



මුදල් හා ක්‍රමසම්පාදන අමාත්‍යාංශය  
நிதி, திட்டமிடல் அமைச்சு  
MINISTRY OF FINANCE AND PLANNING

මහ ලේකම් කාර්යාලය, කොළඹ 01.

செயலகம், கொழும்பு 01.

The Secretariat, Colombo 01.

කාර්යාලය } 2484500  
அலுவலகம் } 2484600  
Office } 2484700

ෆැක්ස් }  
பெக்ஸ் } (94)-011-2449823  
Fax }

වෙබ් අඩවිය }  
වෙබ් අඩවිය } www.treasury.gov.lk  
Website }

මගේ අංකය }  
எனது இல. }  
My No. }

ඔබේ අංකය }  
உமது இல. }  
Your No. }

දිනය }  
திகதி } 19<sup>th</sup> March 2007  
Date }

**Circular No: MOFP/ERD/2007/1**

All Secretaries of Ministries

Chief Secretaries of Provincial Councils

Heads of Public Corporations and Statutory Bodies

Heads of Departments

District Secretaries

Divisional Secretaries

**Guidelines on the Use of Assistance from Non-Governmental Organizations (NGOs)**

Non-Governmental Organizations are involved in the provision of financial assistance as well as in the implementation of development projects/ programs at national and regional levels. It has been felt necessary to lay down a set of guidelines to ensure that their involvements and operations fall within the government's development framework and that the funds channeled to various development projects are not associated with "Money Laundering" and/or "Terrorist Financing" and/or any other activity undermining national interest.

The set of guidelines is as follows:

1. The Secretary to the line Ministry should ensure that NGOs which operate at national level projects and receive foreign funds have to be registered with the NGO Secretariat of the Ministry of Social Services and Social Welfare. This requires the prior clearance for registration obtained from the Centre for Non Governmental Sector (CNGS) of the Ministry of Finance and Planning. At this stage the source of funding will be verified.
2. The Secretary of the relevant line Ministry should ensure that projects assisted by NGOs under the Ministry has his/her concurrence for such activity. The NGO projects which operate at District Level or in a smaller area within the district should have obtained the concurrence of the District Secretary for their activity.

3. The Secretary of the relevant line Ministry and the District Secretary in case of district level projects should ensure that the NGO funded projects are integrated within the on going development activities in the relevant sector.
4. A Memorandum of Understanding (MOU) setting out the framework for the implementation of each specific NGO funded project should be entered into between the Secretary of the relevant line Ministry or the District Secretary and the NGO. The MOUs for foreign funded NGO assisted projects should be cleared with the Department of External Resources of the Ministry of Finance and Planning.
5. The Secretary of the relevant line Ministry/District Secretary should establish a proper mechanism to regularly monitor/ review the progress of the NGO funded projects.
6. The NGO should open and maintain a Bank Account with a reputed commercial bank and transfer of funds should be made through this account.
7. If the NGO assistance is provided in the form of cash grants for projects implemented by the government agencies, such funds should be channeled through the Treasury, following the Government Financial Regulations.
8. As part of monitoring of NGO assisted activity at national or district level, the Secretary of the line Ministry or the Divisional Secretary should request the NGO to submit the annual accounts of the projects funded by the NGO and its tax status audited by a reputed firm.

Attention is also drawn to the instructions issued by the Governor of the Central Bank of Sri Lanka on 30th January 2007 on the "Proposals for Foreign Loans and Grants based on Government Guarantees" to prevent funds that may channel through illegal sources including funds connected to money laundering and/or terrorist financing and/or any other activity undermining national interest, entering into development activities of the Government.



P.B. Jayasundera  
Secretary to the Treasury

Copies to : Secretary to the President  
Secretary to the Prime Minister  
Secretary to the Cabinet  
Governor, Central Bank of Sri Lanka  
Auditor General