How Credible and Executable Are Saint Lucia's Annual Budgets? A Plan-to-Outturn Assessment, FY2014/15–FY2024/25

Kevin L. Michel

Saint Lucia Policy Analysis

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Abstract

Budget credibility concerns whether fiscal outcomes resemble the plan originally approved by the legislature. This study constructs a source-vintage-controlled panel for Saint Lucia's budgetary central government covering 11 completed fiscal years, FY2014/15–FY2024/25. Original revenue plans are drawn from annual Estimates; legally approved expenditure totals are anchored to Appropriation Acts; and reported administrative outturns are taken from the latest Economic and Social Review, with classification bridges for the April 2019 chart-of-accounts reform and the later treatment of principal repayment. Current revenue was comparatively accurate: its mean execution rate was 100.7%, its median was 100.8%, and its mean absolute error was 4.6%. Total revenue and grants averaged 96.1%, principally because grants realized only 56.7% of their pooled approved amount and fell below plan in every year. Operating/current expenditure averaged 97.9% of plan, whereas strict capital/development expenditure averaged 72.9% and was below plan in 10 of 11 years. Capital execution was lower than operating execution in 10 years; the mean paired difference was −25.0 percentage points (one-sided exact sign test, $p = .0059$). Total expenditure excluding principal and refunds was below plan in every year and averaged 92.0%. Later official outlooks were substantially closer to reported outturns, particularly for capital, but this improvement reflects a later information set rather than initial-budget credibility. Department and project extensions identify material reconciliation priorities without treating variances as illegality, project failure, or value-for-money evidence. The findings support a category-specific conclusion: Saint Lucia's budgets are comparatively credible for current revenue and operating spending but materially less reliable for grants and capital execution.

Keywords: budget credibility, budget execution, capital expenditure, fiscal forecasting, public financial management, Saint Lucia, small states

1. Introduction

An annual budget performs several jobs at once. It forecasts the resources likely to become available, authorizes expenditure, expresses policy priorities, and provides a benchmark against which the legislature and public can assess implementation. A budget can be formally complete yet weak as an accountability instrument if its approved amounts bear little relation to what is ultimately collected and spent. Conversely, literal adherence is not always desirable: a lawful and transparent response to a recession, natural disaster, financing interruption, or newly identified policy need can appropriately change the plan. The empirically tractable question is therefore not whether every line was executed exactly, but how large, directional, persistent, and concentrated the differences were, and whether later changes can be distinguished from the original plan.

Public Expenditure and Financial Accountability (PEFA) terminology calls this property *budget reliability*: the extent to which aggregate and compositional outturns resemble the originally approved budget (PEFA Secretariat, 2016). The International Budget Partnership and related literature commonly use *budget credibility* for the same plan-to-outturn relationship (Mills, 2018; Simson & Welham, 2014). The distinction between the revenue and expenditure sides matters. A revenue plan is both a policy target and a forecast, so a difference from outturn is appropriately described as a forecast error, subject to intervening tax measures and administrative changes. An appropriation is a legal authority or ceiling as well as a plan. Its difference from outturn is therefore an execution gap, not necessarily a forecasting mistake and still less a finding of legal noncompliance.

Saint Lucia is a revealing case. It is a small, open, tourism-dependent state exposed to external, climatic, and financing shocks, while also carrying the fixed administrative costs and

capacity constraints common to small states (Easterly & Kraay, 2000; Hill & Khadan, 2024). Its Department of Finance publishes unusually detailed annual Estimates, Economic and Social Reviews (ESRs), debt reports, and fiscal statistics. Annual books contain revenue forecasts, operating and project expenditure, cost centres, programmes, financing sources, standard-object classifications, and project listings. That documentary depth makes a reproducible national case study possible. It also creates hazards: the source books contain original plans, approved estimates reproduced in later volumes, in-year projections, provisional administrative actuals, and later revised statistical outturns. Those vintages cannot be treated as interchangeable.

The study asks:

How closely have Saint Lucia's revenue, operating expenditure, and capital expenditure outcomes matched the plans originally approved for FY2014/15–FY2024/25?

Three subsidiary questions follow. First, are deviations predominantly above or below plan, and how large are they? Second, does capital execution differ systematically from operating/current execution? Third, what do revenue-source, department, project-recurrence, and debt-pressure extensions add without exceeding the evidence?

The paper makes four contributions. It first reconstructs an 11-year, latest-vintage aggregate panel from Saint Lucian primary records, anchored to the legal budget while retaining revenue and economic-classification detail from the Estimates. Second, it publishes a transparent bridge across a new chart of accounts implemented in FY2019/20 and across the inclusion of debt amortization in the Act's capital column from FY2022/23. Third, it separates original plans, later official outlooks, and reported administrative outturns, thereby avoiding the common error of treating a near-year-end update as either the approved plan or the final account. Fourth, it

combines national results with bounded department and project screens that preserve portfolio and classification caveats.

The answer is neither “the budgets are credible” nor “the budgets are not credible” without qualification. Current revenue and operating expenditure were generally close to plan. Grants were systematically below plan, strict capital expenditure was persistently underexecuted, and total expenditure excluding financing transactions fell below plan in all 11 completed years. This category-specific diagnosis is more useful than a single score because it identifies where planning-to-outturn reconciliation would yield the greatest accountability and operational benefit.

2. Conceptual Framework and Related Literature

2.1 Credibility as level and composition reliability

Budget credibility has both aggregate and compositional dimensions. Aggregate expenditure can approximate its approved total while ministries, economic categories, or projects differ sharply because positive and negative variances offset. PEFA accordingly distinguishes aggregate expenditure (PI-1), expenditure composition (PI-2), aggregate revenue (PI-3.1), and revenue composition (PI-3.2). Cross-country reviews of PEFA reports show that aggregate performance often conceals larger reallocations and that explanations for material deviations are frequently incomplete (Mills, 2018). Addison (2013) similarly documents wide variation in the level and quality of budget execution across countries.

This study estimates level reliability for five comparable aggregates: current revenue net of refunds, total revenue and grants, operating/current expenditure, strict capital/development expenditure, and total expenditure excluding principal repayment and refunds. It also decomposes the revenue gap into current revenue, capital revenue, and grants. A formal PEFA composition-variance score is not estimated because an exhaustive, stable category crosswalk

satisfying the PEFA calculation rules is not available for every year. Department and project results are therefore presented as original-budget variance analyses, not as PI-2 scores.

An original approved budget is the primary accountability benchmark. Let B_{kt}^{0} denote the original plan for category k in fiscal year t, B_{kt}^{u} a later official update or outlook, and A_{kt} the reported administrative outturn. The original benchmark captures what Parliament initially authorized and what revenue planners initially forecast. A final legally revised appropriation would answer a different and valuable question, but it should not replace B^{0} in the headline series. Where it exists, the gap can be decomposed as

$$[A_{kt}-B^{0}_{kt}=(B r_{kt}-B^{0}_{kt})+(A_{kt}-B r_{kt}),]$$

where B_{kt}^{r} is the final legally revised amount. The first term is an authorized change in plan; the second is residual execution relative to that later authority. The present public archive does not provide a complete annual series of final appropriations and warrants, so the study does not equate original-budget variance with unauthorized spending.

2.2 Revenue forecasting and fiscal institutions

Revenue forecasts may err because of macroeconomic surprises, base-year revisions, one-off receipts, policy changes, compliance shifts, or technical assumptions. The broader literature also considers whether institutional incentives produce directional optimism. Formal methods, transparent assumptions, organizational simplicity, and independent scrutiny can improve the process, although a negative error alone cannot establish strategic bias (ElBerry & Goeminne, 2021; Frankel, 2011; Hadzi-Vaskov et al., 2023; Kyobe & Danninger, 2005; Leal et al., 2008). The appropriate local test is therefore descriptive: whether errors are consistently signed, how large they are, and which sources account for them.

Budget institutions connect plans and implementation through authorization, commitment control, cash management, reporting, and review. Comparative evidence associates stronger processes with improved fiscal discipline or implementation, but cannot identify institutional effects in a short single-country series (Alesina et al., 1999; Dabla-Norris et al., 2010; Lledó & Poplawski-Ribeiro, 2013; von Hagen & Harden, 1995). Here it organizes interpretation, not causal attribution.

2.3 Why capital execution may differ

Capital and development expenditure is particularly exposed to project appraisal, design, land acquisition, procurement, counterpart financing, donor conditions, contract management, weather, implementation capacity, and the timing of disbursements. Public-investment-management frameworks emphasize sequential gates from project screening and appraisal through selection, budgeting, implementation, adjustment, operation, and ex post evaluation (International Monetary Fund [IMF], 2022; Rajaram et al., 2010). Scaling investment faster than administrative and construction capacity permits can also weaken execution or project performance (Presbitero, 2016).

ECCU evidence makes the question regionally salient. Mitchell et al. (2020) report that average capital-budget execution in the Eastern Caribbean Currency Union fell from roughly 73% to 59% over their study period, with substantial cross-country variation. Saint Lucia's 2018 Climate Change Policy Assessment described historical capital execution around 50%–60% and weaknesses in project selection, multiyear planning, maintenance funding, asset monitoring, and ex post review (IMF, 2018). These are dated institutional priors, not current findings. More recent IMF surveillance has nevertheless continued to identify lower project or capital execution as material to Saint Lucia's fiscal outcomes (IMF, 2024, 2026).

Operating expenditure may be less adjustable because wages, interest, pensions, transfers, and ongoing services are difficult to compress quickly. Comparative evidence finds that public investment can function as an adjustment margin when current expenditure is rigid or adverse conditions arise (Ardanaz & Izquierdo, 2022; Herrera & Olaberria, 2020; Muñoz & Olaberria, 2019). This mechanism is plausible for Saint Lucia, but the annual record cannot establish that debt service or wage costs caused capital underexecution. Debt-pressure indicators are therefore treated as contextual constraints rather than explanatory regressors.

Spending is not productive capital. High execution does not demonstrate project quality, completion, service improvement, or value for money; low execution can reflect delay, cancellation, savings, or rephasing. Investment expenditure is an input, not the resulting asset's value (Dabla-Norris et al., 2012; Pritchett, 2000).

3. Saint Lucia's Institutional and Classification Context

Saint Lucia's fiscal year runs from April 1 through March 31. The unit examined is budgetary central government. It does not include the wider public sector, public corporations, or guaranteed debt unless both the approved plan and outturn consolidate them. Annual debt portfolio reviews cover broader and usually calendar-year concepts and are used only for context.

The Public Finance Management Act No. 14 of 2020 establishes the domestic framework for estimates, appropriations, supplementary estimates, virements, reallocations, accounts, and audit. Sections 32–37 govern the estimates and their approval; sections 44–49 address execution changes and controls; and sections 76–79 address reporting, annual accounts, and audit. Section 76 provides for quarterly comparison of appropriation execution with the estimates, while section 77 requires annual reporting that compares actual expenditure with approved estimates

by subhead (Government of Saint Lucia, 2020). The 2023 Public Finance Management Regulations add commitment control, revised-revenue and quarterly reporting, year-end liability, accrual, and lapse procedures (Government of Saint Lucia, 2023). These provisions motivate the proposed reconciliations; this study does not test whether every statutory report or control was complied with.

Four presentation events matter empirically. First, a new chart of accounts took effect on April 1, 2019. The FY2019/20 Estimates explain that project administrative expenses shifted toward recurrent categories, while asset acquisition and production were classified as capital; comparative years were re-presented (Government of Saint Lucia, Department of Finance, 2019). Second, beginning in FY2022/23 the Act's capital column included public-debt amortization. Principal is a financing transaction under GFSM 2014, not capital expenditure (IMF, 2015), so it must be removed before comparing the legal capital column with ESR capital outturn. Third, FY2023/24 introduced a more explicit summary split among project-current, project-capital, and non-project capital; this is a presentation break, not the start of the 2019 economic-classification change. Fourth, the FY2025/26 planning cycle formally introduced GFSM 2014 implementation and new financial-management systems. That year is both outside the completed-outturn sample and a second hard metadata break (Government of Saint Lucia, Department of Finance, 2025).

These distinctions prevent two serious errors: comparing an old-chart legal plan with a new-chart-restated outturn, and comparing a capital column that includes principal with an economic capital outturn that excludes it.

4. Data and Methods

4.1 Sources and source-vintage hierarchy

The aggregate sample covers FY2014/15–FY2024/25. Original revenue plans come from the budget-year column of the annual *Estimates of Revenue and Expenditure*. Original

expenditure totals are anchored to the annual Appropriation Acts (Government of Saint Lucia, 2014–2025), with the Estimates used to separate current expenditure, refunds, principal, project-current costs, and strict capital. Reported outturns come from the latest available revised central-government series in the *Economic and Social Review 2025*, particularly Tables 34–37 (Government of Saint Lucia, Department of Finance, 2026a, pp. 123–126). The latest ESR is preferred to the exact-looking "actual" printed in an earlier Estimates volume because those administrative observations can later be revised materially. For example, an earlier volume reported FY2015/16 capital actual of EC$256.870 million, whereas the latest ESR reports EC$234.2 million.

The hierarchy deliberately preserves three states:

1. *Original approved plan*: the initially approved or forecast amount B^0.
2. *Later official outlook*: the projection or year-end estimate B^u published after more of the year had elapsed.
3. *Reported administrative outturn*: the latest revised ESR observation A, not assumed to be audited Public Accounts.

The Estimates often describe historical information as unaudited, preliminary, provisional, or subject to revision. The Director of Audit's FY2013/14 report described modified-cash reporting and departures from the applicable basis at that time while noting migration toward Cash Basis IPSAS (Office of the Director of Audit, 2015). The 2023 Regulations additionally recognize commitments, accrual procedures, and year-end liabilities. Accordingly, this paper uses "reported administrative outturn" and avoids an unsupported blanket characterization of every observation as final, audited, pure cash, or full accrual.

FY2025/26 is excluded from the completed sample. Its ESR value is a year-end outlook, and its detailed categories lie across the GFSM 2014 and systems transition. FY2026/27 is a plan only. Both are shown separately where useful, never pooled with completed years.

4.2 Analytical definitions

Table 1 sets out the crosswalk. Current revenue is recurrent revenue net of tax refunds. Total revenue and grants adds capital revenue and grants on a matched basis. Operating/current expenditure includes interest and project-current expenditure where the presentation requires it, but excludes refunds, principal repayment, and strict capital. Strict capital represents asset acquisition, production, capital transfers, and comparable development expenditure; it excludes principal and project-current costs. Total expenditure is measured net of principal and refunds so that it is comparable with the ESR's current-plus-capital expenditure concept.

Table 1
Analytical Concordance Between Published Labels and Study Measures

Study measure	Plan construction	Reported-outturn construction	Principal	Refunds	Main caveat
Current revenue	Estimates "Current Revenue"	ESR current revenue	Not applicable	Net	Do not substitute gross recurrent revenue
Total revenue and grants	Current revenue + capital revenue + grants	Same ESR components	Not applicable	Net	Grants are tied partly to project timing
Operating/current expenditure	Current expenditure, including project-current where applicable	ESR current expenditure	Excluded	Excluded	Interest included; not identical to Act "recurrent"
Strict capital/development expenditure	Act/Estimates capital after the bridge below	ESR capital expenditure	Excluded	Excluded	Chart break in FY2019/20
Total expenditure	Operating + strict capital	ESR current + capital	Excluded	Excluded	Not the headline Act total

Note. The crosswalk applies to budgetary central government. "Project" is not synonymous with "capital": projects can include salaries, goods, services, and transfers.

For FY2014/15–FY2021/22, the Appropriation Act capital amount is the strict-capital plan. From FY2022/23, principal is embedded in the Act's capital column and is subtracted. The resulting denominators are EC$382.6454 million in FY2022/23 (493.2026 − 110.5572), EC$302.136547 million in FY2023/24 (414.3960 − 112.259453), and EC$299.3149 million in

FY2024/25 (392.2157 − 92.9008). In FY2022/23, detailed project and non-project standard-object tables independently reconcile the EC$382.6454 million as EC$366.5290 million of project capital plus EC$16.1164 million of non-project capital excluding amortization. No project-current amount is added.

4.3 Estimands and small-sample strategy

For a positive original plan, the execution rate is

[ER_{kt}=100,]

and the signed percentage gap is

[SG_{kt}=100.]

The absolute percentage error is $AG_{kt} = |SG_{kt}|$, and the nominal gap is $A_{kt} - B^{0}_{kt}$. Summary statistics include the arithmetic and pooled execution rates, median, interquartile range (IQR), range, mean and median absolute error, and the number of years below plan. The pooled rate is the ratio of summed outturns to summed plans and therefore weights larger fiscal years more heavily.

The central within-year comparison is

[D_t=ER^{capital}_t-ER^{operating}_t.]

The directional hypothesis is that $D_t < 0$. Because 11 fiscal years constitute a short, serially ordered institutional record, the analysis leads with the observed annual values and effect sizes. A one-sided exact sign test is used as limited sensitivity evidence for whether negative paired differences predominate. Its exchangeability assumptions and small sample preclude treating the *p* value as a causal or population estimate. Leave-one-year-out ranges show whether any single observation drives the reported means.

Later-outlook accuracy is measured against the common outturn denominator:

[MAE^j_k=_t,]

where $j = 0$ denotes the original approved plan and $j = u$ the later official outlook. A lower outlook error shows that the later information set predicted the reported outturn more closely. It does not make the original budget more credible, prove better execution, or establish that the update was legally appropriated.

PEFA PI-1 and PI-3.1 ranges are used only as descriptive reference bands. No formal PEFA grade is assigned because the full scope, supplementary-budget evidence, category rules, and PEFA quality assurance were not established. Formal composition variance under PI-2 or PI-3.2 is not estimated.

4.4 Department and project extensions

The department analysis uses the original FY2024/25 summary and administrative actuals reported in the FY2026/27 Estimates (Government of Saint Lucia, Department of Finance, 2024, 2026b). Departments are ranked only when the vote is stable or has a minor title change and the original total is at least EC$10 million. Major portfolio changes are retained as reconciliation flags but excluded from the preferred rank universe. Department capital uses the broader appropriation/ceiling concept, including amortization in the Finance vote, and must not be compared directly with ESR strict capital.

The project extension conservatively identifies families with positive original allocations in FY2024/25, FY2025/26, and FY2026/27 and at least one annual budget of EC$3 million or more. Linkage prioritizes exact project IDs, then validated code transitions and title continuity. Repeated appearance is called budget persistence. A stricter “zero-execution rollover” flag requires a positive original FY2024/25 budget, zero reported project actual, and a later positive allocation. Even this is an investigation flag, not evidence of failure or illegality.

5. Results

5.1 Annual plan-to-outturn performance

Table 2 reports the execution rate for each core measure. The series displays three distinct patterns. First, current revenue remained relatively near its original forecast in most years, although FY2020/21 was a conspicuous downside observation at 86.5%. Second, operating/current expenditure was consistently close to, but usually below, plan. Third, capital execution was much lower and more variable. Total expenditure inherited that capital shortfall and remained below plan throughout the sample.

Table 2
Annual Execution Rates Relative to the Original Plan, Percent

Fiscal year	Current revenue	Total revenue and grants	Operating/current expenditure	Strict capital expenditure	Total expenditure less principal and refunds
FY2014/15	106.1	101.5	103.8	71.9	94.9
FY2015/16	100.8	92.7	97.8	56.5	85.0
FY2016/17	99.7	92.9	97.4	67.4	89.8
FY2017/18	100.4	97.7	97.5	69.6	90.1
FY2018/19	105.2	102.2	99.7	72.9	94.0
FY2019/20	95.6	95.0	98.9	81.4	95.9
FY2020/21	86.5	81.7	93.9	79.8	90.9
FY2021/22	104.9	100.4	96.6	81.8	93.8
FY2022/23	108.9	99.4	93.3	50.1	83.7
FY2023/24	96.6	93.4	94.9	100.8	96.0
FY2024/25	103.1	100.8	103.3	70.1	97.7

Note. Rates are calculated from unrounded EC-dollar amounts; displayed values may not reproduce exactly from rounded source tables. Current revenue is net of refunds. Capital excludes principal and project-current expenditure. FY2019/20 begins the new-chart segment; FY2023/24 begins the revised summary presentation.

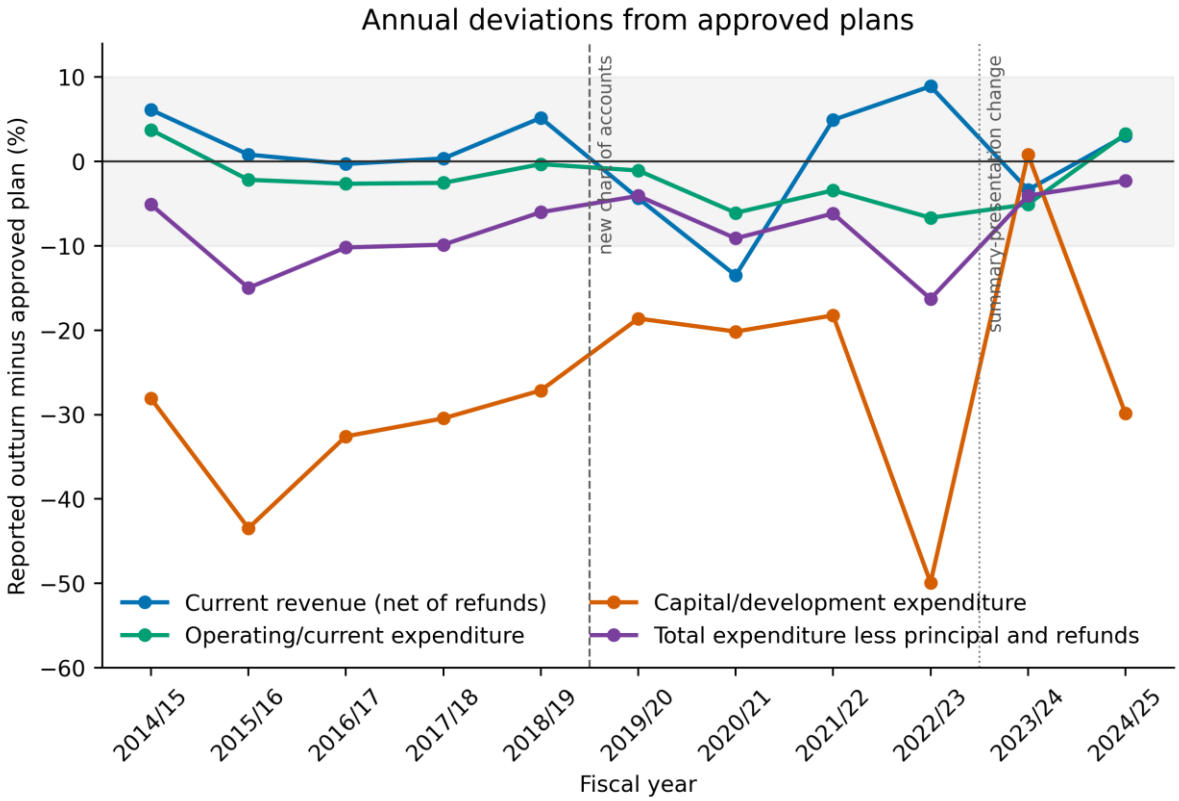

Figure 1. *Annual signed plan-to-outturn deviations for the five core measures, FY2014/15–FY2024/25. Vertical markers identify the FY2019/20 chart-of-accounts change and the FY2023/24 summary-presentation change.*

The distributional summaries in Table 3 sharpen this result. Current revenue's mean and pooled execution rates were 100.72% and 100.64%, respectively. Its median was 100.82%, mean absolute error was 4.63%, and four of 11 outcomes were below forecast. Thus the current-revenue series does not show persistent aggregate overforecasting: positive and negative errors largely offset over the full sample. Its range nevertheless matters. A forecast process that is approximately unbiased on average can still be exposed to large year-specific shocks.

Total revenue and grants was weaker. Its mean execution rate was 96.14%, pooled rate 96.20%, and median 97.66%; seven of 11 outcomes were below plan. Operating expenditure was closer, with mean execution of 97.92%, a pooled rate of 97.76%, and mean absolute error of 3.36%. It was below plan in nine years. Strict capital expenditure averaged 72.94%, with a pooled rate of 71.68%, median of 71.91%, and mean absolute error of 27.21%. Ten of 11 capital

outcomes were below plan. Total expenditure excluding principal and refunds averaged 91.99%, and every annual observation was below plan.

Table 3
Summary Reliability Statistics, FY2014/15–FY2024/25

Measure	Mean execution	Pooled execution	Median	Mean absolute error	IQR	Range	Years below plan
Current revenue	100.72	100.64	100.82	4.63	6.87	86.50–108.92	4/11
Total revenue and grants	96.14	96.20	97.66	4.73	7.43	81.71–102.21	7/11
Operating/current expenditure	97.92	97.76	97.47	3.36	3.55	93.33–103.76	9/11
Strict capital expenditure	72.94	71.68	71.91	27.21	12.13	50.10–100.82	10/11
Total expenditure less principal/refunds	91.99	92.06	93.83	8.01	5.44	83.73–97.72	11/11

Note. Values except counts are percentages or percentage points. “Pooled” is the ratio of summed outturns to summed original plans. IQR = interquartile range.

Leave-one-year-out calculations show that these means do not depend on a single observation. Across the 11 omissions, the current-revenue mean ranges from 99.90% to 102.14%, operating expenditure from 97.33% to 98.37%, capital from 70.15% to 75.23%, and total expenditure from 91.42% to 92.82%. Excluding the pandemic-affected years also leaves the qualitative ordering intact. Those exercises are not counterfactual estimates of a no-shock economy; they show only that the category ranking survives reasonable sample perturbations.

Supplementary Appropriation Act No. 7 of 2022 added EC$9.8704 million of recurrent authority to FY2021/22 (Government of Saint Lucia, 2022). That denominator lowers operating execution from approximately 96.6% to 95.8% and total execution from 93.8% to 93.2%. It illustrates the distinct estimands but does not establish that other years had no legal changes.

5.2 Revenue-source decomposition

The apparent contrast between current revenue and total revenue and grants is explained by the latter’s composition. Across the sample, current revenue exceeded its cumulative plan by EC$78.653 million, while capital revenue fell short by EC$79.082 million and grants by

EC$513.921 million (Table 4). Grants were below plan in all 11 completed years, and only 56.67% of their pooled planned value was reported. Their mean annual execution rate was 59.30%.

Table 4
Cumulative Revenue and Grant Decomposition, FY2014/15–FY2024/25, EC$ Millions

Component	Original plan	Reported outturn	Nominal gap	Pooled execution	Years below plan
Current revenue, net of refunds	12,240.347	12,319.0	78.653	100.64%	4/11
Capital revenue	96.082	17.0	−79.082	17.69%	11/11
Grants	1,186.121	672.2	−513.921	56.67%	11/11
Total revenue and grants	13,522.550	13,008.2	−514.350	96.20%	7/11

Note. Capital revenue is the rounding-consistent residual in the latest ESR presentation. Totals may differ slightly because the outturn tables are reported in EC$0.1 million.

This is not evidence that grant forecasts were strategically inflated. Grant realization can depend on donor approval, counterpart conditions, procurement milestones, eligible expenditure, reimbursement timing, and the execution of the underlying project. The same mechanism can place a shortfall on both sides of the fiscal account: a delayed externally financed project can reduce the grant inflow and the associated capital spending. The arithmetic establishes concentration of the aggregate revenue gap, not its cause. A publishable reconciliation would therefore link each material grant forecast to the relevant project, financing agreement, disbursement condition, revised outlook, and eventual receipt.

The latest-ESR tax and nontax components reconcile to current revenue within approximately EC$0.1 million in every year, consistent with source rounding. A formal PI-3.2 composition statistic is nevertheless not reported: it would require the official exhaustive-category calculation and the same perimeter and treatment rules used in a PEFA assessment. Tax-versus-nontax execution remains a promising extension once those rules and all category mappings are documented.

5.3 The operating–capital execution asymmetry

Capital execution was below operating execution in 10 of 11 fiscal years. The mean paired difference, capital minus operating, was −24.98 percentage points; the median difference was −27.91 percentage points. A one-sided exact sign test gives $p = .0059$. A two-sided sign-flip permutation sensitivity gives $p = .0020$. These probabilities describe the unusualness of the observed directional pattern under their respective exchangeability assumptions; they are not estimates of a structural effect and do not establish why capital differed.

The comparison survives the FY2019/20 chart break. In the old-chart segment through FY2018/19, capital was below operating in all five years and the mean difference was −31.56 percentage points (one-sided sign-test $p = .0313$). In the six-year new-chart segment, it was lower in five years and the mean difference was −19.49 points ($p = .1094$). The shorter segment's nonsignificant sign test is unsurprising with only six observations and one capital outcome slightly above plan. The effect sizes, annual record, and source bridge are more informative than a dichotomous significance label.

The two adjacent transition years illustrate why a matched series is necessary. The original legal capital plans were EC$362.1413 million in FY2017/18 and EC$284.6279 million in FY2018/19. The latest ESR's old-chart-compatible reported outturns were EC$251.9 million and EC$207.4 million, yielding 69.6% and 72.9%. Later Estimates re-presented earlier observations under the new chart. A re-presented FY2018/19 comparison gives EC$157.732456 million against EC$176.860025 million, or 89.2%, but it answers a different classification question. No equally clear restated approved denominator was identified for FY2017/18. The re-presented ratio is therefore a sensitivity, not a replacement for the original-plan, old-chart main series.

The denominator bridge is equally consequential after FY2022/23. Treating the Act's full capital column as economic capital would compare principal amortization with an ESR outturn that excludes it. The detailed FY2022/23 standard-object reconciliation confirms that the matched plan is EC$382.6454 million of strict capital, comprising EC$366.5290 million of project capital and EC$16.1164 million of non-project capital. A later Estimates reports EC$191.729474 million actual, rounded to EC$191.7 million in the latest ESR; either yields 50.10%. In FY2023/24 the matched rate was 100.82%, followed by 70.13% in FY2024/25. This sharp sequence argues against describing underexecution as a fixed ratio; it is a recurrent but heterogeneous pattern.

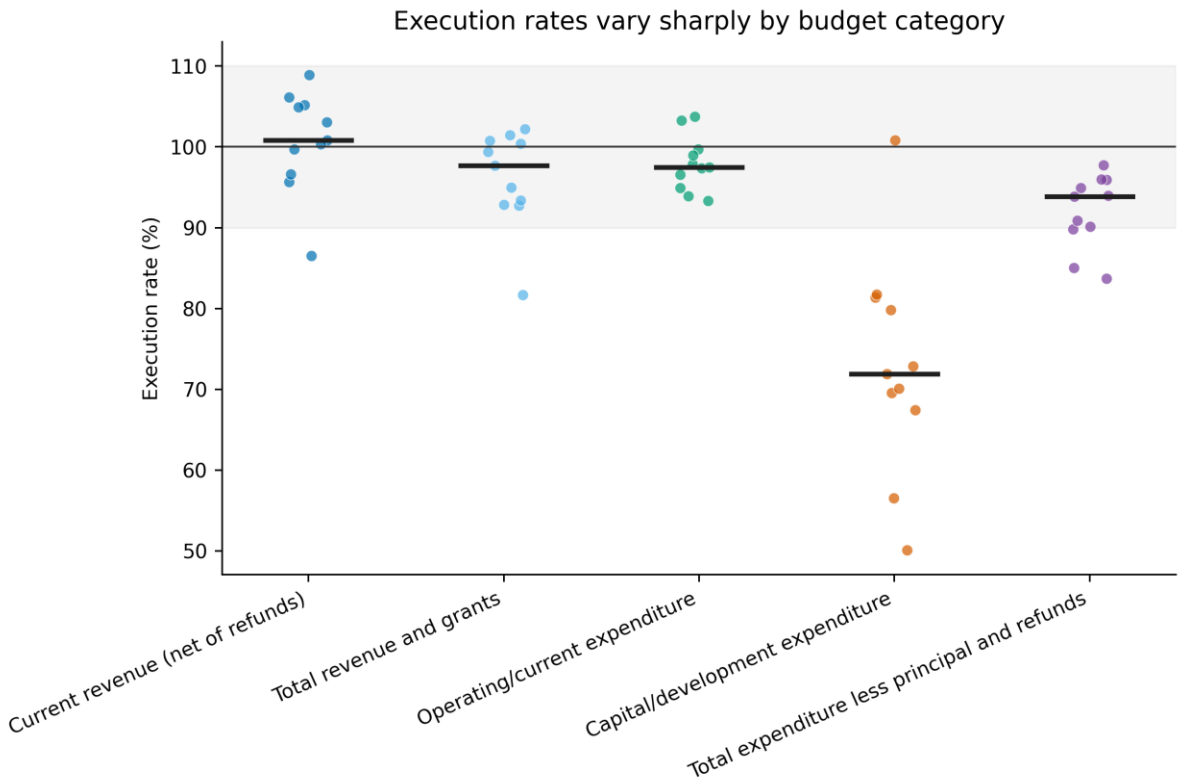

Figure 2. *Distribution of execution rates by core fiscal measure. The capital distribution is lower and wider than the operating distribution.*

5.4 Original plans and later official outlooks

Later official projections were usually much closer to the reported outturn than the original plan (Table 5). Using the same outturn denominator for both errors, the mean absolute error for capital fell from 42.14% for the original plan to 9.56% for the later outlook. For total expenditure it fell from 8.95% to 2.01%. The outlook was closer in nine of 10 classification-matched capital comparisons and nine of 11 total-expenditure comparisons.

Table 5
Original-Plan and Later-Outlook Accuracy Relative to Reported Outturn

Measure	Comparable years	Original-plan MAE	Later-outlook MAE	Years outlook closer
Current revenue	11	4.70%	1.03%	9/11
Total revenue and grants	11	5.27%	1.73%	7/11
Operating/current expenditure	10	3.79%	1.57%	9/10
Strict capital expenditure	10	42.14%	9.56%	9/10

Measure	Comparable years	Original-plan MAE	Later-outlook MAE	Years outlook closer
Total expenditure less principal/refunds	11	8.95%	2.01%	9/11

Note. MAE is the mean of absolute errors divided by the same reported-outturn denominator. FY2018/19 operating and capital are omitted because the outlook and matched original plan are not on a sufficiently secure common chart.

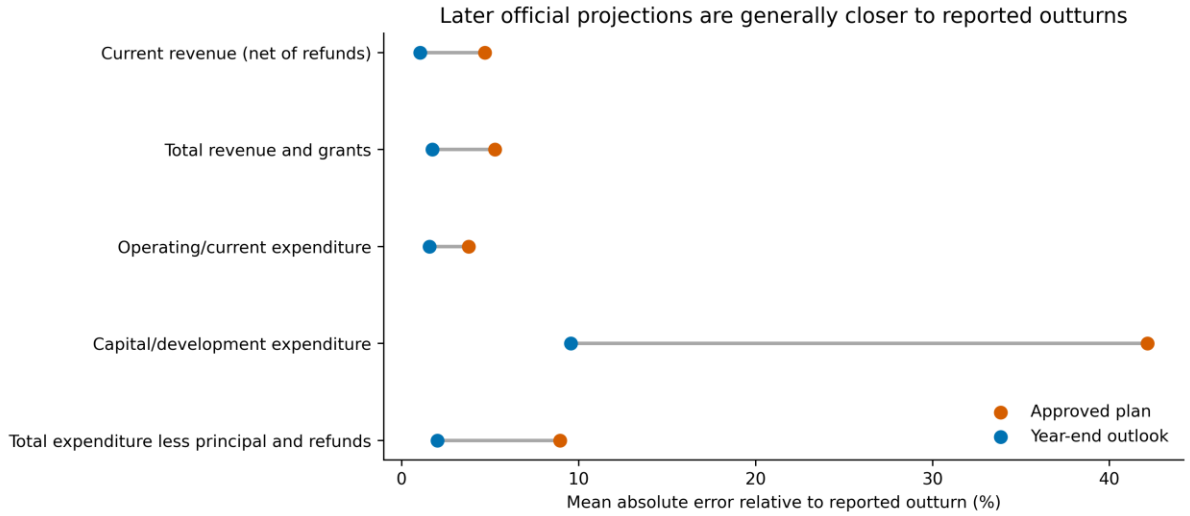

Figure 3. *Mean absolute error of the original plan and later official outlook against reported outturn. Later projections generally incorporate substantial within-year information.*

Later outlooks have an informational advantage. Their accuracy shows responsiveness but does not validate the original plan, project management, or legal authority. Accountability requires the original plan, authorized changes, outlook, and outturn together.

5.5 Interest, debt service, wages, and fiscal room

Interest and principal are kept conceptually separate. Interest is current expenditure; principal repayment is financing. On the latest ESR vintage, actual interest ranged from 14.35% to 18.84% of current revenue. Gross debt service – interest plus principal – ranged from 20.17% to 31.52%, peaking in FY2020/21. Wages and salaries ranged from 31.40% to 47.32% of current revenue. These ratios demonstrate that sizeable recurrent and financing claims had to be accommodated in annual fiscal management, consistent with the recent emphasis on debt and rollover needs in external surveillance (IMF, 2026).

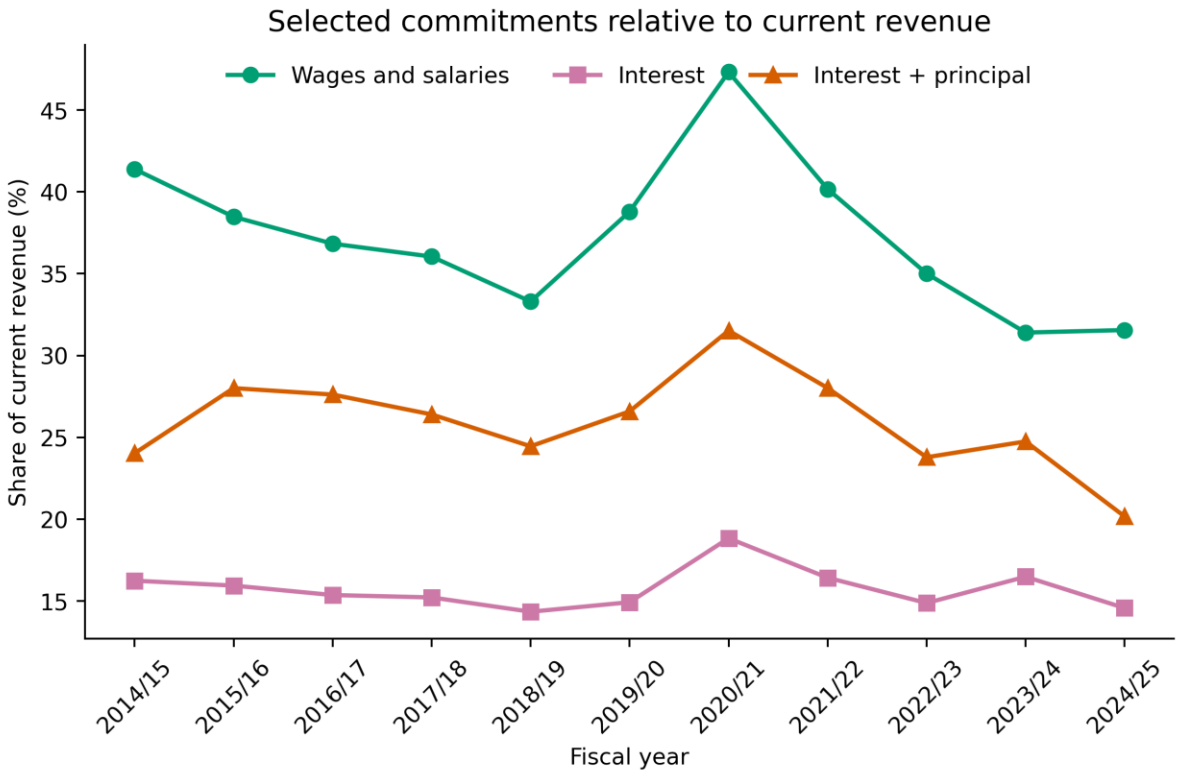

Figure 4. *Wages, interest, and gross debt service as percentages of current revenue. Principal is included only in gross debt service and is not treated as expenditure.*

The paper does not estimate a debt-service crowding-out coefficient. Eleven observations span chart changes, a pandemic shock, financing shifts, and project-specific implementation events. A correlation would combine these channels without identifying direction. The appropriate conclusion is narrower: operating expenditure contains items that are predictably recurrent, while principal creates liquidity and refinancing demands outside the expenditure concept. Medium-term capital programming should therefore be tested against realistic revenue, grant-disbursement, debt-service, and implementation envelopes. The observed capital gap cannot be attributed arithmetically to any one of them.

5.6 Descriptive PEFA reference bands and the FY2025/26 outlook

The latest completed three-year window illustrates how aggregate benchmark bands can coexist with a weak category. Total-expenditure execution was 83.7%, 96.0%, and 97.7% in

FY2022/23–FY2024/25, placing two of three observations within the PEFA PI-1 numerical interval of 95%–105%. Total-revenue-and-grants execution was 99.4%, 93.4%, and 100.8%, placing two within the PI-3.1 interval of 97%–106% (PEFA Secretariat, 2016). These calculations meet the narrow numerical two-of-three pattern associated with the highest aggregate bands. They are not formal grades: the study has not established the full PEFA perimeter, treatment of every supplementary budget, expenditure exclusions, category mapping, or independent quality assurance. Nor do aggregate bands capture the 50.1% strict-capital outcome in FY2022/23.

FY2025/26 is displayed only as a provisional bridge to the new system. Its year-end outlook implies execution of 99.6% for total revenue and grants, 99.5% for operating expenditure, 82.3% for strict capital, and 96.6% for total expenditure. Those values may be operationally useful, but they are not pooled with the completed sample because the ESR labels the year as a year-end outlook and the budget cycle formally implemented GFSM 2014 and new financial-management systems. The first post-transition assessment should wait for a completed and preferably audited outturn plus a published old-to-new mapping.

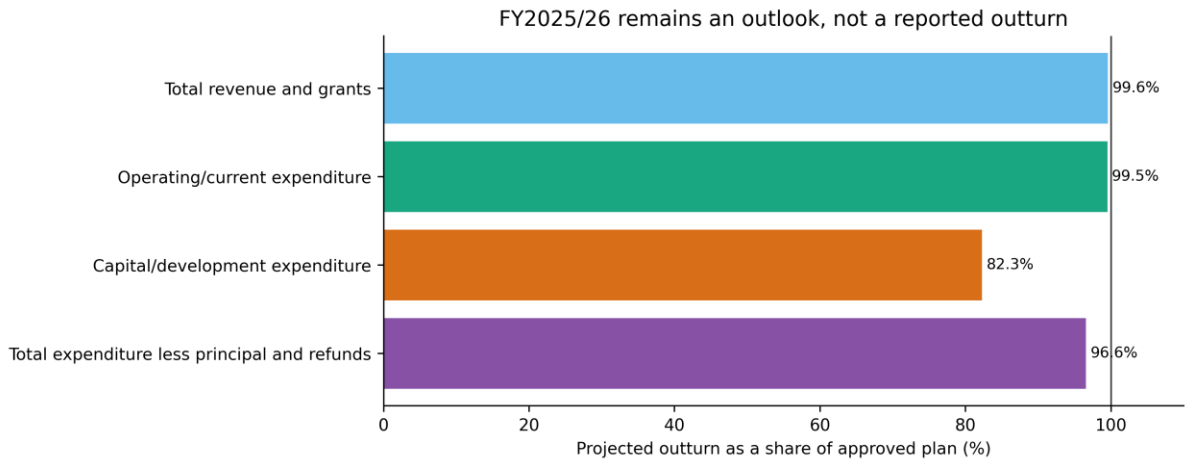

Figure 5. *FY2025/26 original-plan and year-end-outlook execution rates, displayed separately from completed fiscal years.*

5.7 Department-level FY2024/25 results

The FY2024/25 department extension shows how a near-on-plan total can conceal large internal differences. Across all departments, original recurrent expenditure was EC$1,501.895 million and reported actual was EC$1,550.965 million, or 103.3%. The department-capital ceiling was EC$392.216 million and reported actual EC$284.655 million, or 72.6%. Total execution was 96.9%. Because this department-capital concept includes amortization and administrative capital, its 72.6% must not be substituted for the 70.1% ESR strict-capital rate.

Table 6 limits ranking to the nine votes with a stable or minor-title crosswalk and an original total of at least EC$10 million. Eleven votes with major portfolio changes are excluded from performance ranking. Code 56, Economic Development and Youth Economy, had the largest nominal and proportional shortfall in the preferred universe: reported total spending was 50.7% of its EC$140.206 million original plan, a gap of EC$69.123 million. Infrastructure, Ports and Transport executed 80.5% of EC$122.322 million. National Security was close to its original total at 96.3%, yet its capital component was 47.1%, demonstrating how current expenditure can mask an internal capital gap. At the other end, Youth Development and Sports reported 156.8% of its original total, driven by recurrent expenditure.

Table 6

FY2024/25 Execution in Material Departments With Stable or Minor Crosswalks

Code	Department (original title)	Original total, EC$m	Recurrent execution	Capital execution	Total execution	Total gap, EC$m
56	Economic Development & Youth Economy	140.206	73.0%	37.7%	50.7%	−69.123
55	Sustainable Development	25.843	75.3%	109.9%	79.8%	−5.218
43	Infrastructure, Ports & Transport	122.322	84.8%	77.1%	80.5%	−23.882
46	Tourism, Investment, Creative Industries, Culture & Information	59.003	91.9%	80.1%	88.6%	−6.701
21	Office of the Prime Minister	24.132	93.7%	74.9%	91.5%	−2.040
37	National Security	90.019	98.4%	47.1%	96.3%	−3.295
35	Justice	26.705	99.2%	94.8%	99.0%	−0.261
45	External Affairs et al.	32.560	100.4%	93.8%	100.1%	0.030
54	Youth Development & Sports	14.508	165.1%	100.0%	156.8%	8.239

Note. Rankings compare the original budget with administrative actuals reported in the FY2026/27 Estimates. A ratio above 100% is a reconciliation prompt, not evidence of unauthorized spending. Capital is the department appropriation/ceiling concept, including amortization in the Finance vote.

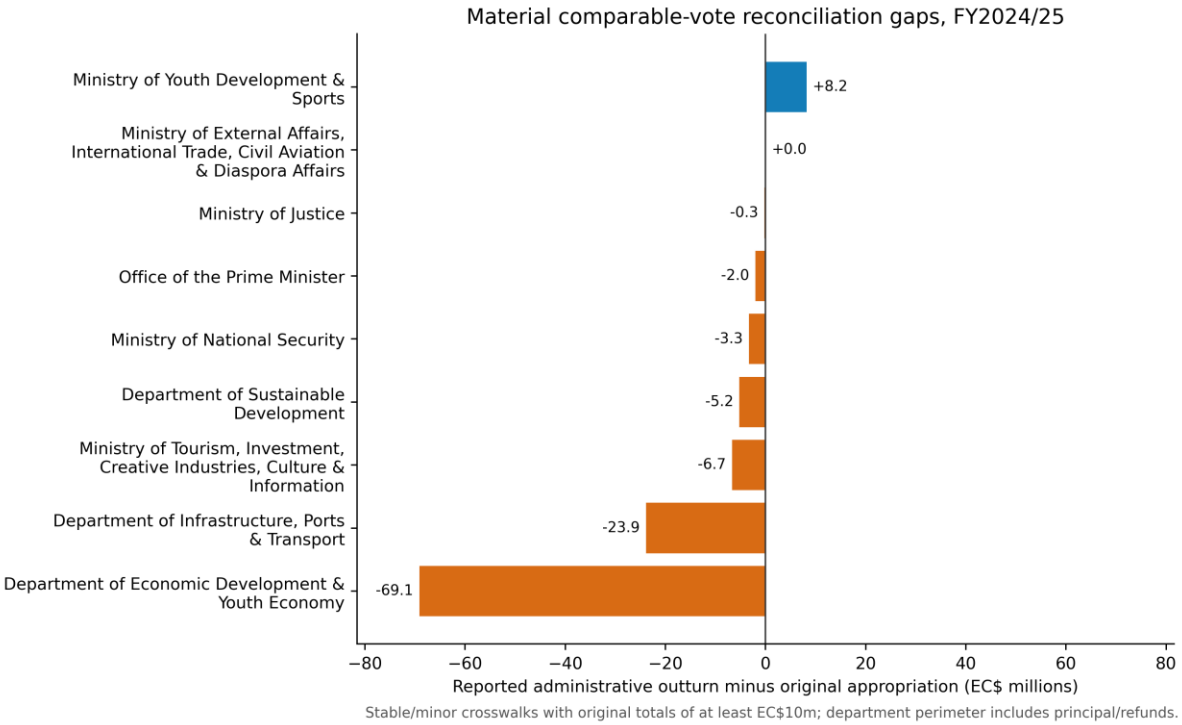

Figure 6. *FY2024/25 total nominal gaps for material departments with stable or minor crosswalks. Major portfolio-change votes are shown separately or excluded from ranks.*

Department differences require a bridge from original vote through supplements, virements, transfers, and revised estimates to actuals. Without it, neither low nor high ratios establish management quality.

5.8 Project persistence and maintenance visibility

Thirteen manually validated project families met the conservative persistence rule: a positive allocation in each of FY2024/25, FY2025/26, and FY2026/27, with at least one annual allocation of EC$3 million. Their three-cycle budgets totalled EC$479.675 million. Their FY2024/25 original project allocations summed to EC$191.059 million and reported project actuals to EC$137.640 million, or 72.0%. Because project tables contain both current and capital objects, this is a project-envelope rate, not strict-capital execution.

Most repeated entries have an evident multi-year or recurring-service interpretation. St. Jude Hospital Reconstruction executed 44.9% of its FY2024/25 EC$67.207 million original

project allocation; Millennium Highway/West Coast Road Upgrade executed 86.3% of EC$41.672 million; Road Improvement and Maintenance Project 5 executed 96.4% of EC$10.000 million; Disaster Vulnerability Reduction Project executed 31.1% of EC$10.000 million; and Rivers and Water Course Maintenance executed 99.8% of EC$3.000 million. Two externally supported programmes exceeded their original project envelopes: Unleashing the Blue Economy of the Caribbean and OECS Data for Decision Making. Those observations require reconciliation to revised authority and financing, not an inference of impropriety.

Only two families met the strict zero-execution-rollover screen. Rehabilitation of Julian Hunte Highway had an FY2024/25 original allocation of EC$8.346 million and zero reported actual, followed by EC$4.835 million and EC$9.015 million in the next two budgets. Choc Bridge Reconstruction had EC$3.000 million and zero reported actual, followed by EC$8.200 million and EC$10.964 million. These are high-value questions for a project-status note: Was the project rephased, redesigned, awaiting land or procurement, transferred, or otherwise rescheduled? Reappearance alone cannot answer those questions and is not evidence of noncompletion or failure.

Maintenance analysis remains constrained by classification. Code 1208 before GFSM implementation and 21208 afterward identify operating maintenance, while codes 2110 and 22101 identify buildings or infrastructure. The latter can include rehabilitation, reconstruction, or new capacity. Consequently, a continuous series of “maintenance versus new construction” cannot be produced from object codes alone. Project descriptions can support a purpose classification for selected rows, but they should not override economic coding or be extrapolated to the entire programme.

6. Discussion

6.1 A category-specific credibility diagnosis

The central empirical result is an asymmetry, not a uniform verdict. Current revenue and operating expenditure remained close to their original plans on average. Total revenue and grants was weaker because grant receipts were consistently below planned amounts. Strict capital spending was both lower and more dispersed than operating spending, and total expenditure therefore fell below plan in every completed year. The phrase "Saint Lucia's budget was 92% executed" would obscure this structure: it would combine a 97.8% pooled operating rate with a 71.7% pooled capital rate and say nothing about the 56.7% pooled realization of grants.

Current revenue deserves especially careful interpretation. Its cumulative result was almost exactly on plan, and the sequence contains both upside and downside errors. That is inconsistent with a simple claim of persistent aggregate revenue optimism. Yet a mean close to 100% does not remove forecast risk: FY2020/21 was 13.5% below plan, while FY2022/23 was 8.9% above. A stronger forecasting regime should therefore be evaluated on absolute error, transparent assumptions, and real-time revision as well as directional bias (Frankel, 2011; Leal et al., 2008).

Grant and capital gaps may be operationally connected because disbursements often follow project milestones. Their joint shortfalls support an integrated project-and-financing reconciliation, but not a causal statement. The record does not identify whether a given shortfall arose from an unrealistic start date, procurement delay, donor condition, counterpart funding, capacity, a deliberate policy change, or a revised project scope. Those explanations must come from project-level evidence.

6.2 What operating closeness does and does not mean

Operating expenditure's proximity to plan can indicate predictability in funding ongoing government functions. It can also reflect the priority afforded to salaries, interest, transfers, and recurring service commitments. It does not show that the composition was optimal, that services were effective, or that every expenditure was necessary. Similarly, a capital rate near 100%, as in FY2023/24, says only that recorded expenditure matched the denominator. It does not establish physical completion, quality, climate resilience, asset maintenance, or value for money.

The results nevertheless align with the mechanism literature: capital programmes face more implementation gates than routine operations, and investment often has greater short-run adjustability (Ardanaz & Izquierdo, 2022; IMF, 2022; Rajaram et al., 2010). The contribution of this case study is to measure the local magnitude with classification-matched primary data. It does not estimate which gate was binding or whether institutional reforms changed it.

6.3 Classification is part of fiscal accountability

The source audit demonstrates that classification is not a technical footnote. An unbridged chart change would lower the reported FY2017/18 capital rate from 69.6% to an invalid 43.6% comparison. Leaving principal inside the Act's recent capital column would inflate denominators that are then compared with expenditure excluding financing. Treating project-current costs as capital would blur the operating–investment distinction. Each error changes the policy story.

The solution is not to erase every break by retrospective manipulation. It is to publish both the legal presentation and an economic-statistical bridge, retain the original budget as enacted, and explicitly flag where no matched restatement exists. The forthcoming post-GFSM series provides an opportunity to institutionalize that practice through permanent crosswalks and machine-readable concordance tables.

6.4 Updating capacity and accountability

The large improvement from original plans to later outlooks is encouraging in one limited sense: the administrative system incorporates new information. For capital, however, a much better late-year projection coexists with a large initial-plan error. A forecast that becomes accurate only after implementation difficulties are visible helps cash and balance management, but it does not answer why the initial programme exceeded the amount ultimately executed.

A credible accountability chain therefore needs four distinct columns: original plan, approved in-year changes, latest forecast, and reported outturn. A fifth column should explain the variance with standardized reason codes and a responsible project or programme owner. Publishing only the latest forecast can make a budget appear more accurate by changing the benchmark; publishing only original and actual cannot distinguish lawful reprioritization from implementation slippage.

7. Policy Implications for Saint Lucia

7.1 Publish an annual plan-to-outturn reconciliation

The Department of Finance should publish a machine-readable reconciliation within each ESR or annual financial report that preserves: (a) the original Estimates and Appropriation Act; (b) supplementary appropriations, virements, reallocations, and final warrants; (c) the latest year-end outlook; and (d) the reported and audited outturn when available. The table should cover current revenue, grants, operating expenditure, project-current expenditure, strict capital, interest, refunds, and principal separately. Department, programme, project, financing source, and standard-object identifiers should add exactly to the same published controls.

This recommendation operationalizes sections 76 and 77 of the PFM Act without presuming whether current reporting satisfies them. Its immediate value is diagnostic: an analyst could distinguish forecast error from an authorized policy change and residual nonexecution. The

FY2021/22 supplementary-appropriation example shows why the bridge changes interpretation even when it does not reverse the aggregate finding.

7.2 Make capital readiness visible before appropriation

Each material capital proposal should carry a standardized readiness record at budget submission: appraisal status, design maturity, land and permit status, procurement plan, implementation schedule, counterpart-funding requirement, donor conditions, annual and total project cost, expected recurrent and maintenance costs, and the accountable implementing unit. Multi-year ceilings should be built from executable annual milestones rather than dividing a total project cost across optimistic dates. Projects not ready for commitment can remain in a transparently labelled pipeline instead of receiving a full-year execution denominator.

This is not a recommendation to maximize capital spending indiscriminately. A disciplined gate may lower an annual appropriation while improving its executability. The relevant objective is a realistic, prioritized programme capable of producing and maintaining useful assets (Dabla-Norris et al., 2012; IMF, 2022).

7.3 Use permanent project identifiers and reason codes

The same project should retain a master identifier across ministry transfers, title changes, financing changes, chart reforms, and GFSM conversion. The public table may show both the permanent ID and the year-specific accounting code. At every quarter-end, material variances should receive controlled reason codes – such as design, land, procurement, contractor, donor condition, counterpart financing, litigation, weather, scope revision, saving, cancellation, or administrative transfer – plus short narrative and revised milestones.

This would turn repeated listings from ambiguous signals into a usable management record. The Julian Hunte Highway and Choc Bridge flags could then be interpreted through documented status rather than inference from zero spending and later reappearance.

7.4 Integrate grants, procurement, and cash plans

Because grants account for most of the cumulative total-revenue shortfall, the annual grant forecast should be linked to each project's signed agreement, eligible-expenditure rule, procurement stage, disbursement trigger, counterpart requirement, and quarterly cash plan. Forecasts should distinguish committed grants, conditional pipeline financing, reimbursements, and one-off capital receipts. Material changes should flow simultaneously into the revenue outlook and the expenditure/procurement schedule, preventing one side of a delayed project from being updated without the other.

7.5 Protect maintenance visibility and asset life-cycle costs

Budget tables should distinguish routine maintenance, major rehabilitation, reconstruction, and new capacity using both economic and purpose codes. Every new asset proposal should state its future operating and maintenance implications in the medium-term estimates. An asset register linked to the project master ID would allow spending, completion, handover, maintenance scheduling, and eventual disposal to be followed without confusing maintenance with capital formation.

The current object codes can identify operating maintenance and buildings/infrastructure but cannot reliably separate rehabilitation from new construction. A purpose field would close that gap without distorting GFSM economic classification.

7.6 Establish a fiscal-credibility dashboard with escalation rules

A quarterly public dashboard should show original plan, authorized changes, commitments, cash expenditure, physical milestone where applicable, year-end forecast, and variance explanation for material votes and projects. Escalation thresholds could be set for low commitment by midyear, missed procurement milestones, unconfirmed grant conditions, or repeated downward forecast revisions. Thresholds should trigger review, not automatic adverse judgment; prudent cancellation, savings, and emergency reprioritization must remain possible and explainable.

7.7 Align capital ambition with medium-term fiscal capacity

Capital ceilings should be stress-tested against current-revenue uncertainty, realistic grant disbursement, debt service, procurement capacity, and the recurrent cost of completed assets. Interest and principal should remain separately visible so that a liquidity constraint is not misclassified as capital expenditure. This does not mean mechanically cutting investment when debt service rises; it means selecting a deliverable portfolio and making the financing and rollover assumptions explicit.

The practical success indicator is not simply a higher execution percentage. It is a smaller unexplained gap, fewer projects entering the budget before readiness, timely and transparent rephasing when conditions change, and a stronger link between appropriation, physical delivery, asset operation, and maintenance.

8. Limitations and Research Agenda

The strongest inference concerns published plan-to-outturn relationships for budgetary central government. Five limits bound it. First, the preferred ESR observations are revised administrative outturns, not assumed to be audited Public Accounts. Exact-looking historical values in the Estimates can later change. Second, the benchmark is the original plan. A complete

series of final appropriations, warrants, virements, and reallocations was not located, so variance is not evidence of unauthorized expenditure.

Third, chart and presentation changes require bridges that reduce but cannot eliminate residual classification risk. The ESR's EC$0.1 million rounding also limits precision. Fourth, 11 annual observations include major shocks and cannot identify causal mechanisms or support a reliable interrupted time-series model. Fifth, the department analysis is principally one year, excludes major portfolio changes from ranking, and uses a broader capital concept than the aggregate analysis. The 13-project register is conservative rather than exhaustive, and project spending may include current costs.

Future research should obtain audited appropriation accounts, a complete authorized-change history, quarterly commitments and cash, grant conditions, procurement milestones, physical outputs, and asset-register links. Those data could support formal composition reliability, variance-reason analysis, and project-cycle diagnosis. Value for money would still require cost, quality, output, and counterfactual evidence beyond expenditure ratios.

9. Conclusion

Saint Lucia's budgets are executable to different degrees across fiscal categories. Over FY2014/15–FY2024/25, current revenue and operating expenditure generally tracked their original plans, while grants and strict capital spending did not. Capital averaged 72.9% of plan and was below operating execution in 10 of 11 years; total expenditure excluding principal and refunds was below plan every year. Later outlooks were much more accurate, demonstrating useful updating capacity but not repairing initial credibility.

The evidence supports neither a blanket indictment nor an unqualified endorsement. It supports a practical accountability agenda: preserve the original plan, publish authorized changes

and forecast vintages, connect grants to project milestones, budget capital according to readiness, and link expenditure to physical delivery and assets. Better execution means fewer unexplained gaps and more transparent adaptation – not spending every appropriated dollar regardless of need or value.

Declarations

Funding and conflicts of interest. No author conflicts of interest, and no funding received for this work.

Data availability. All results are reproducible from the cited public documents and accompanying source manifest, observation-provenance file, analytical CSVs, and figure files. No confidential data were used.

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Appendix A. Classification and Source-Vintage Decisions

Event	Main-series treatment	Prohibited shortcut
FY2019/20 chart of accounts	Old-chart-compatible outturn through FY2018/19; new-chart segment thereafter	Splice a restated actual to an original old-chart plan
FY2022/23 Act presentation	Subtract EC$110.5572m principal; strict-capital plan EC$382.6454m	Treat amortization as capital expenditure
FY2023/24 summary change	Separate project-current, project-capital, and non-project capital	Treat the summary change as the 2019 chart change
FY2025/26 GFSM/systems transition	Report year-end outlook separately	Pool the outlook with completed outturns

Appendix B. Reproducibility and Claim Boundaries

The replication package retains the source manifest and checksums, observation-level provenance, appropriation totals, fiscal panel, capital bridge, validation exceptions, summary statistics, tests, and figure inputs. Annual rates in Table 2 are calculated from unrounded values; the latest ESR is the controlling aggregate outturn vintage. The study estimates credibility and execution. It does **not** estimate value for money, physical completion, legality, service quality, corruption, allocative efficiency, or causal effects.