

2007 - Budget Call

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Ministry of Finance and Planning

Guidelines and Directions for the Preparation of
Annual Budget – 2007
27th July, 2006

Contents

Part A:

1. Overview
2. The 'Mahinda Chinthana' - A Vision for the Future
 - 2.1. A Caring Society
 - 2.2. Gama Naguma
 - 2.3. Decentralized Decision Making
 - 2.4. Mahinda Randora
 - 2.5. Partnership in Development
 - 2.6. A Strong Domestic Economy
 - 2.7. Stability
3. Economic Outlook and Policy Scenario
4. An Overview of Fiscal Policy
5. The Medium Term Macro Economic Framework

Part B:

1. Sectoral Approach for Budget Allocation
2. Preliminary Ceilings on Expenditure and Cadre
3. Sectoral Priorities
 - 3.1 Pro-Poor, Pro-Growth Livelihood and Regional Development
 - 3.2 Human Resource Development
 - 3.3 Infrastructure Development
 - 3.4 Production, Services and Environment
 - 3.5 Science, Technology, Research and Development
 - 3.6 Social Protection
 - 3.7 Art, Culture and Religion
 - 3.8 Governance, Operations and Monitoring
 - 3.9 Public Order and Safety

Part C:

Budget Preparation Guidelines

- ? Medium Term Expenditure Framework (MTEF) 2007 – 2009
- ? Expenditure Projections & Performance Indicators
 - a. Expenditure Projections
 - b. Procurement Plans
 - c. Performance Indicators
- ? Preparation of Estimates
- ? Estimates on Recurrent Expenditure
- ? Estimates on Capital Expenditure
- ? Foreign Aided Development Expenditure
- ? Financing of Public Expenditure
- ? Outstanding Legal and Regulatory Issues
- ? Submission of Expenditure Estimates
- ? Supplementary Allocations 2007
- ? Clarifications
- ? Submission of Draft Estimates

Annexures:

- | | |
|------------|--|
| Annex I | Medium Term Project Profile 2007 – 2009 |
| Annex II | Medium Term Performance Indicators and Projections 2007 - 2009 |
| Annex III | Distribution of Resources (Capital) for District/ Divisional Secretariat Level – 2007 |
| Annex IV | Cluster Capital Budget Ceilings for 2007 - 2009 |
| Annex V | Application Form for New Projects 2007 |
| Annex VI | Project Profile for Ongoing / Continuation Projects |
| Annex VII | Information on Cadre and Vehicles – 2006 |
| Annex VIII | Standard Expenditure Programmes |
| Annex IX | Estimate Presentation Format – 2007 for Ministries and Departments |
| Annex X | Estimate Presentation Format 2007 – Institutions |

**All Secretaries,
Chief Secretaries,
Heads of Departments,
District Secretaries,
Divisional Secretaries**

**GUIDELINES FOR THE PREPARATION OF THE BUDGET 2007
AND A MEDIUM TERM EXPENDITURE
FRAMEWORK FOR 2007 - 2009**

Part A

1. OVERVIEW

The preparation of 2007 Budget and the Medium Term Expenditure Framework (MTEF) for 2007 - 2009 will be based on the Mahinda Chinthana Goals (MCGs) with special emphasis being given to the development of modern infrastructure at national level and supporting infrastructure at provincial and local levels to ensure that the benefits of high economic growth will spread across regions and among low income groups. The MTEF will take into account the following:

- The requirements in the Fiscal Management (Responsibility) Act to phase out the budget deficits and to achieve a lower deficit of around 5 percent by 2008 as per the Medium Term Macroeconomic Framework announced in the 2006 Budget.
- Sectoral perspectives in priority setting and elimination of duplicative activities among spending agencies to ensure efficient use of public funds.
- Enhanced coordination among spending agencies on various expenditure programmes within a framework of sectoral development to ensure complementary benefits of public spending.
- Imposition of Moratoria and application of the sun-set principle to non-performing expenditure programmes.
- Enhanced resource allocation for identified strategic priorities in rural development, education, skills development, health, roads, irrigation, electricity and delivery systems.
- Sustain public investment in the range of 6 - 8 percent and improve its quality to support enhanced private investment in every sphere of the economy and ensure an high economic growth of around 8 percent in the medium term.

2. THE 'MAHINDA CHINTHANA' - A VISION FOR THE FUTURE

Building on the 'Mahinda Chinthana' - a vision for the future - the Medium Term Expenditure Framework will be developed to reflect seven themes as the core of Government development strategies.

- 2.1 A Caring Society - a framework to promote local values and social protection for women, children, elderly and differently able people and vulnerable groups in the society and respect to human rights and good governance.
- 2.2 Gama Naguma - a community based integrated rural development initiative to empower the poor. This is an initiative to adopt bottom-up programmes to empower communities to identify their needs and respond to such needs appropriately. All livelihood development initiatives will be clustered under this programme to relate them to "Jana Saba" and to navigate rural development initiatives through community participation.
- 2.3 Decentralized Decision Making - An efficient delivery mechanism at district and divisional levels and greater coordination with local authorities to cater to public needs is a priority in public expenditure management. Identification of Public Expenditure programmes at Divisional Secretaries level therefore is necessary to increase the role of Divisional Secretaries and District Secretaries in socio-economic development in respective districts and improve transparency in Government

spending. This will be designed to promote benchmarking of performance at divisional level and also promote administrative leadership at decentralized units.

- 2.4 Mahinda Randora - A national infrastructure development initiative (electricity, highways, irrigation, water supply, ports and airports, transport, townships and investment zones) to provide modern infrastructure to promote nation wide economic development and create new opportunities for investment and employment creation.
- 2.5 Partnership in Development - Private and public sector participation in economic and social development within a market friendly, export oriented and competitive economic policy framework to complement each other's contribution, maximize value addition, employment creation and environmental protection.
- 2.6 A Strong Domestic Economy - Based on efficient use of local resources to maximize production of goods and services for both domestic and international markets with sustained improvements in agricultural, industrial and service sector productive contribution to economic growth.
- 2.7 Stability - Macro economic strategy based on prudent budgetary and financial policies to promote savings, investments and sustain high economic growth within a stable economic environment.

3. ECONOMIC OUTLOOK AND POLICY SCENARIO

The Sri Lankan economy, which has recovered through the Post-Tsunami reconstruction strategy witnessed a GDP growth of around 7.5 percent during the first half of 2006. On the basis of the current trends in agriculture, industry, construction and services, the economy is expected to witness over 7 percent annual growth in 2006 in comparison to 6.2 percent in 2005.

This is largely due to buoyant growth in exports of tea, rubber, garments, gem and jewellery, ceramics and other industrial products, construction of new infrastructure, good performance in paddy fruits and vegetable, livestock and fisheries, improvement in tourism, communication services, financial services and expansion in many SME activities. Increased remittances from overseas employment have contributed towards high saving and new economic activities in the country. Re-orientation of consumer demand for domestically produced goods have also contributed positively to output expansion in agriculture and industry.

These development outcomes have accompanied with a reduction in overall unemployment to 7.2 percent during the first quarter of 2006. In the context of reported labour shortages, in many well performing sectors, unemployment is expected to decline further.

However, signifying high cost of oil, increased cost of material, high wage costs and the increased demand by the Government sector as well as private sector reflected in credit growth from the banking system in excess of 20 percent, the economy is also confronted with high inflationary pressures during 2006.

Therefore reduction of inflation has become an priority in order to sustain the high economic growth. This will require moderation in public spending in addition to a tighter monetary policy stance.

In the field of education although school enrolment at primary level has exceeded 95 percent, the enrolment at secondary and tertiary levels remain much to be improved. The educational infrastructure facilities in urban locations are above average but school infrastructure facilities at provinces and rural areas requires substantial improvement. Significant quality improvement in all aspects of educations with special attention to English, Science, Mathematics and IT should be given high priority. The creation of demand driven skills, and higher-level competence are necessary to maintain a high economic growth over the medium-term.

In the area of health, already achieved lower infant and maternal mortality rates and other improved health conditions such as high life expectancy need to be maintained. Further improvements in nutritional standards of children and lactating mothers, rapid expansion in rural health facilities, promotion of preventive and curative health care, continued expansion in required skills categories, deployment of quality human resources in backward areas have become essential components in health sector development in the medium term. The improvement and maintenance of existing infrastructure facilities in the health sector should be given equal importance in maintaining favourable development indicators in the health sector.

Medium term high economic growth also requires continued improvements in infrastructure in roads, electricity, transport, irrigation and water supply. While the Government has committed to accelerate infrastructure development in many of these areas, wide range of alternative options to finance infrastructure facilities ensuring their productive usage should also be explored in order to provide

infrastructure particularly to the rural areas within a time frame of 2-3 years. The creation of maximum space for private sector to undertake investment in tourism, agro-business, fisheries, livestock, telecommunications, marketing, transport, storages and industrial development activities, and many other service activities will enable line ministries to achieve their development objectives with least cost to the National Budget.

Public sector agencies engaged in commercial activities are also encouraged to identify alternative funding sources to finance their development programmes based on their commercial viability in order to maintain a healthy financial performance in the public sector and reduce the debt burden.

Economic development can be substantially enhanced by improving the utilization of existing assets such as land, buildings, laboratories, research institutions, circuit bungalows, government farms, storage facilities etc which are presently underutilized or unproductively used. The initiatives to increase the utilization of these assets will generate resources for spending agencies to meet their operational expenses. This will also reduce wastage of public resource and other assets.

The export sector is projected to grow by 8 - 10 percent. This requires encouragement of high value added exports in plantation agriculture, fruits and vegetable, processing and manufacturing industries, tourism, fisheries, livestock etc. In this context the Government agencies can play a facilitation role by being less stringent on procedural and other bureaucratic practices and by assisting in promotional work including the effective use of foreign missions abroad in market and investment promotions.

The benefits of economic growth in recent years have been limited to few urban areas. The reduction in regional disparities as well as income disparities needs to be addressed in the context of MCGs. Re-orientation of development programmes of the Government as well as private sector participation in provincial development through the variety of initiatives identified in Mahinda Chinthana will be incorporated in the 2007 - 2009 MTEF to increase resource allocation for rural development.

On the basis of the above policy scenario expected to be refined with the active participation of line ministries and other stakeholders during the Budget discussions, the economy in 2007 is expected to be placed on a growth path in excess of 7 percent. The inflation targets will be around 8-9 percent, particularly in the

context of the adjustment impact of high fuel prices. In this background, monetary expansion in the economy is expected to contain at around 16 percent so that inflationary pressures are contained while sustaining the growth momentum.

4. AN OVERVIEW OF FISCAL POLICY

At present Government revenue remains at 17.5 percent of GDP while recurrent expenditure itself is 19.8 percent. Therefore, moderation of recurrent expenditure and accelerated improvement in government revenue remain priorities in fiscal policy formulation. The interest payment account for 6 percent of GDP. Borrowing at least cost as well as reduction in overall government borrowings is therefore necessary to contain interest expenditure within tolerable levels.

As salaries and pensions absorb 35 percent of recurrent expenditure, maximum output from existing Government employment should be considered as an integral part of expenditure management. In addition, strict compliance of the Management Services Circular on recruitment and cadre management is necessary for the efficient management of such expenditure.

Funds transfers to meet operational losses in enterprises and government entities is around 2 percent of GDP. Reduction of such losses is required to enhance resources for development activities.

The cost of subsidies and welfare programmes have exceeded their affordable levels. Hence channeling such expenditure programmes to deserving groups in the society will improve productivity of Government expenditure and the overall policy approach to generate saving in the Government revenue accounts. The annual expenditure on the payment of pension is in excess of Rs. 50 billion and it is on the rise. This payment system as well as its management need considerable improvement to ensure that such a large flow of fund is managed cost effectively.

5. THE MEDIUM TERM MACRO ECONOMIC FRAMEWORK

An indicative Medium Term Macro Economic Framework is annexed. Suggestions on this overall framework together with the individual agency role in formulating policies consistent with this framework will be examined during the budget discussions. In brief, this framework is designed to ensure that the Sri Lankan economy will generate 7-8.5 percent annual average growth during 2006 - 2010. This overall performance is expected from services, industries and agriculture which require substantial improvement in productivity. The envisaged growth of 7 - 8.5

percent requires a total investment of 55- 55 percent of GDP by 2010. During 2006 -2010 public investment is expected to increase from the present level of around 6 percent to about 8 percent by 2010. Hence private investment as well as foreign direct investment is expected to grow within this overall framework in excess of 26 - 28 percent of GDP.

The agricultural, forestry and fishing sectors are expected to grow by about 2.3 percent. As tea and paddy productions have reached peak level the output expansion is expected to be confined to a marginal improvement. However, in their contribution to GDP, employment and exports is expected to achieve considerable improvements in productivity gains through high value addition. Given the favourable prices, rubber production is expected to experience favourable developments with increased investment in rubber plantation. Fruit and Vegetable, Livestock and Fisheries sectors are also expected to experience sustained improvements in view of the favourable policy environment for food security and domestic production.

Industrial sector is expected to grow at around 8 percent with better performance in processing industries, factory industries, SMEs and construction

sub-sectors. The service sector is expected to grow at a higher rate of 9 - 11 percent over the medium terms with higher performance in telecommunications, international trade, cargo handling, financial services, tourism and related services. By 2010 the service sector in the economy backed by domestic production and backward linkages in manufacturing and agriculture processing is expected to reach 60 percent of GDP.

The growth projections for electricity, ports and other infrastructure are in line with the expected high investments in electricity generation, roads, transport and ports facilities. The envisaged growth scenario is developed on the premise that infrastructure will be improved rapidly.

The realization of this development scenario requires considerable improvement in Government revenue which is projected to reach 19 percent of GDP by 2010. Hence a gradual decline in the overall Budget deficit and the national debt in relation to GDP, is envisaged. In the context of projected improvements in production and income in the national economy and the favourable improvements in the Government financial situation, the annual price increase is expected to reduce below 5 percent over the medium term.

MAHINDA RANDORA NEW INFRASTRUCTURE DEVELOPMENT INITIATIVE



Proposed Coal Power Plant-Norochchole



Proposed Northern Expressway



Trincomalee investment and tourism zone

Proposed Coal Power Plant-Trincomalee



Puttlam-Anuradhapura Main Road



Kalpitiya Tourist Zone



Proposed Puttlam-Padeniya Main Road



Tsunami affected coastal belt highways and townships



Habarana-Trincomalee Main Road



Greater Dambulla Development Project



Proposed Southern Expressway



Hambantota Port



Proposed International Airport



1. **SECTORAL APPROACH FOR BUDGET ALLOCATION**

Within the overall policy framework of the 'Mahinda Chinthana', the Ministry of Finance and Planning will engage in a dialogue with spending agencies to finalize budgetary provisions for respective spending agencies. This process which has already started is aimed at formulating a 10 year sectoral development strategy with relevant stakeholders, identifying specific 3 year priority development initiatives together with required reform context, consistent with the 10 year development strategy based on MCGs.

Recognizing interdependent and overlapping activities among individual ministries, one ministry may represent itself in several consultative clusters in arriving at appropriate expenditure provisions and in the allocation of responsibilities for execution of such programmes among spending agencies. The Budget allocations will be made strictly in accordance with the sectoral policy framework developed by all stakeholders for the development of respective sectors during the next 3 years.

2. **PRELIMINARY CEILINGS ON EXPENDITURE AND CADRE**

The Estimate for the year 2006 adjusted for actual expenditure for salary revisions will be the starting point for estimates for 2007 and the subsequent two years. The actual number of people currently employed in each spending agency will be taken as a ceiling for cadre. Deviations will be recognized during budget discussions only on justifiable grounds within the overall Government priorities and resources constraints.

3. **SECTORAL PRIORITIES**

Budget allocations will be reviewed in a sectoral context. In order to facilitate this process, all Ministries, Departments and other Spending Agencies will be classified under the following sectors. Accordingly each spending agency may fall into one or more of the following sector, depending on the activity undertaken.

3.1 **Pro-Poor, Pro-Growth, Livelihood and Regional Development**

Uplifting the living standard of rural communities through sustainable livelihood development is the main objective. This is to be achieved through, the promotion of income generation activities and provision of basic infrastructure. In allocating resources, all spending agencies are advised to pay particular attention to the poorest

119 Divisional Secretariats identified by the Department of Census and Statistics to create new growth centres. The provisions for rural development initiatives such as 'Maha Naguma', 'Dahasak Maha Wev', 'Gami Diriya', 'Jana Pubuduwa', and 'Gami Pubuduwa' industrial villages etc. will be provided with greater attention to these 119 divisional secretariat areas..

3.2 **Human Resource Development**

Public expenditure in the education sector will focus on main thrust areas identified under the *Education Sector Development Framework and Programme* of the government. Investment in the higher education sector will be focused on the expansion of demand driven new degree programmes targeting greater student enrolments.

Skills development programmes will be further improved under the theme "Skills for life – Jobs for skills" in order to provide employable skills and necessary apparatus to unemployed youth, to meet the demands in both domestic and foreign markets.

In the Health sector, the quality and access to health care focusing under-privileged areas will be given priority. Emphasis will be given to strengthen preventive health care programmes to eradicate communicable diseases while improving cancer and HIV/AIDS prevention programmes.

Investment will be directed to cost effective nutrition programmes targeting pregnant mothers and children. Special emphasis will be given to overcome the acute shortage of human resources in the health sector particularly in rural areas.

Recognition should be given to traditional indigenous medicine to preserve the knowledge of traditional practitioners and rare Ayurvedic medicines.

Investment in the sports sector will be directed towards achieving the overall objective of creating a healthy nation through sports development. "*Kreedha Shakthi*" programme will be implemented to identify rural youth with sports talents to reach national and international standards while improving related training facilities in rural areas.

Expenditure programmes in the labour sector will be geared to promote better labour relations, skills development and increase labour productivity ensuring workers safety, health and welfare. More foreign employment promotion programmes will be strengthened.

3.3 Infrastructure Development

Building inter-regional linkages through roads electricity, transport and communications is vital. Identified lead projects under 'Mahinda Randora' projects and their investments requirement will be reflected in the MTEF. Upgrading of service levels in underprivileged areas to promote growth centers countrywide should be identified to get maximum linkages from, 'Mahinda Randora' initiatives. Restoration, rehabilitation and expansion of infrastructure services in the conflict and Tsunami affected areas will be given priority in order to complete the recovery process early.

Providing shelter and related amenities have to be addressed on the basis of needs of the communities. Quality amenities have to be ensured to townships which act as catalysts in regional development. Initiatives on urban development and township development have to explore various multisource financing mechanisms such as syndicated loans, bond issuance etc.

3.4 Production, Services and Environment

Encouragement of domestic industries to move towards high value added products based on domestic resources is a prime objective in the 'Mahinda Chinthana'. A well-diversified export economy with efficient use of domestic raw material therefore, should be encouraged.

Investment in agriculture should focus on the provision of irrigation facilities, land, quality seeds, high yielding seeds varieties, fertilizer, modern agro technologies, storage facilities, financial assistance and advisory services, while preserving the environment and managing natural resources in a sustainable manner. All irrigation projects listed in 'Mahinda Chinthana' will be given priority in the public investment strategy. Necessary infrastructure facilities for the development of fishery and livestock sectors should be identified for funding arrangements.

Assistance should be directed to upgrade local industries by providing infrastructure facilities and set up promotional zones. Special attention should

be given to the development of the SME sector, textile and apparel, gem and jewellery, processing industry and fruits and vegetable sectors.

Trade opportunities will be expanded in the global market through bilateral and regional trade agreements whilst protecting the domestic market.

Tourism will be focused on eco-tourism and up market tourists through the improvement of infrastructure facilities related promotional activities. Special programmes in this sector together with the development of tourist zones and funding sources should be disclosed to establish linkage in private public partnership arrangements.

Environment protection and bio-diversify is essential in achieving the sustainable development in the country. In this context programmes to solve urban waste disposal problems, reforestation programmes and protection of wildlife and water resources need special attention.

3.5 Science, Technology, Research and Development

The importance of the applicability of modern technology in the development efforts of the country is highly encouraged. Steps are being taken to strengthen the existing technological facilities. Accordingly, an increased resource allocation is expected to Science and Technology, Research and Innovations to enable a technologically driven economic development over the long-term.

3.6 Social Protection

Facilities needed for senior citizens and persons with different abilities will be expanded while social protection and welfare for women, children and the poor, who are in need of social care should be identified in order to assess resource needs and formulate financing arrangements.

Specific programmes should be identified to raise awareness, particularly, among school children and the public on social risks and funds will be provided for disaster relief services and recovery programmes. Special emphasis will be made to strengthen human rights, particularly of women, migrant workers, children and other disadvantaged groups.

3.7 Art, Culture and Religion

Preservation, promotion and propagation of historical heritage to enrich the lives of the citizens with high mental and spiritual qualities is the main objective. Enrichment of religious values of the society, through safeguarding and promotion of religious affairs in the country should be given focus. Programmes to promote religious activities of all religions that encourage people to develop closer links with places of worship should be addressed.

3.8 Governance, Operations and Monitoring

The main focus is to strengthen the complementary role of the government as a facilitator of economic activities and make the public service more efficient, transparent, accountable and people friendly.

Special attention will be paid to simplify Government rules and procedures to reduce

transaction costs and improve competitiveness, eliminate waste, abuse, inefficiency and corruption in the public service. Strengthening “e-governance” which provides the media and the citizens with direct access to administrative information is also recognized in the MTEF.

Highest priority will be given in the 2007 Budget to enhance the efficiency and effectiveness of public service management, strengthening District and Divisional Secretaries and to establish a sound district administrative system responsive to the aspirations of the general public. Focus on public expenditure monitoring at macro level as well as at field level will be a new emphasis.

3.9 Public Order and Safety

Special attention will be given to eradicate the drug menace, prevent crimes and maintain law and order towards promoting a secured environment.

INDICATIVE MEDIUM TERM MACROECONOMIC FRAMEWORK 2000 - 2007

Indicator	Units	2005(a)	Projections			
			2006	2007	2008	2009
Real Sector						
GDP at Market Prices	Rs. bn	2,366	2,760	3,174	3,633	4,100
GDP Growth	%	6.0	7.0	7.5	8.0	8.5
Inflation-GDP Deflator	%	9.9	9.0	7.0	6.0	4.0
Domestic Saving	%of GDP	17.2	18.5	19.8	22.5	23.8
Private Saving	%of GDP	19.9	20.8	19.9	20.5	20.8
Public Saving	%of GDP	-2.7	-2.3	-0.1	2.0	3.0
Total Investment	%of GDP	26.5	30.0	32.0	34.0	34.8
Private Investment	%of GDP	19.6	22.7	24.0	26.0	26.7
Public Investment	%of GDP	6.9	7.3	8.0	8.0	8.1
External Sector						
Trade in Goods						
Exports	US\$ mn	6,347	6,949	7,716	8,508	9,391
Growth	% change	10.2	9.5	11.0	10.3	10.4
Imports	US\$ mn	8,863	10,417	11,901	13,088	14,406
Growth	% change	10.8	17.5	14.2	10.0	10.1
Trade Gap	US\$ mn	-2,516	-3,467	-4,185	-4,580	-5,014
Trade in Services						
Service, net	US\$ mn	338	406	571	781	973
Receipts	US\$ mn	1,540	1,755	2,085	2,440	2,800
Payments	US\$ mn	1,202	1,349	1,513	1,659	1,827
Private Remittances (gross)	US\$ mn	1967.5	2,361	2,727	3,040	3,363
Growth		25.8	20.0	15.5	11.5	10.6
Current Account	US\$ mn	-652	-1,158	-1,292	-1,228	-1,184
Current Account Deficit	%of GDP	-2.8	-4.3	-4.4	-3.7	-3.2
Capital and Financial Account	US\$ mn	1225.9	1,484	1,783	1,522	1,685
Government Inflows	US\$ mn	971.4	1,199	1,542	1,473	1,517
Grants	US\$ mn	223.8	135	338	251	226
Loans	US\$ mn	747.6	1,065	1,205	1,222	1,291
Concessional Loans	US\$ mn	630.6	815	1,005	1,022	1,091
Non-Concessional Loans	US\$ mn	117.0	250	200	200	200
Overall Balance	US\$ mn	501.5	325.3	490.5	294.2	500.4
Overall Balance	%of GDP	2.1	1.2	1.7	0.9	1.4
External Reserves (without ACU)	US\$ mn	2,458	2,629	3,115	3,393	3,872
External Official Reserves						
(Months of Imports)	Months	3.3	3.0	3.1	3.1	3.2
Debt Servicing Ratio (b)	%	8.0	11.7	9.6	9.8	8.9
Total External Debt	%of GDP	48.3	45.9	43.0	40.8	38.9
Fiscal Sector (c)						
Revenue	%of GDP	16.1	17.2	17.9	18.5	18.7
Expenditure	%of GDP	24.7	26.3	25.4	24.0	23.7
Revenue (Deficit/Surplus)	%of GDP	-2.7	-2.3	-0.1	2.0	3.0
Overall Budget Deficit	%of GDP	-8.7	-9.1	-7.5	-5.6	-5.5
Domestic Financing	%of GDP	5.2	5.7	4.6	3.2	2.8
Government Debt	%of GDP	93.9	90.5	86.9	82.4	78.0
External Debt	%of GDP	40.4	38.2	36.5	34.9	33.1
Domestic Debt	%of GDP	53.5	52.2	50.4	47.5	44.9
Financial Sector (d)						
Reserve Money Growth	%	15.8	16.0	15.0	14.5	13.0
Broad Money Growth (M2b)	%	19.1	16.5	15.5	15.0	13.5
Narrow Money Growth (M1)	%	22.4	13.0	13.5	13.0	11.5
Growth in Credit to Public Corporations	Rs. bn	24.5	6.0	-4.8	-2.0	-1.5
Growth in Credit to Private Sector	Rs. bn	136.7	141.1	155.4	179.6	162.6
Growth in Credit to Private Sector	%	21.5	18.3	17.0	16.7	13.0

(a) provisional

(b) Total debt service payments as a percentage of earnings from merchandise exports and services

(c) Includes tsunami expenditure

(d) Point-to-point growth in end year values.

Notes: The debt relief has already been incorporated in fiscal figures

Medium Term Expenditure Framework (MTEF) 2007 – 2009

The Government will concentrate on prudent financial management and efficient resource planning within the Medium Term Expenditure Framework (MTEF). You are requested to propose new initiatives to make the public sector more efficient and people friendly, using least cost methods. Given the availability of limited funding, please also prepare a priority list of projects and programmes with possible alternative methods of financing. Spending Agencies should focus both on recurrent and capital expenditure in a three-year framework and forward their proposals to the Department of National Budget, using the formats in *Annexuers*.

Expenditure Projections & Performance Indicators

The following should be given due consideration in the preparation of expenditure projections and deriving performance targets;

- a. **Expenditure Projections** - Inflation should not be considered as the Treasury will make inflation adjustments for 2007 and 2009. Spending Agencies should adjust expenditures for entitlement programmes (such as pensions, school uniforms) in line with estimated increases or decreases in the number of individuals entitled to benefits. Each such development should reflect the actual number of beneficiaries to justify the budget requirement. Spending Agencies should not include provision for salary adjustments in their projections for the medium term, since the Treasury will make a suitable block provision on account of the same.
- b. **Procurement Plans** - All estimates should be consistent with the guidelines on procurement plans suggested by the National Procurement Agency. No provisions should be included unless procurements plan have been finalized. Costing of expenditure for the Budget should be based on well thought-out procurement plans.
- c. **Performance Indicators** - Activity Plans of Ministries are determined in accordance with policy priorities in the long run giving considerations to their key functions and objectives. Projects are the means of reaching the mission. Objectives of these projects should be explicit and measurable. Performance

indicators should be specific, reflecting the objectives and achievements of each project. Every sector contributes to the economy with an unique output. Therefore, Spending Agencies are expected to specify Results Based Indicators on what will be produced in 2007 and in the Medium Term, using the specimen form given at **Annex II**.

Preparation of Estimates

To ensure a rational allocation of scarce resources to areas where funds are most needed and to enhance the efficiency and effectiveness of public spending through prudent financial management, *personal involvement of all heads of spending units* in the preparation of estimates pertaining to their organizations is solicited.

All Ministries are requested to prepare their estimates for 2007, with projections for 2008 and 2009 including all agencies coming under their purview, in accordance with the Guidelines set out in this circular, using appropriate Annexes as guides. However, if provision has not been allocated adequately to a high priority activity, which is spelt out in the “Mahinda Chinthana” the Treasury will re-arrange the provision within the sectoral allocation, in consultation with the Secretary to the Ministry concerned, during the consultative meetings on the budget preparations..

Estimates on Recurrent Expenditure

- (i) In the preparation of estimates for Recurrent Expenditure, Spending Agencies are requested to ascertain any outstanding liabilities or any commitments spilling over to the subsequent year before allocating resources for operational activities in 2007.
- (ii) Adequate provision should be made for payments pertaining to utility services and supplies
- (iii) Creating an awareness of the need to adopt expenditure reduction methods among all employees of your organization is essential. i.e. Electricity savings by 10%.
- (iv) All prevailing circulars on controlling expenditure should be applied when preparing estimates for recurrent expenditure.

Estimates on Capital Expenditure

According to the Government expenditure review, most spending agencies have not utilized a significant amount

of capital provisions made available to them particularly in respect of foreign funded projects. The Treasury is compelled to allocate scarce resources in an efficient manner on prioritized public investment projects. Therefore, the line agencies which are required to embark on new development initiatives and are requested to ;

- a. Decide the priority in the following order,
 - (i) Early completion or reformulation of ongoing work that has been in the Budget Programme for more than 5 years.
 - (ii) Rehabilitation and improvement of existing assets in place of building new assets without having a proper need assessment and cost.
- b. Ensure following steps have been followed in respect of new expenditure initiatives:-
 - Clearance from the National Planning Department (NPD) for all capital projects on their economic viability.
 - Approval from the Cabinet.
 - Concurrence of External Resources Department for all foreign funded projects to ensure funding.
 - Intra-ministerial dialogues and clearance from the National Planning Department that the same work is not done by two agencies to avoid duplication and overlapping of functions among spending agencies.
 - Coordination with the Provincial Councils to avoid duplication and overlapping of functions with regards to projects/ activities in the areas of devolved subjects and to ensure a complementary role between Provincial and the Government Agencies.

Foreign Aided Development Expenditure

The total value of ongoing projects / programmes assisted by way of foreign loans and grants is US\$ 4,400 million. On average at least US\$ 1,200 - 1,500 million needs to be utilized to achieve an efficient utilization rate. In addition there are also several programmes / projects for which agreements have been signed but no work has yet been commenced due to prolonged procedural issues. In the

meanwhile, new projects / programmes are being further identified.

The commonly cited reasons for delayed implementation include lack of domestic provision, delays in the tender process, capacity limits of contractors, cost escalations, delays in land acquisition and weakness in logistical managements, labour and environmental problems, weak supervision and project management and delays in finalizing relevant legislations. All agencies involved in such projects must first expedite ongoing work before embarking into new programmes. Further all non-performing projects should be listed separately in order to propose appropriate alternatives in the Budget estimates for 2007.

Financing of Public Expenditure

At present government revenue is insufficient to meet total recurrent expenditure. The entire development expenditure is funded through foreign aid and domestic borrowings. Hence there is a considerable pressure on public debt management. Therefore, while making every effort to raise revenue, the reduction of recurrent expenditure is required be able to provide more resources for Government investment activities in order to absorb more foreign aid as well as to increase economic growth and thereby reduce the debt burden of the Government. Spending agencies are required to be conscious of the productivity aspects of all types of expenditure programmes accordingly.

Outstanding Legal and Regulatory Issues

Several legislative changes identified under foreign funded projects remain unattended due to a variety of reasons. All line ministries and spending agencies must identify such issues with their current status and propose an action plan. All such legislative initiatives will be listed in the Budget.

Submission of Expenditure Estimates

In order to expedite preparation of estimates, the required information are provided as Microsoft Excel worksheets in the Website www.treasury.gov.lk - titled "National Budget" Annexes to National Budget Circular No. 131". These Annexes can be downloaded as Excel worksheets and can be printed. Spending Agencies are required to complete these Annexes in soft-copy form (without making any structural changes) and submitted in a 3 ½" floppy diskette, to the Department of National Budget, together with duly signed corresponding hard copies.

Supplementary Allocations 2007

The Treasury will not consider any requests for additional budgetary allocation and FR 66 transfers, unless there is a strong justification by the relevant Ministry Secretaries are requested not to submit any Cabinet memorandum seeking additional allocations, without the prior consent of the Department of National Budget. Therefore, it is the responsibility of Secretaries to prepare the draft 2007 Budget Estimate, in a realistic manner.

Clarifications

Should you need any clarification you may please contact the officials of the Department of National Budget dealing with your Ministry / Department / Statutory Board / Project or the relevant Sector.

Submission of Draft Estimates

You are requested to furnish Draft Estimates and other relevant information on or before 11th August 2006 to the Department of National Budget. Consultative cluster meetings will take place during 25th August - 8th September 2006 in order to review the estimates and budget requests.

List of Annexure

Annex	Description
Annex I	Medium Term Project Profile 2007 – 2009
Annex II	Medium Term Performance Indicators and Projections 2007 - 2009
Annex III	Distribution of Resources (Capital) for District/Divisional Secretariat Level – 2007
Annex IV	Cluster Capital Budget Ceilings for 2007 - 2009
Annex V	Application Form for New Projects 2007
Annex VI	Project profile for Ongoing / Continuation Projects
Annex VII	Information on Cadre and Vehicles – 2006
Annex VIII	Standard Expenditure Programmes
Annex IX	Estimate Presentation Format – 2007 for Ministries and Departments
Annex X	Estimate Presentation Format 2007 – Institutions

Power & Energy	Norochcholai Coal Power Plant Upper Kotmale Hydro Power Project Renewable Energy for Rural Economic Development Power Sector Development Programme Vavunia – Kilinochchi Transmission Line Project Colombo City Electricity Distribution Development Project Greater Colombo Transmission Development Project	Power & Energy — do — — do — — do — — do — — do —
Urban Development & Water Supply	Kalu Ganga Water Supply Kandy Water Supply Batticaloa, Polonnaruwa, Trincomalee & Hambantota Water Supply Small Scale Water Supply Schemes Rehabilitation & Upgrading in Provinces Nuwara Eliya water Supply Kurunegala Water Supply Greater Colombo Sewerage System Maharagama Town Centre Development Hambantota Administrative Complex Housing for 65,000 Slum Dwellers	Urban Development & Water Supply — do — — do — — do — — do — — do — — do — — do — — do — — do — — do —
Housing	Public Servants Housing at Jaltara & Geswatta Cluster Housing & Settlement Improvement	Housing & Construction — do —
Railways	New Carriages Double Line Colombo- Matara Purchase of New DMUU Ratmalana – Airport (Modernized Rail Service)	Sri Lanka Railways — do — — do — — do —
Ports	Matara – Kataragama New Rail Road Development of Service Port of Hambantota Olivil Port Development Jaya Terminal i & ii South Harbor Development	New Railroad Development Ports & Aviation — do — — do — — do —

Production, Services and Environment

Agriculture	Develop Horana, Seetha Eliya, Girandurukotte and Labuduwa seed farms and Maha-Illuppallama field crop research institute Promote Pakaging Methods & Transportation Establishment of Dedicated Agricultural Product Zones Implementation of National Organic Standards Udawalawe Left Bank Minor Tank Rehabilitation by Farmer Organization Agro Wells Deduru Oya Reservoir Menik Ganga Reservoir Rambukkan Oya Reservoir Plantation Development Project Coconut Sector Development Programme	Agricultural Development — do — — do — — do — Agriculture, Irrigation and Mahaweli Development Agrarian Services and Development of Farmer Communities — do — Irrigation — do — — do — Plantation Industries Coconut Development
Livestock	Control of Contagious diseases	Estate Infrastructure & Livestock Development
Fisheries	Coastal Resources Management Project Aquatic Resources Development and Quality Improvement Project Post Tsunami Coastal Resources Rehabilitation Management Project Setup St. John's Fish Market Complex at Peliyagoda	Fisheries and Aquatic Resources — do — — do — — do —
Industries	E-friends II Project Industrial Estates Gamata Karmantha Textile and Apparels Collage	Finance and Planning Industrial Development — do — Textile Industry Development
Services	Tourism Resources Improvement Project Dahas Diriya Programme Ceylon Sapphire Branding Strategy	Tourism Enterprise Development and Investment Promotion — do —
Environment	Promoting and Development of Co-operative sector Institutional Strengthening & Capacity Building for Environment Project Forest Resources Management Project Protected Area Management & Wildlife Conservation Project	Co-operatives and Co-operative Development Environment — do — — do —

Science, Technology, Research and Development		
	Multipurpose Irradiator Agro Food Project IT Park – Malambe	Science & Technology — do — Urban Development & Water Supply
Social Protection		
	Disaster Risk Management of Programme Flood and Drought Relief Programme Assistance to Homes for the disabled /Elders Vocational Training for the disabled Social security for Disabled Soldiers Senehasa Programme Thriposha Programme Mother & Child Nutrition Programme - WFP Infant Milk Programme	Disaster Management and Human Rights Disaster Relief Services Social Services and Social welfare — do — — do — Child Development and Women's Empowerment Health Care and Nutrition — do — — do —
Art, Cultural & Religion		
	Sigiriya National Museum Netherlands Sri Lanka Cultural Assistance Programme	Cultural and National Heritage — do —
Governance Operations and Monitoring		
	Kuwait Funded Project UNDP Capacity Building Project Project on Delimitation of the Continental Margin of Sri Lanka Equal Access to Justice Project E-Sri Lanka Project (ICT Agency Ltd.) RADA	Public Administration and Home Affairs — do — Foreign Affairs Constitutional Affairs and National Intergation — do — — do —

Medium Term Project Profile 2007- 2009

Cluster/Sector	New Development Projects	Ministry
Pro Poor, Pro Growth, Livelihood & Regional Development		
Income generation	Assistance for Outdoor Paddy storage Bin Micro Finance system Development - (Livelihood Support SMEs) (German)	Agriculture do
Rural Infrastructure Development	Rural Finance Project Private sector Development Augmentation – (Livelihood Support SMEs) (German)	Finance and Planning do
Regional Development	Renewable Energy and Rural Economic Development (World Bank) Puttlam Housing Project (for IDPs) Poverty Alleviation Programme based on the construction of agro wells Pro poor Rural Development Project – SIRUP III (JBIC)	Power and Energy Resettlement Agriculture Finance and Planning
	Ruhunu Udawa Pilot project Kegalle Development Project	Regional Development do
Infrastructure Development		
Roads & Bridges	Southern Transport Development Project (Supplementary Loan) Construction of Flyovers Nugegoda Junction & Roads Infrastructure Elements Construction of a Grade Separated Intersection on Sri Jayawardenpura – Kollupitiya Road and Nawala - Rajagiriya Road Junction at Welikada Rehabilitation of CD class roads in North and East Construction of Mahanama Bridge Reconstruction of Mannar Bridge & Causeway	Highways Do Do Do Nation Building and Development Highways
Electricity	Trincomalee Coal Power Plant Bradlands Power Plant Moragolla Hydro Power Project Kerawalapitiya Kotugoda Transmission Line Killinochchi Chunakum Transmission Project New Galle Transmission Development Trincomalee Veyangoda Transmission Line Eastern Power Transmission Project Combined Cycle Power Plant at Kerawalapitiya Augmentation fo Gris Substations	Do Power and Energy do do do do do do do
Water Supply & Sewerage	Jaffna Water Supply Project Labugama Kalatuwa Water Treatment Plant Kaluganga Water Supply Phase II Galaboda Water Supply Project Ampara Water Supply Project Kandy Wastewater Treatment Plant Colombo Sewerage Project	Urban Development and Water Supply do do do do do do
Urban Development	Greater Dambulla Development Panchikawatta Triangle Development Matara Beach Park Phase II & Kurulu Duwa Bridge	Urban Development and Water Supply Ports & Aviation
Railways	Kandy Gampola Kadugannawa Rail Triangle Feasibility Studies- Kurunagala Habarana via Dambulla Rail Line, Colombo - Hambantota (Kelani Vally) Horana Panadura Rail Line	Sri Lanka Railways New Railroad Development do do
Ports	Dikkowita Harbour Trinco Ocean City Development Project	Ports & Aviation do
Aviation	Weerawila International Airport	do

Human Resource Development

Health	Nuwara Eliya Base Hospital (Hungary)	Ministry of Health
	Hambantota Base Hospital (Hangary)	— do —
	Development of Jaffna Teaching Hospital (JICA)	— do —
	Ambulatory Care Unit NHSL (Hangary)	— do —
	Development Of Matara Hospital (Korean)	— do —
	Supply of Equipment -TH Kurunegala (Austrian)	— do —
	Strengthenieng of State Phamacuetical Manufacturing Corporation (Danida)	— do —
	Construction of New Building for Student's Hostel at NTS Kurunegala	— do —
	Construction of Health Centres in Remote Areas	— do —
	Construction of Theatre Complex at GH Kegalle	— do —
	Construction of Clinical Building Complex at General Hospital Kalutara	— do —
	Dedicated Wards for Public servant's - Medical Insurance Scheme	— do —
	Swedish Assisited Researched Cooperation Project - Ruhuna University.(SAREC)	— do —
	Education Sector Development (ADB)	Education
	Education for Social Cohesion (Germany)	— do —
Education	Improvement of Infrastructure Facilities at the South Eastern University of Sri Lanka. (Kuwait)	— do —
	Jaffna Technical College (Korea)	— do —
	E-Learning Project at University of Colombo - School of Computing (Sweden)	— do —
	Establishment of Isuru Colleges at each Divisional Secretariat Level. (Commencing with 25 Colleges)	— do —
	Establishment of Centre for Excellent for English Teaching.(Peradeniya)	— do —
	Building Complex for the faculty of Healthcare Sciences (FHCS) of Eastern University of Sri Lanka.	— do —
	Resource Centre for the Para Medical Degree students of the Faculty of Medical Science, University of Sri Jayawardanapura	— do —
	Enhancement and Upgrading of Advanced Technical institutes (ATTI's) at Matakkuliya & Labuduwa	— do —
	Construction of Building for the Faculty of Agricultural Science at Sabaragamuwa University of Sri Lanka	— do —
	Labour	World Labour Market Research and Information Centre
Training Centre for Youth for Overseas Employment		— do —
Nursing Training Centre for training Nurses for European Countries		— do —
Sports	Special Housing loan scheme for Migrent Workers	
	Refurbishment of the Indoor Stadium of the Sugathadasa Sports Complex	Ministry of Sports and youth Affairs
	Sports Equipment to the Institute of Sports Medicine	— do —
	Expanding of Belwood Training Institute (Kandy)	— do —
Skill Development	Development of Sports Complexes at Selected Districts	
	Rehabilitation of Rural Vocational Training Centers	Ministry of Vocational & Technical Training and Ministry of Skills Development & Public Enterprises Reform
	Improve Training Equipment Facilities of the VTI Katunayake	— do —
	Upgrading National Vocational Training Centers	— do —
	Reconstruction of Vo cational Education Centers	

Production, Services and Environment		
Agriculture	Agri Business Development Project Moragahakanda and Kaluganga Reservoirs Development Project	Agricultural Development Agriculture, Irrigation and Mahaweli
Development	National Water Management Improvement Project System-B LB Strengthening the Ground water Assessment Capacity and water Analytical Capacity of the water Resources Board Construction of Residential Prject Management Office (RPM) Office) Constraction of Fertilizer Storages in Agrarian Centres Strengthening Small Farmer Development Programme Assistant of Outdoor Paddy Storage Bius Tharuna Govi Aruna Programme Uma Oya Diversion Project Urawa Diversion Project Yan Oya Project Smallholder Out Growers Estate Development Programme Construction of Office Building and Managers Quarters for Egaloya Rubber Nursery	— do — — do — — do — — do — Agrarian Services and Development — do — — do — — do — Irrigation — do — — do — Plantation Industries
Fisheries	Coastal Resources Management Project (Tsunami) Dickowita Harbour Tsunami Affected Areas Rehabilitation Project	Fisheries and Aquatic Resources
Industries Promotion	SME Sector Development Programme II	Enterprise Development and Investment
Services	Entrepreneur Development Programme National SME Data Base Development Conservation of Sri Lanka's British era Heritage Conversion of selected MPCs to member-driven societies	Tourism Co-operatives and Co-operative Development
Environment	Capacity Building for Stakeholders for Effective Management of Invasive Alien Species in Sri Lanka Implementation of the 4 Component –Protected Area Management & Wildlife Conservation Project Minimizing Environment Impacts due to Plastic	Environment — do —
Waste- National Post Consumer Plastic Waste		
	Management Programme Establishment of Dry Zone Botanical Garden	— do — Promotion of Botanical & Zoological Gardens
	Social Protection	
	Early Warning System in Sri Lanka (Establishment of DRM and FW) Capacity Building for Disaster Risk management in Sri Lanka UNV Support to Establishment of Volunteer Information and Coordination Centre (VOICE)	Ministry of Disaster Management and Human Rights — do — Ministry of Social Services and Social welfare
Art, Cultural & Religion		
	National Performing Arts Theatre Project	Cultural Affairs

ANNEXURE II

MEDIUM TERM PERFORMANCE INDICATORS AND PROJECTIONS 2007 - 2009

Ministry / Department :

Head No. Name:

Programme No: Name:

Project No: Name:

Project Objectives

- 1
- 2
- 3

Key Activities

- 1
- 2
- 3
- 4

Performance Indicator

No	Indicator	Actual	Estimate		Projection	
		2005	2006	2007	2008	2009
1						
2						
3						
4						
5						

Expenditure (Rs.'000)	Actual	Estimates		Projection	
	2005	2006	2007	2008	2009
RECURRENT					
Personal Emoluments					
Traveling Expenses					
Supplies					
Maintenance Expenditure					
Contractual Services					
Transfers					
Grants					
Subsidies					
Interest Payments					
Other Recurrent Expenses					
CAPITAL					
Rehabilitation & Improvement of Capital Assets					
Acquisition of Operational Capital Assets					
Capital Transfers					
Capital Grants					
Acquisition of Financial Assets					
Other Capital Expenditure					
Restructuring Expenditure					
Operational Cost of Donor Funded Projects					
Public Debt Amortization					
Project Total					
Domestic Financing					
Foreign Financing					

Employment Profile

Employment Category*	Actual	Estimates		Projection	
	2005	2006	2007	2008	2009
Senior executive (A)					
Executive (B)					
Secondary Grade (C)					
Preliminary Grade (D)					
Casual/Temporary/Contract/Trainees					
Total Cadre					

*as per Public Administration Circular No.06/2006 dated 25.04.2006

Cluster Capital Ceilings 2007 - 2009

Rs. mn

	Clusters	2007	2008	2009
1	Livelihood and Regional Development	53,534	56,853	59,601
2	Human Resource Development	35,297	40,401	45,594
3	Infrastructure Development	99,013	108,915	121,118
4	Production, Services and Environment	26,198	29,080	33,157
5	Science, Technology, Research and Development	3,233	3,701	4,177
6	Social Protection	581	691	830
7	Governance, Operations and Monitoring	5,725	5,897	6,286
8	Art, Religion and Cultural Affairs	959	1,098	1,239
9	Public Order and Safety	5,328	5,594	6,210
	Total	229,868	252,230	278,211

APPLICATION FORM FOR NEW PROJECTS - 2007

- 1 Head: (No / Name)
- 2 Programme: (No / Name)
- 3 Project Name
- 4 Funding Agency:
- 5 Project Duration
- 6 Expected Date of Commencement
- 7 Present Status of the Approval (Ex. Cabinet Approval/ Donor Agreement etc.)
- 8 Project Priority Number (Prioritize according to the number of New Projects)
- 9 Financial Plan

Rs. mn

Financing Source		TEC	Estimate	Projection	
			2007	2008	2009
11	DF				
12	FAL				
13	FAG				
14	RFAL				
15	RFAG				
16	Counterpart Fund				
17	FARDF				
Total					

10 Brief Description of the Project (Objectives/ Activities):

11 Location of the Project

12 Output 1

2

3

.....

13 Sustainability of the Project (After Completion)

Rs. mn

Year 1	Year 2	Year 3	Year 4

1 Annual Maintenance Cost

2 Expected Source of Financing to meet the operational cost

(GOSL/ Beneficiary Contribution/ Other - Specify)

14 Special Remarks (If any)

PROJECT PROFILE FOR ONGOING / CONTINUATION PROJECTS - 2007

- 1 Head: (No / Name)
- 2 Programme: (No / Name)
- 3 Project Name
- 4 Funding Agency:
- 5 Project Duration
- 6 Date of Commenced
- 7 Status of the Approval (Ex. Cabinet Approval/ Donor Agreement etc.)
- 8 Project Priority Number
- 9 Financial Plan

Rs. mn

Financing Source	TEC	Actual up to 31.12.2005	Estimates 2006	Actual 01.01.2006 - 30.06.2006	Estimate	Projection	
					2007	2008	2009
11 DF							
12 FAL							
13 FAG							
14 RFAL							
15 RFAG							
16 Counterpart Fund							
17 FARDF							
Total							

10 Brief Description of the Project (Objectives/ Activities):

11 Location of the Project

12 Output

- 1
- 2
- 3
-

13 Sustainability of the Project (After Completion)

Rs. mn

Year 1	Year 2	Year 3	Year 4

1 Annual Maintenance Cost

2 Expected Source of Financing to meet the operational cost

(GOSL/ Beneficiary Contribution/ Other - Specify)

14 Special Remarks (If any)

INFORMATION ON CADRE AND VEHICLES

As at 30th June.2006

1. Public Sector Cadre - Ministries and Departments

Ministry -

Department -

Head No. -

Programme	Project	Employment Category	No. of Approved Posts *	Actual No. of Employees as at 30.06.2006	Excess or (Vacant) Posts as at 30.06.2006
		Senior executive (A)			
		Executive (B)			
		Secondary Grade (C)			
		Preliminary Grade (D)			
		Casual / Temporary / Contract / Trainees\			
		Total			

2. Public Sector Cadre - Statutory Boards (Institutions wise)

Ministry -

Institution -

Employment Category	No. of Approved Posts *	Actual No. of Employees As at 30.06.2006	Excess or (Vacant) Posts As at 30.06.2006
1. Staff Grade 2. Clerical & Allied Services 3. Minor Grades 4. Casual / Temporary/ Contract/ Trainees/ / Re-employment			
Total			

3. Information on Motor Vehicles - As at 30.06.2006 **

Ministry / Department -

Institution -

Mode of Usage	No. of Vehicles						
	Cars	Vans	Jeeps	Double Cabs	Three wheelers	Motor cycles	Others Specify
1. Assigned Vehicles -Govt 2. Assigned Vehicles - hired / leased 3. Pool Vehicles - Govt 4. Pool Vehicles -hired / leased 5. Project Vehicles assigned to projects - Govt 6. Project Vehicles assigned to projects - hired / leased 7. Any other Vehicles							
Total							

Note:

*Posts approved by the Management Services Department

** Each Ministry / Department /Institutions separately

STANDARD EXPENDITURE PROGRAMMES

Governance, Operations and Monitoring

- 01 General Administration
- 02 District Administration
- 03 Provincial Administration
- 04 Financial Policy Services
- 05 Accounting and Cash management
- 06 Fiscal Management & Economic Affairs
- 07 Public Resources Management
- 08 Financial Management
- 10 Tax & Duty Administration
- 11 Public Debt
- 12 Statistical Services
- 13 Foreign Aid Management
- 14 Debt Conciliation Services
- 16 Policy Development
- 17 Printing Services
- 18 Archives Management
- 19 Administration of Trusts
- 20 External Affairs

Public Order and Safety

- 30 National Defence
- 31 Civil Security
- 32 Prison Administration
- 33 Administration of Justice

Pro-Poor Pro Growth Livelihood and Regional Development

- 15 Rehabilitation & Reconstruction
- 52 Regional Development
- 53 Development of Co-operatives
- 55 Maintenance of Food Security
- 60 Community Development
- 63 Plantation Infrastructure & Estate Housing

Infrastructure Development

- 46 Communication
- 47 Transport Services
- 48 Port Development & Shipping
- 49 Power and Energy Services
- 50 Construction & Maintenance of Highways
- 61 Housing and Community Amenities
- 62 Water Supply & Drainage Services
- 64 Urban Development

Human Resource Development

- 09 Human Resources Management
- 70 General Health Services
- 71 Hospital Services
- 72 Public Health Services
- 73 Indigenous Medicine
- 80 Primary Education
- 81 Secondary Education
- 82 Assistance to Education
- 83 Vocational Training & Technical Education
- 84 Higher Education
- 85 Evaluation & Assessment
- 90 Recreational and Sports

Art , Religion and Cultural Affairs

- 91 Cultural Development
- 93 Religious and Cultural Affairs
- 94 Broadcasting and Publishing Services

Social Protection

- 95 Social Protection
- 96 Women Development
- 97 Labour Affairs

Science, Technology, Research and Development

- 56 Research & Development *

Production and Services

- 40 Land Administration and Development
- 41 Conservation and Development of Ocean Resources
- 42 Plantation Development
- 43 Irrigation & Water Management
- 44 Agriculture Development
- 45 Livestock Development
- 51 Industrial Development
- 54 Trade & Commerce Support Services
- 57 Environmental Protection
- 58 Wild Life Conservation
- 59 Forest Conservation
- 92 Zoological Services

* Expenditure items on Research & Development categorized under Programs of 21, 74 and 86 in year 2006 should be re-categorize under “ 56 Research & Development” in 2007

**ESTIMATE PRESENTATION FORMAT - 2007
FOR MINISTRIES AND DEPARTMENTS**

Head:.....
 Programme:.....
 Project:.....

								Rs.'000
Sub Projects	Object Code	Items	financing	Category / Object Title	Actual 2005	Estimate 2006	Actual Expenditure for 2006 (Up to 30/06/2006)	Estimate 2007
				RECURRENT EXPENDITURE				
				Personal Emoluments				
	1001			Salaries and Wages				
	1002			Overtime and Holiday Pay				
	1003			Other Allowances				
	1004			Pension Fund Contribution				
	1005			Public Service Provident Fund Contribution				
	1006			Property Loan Interest				
				Traveling Expenses				
	1101			Domestic				
	1102			Foreign				
				Supplies				
	1201			Stationery and Office Requisites				
	1202			Fuel and Lubricants				
	1203			Uniforms				
	1204			Diets				
	1205			Medical Supplies				
	1206			Mechanical and Electrical Goods				
	1207			Other				
				Maintenance Expenditure				
	1301			Vehicles				
	1302			Plant, Machinery				
	1303			Buildings				
	1304			Other				
	1305			Structures				
				Contractual Services				
	1401			Transport				
	1402			Telecommunication				
	1403			Postal Charges				
	1404			Electricity & Water				
	1405			Rents				
	1406			Rates & Taxes to Local Authorities				
	1407			Other				
	1408			Hire Charges				
				Transfers				
	1501			Transfers to Households Through Welfare Programmes				
	1502			Pensions, Retirements and Gratuities				
	1503			Transfers to Public Institutions				
	1504			Transfers to Public Enterprises				
	1505			Transfers to Financial Institutions				
	1506			Subscriptions, Contributions and Membership Fees : Domestic				
	1507			Subscriptions, Contributions and Membership Fees : Foreign				
				Gants				
	1601			Grants to Public Institutions				
	1602			Grants to Provincial councils				
	1603			Grants to Non public Institutions and Private Individuals				

Sub Projects	Object Code	Items financing	Category / Object Title	Actual 2005	Estimate 2006	Actual Expenditure for 2006 (Up to 30/06/2006)	Estimate 2007
			Subsidies				
	1701		Operational Losses of Public Enterprises				
	1702		Interest Subsidies				
	1703		Price subsidies				
	1704		Development Subsidies				
			Interest Payments				
	1801		Domestic Debt				
	1802		Foreign Debt				
			Other Recurrent Expenditure				
	1901		Awards and Indemnities				
	1902		Losses and Write-offs				
	1903		Holiday Warrants				
	1904		Implementation of the Official Language Policy				
	1905		Other				
	1906		Refunds				
	1907		Training Services Local				
			CAPITAL EXPENDITURE				
			Rehabilitation and Improvement of Capital Assets				
	2001		Buildings				
	2002		Plant , Machinery and Equipment				
	2003		Vehicles				
	2004		Other Capital Assets				
	2005		Structures				
			Acquisition of Capital Assets				
	2101		Vehicles				
	2102		Furniture and Office Equipment				
	2103		Machinery				
	2104		Buildings				
	2105		Lands and Land Improvements				
	2106		Other				
	2107		Structures				
			Capital Transfers				
	2201		Transfers to Public Institutions				
	2202		Transfers to Public Enterprises				
	2203		Development Assistance				
	2204		Transfers Abroad				
			Capital Grants				
	2301		Capital Grants to Non-Public Institutions and Private Individuals				
	2302		Grants to Provincial Councils				
			Acquisition of Financial Assets				
	2401		Equity contribution by the Government				
	2402		Loans Outlay				
	2403		On - Lending				
	2404		Other				
			Other Capital Expenditure				
	2501		Other				
	2502		Consultancies				
	2503						
			Restructuring Expenditure				
	2601		Restructuring and Reform				
	2602		Voluntary Retirement Scheme for Public Servants				
			Operational Cost of Donor Funded Projects				
	2711		Personal Emoluments of Project Staff				
	2712		Other Good and Services				
			PUBLIC DEBT AMORTIZATION				
			Repayments				
	3001		Loan Repayment - Domestic				
	3002		Loan Repayment - Foreign				
	3003		Other Repayments				
			Total Expenditure				

**ESTIMATE PRESENTATION FORMAT - 2007
FOR INSTITUTIONS**

ANNEXURE A

Name of the Ministry :
Head No. of the Ministry
Name of the Institute :

Rs.'000

Object	Category/Object Title Code	Schedule No.	Actual 2005	Estimate 2006	Actual Expenditure for 2006 (Up to 30/06/2006)	Estimate 2007
	RECURRENT EXPENDITURE					
	Personal Emoluments					
1001	Salaries and Wages	01				
1002	Overtime and Holiday Pay					
1003	Other Allowances					
	Traveling Expenses					
1101	Domestic					
1102	Foreign					
	Supplies	02				
1201	Stationery and Office Requisites					
1202	Fuel and Lubricants					
1203	Uniforms					
1204	Diets					
1205	Medical Supplies					
1206	Mechanical and Electrical Goods					
1207	Other					
	Maintenance Expenditure	03				
1301	Vehicles					
1302	Plant and Machinery					
1303	Buildings & Structure					
1304	Other					
1305	Structure					
	Contractual Services	04				
1401	Transport					
1402	Telecommunication					
1403	Postal Charges					
1404	Electricity & Water					
1405	Rents					
1406	Rates & Taxes to Local Authorities					
1407	Other					
1408	Hire Charges					
	Transfers					
1506	Subscriptions, Contributions and Membership Fees : Domestic					
1507	Subscriptions, Contributions and Membership Fees : Foreign					
	Other Recurrent Expenditure	05				
1903	Holiday Warrants					
1904	Implementation of the Official Language Policy					
1905	Other					
1907	Training Services Local					
	CAPITAL EXPENDITURE					
	Rehabilitation and Improvement of Capital Assets	06				
2001	Buildings & Structure					
2002	Plant and Machinery					
2003	Vehicles					
2004	Other Capital Assets					
2005	Structure					
	Acquisition of Capital Assets for Institutions	07				
2101	Vehicles					
2102	Furniture and Office Equipment					
2103	Machinery					
2104	Buildings and Structure					
2105	Lands and Land Improvements					
2106	Other					
2107	Structure					
	Total Expenditure					

**ESTIMATE PRESENTATION FORMAT - 2007
FOR INSTITUTIONS**

Government Contribution

Rs.'000

	Schedule : No	Actual 2005	Estimate 2006	Actual Expenditure for 2006 (Up to 30/06/2006)	Estimate 2007
Total Recurrent Expenditure					xxx
Less:					
Revenue	09				(xxx)
Government Contribution - Recurrent					xxx
Government Contribution - Capital					xxx
Total Contribution		xxx	xxx	xxx	xxx

Schedules for Estimate - 2007 (Draft formats are given below for convenience)

Object Code	Schedule No.	Rs. '000
1001 Salaries and Wages	01	xxx
Salaries and Wages		xxx
ELF Contribution		xxx
ELF Contribution		xxx
1002 Overtime and Holiday Pay		xxx
Overtime		xxx
Holiday Pay		xxx
1003 Other Allowances		xxx
Gratuity Payments		xxx
.....		xxx
.....		xxx
Supplies	02	
1207 Other		xxx
.....		xxx
.....		xxx
Maintenance Expenditure	03	
1304 Other		xxx
.....		xxx
.....		xxx
Contractual Services	04	
1407 Other		xxx
.....		xxx
.....		xxx
Other Recurrent Expenses	05	
1905 Other		xxxx
.....		xxxx
.....		xxxx
Rehabilitation and Improvement of Capital Assets for Institutions	06	
2004 Other Capital Assets		xxxx
.....		xxxx
.....		xxxx
Acquisition of Fixed Assets for Institutions	07	
2106 Other		xxxx
.....		xxxx
.....		xxxx
Revenue	08	
Source		xxxx
.....		xxxx
.....		xxxx
.....		xxxx
.....		xxxx