customs and the Department of Inland Revenue “foregone revenue”;
- VAT Relief Measures for Special Economic Recovery Zones –SERZ);
- Tax Free Cargo Imports (SERZ);
- Special Economic Recovery Zone Order (SERZ) replacement vehicle;
- Real Property Tax Relief (SERZ);
- Recovery, Environmental Clean-up, Reconstruction Initiatives;



- Increase Revenue Deficit.

COVID- 19 Impact on Recurrent Revenue

- COVID- 19 Emergency Orders and Powers, Regulation 2020 - (lockdown, curfew and social distancing) - Economic downturn, GDP impacted;
- Closed international and domestic borders - Customs, Tourism and Aviation, Transportation and Ports revenue down;
- Closed hotels and casinos - Tourism revenue down;
- Closed gaming houses - Gaming revenue down;
- Closed small, medium size, large and very large businesses - VAT revenue down;
- COVID-19 Tax credits and deferrals;
- COVID-19 Tax Credit and Tax Deferral Employment Retention Programme- Department of Inland Revenue “foregone revenue”;
- Department of Road Traffic risk mitigation and relief measures - Motor vehicle fees revenue down.

DORIAN & COVID- 19 IMPACT ON REVENUE

Recurrent Revenue

The \$2.08 billion recurrent revenue generated in 2019/2020 fell short of the budgeted \$2.62 billion by \$544.10 million, an equivalent to 26% underperformance.

Overall, the \$489.97 million recurrent tax revenue shortfall accounted for 90% of the total \$544.10 million shortfall, with non-tax recurrent revenue accounting for \$54.13 million, an equivalent of 10%.

With respect to the prior year, recurrent tax revenue declined from \$2.19 billion to \$1.85 billion, down by 26%, an equivalent of \$489.9 million.

The Revenue Budgetary Performance Comparative Analysis Schedule that follows, depicts the trade sectors revenues that were impacted substantially by the disruption of Dorian and COVID- 19.



REVENUE BUDGETARY PERFORMANCE ANALYSIS 2019/2020						
TAX REVENUE AND NON-TAX REVENUE	ACTUAL REVENUE 2018/2019 (\$)	ACTUAL REVENUE 2019/2020 (\$)	FINAL APPROVED BUDGET 2019/2020 (\$)	ACTUAL VS BUDGET VARIANCE OVER/(UNDER)	BUDGETARY PERFORMANCE ANALYSIS PERCENTAGE	
TAX REVENUE						
IMPORT AND EXPORT DUTIES	296,978,201.00	277,475,424	329,374,820	(51,899,396)	-19%	
EXCISE TAX	241,905,612.03	205,586,680	283,273,115	(77,686,435)	-38%	
PROPERTY TAX	247,619,225.00	100,339,813	130,954,681	(30,614,868)	-31%	
MOTOR VEHICLE	35,379,811.92	30,839,884	38,780,154	(7,940,270)	-26%	
GAMING TAX	39,773,079.96	39,923,501	36,189,588	3,733,913	9%	
TOURISM TAX	147,397,228.85	125,524,540	159,795,776	(34,271,236)	-27%	
STAMP TAX	97,709,475.00	6,652,662	10,383,165	(3,730,503)	-56%	
COMPANY FEES	20,295,054.13	16,781,712	25,413,840	(8,632,128)	-51%	
BANK & TRUST COMPANY FEES	27,634,880	-	573,600	(573,600)	100%	
VAT & OTHER TAXES	1,045,278,361	1,047,169,127	1,325,527,853	(278,358,726)	-27%	
SUB-TOTAL	2,199,970,929	1,850,293,343	2,340,266,592	(489,973,249)	-26%	
NON-TAX REVENUE						
FEES AND SERVICE CHARGES	174,536,117	131,820,125	185,769,299	(53,949,174)	-41%	
REVENUE FROM GOVERNMENT PROPERTY	14,210,303	19,564,200	14,845,077	4,719,123	24%	
INTEREST AND DIVIDENDS	5,380,000	10,899,588	24,612,028	(13,712,440)	-126%	
LOAN REPAYMENT	189,726	39,655,018	27,581,153	12,073,865	30%	
SERVICES OF COMMERCIAL NATURE	29,319,599	29,660,908	32,925,851	(3,264,943)	-11%	
SUB-TOTAL	223,635,745	231,599,839	285,733,408	(54,133,569)	-23%	
TOTAL TAX AND NON TAX RECURRENT REVENUE	2,423,606,674	2,081,893,182	2,626,000,000	(544,106,818)	-26%	
CAPITAL REVENUE						
OTHER NON-FINANCIAL ASSETS	2,666,627	-	-	-	-	
CAPITAL REVENUE	45,200	6,191.00	2,000	4,191	68%	
GRANTS	0	100,000	2,120,501	(2,020,501)	-2021%	
PROCEEDS FROM BORROWINGS	1,094,137,790.00	1,239,647,281.00	764,883,064.00	474,764,217	38%	
SUB-TOTAL	1,096,849,617	1,239,753,472.00	767,005,565.00	472,747,907	38%	
TOTAL REVENUE	3,520,456,291	3,321,646,654.00	3,393,005,565.00	(71,358,911)	-2%	



VAT Revenue Analysis

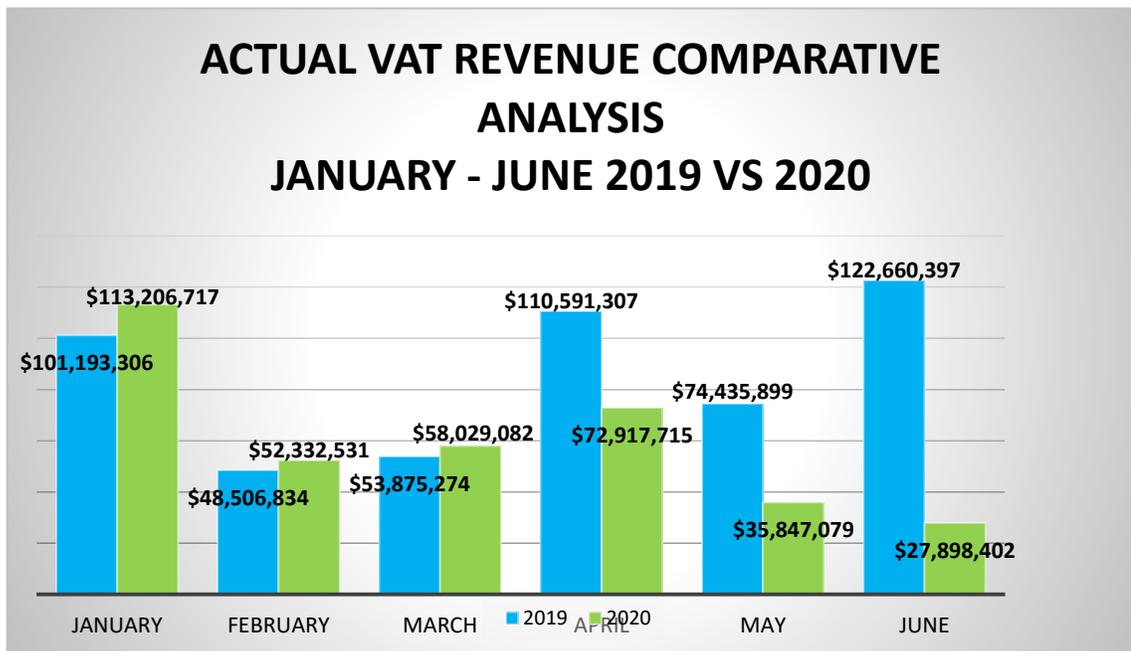
VAT revenue on the consumption of goods and services, in the domestic economy and on applicable imports, accounts for the major source of funding for recurrent operations.

In comparison to the \$307.68 million VAT revenue generated in Q4, 2018/2019, the \$136.66 million collected in 2019/2020 resulted in a substantial decline of \$171 million.

The table below shows the impact of COVID- 19 on VAT revenue generation.

ACTUAL VAT REVENUE COMPARATIVE ANALYSIS JANUARY - JUNE 2019 VS 2020						
YEAR	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
2019	101,193,306	48,506,834	53,875,274	110,591,307	74,435,899	122,660,397
2020	113,206,717	52,332,531	58,029,082	72,917,715	35,847,079	27,898,402
INCREASE (DECREASE)	12,013,411	3,825,698	4,153,807	(37,673,592)	(38,588,820)	(94,761,995)
PERCENTAGE INCREASE/DECREASE	12%	8%	8%	-34%	-52%	-77%

In June 2020, VAT revenue is down by \$94.76 million, an equivalent to 77% decline over the prior year, same month. Hence, the US\$ 250 IMF RFI borrowing support for COVID-19 related transactions is noted. The VAT revenue chart below depicts the decline.





Further, for the second half of 2018/2019 budgetary period, the consumption of Vatable goods and services funneled \$2.56 billion in the domestic economy. In 2019/2020, the amount fueled was \$1.13 billion; resulting in a substantial decline of \$1.42 billion.

Non-Tax Revenue

Overall, non-tax revenue of \$231.59 million grew by 2 % over the prior year's \$227.57 million, an equivalent of \$4 million.

Capital Revenue

Capital revenue amounted to \$1.23 billion in 2019/2020, an increase of \$142.9 million, over prior year \$1.09 billion. The revenue was \$71.35 million less than the budgeted \$3.39 billion or 2% below the budget.

The \$1.23 billion proceeds from borrowings exceeded the budgeted \$764.88 million by \$474.76 million, an equivalent 62% increase over the budget.

With respect to the \$1.23 billion proceeds from borrowings, the [US\\$ 250 million IMF RFI is included in the \\$402 million, proceeds from other loans](#) (as shown below). This [IMF RFI represented 62% of the proceeds from other loans](#).

BORROWINGS, GRANT & OTHER CAPITAL INCOME COMPARATIVE ANALYSIS 2018/2019 VS 2019/2020				
Financing Sources	Financial Year Ended 30-June 2019	Financial Year Ended 30-June 2020	Increase / (Decrease)	Percentage of Total Borrowings
Proceeds from Stocks/Bonds	889,700,000	562,560,900	(327,139,100)	45%
Proceeds from Loans - Commercial Banks	190,000,000	275,000,000	85,000,000	22%
*Proceeds from Other Loans	14,437,790	402,086,381	387,648,591	32%
Total Proceeds from Borrowing	1,094,137,790	1,239,647,281	145,509,491	100%
Proceeds from Grants	0	100,000	100,000	N/A
Proceeds from Sale of Government Assets	45,200	6,191	(39,009)	N/A
Total Borrowings, Grants & Other Capital Income	1,094,182,990	1,239,753,472	145,570,482	N/A

**IMF US\$250 Million RFI included in Proceeds from Other Loans*

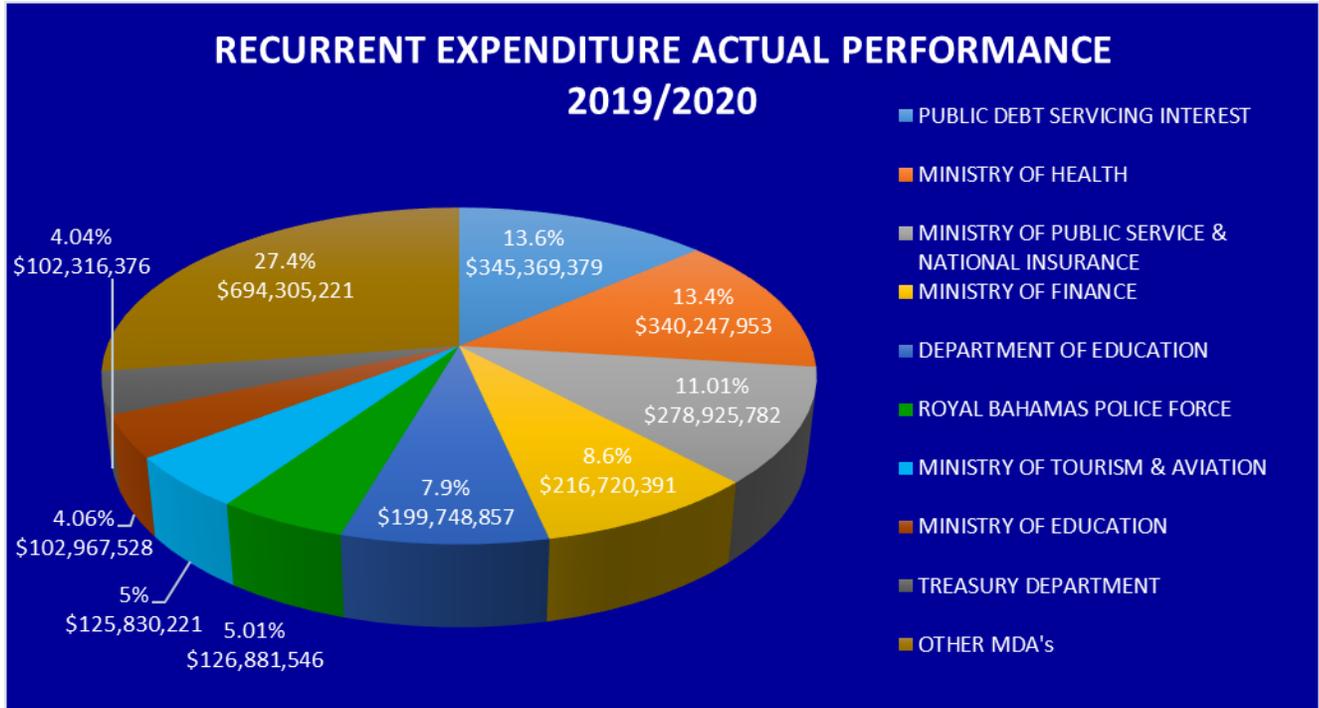
Recurrent Expenditure Budgetary Increase

The original recurrent expenditure budget for 2019/2020 was \$2.53 billion, and with the supplementary appropriations revised to the final approved budget of



\$2.78 billion. The supplementary appropriations increased the budget by \$259.7 million, an equivalent of 10%.

The actual recurrent expenditure was \$2.53 billion, which is \$256.44 million below the final approved budget. Represented below in the chart are the MDAs with highest actual expenditure totaling \$1.83 billion, an equivalent of 73% of the total \$2.53 billion recurrent expenditure.



In comparison to prior year's \$2.46 billion, 2019/2020 recurrent expenditure increased by 3%, an equivalent of \$64.59 million.

VAT Expenditure Analysis

COVID- 19 impacted the Government's consumption of Vatable goods and services. The VAT expenditure for April 2020 to June 2020 totaled \$11.54 million, an equivalent of 63% of the \$18.44 million of the second half of 2019/2020 budgetary period.



ACTUAL VAT EXPENDITURE COMPARATIVE ANALYSIS JANUARY - JUNE 2019 VS 2020							
YEAR	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTAL
2019	2,300,286	1,329,378	1,609,500	2,171,251	2,132,876	3,035,676	12,578,966
2020	1,643,072	2,324,764	2,926,396	2,757,504	2,723,767	6,066,666	18,442,168
INCREASE/ DECREASE	(657,214)	995,386	1,316,896	586,253	590,891	3,030,990	5,863,202
PERCENTAGE INCREASE/ DECREASE	-29%	75%	82%	27%	28%	100%	47%

In comparison to \$12.57 million expended in 2018/2019 second half of the fiscal period, expenditure is up by \$5.86 million, an equivalent of 47%. This is driven by the \$3.03 million increase expenditure in June 2020.

For the [month of June 2020](#), the period of the receipted [US\\$ 250 IMF RFI](#), the Government's consumption of Vatable goods and services outlays are as follows:

- ✓ \$6.06 million VAT expenditure - resulted in \$50.55 million consumption of Vatable goods and services;
- ✓ In comparison to June 2019, \$3.03 million VAT expenditure - consumption of Vatable goods and services increased by \$25.29 million, an equivalent of 100%; the consumption doubled over the prior year same period.
- ✓ Hence, the Government injected \$50.55 million in the domestic economy for the procurement of Vatable goods and services, in June 2020.

Recurrent Budget Deficit Analysis

For 2019/2020 the 2.53 billion recurrent expenditure exceeded the \$2.08 billion recurrent revenue by \$451.42 million, an equivalent to 18% budget deficit.

It is important to note that, during the second half of the 2019/2020 budget period, January 2020 to June 2020, the recurrent budget deficit totaled \$390.41 million. The \$250.9 million in June accounted for 64% of this cumulative amount.



The above analysis is further presented in the pictorial graph that follows.

RECURRENT REVENUE DEFICIT ANALYSIS JANUARY 2020 TO JUNE 2020						
FINANCIAL COMPONENT	JANUARY 2020 (\$)	FEBRUARY 2020 (\$)	MARCH 2020 (\$)	APRIL 2020 (\$)	MAY 2020 (\$)	JUNE 2020 (\$)
ACTUAL RECURRENT REVENUE	234,967,452	191,133,314	231,622,733	135,700,644	101,057,940	98,899,431
ACTUAL RECURRENT EXPENDITURE	223,109,080	200,615,043	224,969,068	194,577,780	190,719,683	349,806,474
ACTUAL RECURRENT REVENUE DEFICIT	11,858,373	(9,481,729)	6,653,665	(58,877,136)	(89,661,743)	(250,907,043)
DEFICIT /SURPLUS AS % OF ACTUAL RECURRENT REVENUE	5%	-5%	3%	-43%	-89%	-254%

Noticeable is the declining revenue, that is, from \$234.96 million in January 2020 to \$98.89 million in June 2020, an equivalent of 58% or \$136 million. Exponentially, expenditure increased from \$223.10 million in January to \$349.80 million in June, an equivalent of 57% or \$126.69 million.

The debt financing of the [US\\$ 250 million IMF RFI](#), assisted the government in addressing the increased fiscal needs and addressing the [\\$250.9 million recurrent budget deficit in June 2020](#). Accordingly, the additional financing was required.

The US\$ 250 million IMF RFI was requested in May 2020 approved June 1, 2020 and disbursed in the same month. This RFI boosted the resources needed to assist with covering the following increases in COVID- 19 driven expenditure.

For the most part, supplies and services that are required for COVID- 19 containment management and treatment drove the budgetary spending increase. Across the 74 MDAs in the Expenditure Budget, inclusive of the Family Islands and the SOEs, additional spending was necessary to have the work environment safe, sanitized, and protected to prevent the spread of the virus. Most importantly, to treat, quarantine and provide public health facilities for those affected with the virus and to meet the socio-economic needs of the most vulnerable.



HURRICANE DORIAN RELATED OUTLAYS

“The government appropriately activated the escape clause under the Fiscal Responsibility Law following the hurricane. Having met the fiscal target for FY2018/19, this will allow a temporary deviation from the fiscal consolidation plan to accommodate policies to support the recovery, including through tax waivers and infrastructure reconstruction expenses. Strengthening social assistance programs as envisaged in the supplementary budget will support the most vulnerable in rebuilding their livelihoods and those who have lost their jobs.” (IMF Press Release No. 20/32)

The recovery and reconstruction activities after the “*Passage of Hurricane Dorian*” drove recurrent and capital expenditures and impacted the 2019/2020 budget.

With respect to Dorian related expenditures, \$23.78 million was disbursed from the US\$ 250 IMF RFI, an equivalent of 10% of the funding.

The Ministries, Departments and Agencies with the major responsibilities for recovery and reconstruction, security, and social benefits provisions, in building back the country for resiliency, utilized the bulk of \$23.78 million. The MDAs included:

- Office of The Prime Minister
- The Ministry of Finance
- The Ministry of Health
- The Department of Social Services
- Department of Environmental Health
- Royal Bahamas Defence Force
- The Royal Bahamas Police Force
- The Bahamas Immigration Department
- Ministry of Education
- Department of Education

The schedule that follows provides a breakdown of the \$23.78 million actual expenditure across the MDAs.



\$250 MILLION IMF LOAN DISBURSMENT 2020 - HURRICANE DORIAN RELATED PAYMENTS		
MINISTRY/DEPARTMENT	AMOUNT (\$)	HURRICANE DORIAN RELATED TRANSACTIONS
CABINET OFFICE	6,242	NEMA - DORIAN RELATED ACTIVITIES
DEPARTMENT OF AGRICULTURE	1,221	RENTAL & DISTRUBANCE ALLOWANCES
DEPARTMENT OF EDUCATION	962,200	4TH QTR ALLOCATION - VARIOUS FAMILY ISLANDS
DEPARTMENT OF ENVIRONMENTAL HEALTH	4,519,530	DEBRIS MANAGEMENT
DEPARTMENT OF MARINE RESOURCES	156,478	SEA CRAFT
DEPARTMENT OF SOCIAL SERVICES	1,657,645	RENTAL & FOOD ASSISTANCE, FURNITURE & OFFICE PRODUCTS
ROYAL BAHAMAS POLICE FORCE	287,580	HURRICANE DORIAN PAYROLL RELATED TRANSACTIONS
IMMIGRATION DEPARTMENT	42,580	SUBSISTENCE & TRAVEL ALLOWANCES
MINISTRY OF AGRICULTURE	134	DORIAN RELATED PRODUCTS
MINISTRY OF HEALTH	42,241	TRAVEL AND OTHER DORIAN RELATED TRANSACTIONS
OFFICE OF THE ATTORNEY GENERAL	119,926	OFFICE FURNITURE - FREEPORT DORIAN RELATED –TRIBUNAL
OFFICE OF THE PRIME MINISTER	3,611,768	CONSTRUCTION OF TEMPORARY HOUSES, SUNDRY CAPITAL EXPENDITURE, MINISTRY OF DIASTER PREPARDNESS MANAGEMENT & RECONSTRUCTION, COMPUTER EQUIPTMENT, TRAVEL
PORT DEPARTMENT	6,400	RENTAL & DISTRUBANCE ALLOWANCES
ROYAL BAHAMAS DEFENCE FORCE	441,111	AUTOMOTIVE, INDUSTRIAL & MACHINERY SUPPLIES, FOOD SUPPLIES AND SERVICES PRODUCTS
TREASURY DEPARTMENT	3,293	TREASURY MANAGEMENT DIASTERTRANSACTIONS
MINISTRY OF FINANCE	11,584,557	ENERGY RESTORATION AND VARIOUS CONTINGENCIES, WATER & SEWERAGE INFRASTRUCTURE
MINISTRY OF EDUCATION	345,438	OFFICE EQUIPMENT & FURNITURE
TOTAL	23,788,342	



COVID- 19 RELATED OUTLAYS

“The Bahamian authorities have taken timely and targeted measures to boost health spending and mitigate the socio-economic impact of the pandemic, supporting jobs and vulnerable segments of the population.” (IMF)

To combat COVID-19, provide essential goods and services and to facilitate the government’s contractual commitments, \$246.76 million of the IMF RFI loan was expended in 2019/2020 budgetary period, an equivalent of 99%. The loan disbursement schedule below, accounts for the COVID-19 related transactions.

\$250 MILLION IMF LOAN DISBURSMENT 2020 - COVID- 19 RELATED PAYMENTS		
TRANSACTIONS DESCRIPTION	AMOUNT (\$)	EXPENDITURE AS % OF ACTIVITIES
MINISTRY OF FINANCE	15,100,000	6%
DEPARTMENT OF SOCIAL SERVICES	1,761,369	1%
MINISTRY OF HEALTH	1,037,540	0.4%
SUB-TOTAL	17,898,910	7.16%
OTHER COVID-19 RELATED EXPENSES		
*STATE OWNED ENTERPRISES (SOEs)		EXPENDITURE AS % OF ACTIVITIES
	69,917,701	28%
TREASURY BILLS REPAYMENT (T-BILLS)	50,000,000	20%
VENDOR PAYMENTS OVERSEAS	29,670,400	12%
VENDOR PAYMENTS DOMESTIC	33,667,242	13%
MONTHLY SALARY DEDUCTIONS (MAY 2020)	21,817,652	9%
SUB-TOTAL	205,072,995	82%
TOTAL COVID- 19 RELATED EXPENDITURE	222,971,905	89%
TOTAL HURRICANE DORIAN RELATED EXPENDITURE AS % OF \$250 MILLION IMF RFI	23,788,342	10%
COVID- 19 & HURRICANE DORIAN EXPENDITURE	246,760,247	99%
TOTAL IMF RFI FUNDING	250,000,000	
LOAN UNDISBURSED BALANCE AS AT JUNE 30, 2020	3,239,753	1%

**The Public Hospitals Authority – The Nation’s Primary Public Health Facilities are included as the bulk of the expenditure *Monthly salary deductions are disbursed to the financial institutions, on behalf of the government employees, by the 10th of the next month.*



We note that the IMF \$246.76 million was expended during the period June 09th to June 30th, 2020. This funding was disbursed for [Budget Support](#) and [COVID- 19 Mitigation Spending](#).

The Government of The Bahamas in securing the \$250 US IMF RFI to boost funding for budgetary support and COVID-19 outlays was positioned to provide:

- ✓ COVID-19 Containment, Health and Safety Initiatives;
- ✓ Food Assistance Programmes;
- ✓ Unemployment Assistance Programme;
- ✓ Social Assistance Benefits Programme;
- ✓ Sustain The Bahamas Government Employment Contractual Obligations;
- ✓ COVID- 19 Security and Surveillance Programmes;
- ✓ Supplies of Goods and Services for Operations; and
- ✓ Other Related COVID-19 Activities for Resiliency and Sustainability.

[Breakdown of \\$17.89 Million – 7.16% of the US\\$250 Million IMF RFI](#)

Transactions accounted for directly under the COVID-19 established account totaled \$17.89 million, an equivalent of 7.16% of the US\$ 250 million. The Ministries and Department capturing the same are shown in the table below.



COVID- 19 RELATED EXPENDITURE \$17.89 MILLION FROM US\$ 250 IMF RFI			
MINISTRY/DEPARTMENT	AMOUNT (\$)	PERCENTAGE OF IMF FUNDING	COVID-RELATED EXPENDITURE DESCRIPTION
DEPARTMENT OF SOCIAL SERVICES	1,436,761	0.57%	FOOD ASSISTANCE PROGRAMME
	324,608	0.13%	SPECIAL GRANT COVID-19
MINISTRY OF FINANCE	10,000,000	4.00%	SMALL & MEDIUM SIZE BUSINESS SUPPORT
	5,100,000	2.04%	NIB - SPONSORED UNEMPLOYMENT ASSISTANCE
MINISTRY OF HEALTH	625,042	0.25%	MEDICAL EQUIPMENT, MEDICAL & SURGICAL SUPPLIES, LIVING ACCOMODATION, OTHER SUPPLIES
	412,498	0.16%	COVID- 19 ESSENTIAL GOODS & SERVICES & MEDICAL & SURGICAL SUPPLIES
TOTAL	17,898,910	7.16%	AS A PERCENTAGE OF \$250 MILLION

We note the expenditure consists of the COVID- 19 programmes initiatives in response to meeting the needs of the most vulnerable with:

- ✓ Food assistance benefits and special grants,
- ✓ Economic support for small and medium size business resiliency and sustainable development, and
- ✓ Medical and surgical supplies, equipment and other COVID-19 essential goods.

Breakdown of \$29.67 Million Overseas Payments – 12% of the US\$250 Million IMF RFI

Vendor payments for goods and services and external financing in the overseas market accounted for \$29.67 million of the US \$250 million IMF RFI. The breakdown of the outlays are shown in the schedule that follows.



COVID-19 RELATED & OPERATIONS OVERSEAS VENDOR PAYMENTS \$29.67 M OF THE US\$ 250 M IMF RFI			
MINISTRY/DEPARTMENT	AMOUNT (\$)	% OF IMF FUNDING	COVID-19 & OPERATIONAL SERVICES EXPENDITURE/ OUTLAYS
GOVERNOR GENERAL & STAFF	2,427	0.001%	BAHAMAS EMBASSY PINS OUTREACH PROGRAMME
OFFICE OF THE PRIME MINISTER	160,890	0.1%	DIGITAL SERVICES & SUPPLIES, COMMUNICATION UNIT
ROYAL BAHAMAS POLICE FORCE	262,153	0.1%	UNIFORM, EQUIPMENT, SOFTWARE, FIRE ENGINE EQUIPT
ROYAL BAHAMAS DEFENCE FORCE	465,400	0.2%	SEA VESSELS, AVIATION SUPPLIES/PARTS, UNIFORM
ATTORNEY GENERAL AND MINISTRY OF LEGAL AFFAIRS	584,245	0.2%	LAW REVISION, LEGAL SERVICES, ACTION TASK FORCE SERVICE
COURT OF APPEAL	29,138	0.01%	RENEWAL SUBSCRIPTION/LEGAL SYSTEM SERVICES
MINISTRY OF NATIONAL SECURITY	1,187,301	0.5%	SOFTWARE, SUPPLIES, SECURITY & PROTECTIVE EQUIPT
MINISTRY OF LABOUR	21,633	0.01%	CONSULTANCY SKILLED CURRENT & FUTURE JOBS
MINISTRY OF PUBLIC WORKS	380,031	0.2%	CONSULTANCY ROADWORKS, MARINE, SYSTEMS, LIGHT
MINISTRY OF HEALTH	230,388	0.1%	LABORATORY, SCIENTIFIC & DIAGNOSTIC SUPPLIES
MINISTRY OF FOREIGN AFFAIRS	407,026	0.2%	MISSIONS/EMBASSIES CONTRIBUTIONS/SALARY/SERVICES
MINISTRY OF FINANCE	3,621,564	1.4%	LAPTOPS, CCRIF RENEWAL, TECHNICAL SUPPORT, SERVICES
MINISTRY OF THE ENVIRONMENT & HOUSING	52,865	0.02%	SOFTWARE RENEWAL & UPGRADE , PROJECT BUSINESS
MINISTRY OF SOCIAL SERVICES & URBAN DEVELOPMENT	4,500	0.002%	CONSULTANCY SERVICES OPERATIONS
MINISTRY OF AGRICULTURE & MARINE RESOURCES	487,553	0.20%	EMERGENCY FOOD PRODUCTION PLAN, SOFTWARE, FEED
MINISTRY OF TOURISM & AVIATION	2,528,247	1%	PAYROLLS & OPERATIONAL EXPENDITURE - US DOLLARS
MINISTRY OF EDUCATION	552,693	0.2%	EXAMINATION SUPPLIES & BGCSE CERTIFICATES
DEPARTMENT OF SOCIAL SERVICES	253,316	0.1%	IT SOFTWARE SERVICES



PUBLIC DEBT SERVICING - REDEMPTION	6,069,394	2%	REPAYMENT OF PUBLIC DEBT - EXTERNAL FINANCING
PUBLIC DEBT SERVICING - INTEREST	10,004,093	4%	INTEREST PAYMENT PUBLIC DEBT SERVICING - EXTERNAL
PUBLIC TREASURY DEPARTMENT	740,720	0.30%	FINANCIAL SERVICES FEES & INTEREST
DEPARTMENT OF TRANSFORMATION & DIGITIZATION	625,327	0.3%	SALARY, VENDOR MANAGEMENT TRAINING/SYSTEM UPGRADE
DEPARTMENT OF INLAND REVENUE	2,900	0.001%	CONTRACTUAL OBLIGATION - SALARY
CUSTOMS DEPARTMENT	61,482	0.02%	REFUND
DEPARTMENT OF AGRICULTURE	179,480	0.1%	COVID-19 LAYER PROJECT, DORIAN RELIEF FEED, FEED SUPPLY
DEPARTMENT OF ARCHIVES	11,133	0.004%	STATIONNARIES, GENERAL MICROFILM MIGRATION
DEPARTMENT OF EDUCATION	70,728	0.03%	CHARTER FLIGHTS, BJC/BGCSE EXAM, DIPLOMA /CERTIFICATE
DEPARTMENT OF LANDS & SURVEYS	494,956	0.20%	SERVICES FOR COMPONENT 3
MINISTRY OF PUBLIC SERVICE & NATIONAL INSURANCE	178,818	0.1%	ONLINE TRAINING, INSURANCE CONTRACTUAL OBLIGATION
TOTAL	29,670,402	12%	12% OF THE US\$ 250 MILLION IMF RFI

Breakdown of \$ 33.66 Million - 13% of the US \$250 Million IMF RFI

The schedule that follows provides the details of the expended \$33.66 million, an equivalent of 13% of the US \$250 IMR RFI.

The bulk of the expended amount, \$22.26 million, equivalent to 8.9%, consisted of:

- ✓ Purchase of Government Vehicles - Various MDAs,
- ✓ Monthly Salary Deductions - Various Banks
- ✓ Repayment of Hurricane Loan Salary Deductions



COVID-19 RELATED & OPERATIONS DOMESTIC VENDOR PAYMENTS \$33.66 M OF THE US\$ 250 M IMF RFI			
MINISTRY/DEPARTMENT	AMOUNT (\$)	% OF IMF FUNDING	COVID-19 & OPERATION EXPENDITURE/ OUTLAYS/SERVICES
GOVERNOR GENERAL & STAFF	11,359.11	0.005%	OPERATIONAL SUPPLIES & SERVICES, CONSUMPTION GOODS
MINISTRY OF PUBLIC SERVICE & NATIONAL INSURANCE	1,322,858	1%	PENSIONS, COMMERCIAL RENT & NIB CONTRACTUAL OBLIGATION
OFFICE OF THE PRIME MINISTER	172,645	0.07%	COVID-19 SERVICES, OFFICE SUPPLIES, COMPUTERS, PAYROLLS
CABINET OFFICE	7,681	0.02%	SANITATION SUPPLIES AND OTHER GOODS & SERVICES
ROYAL BAHAMAS POLICE FORCE	441,563	0.2%	CURFEW OPERATIONS EXAMINATION, COMPUTERS, OPERATIONS
ROYAL BAHAMAS DEFENCE FORCE	673,057	0.3%	PAYROLLS, MARINE, DIVING, MACHINERY, PHARMACUETICAL, FOOD
DEPARTMENT OF IMMIGRATION	53,687	0.003%	COVID 19 PROTECTIVE GOODS & OTHER SUPPLIES & SERVICES
OFFICE OF THE ATTORNEY GENERAL AND MINISTRY OF LEGAL AFFAIRS	197,411	0.08%	COVID-19 SUPPLIES, INDUSTRIAL TRIBUNAL, OPERATIONAL GOODS
OFFICE OF THE JUDICIAL (SUPREME AND MAGISTRATES COURTS)	71,249	0.03%	COVID-19 SUPPLIES , CABLING SERVICE & OTHER SUPPLIES
COURT OF APPEAL	28,800	0.01%	COVID-19 SUPPLIES, ANNUAL SUPPORT, OPERATIONAL SUPPLIES
GOVERNMENT PRINTING DEPARTMENT	2,451	0.001%	COVID-19 SUPPLIES, CLEANING SUPPLIES & OTHER GOODS
HOUSE OF ASSEMBLY	5,131	0.002%	OPERATIONAL GOODS & SERVICES
MINISTRY OF NATIONAL SECURITY	206,117	0.1%	NASE RELOCATION SUPPLIES & OTHER OPERATIONAL SUPPLIES
MINISTRY OF LABOUR	35,239	0.01%	OPERATIONAL SUPPLIES & SERVICES , SECURITY SERVICES
DEPARTMENT OF LABOUR	5,170	0.002%	PAYROLLS, OPERATIONAL SUPPLIES & SERVICES,
POST OFFICE DEPARTMENT	51,097	0.02%	4TH QTR ADMINISTRATORS FAMILY ISLANDS ALLOCATION
PORT DEPARTMENT	34,451	0.01%	CLEANING & MAINTAINENCE & OTHER SUPPLIES
PARLIAMENTARY REGISTRATION DEPARTMENT	51,784	0.02%	COMPUTER & COMPUTER FURNITURE & OTHER GOODS
DEPARTMENT OF ROAD TRAFFIC	31,944	0.01%	OPERATIONAL SUPPLIES & SERVICES
DEPARTMENT OF STATISTICS	4,099	0.002%	OPERATIONAL SUPPLIES AND SERVICES



OFFICE OF THE AUDITOR GENERAL IMF \$250 MILLION REPORT

COVID-19 RELATED & OPERATIONS DOMESTIC VENDOR PAYMENTS \$33.66 M OF THE US\$ 250 M IMF RFI			
MINISTRY/DEPARTMENT	AMOUNT (\$)	% OF IMF FUNDING	COVID-19 & OPERATION EXPENDITURE/ OUTLAYS/SERVICES
MINISTRY OF PUBLIC WORKS	2,369,817	0.9%	HEALTH CLINICS,BRIDGES, SEAWALL, CABLING, SCHOOLS, ETC.
MINISTRY OF HEALTH	156,987	0.06%	MEDICAL & SURGICAL SUPPLIES, LAB SERVICES, CHARTERS
MINISTRY OF FOREIGN AFFAIRS	54,810	0.02%	COVID-19 SUPPLIES & SERVICES, SUPPLIES OVERSEAS MISSION
MINISTRY OF FINANCE	393,601	0.2%	SUBVENTION , SUPPLIES & SERVICES, LEASES, RBPF FURNITURE
MINISTRY OF FINANCIAL SERVICES, TRADE & INDUSTRY & IMMIGRATION	66,707	0.03%	SUBVENTION , RENTAL AND OTHER GOODS & SERVICES
MINISTRY OF THE ENVIRONMENT & HOUSING	18,257	0.007%	OPERATIONAL SUPPLIES & SERVICES
DEPARTMENT OF HOUSING	31,500	0.01%	OPERATIONAL UPKEEP VARIOUS HOUSING COMPLEX
DEPARTMENT OF ENVIRONMENTAL HEALTH SERVICES	2,481,459	0.99%	PAYROLLS, RESIDENTIAL & BULK WASTE MANAGEMENT SERVICES
MINISTRY OF SOCIAL SERVICES & URBAN DEVELOPMENT	55,359	0.022%	OPERATIONAL GOODS & SERVICES
MINISTRY OF TRANSPORT & LOCAL GOVERNMENT	259,000	0.10%	RENTAL EQUIPMENT, OTHER OPERATIONAL SUPPLIES
MINISTRY OF AGRICULTURE & MARINE RESOURCES	326,886	0.13%	CONTRACTUAL OBLIGATIONS, REPAIRS & MAINTAINENCE, GOODS
DEPARTMENT OF MARINE RESOURCES	3,625	0.001%	COVID-19 SUPPLIES, OPERATIONAL SUPPLIES & SERVICES
MINISTRY OF EDUCATION	851,933	0.3%	UNEMPLOYMENT BENEFITS, PROJECTS, EXAMS, PRESCHOOL, ETC
DEPARTMENT OF EDUCATION	244,582	0.10%	PROJECTS, EXAMINATION SUPPLIES, COVID-19 GOODS & SERVICES
MINISTRY OF YOUTH, SPORTS & CULTURE	233,830	0.09%	FEDERATIONS, RENT, OPERTIONAL SUPPLIES & SERVICES
DEPARTMENT OF SOCIAL SERVICES	320,463	0.13%	COVID-19 SUPPLIES, FOOD ASSISTANCE COUPONS, MAINTAINENCE
PUBLIC TREASURY DEPARTMENT	22,267,789	8.9%	HURRICANE LOAN PAYOFF, VEHICLES, SALARY DEDUCTION, SUPPLIES
BAHAMAS INFORMATION SERVICES	7,054	0.0%	OFFICE SUPPLIES, OPERATIONAL GOODS & SERVICES
DEPARTMENT OF INLAND REVENUE	14,099	0.006%	COVID-19 SUPPLIES, OPERATIONAL GOODS & SERVICES, REFUND
CUSTOMS DEPARTMENT	57,017	0.023%	COVID-19 SERVICES, OPERATIONAL GOODS & SERVICES, PAYROLLS
DEPARTMENT OF AGRICULTURE	524	0.0002%	AGRICULTURE CROP SUPPLIES



COVID-19 RELATED & OPERATIONS DOMESTIC VENDOR PAYMENTS \$33.66 M OF THE US\$ 250 M IMF RFI			
MINISTRY/DEPARTMENT	AMOUNT (\$)	% OF IMF FUNDING	COVID-19 & OPERATION EXPENDITURE/ OUTLAYS/SERVICES
DEPARTMENT OF LANDS & SURVEYS	17,249	0.01%	PAYROLLS, COVID-19 SUPPLIES, OPERATIONAL GOODS & SERVICES
DEPARTMENT OF METEOROLOGY	16,191	0.006%	OFFICE SUPPLIES & SERVICES , TRAVEL
DEPARTMENT OF LOCAL GOVERNMENT	11,160	0.004%	PAYROLLS
TOTAL	33,667,692	13%	13% OF THE US\$ 250 MILLION IMF RFI

Unexpended \$3.23 Million (Residual) of US \$ 250 IMF RFI

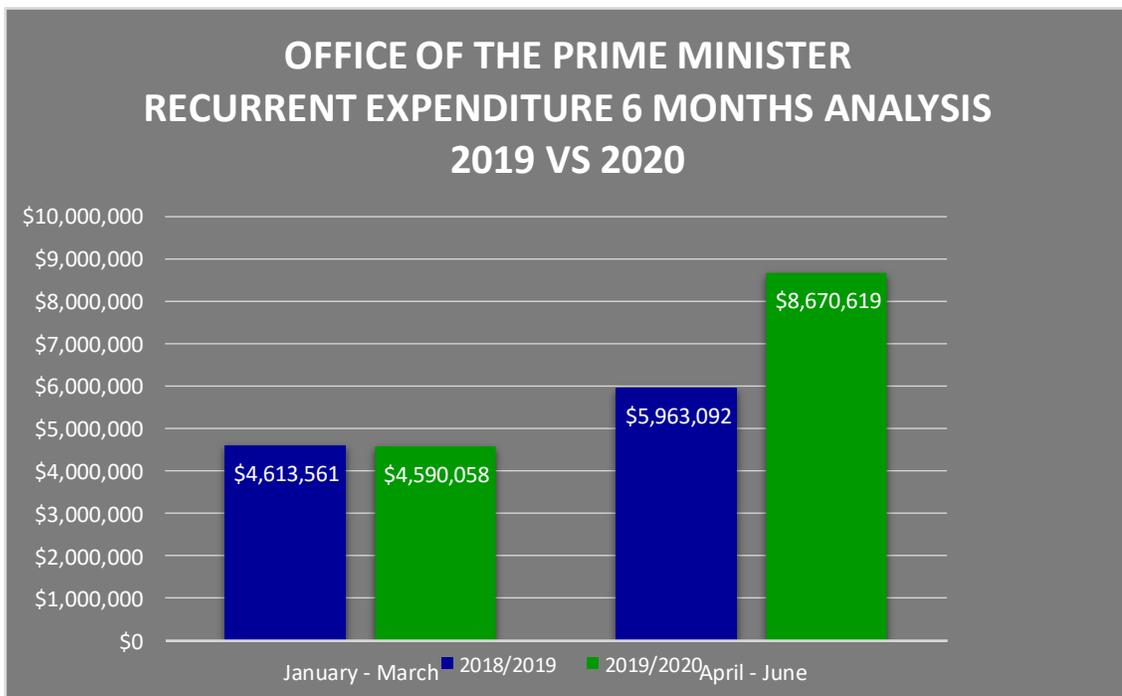
The undisbursed \$3.23 million of the US \$250 million IMF RFI, as at June 30th, 2020 was expended in the subsequent budgetary period 2020/2021.



OFFICE OF THE PRIME MINISTER

*“The world is experiencing a crisis. It has wide scale **public health and economic dimensions**. We must work to **save lives, keep people healthy, and preserve our economy**. The economic impact of this crisis will be widespread.” (OPM)*

The Office of The Prime Minister (OPM) responsibilities in COVID- 19 risk mitigation, and containment are highlighted under the integrated MDAs and Public Private Partnerships. With respect to COVID-19 outlays, the OPM increase expenditure over the second half of 2019/2020 budgetary period is captured in the comparative analysis below.



With respect to the fourth quarter, April-June, 2020, the \$8.67 million recurrent expenditure, increased by \$2.70 million or 45%, over the prior year’s \$5.96 million. The increased expenditure included the following items:

- Ministry of Disaster Preparedness Management and Reconstruction \$1.4 million,



- Operation of Facilities \$1.3 million,
- Consultancy Fees \$81,391, and
- Advertising and Public Notices \$819,280.

Capital Expenditure

The capital expenditure for April –June 2020, fourth quarter, totaled \$3 million for:

- Construction of Temporary Housing \$1.5 million
- Sundry Capital Expenditure \$1.5 million



MINISTRY OF FINANCE

“The authorities have introduced temporary fiscal measures of about 4 percent of GDP in response to the COVID-19 outbreak to support healthcare infrastructure, employment, small and medium enterprises, and vulnerable groups in the population. These measures come on top of the recovery and reconstruction outlays and tax exemptions following Hurricane Dorian.” (IMF)

The Government’s March 18, 2020 Parliamentary Statement on The Fiscal and Economic Impact of COVID-19 outlined the Policy Measures to Respond to COVID-19. The Ministry of Finance, with the responsibility of the management of public finances, provided oversight of the allocation and uses of the US\$ 250 million IMF RFI, for intended purposes.

The Public Treasury Department, under the Ministry of Finance and custodian of the public purse, accounted for the actual expenditure of \$246.76 million, 99% of the US\$ 250 million IMF RFI and related public debt. The 1% residual, \$3.23 million was expended in the subsequent fiscal period 2020/2021.

The Ministry of Finance expended \$30.69 million, 12% of the US\$ 250 million IMF RFI for its operational services and contractual obligations, as shown in the schedule below.

MINISTRY OF FINANCE EXPENDITURE ALLOCATION OF \$30.69 MILLION OF US\$ 250 IMF RFI	
MINISTRY OF FINANCE HEAD/ITEMS DESCRIPTIONS	AMOUNT (\$)
ANNUAL SURVILLANCE FEE & MEDAL SERVICES	47,022
COMPUTERS, TECHINICAL SUPPORT, ANALYTICAL REPORT CARRIBBEAN CASTASTROPHIC RISK INSURANCE (CCRIF), RMS COVID-19 UPGRADE TREASURY FINANCIAL MANAGEMENT SYSTEM (TFMS) PHASE 2	3,574,542
GENERATORS MAYGUANA, TRAVEL, RBPF FURNITURE, MoF OFFICE SUPPLIES COVID- 19 SUPPLIES, COMPUTER CONTRACTUAL SERVICES & PRODUCTS	27,361
SMALL & MEDIUM SIZE BUSINESS SUPPORT (SBDC)	10,000,000
GOVERNMENT NIB SPONORED UNEMPLOYMENT ASSISTANCE PROGRAMME	5,100,000
HURRICANE DORIAN - ENERGY RESTORATION & VARIOUS CONTINGENCIES - COVID- 19 \$1.845M FAMILY ISLANDS SUPPLEMENTARY FUNDING, WATER & SEWERAGE INFRASTRUCTURE	11,584,557
RBPF APPLIANCES, GOVERNMENT VEHICLE LEASES, POLICY RENEWAL	366,240
TOTAL	30,699,722
EXPENDED FUNDS AS PERCENTAGE OF US\$ 250 MILLION IMF RFI	12%



The budgetary support and COVID-19 related funding from the US \$250 million RFI, impacted availability of resources to fund the COVID-19 essential programmes. The schedule below outlines the expenditure during the COVID-19 Emergency Response critical period, under the:

- ✓ Ministry of Finance \$50.84 Million
- ✓ Department of Social Services \$ 2.30 Million
- ✓ Ministry of Health \$ 4.25 Million

COVID-19 EXPENDITURE REPORT FOR MARCH-JUNE 2020			
HEAD	MINISTRIES /DEPARTMENT	DESCRIPTION OF ITEM	TOTAL AMOUNT (\$)
21	MINISTRY OF FINANCE	SMALL & MEDIUM SIZE BUSINESSES	39,000,000.00
21	MINISTRY OF FINANCE	CONTINGENCIES-VARIOUS DEPTS.OT - FAMILY ISLAND COVID-19	1,845,000.00
21	MINISTRY OF FINANCE	NIB - SPONSORED UNEMPLOYMENT	10,000,000.00
44	DEPARTMENT OF SOCIAL SERVICES	FOOD ASSISTANCE BENEFIT	1,958,161.27
44	DEPARTMENT OF SOCIAL SERVICES	CIRCUMSTANCE & RELIEF EMERGENCY	347,471.60
60	MINISTRY OF HEALTH	MOTOR VEHICLES	265,000.00
60	MINISTRY OF HEALTH	COMPUTERS	696.44
60	MINISTRY OF HEALTH	MEDICAL EQUIPMENT	224,925.00
60	MINISTRY OF HEALTH	SPECIAL ALLOWANCES	557,633.40
60	MINISTRY OF HEALTH	EMERGENCY FLIGHTS	9,821.43
60	MINISTRY OF HEALTH	SUBSISTENCE (DOMESTIC)	15,791.22
60	MINISTRY OF HEALTH	LIVING ACCOMMODATION RENT	1,240,410.00
60	MINISTRY OF HEALTH	SURGICAL & MEDICAL SUPPLIES	51,206.55
60	MINISTRY OF HEALTH	FOOD, ICE & DRINKING WATER	115,575.27
60	MINISTRY OF HEALTH	OTHER SUPPLIES AND MATERIALS	894,563.47
60	MINISTRY OF HEALTH	FEES AND OTHER CHARGES	363,498.82
60	MINISTRY OF HEALTH	JANITORIAL SERVICE CONTRACTS	152,672.00
60	MINISTRY OF HEALTH	PROVISION FOR CONTINGENCIES	366,705.58
TOTAL			57,409,132.05

The other MDAs that expended funds for COVID-19 goods and services from the regular budget Head/Items, are not captured in the above. Importantly, all MDAs incurred COVID- 19 related expenditure, thus the US \$250 IMF RFI, assistance to meet the recurrent budgetary needs is notable.



MINISTRY OF HEALTH

“To ensure that the highest quality of services for health promotion protection and care are accessible to all persons of The Bahamas in order to achieve optimal health.” (Mission Statement)

The Ministry of Health is responsible for providing access to public health with respect to comprehensive, preventative, quality healthcare and services to all residents. The Ministry, with its Public Health Department, led the charge across its healthcare systems in combating the pandemic and providing the Surveillance update and monitoring.

The major public healthcare facilities under the Ministry’s portfolio consumed the bulk of the US\$ 250 million funding, mainly the Public Hospitals Authority (PHA). The PHA received \$34.31 million or 13.72% of the loan amount in subvention to administer healthcare under:

- The Princess Margaret Hospital (PMH);
- The Sandilands Rehabilitation Centre (SRC);
- The Grand Bahama Healthcare Services (GBHS) and the Rand Memorial Hospital;
- The National Emergency Medical Services (NEMS);
- The Bahamas National Drug Agency (BNDA) - Pharmaceutical Drugs;
- Supplies Management Agency (SMA) - Medical and Surgical Supplies; and
- Provision for Pharmaceutical Drugs and Medical and Surgical Supplies to the Government Public Clinics in New Providence and the Family Islands (Community Health Clinics);

In addition, the Ministry incurred healthcare expenditure to function and manage COVID- 19 responsibilities for containment and resiliency. Also, the National Health Insurance Authority (NHI) received \$3.66 million in subvention.

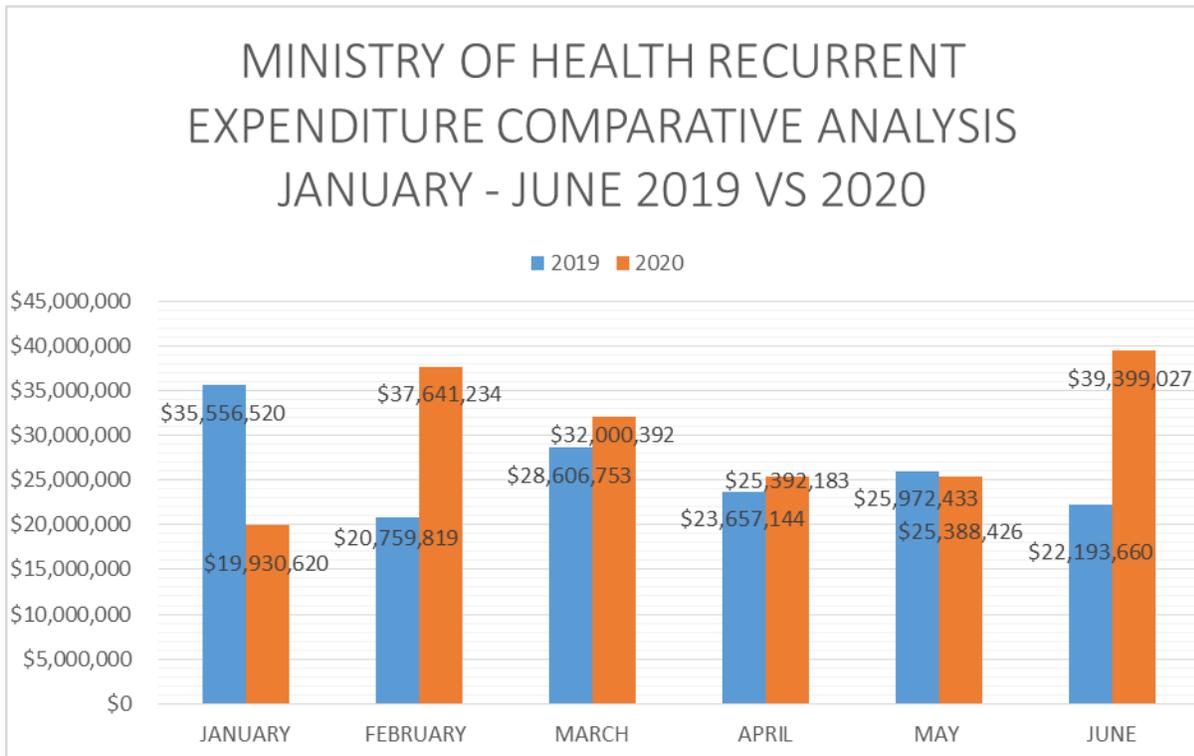
The impact of COVID-19 additional expenditure with respect to the Ministry of Health initiatives are show in the comparative schedule that follows.



MINISTRY OF HEALTH - RECURRENT EXPENDITURE COMPARATIVE ANALYSIS 2019 VS 2020						
YEAR	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
2019	35,556,520	20,759,819	28,606,753	23,657,144	25,972,433	22,193,660
2020	19,930,620	37,641,234	32,000,392	25,392,183	25,388,426	39,399,027
INCREASE/DECREASE	(15,625,899)	16,881,415	3,393,639	1,735,039	(584,007)	17,205,367
PERCENTAGE INCREASE/DECREASE	-44%	81%	12%	7%	-2%	78%

The Ministry of Health recurrent expenditure increased in June 2020 by \$17.2 million; from \$22.19 million in the same period prior year, to \$39.39 million. This is a 78% increase in expenditure.

The comparatives for second half of budgetary expenditure in the chart below further illustrates the COVID- 19 impact on Ministry of Health operations.



Capital expenditure also increased in June 2020, from \$3.67 million in Q3, to \$11.46 million in Q4, an increase of \$7.79 million. The outlays were mainly for:

- ✓ Construction of Temporary Housing - \$8 million
- ✓ Upkeep of Community Clinics - \$1.95 million
- ✓ Other Machinery and Equipment - \$1 million



DEPARTMENT OF SOCIAL SERVICES

“As part of a comprehensive pandemic response strategy, the authorities have established Economic Recovery, Tourism Response, and National Food Committees. The Food Committee will enhance the collaboration among public institutions, the private sector and civil society organizations to improve food distribution, especially to the most vulnerable groups.”

The Department of Social Services (DOSS) under the Ministry of Social Services & Urban Development provides:

- Food Assistance Programmes
- Financial Assistance Programmes
- Counselling, Advocacy and Educations
- Empowerment, Health and Wellness
- Shelter, Housing, Protection and Services

The DOSS undertakes an essential role in facilitating programmes to assist the most vulnerable impacted by COVID- 19. The programmes outlays increased the 2019/2020 budgetary expenditure, a direct impact.

Social Services 2019/2020 Actual Expenditure Increase Analysis

The \$24.74 million expenditure for 2019/2020 increased from \$17.72 million in 2018 /2019 by \$7 million, an equivalent of 40%.

DEPARTMENT OF SOCIAL SERVICES 2018/2019 VS 2019/2020 EXPENDITURE ANALYSIS				
PROGRAMME DESCRIPTION	ACTUAL 2018/2019 (\$)	ACTUAL 2019/2020 (\$)	INCREASE (\$)	PERCENTAGE INCREASE %
SOCIAL ASSISTANCE BENEFITS	17,725,095	24,749,063	7,023,968	40%

The above increase is reflective, mainly, in the month of June 2020.

June 2020 COVID- 19 Related Expenditure Increase Analysis

For the month of June 2020 the expenditure was \$7.22 million, an increase of \$6.45 million over the prior year June 2019, an equivalent of 845%. This expenditure increase is related to COVID-19 Programmes. The analysis that follows depicts the comparatives.

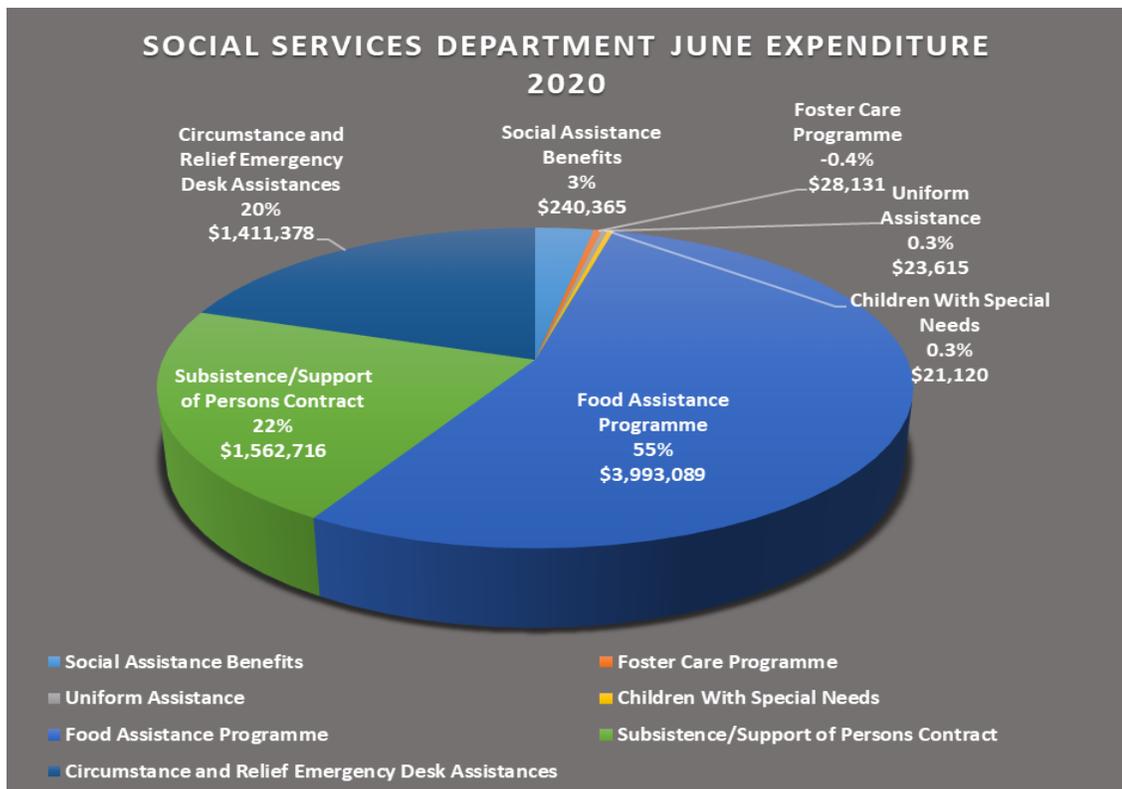


DEPARTMENT OF SOCIAL SERVICES JUNE 2018/2019 VS JUNE 2019/2020 EXPENDITURE ANALYSIS				
PROGRAMME DESCRIPTION	ACTUAL 2018/2019 (\$)	ACTUAL 2019/2020 (\$)	INCREASE (\$)	PERCENTAGE INCREASE %
SOCIAL ASSISTANCE BENEFITS	764,607	7,224,151	6,459,543	845%

The overall breakdown of the \$7.22 disbursement for the Social Assistance Benefits under the various programmes for June 2020 is shown in the table that follows.

DEPARTMENT OF SOCIAL SERVICES ASSISTANCE PROGRAMS JUNE 2019 VS JUNE 2020				
SOCIAL ASSISTANCE PROGRAMMES	JUNE 2019 (\$)	JUNE 2020 (\$)	VARIANCE (\$)	PROGRAMME EXPENDITURE %
SOCIAL ASSISTANCE BENEFITS	40,135	240,365	200,230	3%
FOSTER CARE BENEFIT	53,492	-28,131	-81,623	-0.4%
SCHOOL UNIFORM ASSISTANCE BENEFITS	3,416	23,615	20,198	0.3%
SPECIAL NEEDS CHILDREN BENEFIT	1,200	21,120	19,920	0.3%
FOOD ASSISTANCE BENEFIT	369,367	3,993,088	3,623,722	55%
SUBSISTENCE-SUPPORT OF PERSONS	266,181	1,562,716	1,296,535	22%
CIRCUMSTANCE & RELIEF EMERGENCY DESK ASSISTANCE	30,816	1,411,378	1,380,561	20%
TOTAL	764,607	7,224,151	6,459,543	100%

The chart below illustrates the above social programmes expenditure percentages.





Also, included in the \$7.22 million is \$1.95 million disbursement to the National Food Distribution Task Force and Food Assistance disbursement to individuals in the Tourism Sector, hospitality industry, who are on furlough and reduced work week.

IMF US \$250 Million RFI Contribution to the \$7.22 million June 2020 Expenditure

With respect to the \$7.22 million Social Services Assistance Programmes for June 2020, \$2.33 million was disbursed from the US \$250 Million IMF RFI to assist with the expenditure, as shown in the table below.

DEPARTMENT OF SCIOAL SERVICES COVID-19 \$2.33 M DISBURSEMENT OF THE US\$ 250 M IMF RFI	
COVID-19 & OPERATIONAL SERVICES EXPENDITURE/ OUTLAYS	DISBURSEMENT AMOUNT (\$)
IT SOFTWARE SERVICES - OVERSEAS VENDOR	253,316
FOOD ASSISTANCE PROGRAMME	1,436,761
SPECIAL COVID - 19 GRANT	324,608
COVID- 19 SUPPLIES, FOOD ASSISTANCE COUPONS, MAINTAINENCE	320,463
TOTAL DISBURSEMENT - FROM IMF US\$ 250 RFI	2,335,148
TOTAL EXPENDITURE FOR JUNE 2020 SOCIAL SERVICES PROGRAMMES	7,224,151
IMF US\$ 250 RFI CONTRIBUTION AS PERCENTAGE OF THE \$7.22M EXPENDITURE	32%

IMF US \$250 Million RFI Contribution – Hurricane Dorian Social Services Needs

With respect to hurricane Dorian, \$1.65 million was disbursed for rental accommodation, food assistance, and furniture and office products.

Overall, for the Social Services Department the \$1.65 million disbursement for Hurricane Dorian, and the \$2.33 million for COVID-19 totaled \$3.99 million, an equivalent of 2% of the IMF US \$250 million RFI.



MINISTRY OF TOURISM & AVIATION

“To contain the outbreak and mitigate the impact on the economy, the Government of The Bahamas declared a state of emergency in March, closed air and sea borders and established an Economic Recovery Committee to guide the Country’s COVID- 19 response and recovery efforts.” (IMF)

The closed domestic and international borders significantly impacted tourism tax revenue and related fees. Over the prior year, tourism tax and related fees revenue went down by \$22.13 million, an equivalent to 15%. The air departure tax revenue declined by \$17.16 million and accounted for 78% of the overall \$22.13 million. The chart below captures the comparative revenue analysis showing \$126.05 million revenue generated in 2019/2020 and \$148.19 million in 2018/2019.

TOURISM TAX TOTAL REVENUE COMPARATIVE ANALYSIS 2018/2019 VS 2019/2020				
HEAD	DESCRIPTION	ACTUAL 2018/2019 (\$)	ACTUAL 2019/2020 (\$)	VARIANCE (\$)
23	AIR DEPARTURE TAX	61,598,773	44,437,083	(17,161,690)
23	SEA DEPARTURE TAX	84,866,621	80,615,379	(4,251,242)
23	PLEASURE VESSELS DEPARTURE TAX	776,503	270,291	(506,212)
67	HOTEL GUEST TAX	155,331	97,882	(57,449)
23	PASSENGER TICKET TAX	0	103,904	103,904
SUB - TOTAL		147,397,229	125,524,540	(21,872,689)
TOURISM RELATED FEES REVENUE COMPARATIVE ANALYSIS 2018/2019 VS 2019/2020				
HEAD	DESCRIPTION	ACTUAL 2018/2019 (\$)	ACTUAL 2019/2020 (\$)	VARIANCE (\$)
67	HOTEL LICENCE	39,990	46,199	6,209
67	LICENCES-AIRPORT	33,420	47,254	13,834
23, 52, 67	LANDING FEES-AIRPORT	704,431	416,256	(288,175)
67	AIR REGULATORY BONDED FEES-	16,832	18,880	2,048
SUB -TOTAL		794,673	528,589	(266,083)
TOTAL		148,191,901.67	126,053,128.92	(22,138,772.75)



Reduction in Tourism revenue contributed to requesting the IMF RFI emergency supplemental funding. Employees on furlough and self-employed in the hospitality sector benefited from the Unemployment Assistance Programme.



FAMILY ISLANDS COVID- 19 RELATED EXPENDITURE

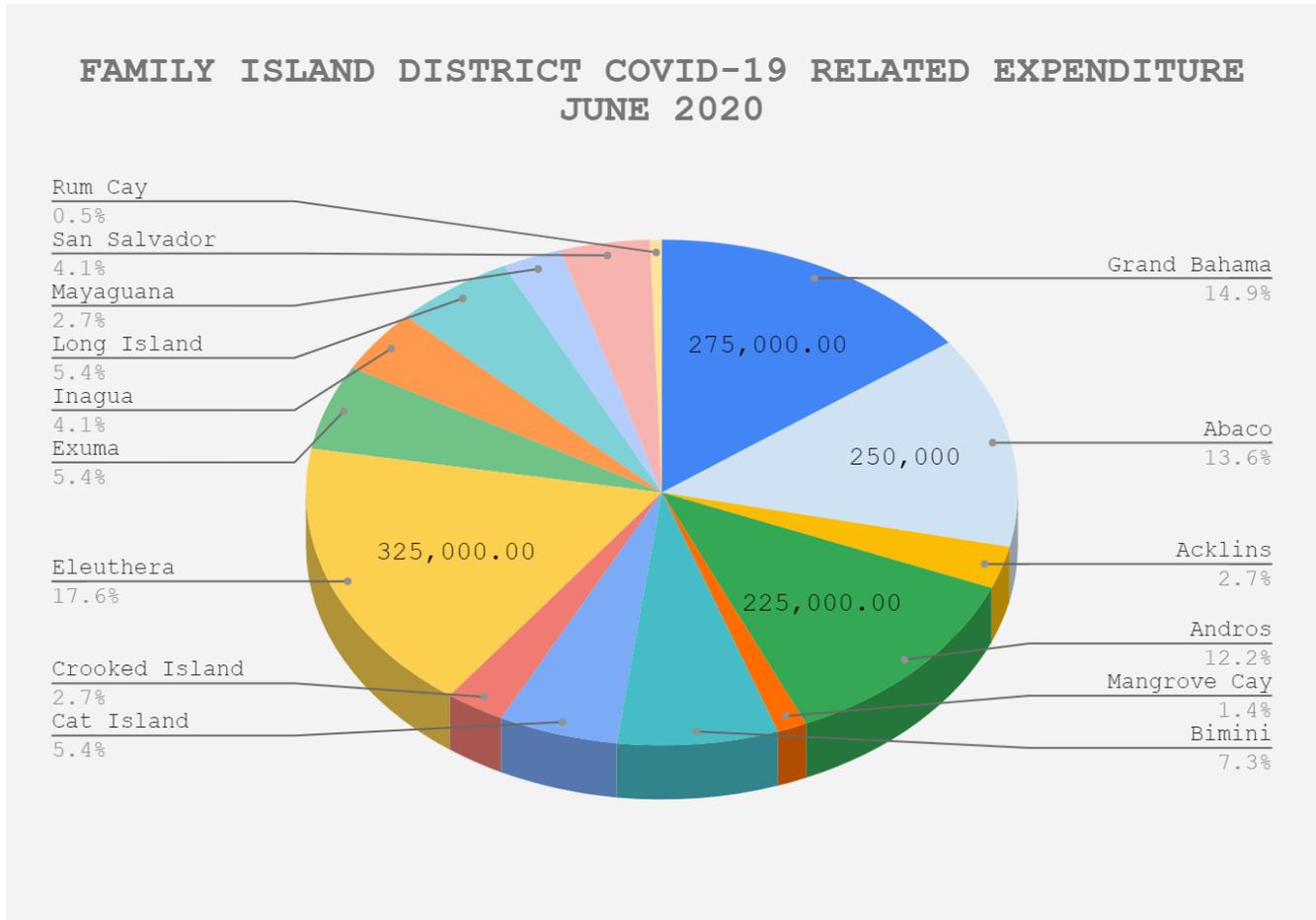
“The Ministry of Finance is allocating \$1.8 million to support the Family Islands specifically to be used for any COVID-19 related expenditure” (March 30th, 2020 MoF Parliamentary update Response to COVID- 19)

The COVID-19 Family Islands Supplementary Funding totaled \$1.84 million. We reviewed the Financial Policy and Procedure for the Execution of Emergency Directives related to the same. The actual expenditure accounted for in June 2020, the month of the disbursement of the US\$ 250 IMF RFI funding is shown in the table below.

FAMILY ISLAND DISTRICT COVID-19 RELATED EXPENDITURE JUNE 2020		
DISTRICTS	ALLOCATED BUDGET (\$)	ACTUAL (\$)
THE CITY OF FREEPORT	100,000	100,000
WEST GRAND BAHAMA	100,000	100,000
EAST GRAND BAHAMA	75,000	75,000
CENTRAL ABACO	100,000	100,000
NORTH ABACO	100,000	100,000
SOUTH ABACO	50,000	50,000
ACKLINS	50,000	50,000
CENTRAL ANDROS	75,000	75,000
NORTH ANDROS	100,000	100,000
SOUTH ANDROS	50,000	50,000
MANGROVE CAY	25,000	25,000
BIMINI	135,000	135,000
CAT ISLAND	100,000	100,000
CROOKED ISLAND	50,000	50,000
CENTRAL ELEUTHERA	100,000	100,000
NORTH ELEUTHERA	125,000	125,000
SOUTH ELEUTHERA	100,000	100,000
EAST EXUMA	100,000	100,000
INAGUA	75,000	75,000
LONG ISLAND	100,000	100,000
MAYAGUANA	50,000	50,000
SAN SALVADOR	75,000	75,000
RUM CAY	10,000	10,000
TOTAL	1,845,000	1,845,000



The chart below depicts the total expended funding by Family Island District.



The major Family Islands Districts accounted for \$1,125,000, an equivalent of 60% of the \$1.84 million expenditure. The breakdown is as follows:

MAJOR FAMILY ISLAND DISTRICTS EXPENDITURE ALLOCATION - 60% OF \$1.845 M		
FAMILY ISLAND DISTRICT	ACTUAL EXPENDITURE (\$)	EMERGENCY FUNDING ALLOCATION %
ELEUTHERA	325,000	18%
GRAND BAHAMA	275,000	15%
ABACO	250,000	14%
ANDROS (INCLUDING MANGROVE CAY)	250,000	14%
ALLOCATION TOTALING 60%	1,100,000	60%
OTHER FAMILY ISLAND DISTRICTS	745,000	40%
TOTAL ALLOCATED EXPENDITURE	1,845,000	100%

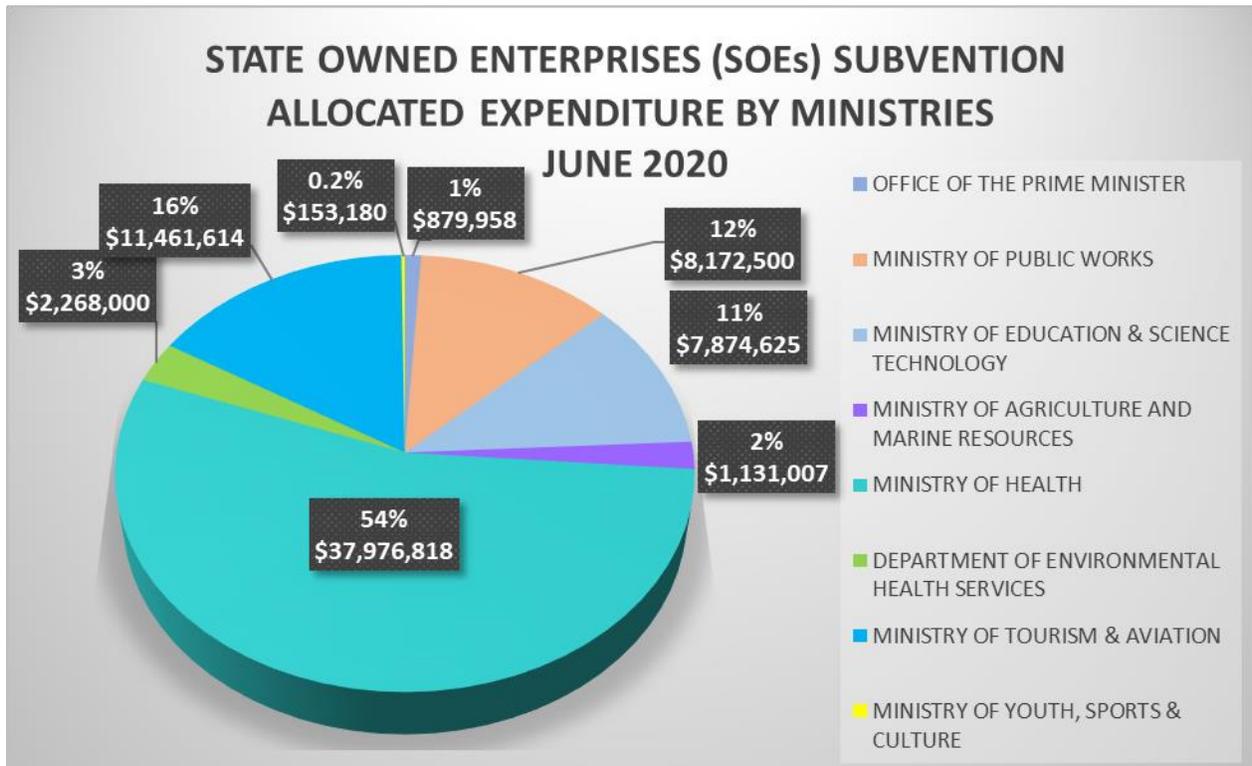


THE GOVERNMENT STATE OWN ENTERPRISES (SOEs)

“Looking beyond the crisis, it would be important for the authorities to resume their ambitious reform agenda including enhancing public financial management and SOE governance.” (IMF)

The Government’s State Owned Enterprises (SOEs) received \$69.91 million in subvention from the allocation of the US\$ 250 million IMF RFI, an equivalent of 28%.

The disbursed amounts are accounted and reported under the Ministry Head/Item with the budget allocation and actual expenditure for subvention.



The details of the funding received by the SOEs under the prespective Ministry are outlined in the table that follows.



OFFICE OF THE AUDITOR GENERAL IMF \$250 MILLION REPORT

STATE OWNED ENTERPRISES (SOEs) SUBVENTION (APRIL - JUNE 2020)			
DESCRIPTION	APRIL-JUNE (\$)	JUNE 9TH TO JUNE 30TH (\$)	PERCENTAGE OF JUNE
OFFICE OF THE PRIME MINISTER			
BAHAMAS BROADCASTING CORPORATION OF THE BAHAMAS	1,894,637.25	607,767.40	1%
ANTIQUITIES MONUMENT	783,750.00	195,937.50	0.3%
CLIFTON HERITAGE	638,154.88	76,253.30	0.1%
SUB-TOTAL	3,316,542.13	879,958.20	1%
MINISTRY OF PUBLIC WORKS			
WATER & SEWERAGE CORPORATION	8,925,000.00	7,925,000.00	11%
STRAW MARKET AUTHORITY	371,250.00	247,500.00	0.4%
SUB-TOTAL	9,296,250.00	8,172,500.00	12%
MINISTRY OF EDUCATION & SCIENCE TECHNOLOGY			
UNIVERSITY OF THE BAHAMAS	10,478,723.16	6,350,199.12	9%
BAHAMAS VOCATIONAL & TECHNICAL INSTITUTE	1,525,778.25	1,276,592.75	2%
OPERATIONAL EXPENSE - NATIONAL TRAINING AGENCY	336,680.50	118,666.00	0.2%
OPERATION-NATIONAL ART GALLERY	437,499.97	129,166.63	0.2%
SUB-TOTAL	12,778,681.88	7,874,624.50	11%
MINISTRY OF YOUTH, SPORTS & CULTURE			
NATIONAL SPORTS AUTHORITY	712,500.00	153,180	0.2%
MINISTRY OF AGRICULTURE AND MARINE RESOURCES			
BAHAMAS AGRICULTURAL AND INDUSTRY	1,554,750.00	518,250.00	1%
BAHAMAS AGRICULTURE FOOD/SAFETY	174,999.99	58,333.33	0.1%
SCHOOL OF AGRICULTURE & MARINE SCIENCE	1,663,270.80	554,423.60	1%
SUB-TOTAL	3,393,020.79	1,131,006.93	2%
MINISTRY OF HEALTH			
NATIONAL HEALTH INSURANCE AUTHORITY	7,333,333.30	3,666,666.63	5%
PUBLIC HOSPITAL AUTHORITY	64,624,825.47	34,310,151.10	49%
SUB-TOTAL	71,958,158.77	37,976,817.73	54%
DEPARTMENT OF ENVIRONMENTAL HEALTH SERVICES			
BAHAMAS PUBLIC PARKS & BEACHES AUTHORITY	6,800,000.00	2,268,000.00	3%
MINISTRY OF TOURISM & AVIATION			
BAHAMASAIR HOLDING LTD.	10,125,750.57	5,367,161.74	8%
AIRPORT AUTHORITY OPERATIONAL	3,886,285.19	2,894,187.28	4%
HOTEL CORPORATION OF THE BAHAMAS	106,872.72	0.00	0%
NASSAU FLIGHT SERVICES	1,011,000.00	669,000.00	1%
OPERATION OF GAMING BOARD	1,205,083.34	0.00	0%
BAHAMAS CIVIL AVIATION AUTHORITY	5,236,264.76	2,531,264.76	4%
SUB-TOTAL	21,571,256.58	11,461,613.78	16%
TOTAL	129,826,410.15	69,917,701.14	100%
SOEs \$69.91 MILLION EXPENDITURE AS PART OF THE IMF \$250 MILLION LOAN: 28%			



State Own Enterprises Legal and Regulatory Framework Governance

The Government State Own Enterprises (SOEs) are:

- Established under legislation, the Act, governing the entities' specific operations;
- Provided government subventions to assist with the operational activities;
- Under the ministries having portfolio oversight and the budget for the subvention provision; and
- Required for financial governance and accountability to submit annual audited financial statements and the report to Parliament.

With respect to SOEs governance, we noted that improvement was warranted relative to timely submission of audited financial statements and report to Parliament. The SOEs, are non-compliant with reporting in a timely fashion. Non-compliance is a risk, and the implications includes:

- Inadequate governance and accountability for efficiency;
- Unavailability of pertinent financial data for decision making; and
- Inability to rationalize , thus more funding could be provided than needed;

Legislation Enhancing Public Financial Management (PFM) and Good Governance and Accountability of SOEs

With respect to the legal and regulatory framework of the SOEs, reference is drawn to legislation advancing Public Financial Management (PFM), the Bill and March 2021 enactment of the same, and the Financial Administration and Audit (Amendment) Act, 2020.

We note the strengthening components of the Financial Administration and Audit (Amendment) Act, 2020 – Section A – **Monthly and Quarterly Reporting** :

- (1) Every public sector entity that receives fifty percent or more of its operating budget from subventions from the Government shall prepare and submit to the Minister monthly and quarterly financial statements and reports for that entity within thirty days of the end of the reporting period.*
- (2) The financial statements and reports referred to in subsection (1), must be signed by the chief executive officer or the chief financial officer.*
- (3) Where a public sector entity has a Board of Directors, the financial statements and reports referred to in subsection (1) must be reviewed and endorsed by the Board, or by a subcommittee or a member of the Board designated by the Page - 2 Financial Administration and Audit (Amendment) Bill, 2020 Board to review*



and endorse the periodic financial statements and reports referred to in subsection (1).

- (4) Where there is a conflict between this section and any other provision in any other law, this section shall prevail.*
- (5) The Minister may by regulations prescribe the form and content for the monthly and quarterly financial statements and reports.*
- (6) The Minister may withhold any subventions payable to a public sector entity where there is— (a) a delay in the submission of any of the reports required under this section; or (b) a deficiency in the content of any of the reports required under this section, and the Minister believes that the delay or deficiency is not reasonably justified.”*

Advancing SOEs Reporting and Monitoring at Ministry of Finance Oversight

Notably, within the Ministry of Finance, a **“Unit”** has been established to review the monthly and quarterly financial reporting of the SOEs. The reporting process has begun, however; all of the SOEs are not complying with the legislation. Compliance of this process is mandatory for effective decision making and management of scarce resources.

The reporting to MoF is manual, the need for an electronic “Software” designed to facilitate the required financial reporting for the SOEs exists.

To facilitate the “Ease of SOEs Financial Reporting” and “Effective Monitoring and Compliance” we recommend the MoF to:

- **Digitalize and integrate the system with an Accounting and Reporting and Management Information Software;**
- **Maximize “Big Data Analytics” with the Software advanced “Smart Tools”;**
- **Software ease of usability with embedded reconciliation checks and balancing algorithms controls and user experience (UX);**
- **Ensure SOEs’ audited financial statements and the reports, after tabling in Parliament, are published in a timely fashion on the Government’s Website.**



THE NATIONAL FOOD DISTRIBUTION TASK FORCE

"More than 76,000 people have received assistance from the National Food Distribution Task Force (NFDTF) since the public private partnership was officially formed to provide emergency food relief to Bahamians and residents impacted by the COVID-19 outbreak." (Bahamas Information Services, June 25, 2020)

The National Food Distribution Task Force (NFDTF) was established to provide emergency food relief to Bahamians and residents impacted by COVID- 19. The NFDTF is a Public Private Partnership (PPP) between the Government and Non-governmental Organizations (NGOs).

The NFDTF inclusive of the NGOs engaged in programme received \$1.9 million from the Government for the the COVID-19 food distribution, for the period May 2020 - June 2020. The table below provides a breakdown of the disbursement of the essential COVID- 19 outlay.

DEPARTMENT OF SOCIAL SERVICES NATIONAL FOOD DISTRIBUTION TASK FORCE EXPENDITURE MAY 2020 - JUNE 2020		
DATE	NON-GOVERNMENTAL ORGANIZATIONS (NGO's)	FUNDS DISTRIBUTED
May - 2020	Bahamas Feeding Network	\$ 400,000
June - 2020	Bahamas Feeding Network	\$ 648,306
June - 2020	Bahamas Red Cross	\$ 147,312
June - 2020	Grand Bahama Comm Crates & Co.	\$ 34,186
June - 2020	Hands For Hunger	\$ 192,636
June - 2020	Idea Relief	\$ 205,116
June - 2020	Lend a Hand Bahamas	\$ 179,010
June - 2020	One Eleuthera	\$ 96,654
SUB - TOTAL		\$ 1,903,220
OTHER FOOD DISTRIBUTION ASSISTANCE		
June - 2020	Other - Social Service Food Assistance	\$ 54,381
June - 2020	Face Mask Assistance	\$ 560
TOTAL		\$ 1,958,161

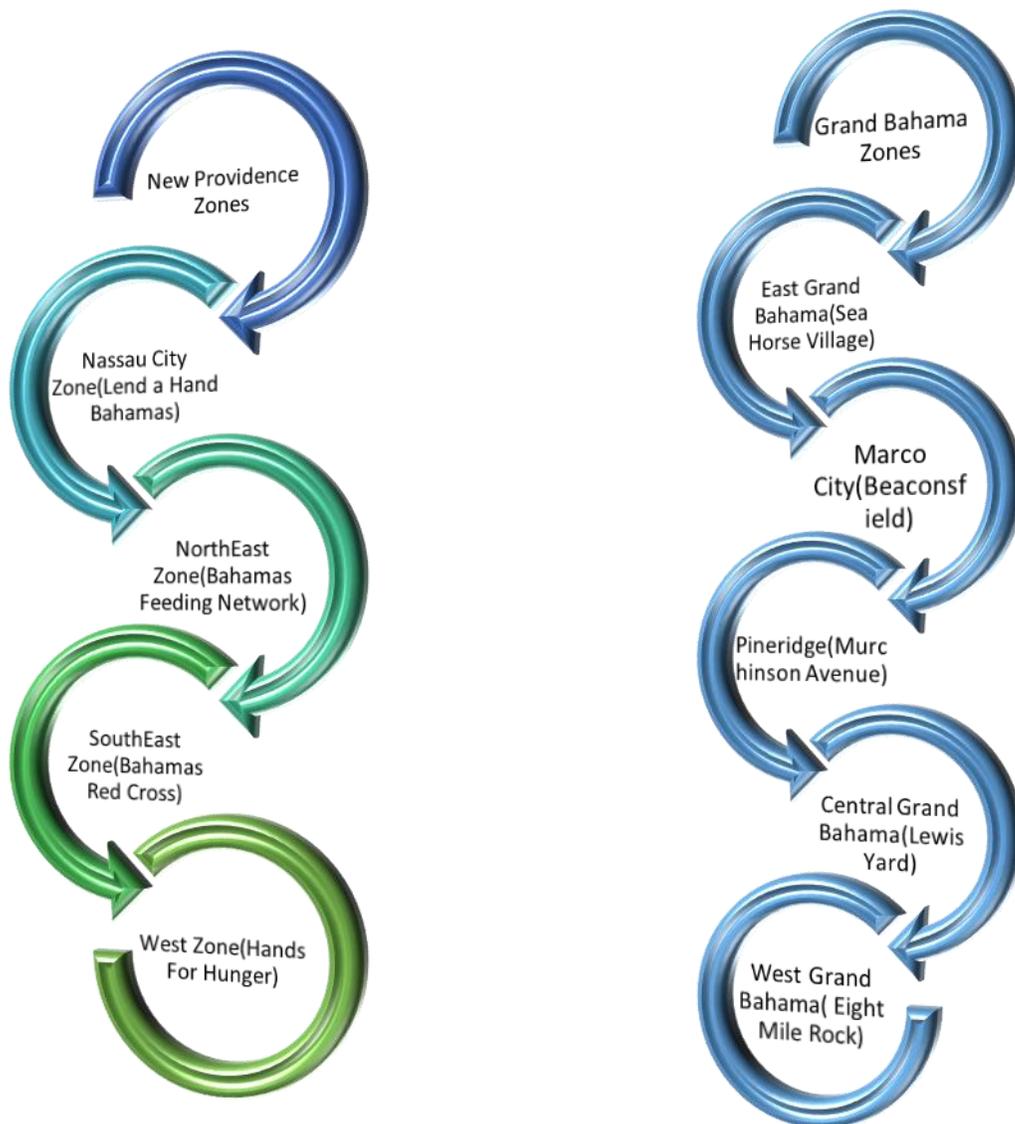
The NFDTF coordinated the outreach and food distribution by Zones in New Providence and the Family of Islands. NGOs Leaders are assigned to designated Zones. The NGOs Zone Leaders also work with supporting partners inclusive of:



- Faith Based Groups
- Civil Society
- Other NGOs, and
- Other Communities Feeding Efforts

In advancing the overall services of the NFDTF and the Food Assistance Benefits for resiliency and sustainable development we recommend:

- ✓ **Digitalization of the Process with Food Debit Card Management,**
- ✓ **Improving the Management of Healthy Life Style across the Commonwealth of The Bahamas, and**
- ✓ **Strengthening healthy dietary, nutritious food consumption, in an effort for the reduction in non-communicable diseases.**





THE BAHAMAS SMALL BUSINESS DEVELOPMENT CENTRE

*The Government of The Bahamas is now issuing **Business Continuity Grants** to small and medium-sized enterprises through its **COVID-19 relief initiative, the Business Continuity Loan Program**. That initiative will be **managed by the Access Accelerator Small Business Development Centre**.”(The Government -MoF)*

Access Accelerator, Small Business Development Centre (SBDC), is a tripartite agreement between:

1. The Government through the Ministry of Finance (MoF),
2. The University of The Bahamas (UB), and
3. The Bahamas Chamber of Commerce and Employers’ Confederation.

The SBDC was established on September 20, 2018 to:

- Support the development of micro and small-medium size enterprises,
- Help Bahamians start and grow their business, and
- To fulfill the dreams of the MSMEs.

The Government, in supporting business continuity and employment assistance, disbursed \$39 million to the SBDC for COVID-19 during 2019/2020 fiscal period, as shown in the table below.

MINISTRY OF FINANCE - BAHAMAS SMALL BUSINESS DEVELOPMENT CENTRE		
COVID- 19 FUNDING FOR MSME INITIATIVE S & BUSINESS CONTINUITY		
FOR THE PERIOD APRIL 2020 TO JUNE 2020		
DISBURSEMENT DATE	AMOUNT DISBURSED (\$)	PURPOSE OF FUNDING
30/3/2020	5,000,000	SMALL & MEDIUM-SIZE BUSINESS
30/04/2020	10,000,000	MSME SBSC- COVID19
29/06/2020	10,000,000	ADDITIONAL BUSINESS CONTINUITY
29/06/2020	5,000,000	COVID 19-MSME BUSINESS CONTINUITY
30/06/2020	9,000,000	BUSINESS CONTINUITY FUNDING
TOTAL	39,000,000	

The **\$10 million in June 2020** was from the US \$250 IMF RFI funding.



FORWARD LOOKING – ADVANCING RESILIENCY

*“Looking beyond the crisis, it would be important for the authorities to resume their ambitious reform agenda including **enhancing public financial management and SOE governance, advancing revenue administration reforms and continuing to improve the effectiveness of the AML/CFT framework.** Strengthening resilience to natural disasters also remains a priority.”*

Enhancing Public Financial Management

We note that up to the time of completion of this Audit the following legislative bills were enacted into law in March 2021.

- ✓ Public Finance Management Act, 2021;
- ✓ Public Debt Management Act, 2021;
- ✓ Statistics Act, 2021; and
- ✓ Public Procurement Act, 2020.

Enactment of legislation that undergirds good governance and accountability is vital. More importantly, compliance and enforcement controls to mitigate risks of non-compliance.

Enhancing State Owned Enterprises (SOEs) Governance

The Financial Administration and Audit (Amendment) Act, 2020 and the Public Finance Management Act, 2021 strengthened the governance, accountability and operational control framework.

Advancing Revenue Administration Reforms

With respect to the existing Revenue Management Systems upgrade under the Ministry of Finance inclusive of:

- ✓ Treasury Department - Treasury Financial Management (TFMS) Upgrade,
- ✓ Customs Department Bahamas CLICK2CLEAR, formerly the Bahamas Electronic Single Window (BESW),
- ✓ Department of Inland Revenue - Revenue Management System (RMS),
- ✓ The Road Traffic Department - Revenue Management System (RDRMS)/ Transportation Management System (TMS),



- ✓ Public Debt Management System – Meridian,
- ✓ eProcurement and Suppliers Registry System,
- ✓ The strengthening legislative reform provide tools with the undergirded Government of the Bahamas Digitization to realize the benefits of effective and sustainable Revenue Administration Reforms,
- ✓ Continuous capitalization and improvement with respect to IFMIS (Integrated Financial Management Systems) Consultative initiatives,
- ✓ Optimization of International and National Institutions and Partners technical assistance in strengthening the Public Expenditure and Financial Accountability (PEFA); for improving financial management sustainable development.

We recommend that the most cost efficient, effective and best practices be undertaken with respect to Revenue Administrative Reforms to ensure that the Government revenue generated from taxes and fees are free and clear from leakages. The reforms should be in tandem with cost containment initiatives to maximize scarce resources equitably.

The Central Bank of The Bahamas (CBOB)

The Central Bank of The Bahamas provided the following update to the OAG with respect to improving the effectiveness of the AML/CFT framework.

A) Effectiveness - International Co-operation Review Group (ICRG) Process

The significant AML/CFT related measures taken by The Bahamas are outlined in the [Executive Summary of Progress Made by The Bahamas In its AML CFT Regime](#), which was issued by the Bahamas' National Identified Risk Framework Coordinator on 24 September 2020.

The FATF conducted its on-site visit to The Bahamas in November 2020 to review the effectiveness of the AML/CFT measures undertaken. Subsequent to the on-site visit, the FATF de-listed The Bahamas from the list of Jurisdictions under Increased Monitoring, highlighting the significant progress made by the jurisdiction to improve its AML/CFT regime. The Bahamas is therefore no longer subject to the FATF's increased monitoring process. It continues to work to enhance further its AML/CFT regime.

B) Technical Compliance

At the CFATF's November 2018 Plenary, the Bahamas was successfully re-rated on 13 of the 40 technical compliance Recommendations. Given its progress to



date, the jurisdiction will seek further re-ratings on the remaining 10 “Partially Compliant” Recommendations during 2021. Work has begun to update the country’s National Risk Assessment, which is expected to be completed during the first half of 2021.

The OAG reviewed the Central Bank’s Executive Summary of Progress Made by The Bahamas In its AML CFT Regime, and noted the measures taken deemed significant. The OAG recommends that improving the effectiveness of the AML/CFT framework continue.

Bahamas Financial Services Board (BFSB)

“Bahamas Makes Significant Strides in Fight Against Financial Crime: Update In The Bahamas” National Integrated Risk Framework.”

“There have been tremendous efforts made to address all concerns of the CFATF and the FATF Regarding The Bahamas’ Anti Money laundering, counter financing of terrorism and counter proliferation (AML/CFT/CFP) framework – legislative, regulatory and enforcement landscapes have been thoroughly reviewed and strengthened. The Bahamas is committed to ensuring that it maintains a high level of readiness in addressing regulatory and best practice challenges in the AML/CFT/CFP space on an ongoing basis.” [UPDATE-ON-THE-BAHAMAS-AMLCFTCFP-framework.pdf \(bfsb-bahamas.com\)](https://www.bfsb-bahamas.com/UPDATE-ON-THE-BAHAMAS-AMLCFTCFP-framework.pdf)

We reviewed the documentation and noted the significant means taken by the Bahamas inclusive of “Enactment of Compendium of Financial Sector Legislation in 2018 and 2019”. We recommend that the strides and effort in addressing the concerns of CFATF and the FATF continue.

Prioritize Strengthening Resilience to Natural Disasters





The Bahamas is a member of the United Nations, as such, the *Sendai Framework for Disaster Risk Reduction 2015-2030* is in place for implementation and monitoring with that of the 2030 Agenda for Sustainable Development Goals.

“The *Sendai Framework for Disaster Risk Reduction 2015-2030* outlines seven clear targets and four priorities for action to prevent new and reduce existing disaster risks:

- I. Understanding disaster risk;
- II. Strengthening disaster risk governance to manage disaster risk;
- III. Investing in disaster reduction for resilience and;
- IV. Enhancing disaster preparedness for effective response and to **"Build Back Better"** in recovery, rehabilitation, and reconstruction.

It aims to achieve the substantial reduction of disaster risk and losses in lives, livelihoods, and health and in the economic, physical, social, cultural, and environmental assets of persons, businesses, communities, and countries over the next 15 years.

The Framework was adopted at the Third UN World Conference on Disaster Risk Reduction in Sendai, Japan, on March 18, 2015.” (United Nations - Headquarters United Nations Office for Disaster Risk Reduction)

SENDAI FRAMEWORK FOR DISASTER RISK REDUCTION



Source: United Nations Office for Disaster Risk Reduction (UNDRR)



Making strengthening resilience to natural disasters a national priority, demands the involvement of all stakeholders, across the integrated society and systems:

- ✓ The Government (National and Global partnering)
- ✓ Individual Citizens
- ✓ Communities
- ✓ Religious Institutions
- ✓ Educational Institutions
- ✓ Trade and Businesses Entities
- ✓ Public Private Partnership (PPPs)
- ✓ All Ministries, Agencies, Departments (MDAs)
- ✓ All State Owned Enterprises (SOEs)
- ✓ Non-governmental Organization (NGOs)

As combating COVID-19 for resiliency and sustainability demands everyone's involvement, all stakeholders; so does prioritizing resilience to natural disasters.

We recommended that the Disaster Risk Reduction (DRR) and The Sustainable Development Goals (SDGs) integrated stakeholders capitalize on new information from observations, monitoring, assessments, reevaluation, and reports to “think forward” and implement policies and initiatives to:

- **Maintain resiliency in all aspects,**
- **Reduce disaster risk and losses,**
- **To ensure a safer future, by**
- **Always building back stronger and better.**

Data Governance Framework

COVID- 19 pandemic surveillance, tracking and containing the spread of the virus demand improved innovation in:

- Data Governance (DG)
- Data Privacy and Transparency
- Data Surveillance and Communication
- Statistical Data Collection
- Data Registry
- Data Policies, Guidelines and Procedures



In addition, the integrated systems managing the COVID-19 socio-economic programmes generated interrelated data that warrant good governance and accountability for improved decision making.

Monitoring the implementation and performance indicators of the SDGs demand having an effective Data Governance Framework. Capitalizing on the Government Digitization Project in progress and the following legislative reforms undergird the advancement of the process.

The legislative enactment is structured to significantly catapult the *“Data Governance Framework”* and achieve the realizable benefits.

- ✓ *Leveraging Data Governance Assets, Data Quality and Data Security*
- ✓ *Transformative Data Intelligence, Digitalization and Compliance*
- ✓ *Best-Decision Making, strategic objectives and Communication*
- ✓ *Cost Reduction in Operation and Data Storage Reduction*

CONCLUSION

The US \$250 million IFM RFI was essential in providing budgetary support and sustaining the healthcare and mitigation measures in response to COVID-19. The disbursement and uses of the funds accounted for in this report, under the various MDAs, State Owned Enterprises (SOEs) and Public Private Partnerships (PPPs), provide data for analytical review and outcomes. The benefits of this external financial funding assistance to The Bahamas is notable.

The Bahamas in advancing with resiliency for sustainable development demands capitalizing on 1) new available information to mitigate emerging risks and 2) employ cost containment transformative initiatives with equality.

Acknowledgements are extended to the management and staff of the Ministry of Finance, Public Treasury Department, The Central Bank of The Bahamas, The Ministry of Social Services & Urban Development, Department of Social Services, The Bahamas Small Business Development Centre, and The National Insurance Board for notable courtesies and cooperation during the audit.



PUBLIC PROCUREMENT AND MANAGEMENT OF PUBLIC FINANCES

Procurement Process Overview

The procurement process is initiated by a need to obtain from external source the provision of goods and services to efficiently, effectively and resourcefully facilitate the functions of the Government Ministries, Departments and Agencies.

The provision to be expended for each fiscal period is approved in parliament during the National Annual Budget Process. Additional spending outside of the approved budget requires supplemental approval by Cabinet.

All recurrent and capital expenditure for procurement flows through the Consolidated Fund of the Government of The Commonwealth of the Bahamas.

Methods of Procurement

There are two basic methods of procurement that are used by the government:

Public Tendering - all interested members of the public are invited to submit bids regardless of any pre-requirements; and

Select Tendering - carried out specifically geared towards contractors who already known to meet certain pre-requirements.

Procurement Thresholds Policy

The procurement of supplies, works and services approval process is designated to specific authority based on the following threshold:

Official Purchase Orders (up to a maximum of **\$50,000**) - to be approved by Permanent Secretaries and Heads of Departments;

Tenders Board Selection - submitted for approval by the Minister of Finance ranging from **\$50,000** up to a maximum of **\$250,000**; and

Cabinet Approval - in excess of **\$250,000**.

Competition is fostered in the public procurement process at all of the three (3) levels of procurement thresholds.

Procurement Process Components

The Government of the Bahamas (GoBH) tender and projects are sent to the Cabinet Office for information to be disseminated to the public. After the proposals are approved the same are documented on the Government Website and in some cases, International Website. The summary of the components of the Government Tender and Tender Notices process are shown below in Table I.



Table I – Components of the Tendering Process

The Government of the Bahamas Tender and Tender Notices Information Process			
Components of Tendering Process	Published Notice Medium	Advertisement Duration /Due Date	Tendering Invitation
Request for Qualification (RFQ)	Government Website, Daily Newspaper	Cabinet Office is responsible for the advertsments of the RFQ, EOI and RPF in the Daily Newspapers that run for more than two(2) weeks . It must also be publised on the Government Website	An invite for interested parties to provide information to qualify for a future tender of the proposed project, service or supply.
Request for Expression of Interest (EOI)	Government Website, Daily Newspaper		Notice placed to enable interested firms or vendors who meet the stated and other criteria to determine their eligibility and to respond to the EOI by offering their product and or services under the requirements of the project.
Request for Proposal (RPF)	Government Website, Daily Newspaper, Facebook, International Websites		RPF with specifications for work to be undertaken is prepared by in-house experts, at times outsourced consultants with specific expertise and or assisted by IDB. This same after preparation is sent to Cabinet for publishing for interested applicants to have notice of the same.

The Tendering Approval Process Steps

- Tender Opening
- Tender Submission
- Tender Evaluations Submission
- Minutes and Approvals
- Notification of Award/Non-award of Contracts

Cabinet Approval Process - 18 Cabinet Ministers from the Office of the Prime Minister, Ministry of Finance, Deputy Prime Minister to Ministers of other Ministries form the Cabinet of the Government of The Commonwealth of the Bahamas. The Cabinet vote to award the contract.

Management of Public Procurement Finance Oversight is entrusted with:

The Ministry of Finance (Budget, Revenue, Expenditure Capital and Recurrent Expenditures), Fiscal Policy, Economic, Legal, Internal Audit;



Ministries, Departments and Agencies Permanent Secretaries and Heads of Departments receiving the goods and services;

The Public Treasury Department processing the procurement payments;

Financial Accounting and Reporting of Funds – Treasury Final Accounts; and

Office of the Auditor General – Auditor General’s Annual Report (Audit of the Public Treasury Final Accounts and Audits of Ministries, Departments and Agencies and SOEs).

MANAGEMENT OF PUBLIC FINANCES CONTROL FRAMEWORK

Fiscal Responsibility

The Ministry of Finance (MoF) is the nucleus for the financial management and fiscal responsibility of the nation affairs to protect the peoples’ purse from corruption, wastage, misuse, abuse and misappropriations. The MOF commitment to this cause is outlined in the following objectives:

- Develop policies and manage resources to maximize sustainable socio-economic growth and stability;
- Demonstrate accountability and transparency in the management of fiscal affairs;
- Ensure appropriate financial management of Ministries, Departments and Agencies that fall within the purview of the Ministry of Finance.



APPENDIX II

The registration of beneficial ownership law was enacted by the *Register of Beneficial Ownership Act, 2018*. The Act applies to all companies, deemed a “**legal entity**” existing in The Bahamas under the *Companies Act* or the *International Business Companies Act*).

Register of Beneficial Ownership (Amendment) Act, 2019 (No.30 of 2019)

Register of Beneficial Ownership (Amendment) (No 2) Act, 2019 (No 1. of 2020)

Register of Beneficial Ownership (Amendment) Act, 2020 (No. 26 of 2020)

Source: MOF Legal Unit - Summary of Beneficial Ownership Disclosure

“Under existing legislation, authorization does not exist for any authority for the disclosure (publication) of beneficial ownership information in relation to the tendering process (especially if no prior consent to disclosure is given).

It is suitable to publish the name of the company awarded a government contract and publicly available information like its register of shareholders.

In accordance with Section 6 of the Data Protection (**Privacy of Personal Information**) Act, 2003, data controllers (a person who makes decisions on the use of personal data) are expressly prohibited from using or disclosing personal data in a manner, which is inconsistent with a specified and lawful, propose. As this Act binds the Crown, the provisions are applicable to the Government, its agencies and publicly owned companies.

As, in this case, there is no law which imposes mandatory disclosure of beneficial ownership information on the Government and this matter does not relate to pending civil, criminal or international legal assistance procedures, it does not fall within any of the exceptions to the application of the Act.

Similarly, as for the Register of Beneficial Ownership (**which must be noted is a private register**) it is only accessible by limited designated persons (Section 12 Register of Beneficial Owner Act, 2018).

A search of the Register cannot be executed unless it is in relation to a proper and lawful request in compliance with the designated persons governing legislation. Access in any other circumstance is an offense.

To publish this information without prior consent of the subject person(s) would amount to a breach of an individual’s common law rights to privacy/confidentiality