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MINISTRY OF FINANCE AND PLANNING

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திகதி } 2011.02. 11
Date }

Public Enterprise Circular No. PED 57


All Secretaries to the Ministries
Chairmen of Corporations, Statutory Boards
And Government Owned Companies including
State Owned Banks and Financial Institutions

Guidelines on Advertising and Promotional Activities of Public Enterprises

It has been observed that many State Owned Enterprises (SOEs) incur significant expenses on advertisements, donations, sponsorships and unplanned promotional activities deviating from approved budgetary provisions and disregarding value for money. Considering the adverse implications of such activities, all SOEs are requested to strictly comply with following the guidelines for planning and implementing their advertising and promotional activities:-

1. The advertising and promotional activities carried out by all SOEs including state owned banks and financial institutions in the form of advertisements, sponsorships, donations and publications should be made only for the purpose of achieving the following objectives;
 - (i) Promoting products and services
 - (ii) Raising awareness of planned initiatives
 - (iii) Promoting business opportunities
 - (iv) Disclosing routine information to general publicAll these activities must be institution focused and beneficial to the institution.
2. Advertising / promotional expenses of each SOE should be justified based on a proper cost benefit analysis taking in to account advertising rationale, objectives, costs and outcomes and be included in respective Action Plan. Annual Advertising Program prepared accordingly and recognized by the board of management for the incorporation into the annual Action Plan should be submitted to Department of Public Enterprises (PED) for approval.
3. All expenses on Corporate Social Responsibility (CSR) programs should also be considered as promotional expenses and properly budgeted.

4. Total advertising / promotional expenses of a SOE including state owned banks and financial institutions should not exceed 05% of its total budgeted Operating Cost. However, in case of National Lotteries Board and Development Lotteries Board, this limit should not exceed 10% of total revenue of the preceding year.
5. All enterprises could engage in any advertising and promotional activities on marketing and branding of the products and services of the institution recognized in the Annual Action Plan within the budgetary ceiling for the year, as deemed necessary. However, all enterprises are required to ensure that the method and medium of such activities are not excessive in relation to the objective being pursued at all times
6. All SOEs are required to obtain the approval of Hon. Minister of Finance and Planning for,
 - i. any promotional activity exceeding the stipulated limit of the annual advertising budget.
 - ii. any unplanned promotional activity which has not been included in the annual advertising program
 - iii. any donation / sponsorship in the approved annual program exceeding Rs. 100,000/= to be made to any party other than a government institution or a government development project
 - iv. any donation / sponsorship exceeding Rs. two million to be made to any party.
7. Any sponsorship made through thorough state media institutions upto Rs. five million is exempted from 06 above.
8. In order to derive maximum discounts in advertising, all SOEs are required to negotiate with state owned media agencies and may enter in to exclusive arrangements with mutual benefits.
9. The Chairmen, Board of Directors, and Chief Executive Officers (CEOs) shall be accountable for any deviation from this Circular or exceeding the approved advertising budget as per the annual budget.
10. Any deviation as per the item 06 above requires Hon. Minister's approval. The CEO of the institution should make a formal request for Director General of PED so that approval procedure can be adhered to obtain approval from Hon. Minister of Finance and Planning.


P.B Jayasundera
Secretary to the Treasury

Copy to : Auditor General
Secretary to the President