

05.04.2007

All Secretaries of Ministries
Chief Secretaries of Provincial Councils
Heads of Departments
Chairmen of Public Corporations,
Statutory Boards and Government Owned Companies

RECRUITMENT, REMUNERATION AND MANAGEMENT OF PROJECT STAFF

1. The procedure in respect of recruitment, remuneration, and management of Project staff is given below.
 - 1.1 This Circular will be applied to **Projects** which have the following characteristics.
 1. Project should be appraised by the Department of National Planning and approved by the Cabinet of Ministers and obtaining clearance from Department of External Resources and Department of Management Services regarding funding, budgetary provisions and creation of cadre.
 2. Project period should be more than two years.
 3. If the project is assisted by foreign financing:
 - a) At least 50 % of the funding should be from foreign funds (The cost of foreign consultancy should not be more than 20% of foreign funds) with not more than 50 % domestic funds excluding taxes and duties.
 - b) Should have an agreement between Government of Sri Lanka through Department of External Resources and funding Agency and should carry a specific name defined in the agreement referred to above.
 - c) Total cost of the project should not be less than US \$ 5.0 Million.
 4. If the project is funded by domestic financing:
Total cost of the project should not be less than US \$ 5.0 Million equivalent to Sri Lankan rupees.

2. Recruitment of Staff for Projects

2.1 Identification of required cadre

- 2.1.1 No additional personnel should be recruited for any project of which, the activities can be carried out by deploying the existing staff of the executing / implementing agencies. Such activity may be organized as a special unit under the supervision of a senior officer of the executing / implementing agencies.
- 2.1.2 Where it is essential to create a project and recruit a separate cadre to carryout project activities, the required cadre for the management of projects should be identified at the pre-appraisal / appraisal stage of a project depending on the necessity by implementing agency, with the

concurrence of a committee of the Treasury comprising Directors General or Additional Directors General of departments of External Resources, Management Services, National Budget, National Planning and Public Finance. Such approved cadre and salary structure should be included in project documents.

2.2 Recruitment of Core Project Staff :

2.2.1 To ensure smooth and timely implementation of a project, a team identified as 'Core Project Staff' consisting of the Project Director and key staff subject to the Para 2.1.2 may be deployed / recruited prior to the signing of the Loan / Grant Agreement in respect of foreign funded projects or immediately after the approval of the Cabinet in respect of local funded projects, as the case may be.

2.2.2 Core Project Staff for projects assisted through foreign financing may function before the Loan Agreement is signed to undertake preparatory activities. In the case of local funded projects the Core Project Staff may function soon after the budgetary provisions are approved. The functioning period of project staff shall be determined at the project appraisal stage.

2.2.3 The Ministry / Provincial Council / Department / Agency should take action to make necessary budgetary provisions to incur the expenditure in respect of Core Project staff.

2.2.4 Appointment to all posts including "Core Project Staff" shall be made only after calling for applications by open advertisements followed by interviews.

2.2.5 (a) The selection of Project Directors (also referred to as Head of Projects) for projects of which loan / grant amount is US \$ 30 million or its equivalent and above, shall be made by a committee headed by Secretary, Ministry of Finance & Planning or Deputy Secretary to the Treasury. The other members of the interview board shall be the Secretary of the Line Ministry / Chief Secretary of the Provincial Council and the Head of the Implementing Agency.

(b) A Committee headed by Secretary of the line Ministry / Chief Secretary of the Provincial Council as the case may be shall handle the selection of Project Directors for projects of which loan / grant amount is less than US \$ 30 million or its equivalent. A head of a department from the Treasury and the head of the implementing agency shall be included in the board of interview.

(c) The board of interview for the selection of other senior staff of the Project (Category B, C, & D as specified in Para 4.2.1) shall be chaired by the Secretary of the line Ministry / Chief Secretary of the Provincial Council and shall consist of the Project Director and Head of the Implementing Agency

(d) The interview board for the selection of other support staff of the Project shall be chaired by the Project Director, consisting of representatives from the line Ministry / Provincial Council and the Implementing Agency.

2.2.6 The appointing authority for the Project Director & senior staff of the Project shall be the Secretary to the Ministry or Chief Secretary of the Provincial Council for projects implemented by a Ministry / Provincial Council and Head of the implementing agency for projects implemented by Departments/Statutory Boards/Public Corporations. The Project Director shall be the appointing authority for all other posts.

2.2.7 All appointments should be on contract basis, for a maximum period of three years renewable annually subject to satisfactory performance. For this purpose the performance of each employee shall be appraised as specified in Para 9.1 of this Circular. Such contracts may be extended for further term subject to satisfactory performance, by the appointing authority. Authority for the termination of contract shall be the respective appointing authority.

2.2.8 Persons above the age of 57 years shall not be considered for the appointment in the Projects.

2.2.9 Educational and professional qualifications, experience and competencies required for the project staff are given in Annexure I. Educational and professional qualifications, experience and competencies required for posts which are not covered by this circular, should be determined by the committee referred to Para 2.1.2.

3. **Appointment from the public service, the provincial public service including local authorities, public corporations and statutory boards**

3.1 Officers confirmed in the Public Service, the provincial public service including local authorities, public corporations and statutory boards could be appointed to a project on the following basis subject to fulfillment of relevant qualifications & experiences as specified in the Para 2.2.9 of this circular.

(a) Release on full time basis to a Project

Released from the public service, the provincial public service including local authorities, public corporations and statutory boards for not more than five (5) years, during the period of service in Public Service.

Or

(b) On no-pay leave

'No-pay leave' for a total period not exceeding five years could be granted as per Public Administration Circular No.13/99 dated 11th June 1999. The requirement to serve any obligatory period of service is not applicable for such officers.

Or

(c) Release on part time basis/ covering up duties

Officers while working in their substantive post may be released on a part time basis to cover up duties in a Project.

3.2 An officer may serve in projects during his period of service for a maximum period of five years under the provisions of both 3.1 (a) & 3.1 (b) above.

4 **Salaries and Benefits**

4.1 **Salaries and Benefits of Officers Recruited from the Public Service/provincial public service/Public Corporations and Statutory boards**

4.1.1 Remuneration of the Officers released from the Public Service / Provincial Public Service / Public Corporations and Statutory Boards to a Project on fulltime basis under Paragraph 3.1 (a) shall be the salary of the officer's substantive post plus an allowance of 50% of the salary of his current post in the project, not exceeding the salaries given in 4.2.1.

4.1.2 Remuneration of the Public Officers appointed to a Project under Paragraph 3.1(b) shall be decided on the criteria given in Para 4.2 of this Circular.

4.1.3 For any projects, the activities of which can be carried out by deploying the existing staff of the executing / implementing agencies on part-time basis or on covering up basis, they may be paid with 1/3 of the salary of his current post in the project. Any such officer may work only in two projects at a given time. However, a qualified project director may be recruited from outside for such projects.

4.2 **Remuneration of PMU Staff Recruited from Outside the Public Service/provincial public service/Public Corporations/ Statutory boards and officers on No pay leave.**

4.2.1 Remuneration of the senior staff shall be as indicated in the following table.

Fixed Salary for a Month (Rs.)

Level	Position	Above US\$ 5 million & less than US\$10 million or equivalent	Above US\$ 10 million & less than US\$ 30 million or equivalent	US\$ 30 Million and above or equivalent
A	Project Director	65,000-80,000	85,000-100,000	110,000-125,000
B	Manager [eg: Deputy project Director, Finance Manager, Procurement Specialist]	55,000-70,000	75,000-90,000	95,000-110,000
C	Deputy Manager [eg: Project accountant]	45,000-60,000	65,000-75,000	75,000-85,000
D	Junior Manager [eg: Tech. officer, Project Secretary]	25,000-30,000	30,000-35,000	35,000-40,000

4.2.2 All the project staff should be placed at the initial step of the given salary range upon recruitment & based on performance the salary may be increased within the given range. The respective appointing authority shall be responsible for such increase of salary.

4.2.3 **Salaries of Support Staff Recruited Outside the Public Service**

Salaries of support staff, recruited from outside the public service, should be based on the initial step of salary scales at the recruitment level of similar posts in the Public Service.

4.2.4 **Salaries of the Project Staff of On-Going Projects**

Placement of the incumbent officers in the new Salary Scale shall be done on the basis of performance & the period served by each person as stated below. A renewed contract shall be signed for the balance period of the existing agreement.

1st Year - At the initial point of the given salary range

2nd Year- At the mid-point of the given salary range worked out to the nearest Rs 100

3rd Year- At the maximum point of the given salary range

4.2.5 **Payment of Income Tax**

Chapter XV of Inland Revenue Act No 10 of 2006, Section 132, will apply for payment of income tax by employees who are attached to projects defined under this circular.

4.3 Employees' and Employers' Contribution

- 4.3.1 The Project staff recruited from outside the public service/ the provincial public service including local authorities and staff recruited in terms of paragraph 3.1 (b) should contribute to the Employees' Provident Fund (EPF). The employers' contribution to the EPF and ETF shall be in terms of the relevant statutes.
- 4.3.2 The Project staff recruited from the Public Service / the provincial public service including local authorities, in terms of Paragraph 3.1(a) & (c) should continue to make his or her W&OP Contribution.
- 4.3.3 Employer should pay 25% of the consolidated salary of the substantive post to the Department of pensions as contribution to pension of Public Officers released to a Project under Para 3.1 (a).
- 4.3.4 The other authorized recoveries such as loans and advances shall be recovered at the appropriate installments / rates and remitted to the relevant fund to which the recoveries are usually remitted.

5. Other Benefits to Project Staff

- 5.1 (a) The actual cost of accommodation may be reimbursed when members of senior project staff have to accompany officials of foreign financing agencies for field visits subject to prior concurrence of the appointing authority.
- (b) The rate of subsistence paid for other project staff should be parallel to the rates applicable to public service.
- 5.2 The Project Directors are permitted to use a vehicle and they are entitled a monthly fuel allocation of 120 liters or maximum Rs 9,600/= for petrol vehicles or 145 liters or maximum Rs 7,250/= for diesel vehicles, as in the case of Heads of Departments.
- 5.3 Additional fuel requirement for project visits should be approved by the Head of the Implementing Agency.
- 5.4 Staff of project recruited from the public service & provincial public service including local authorities the public corporations & statutory boards in terms of paragraph 3.1 (a) & (b) and staff recruited outside the public service are not entitled to leave encashment, medical encashment, bonus or any other incentive schemes that are in practice at their previous places of work.

6. Leave

- 6.1 Leave for staff recruited from the public service, provincial public service including local authorities, public corporations & statutory boards in terms of paragraph 3.1(a) & 3.1(b) and staff recruited from outside the public service, should be based on provision laid down in Shops and Office Act.

7. Disciplinary Control and Recovery of Losses

- 7.1 Disciplinary authority for project staff shall be their respective appointing authority.

8. Training (applicable only to projects assisted through foreign financing)

- 8.1 Project staff is allowed for one short-term training of which duration is less than one month. The Project Director may recommend this training on grounds that it is necessary to carryout duties at PMU. However budgetary provision should be included and available for such training within the project cost.

9. Performance Appraisal

- 9.1 All members of the project management staff shall be subjected to annual performance appraisal. The Appointing Authority shall be responsible for the conduct of performance appraisal. In the case of projects assisted through foreign financing, the criteria for annual performance appraisal may be developed in consultation with the Foreign Financing Agency.

10 Recruitment of Consultants for Projects Assisted By Foreign Financing Agencies

- 10.1 This Circular will not govern the procedure for recruitment of consultants for the implementation of projects assisted by Foreign Financing Agencies. The procedure for recruitment of consultants shall be in accordance with the conditions of the Loan/Grant Agreement of the project and /or procurement guidelines.

11. Allowances for Steering Committee Members

- 11.1 The payment of allowances for participation in the meeting of the steering Committee to the members of the committee shall be as follows.

Project Value	Above US\$ 5 million & less than 10 million or equivalent	Above US\$ 10 million & less than US\$ 30 million or equivalent	US\$ 30 Million and above or equivalent
Payment on Participation	Rs 1000/=	Rs1500/=	Rs 2000/=

- 11.2 Only one meeting should be held per month and the members of the project staff are not entitled to this payment.

12. General

- 12.1 Any other matters relating to salaries and cadre of projects not covered by the provisions of this circular shall be referred to Department of Management Services for a ruling.
- 12.2 It shall be noted that the Secretary to the line ministry as the Chief Accounting Officer, bears the overall responsibility for the timely and successful implementation of the projects falling within the purview of the ministry and as such the Project Director / Head of the project shall be responsible to the Secretary to the line ministry and the project staff shall be responsible to him/her through the Project Director / Head of the project.

12.3 The Project Director / Head of the project shall be made liable to be surcharged for any cost time overrun of projects unless it is established that such overrun is due to reasons beyond the control of him. Any possible delays in the implementations should be brought to the notice of the Ministry of Finance & Planning through the relevant Secretary, in writing. In the case of time overrun the surcharge shall be 5% of the salary of the project staff during first 12 months of overrun, 10% of the salary during the period between 13th to 24th months and 25% of the salary for any time overrun greater than 24 months. The surcharge in respect of cost overrun has to be determined by the Secretary to the line Ministry in consultation with the project steering committee.

14. The Management Services Circular No. 10 dated 26.12.2000 is hereby repealed.

15. **Guidelines on Project Management**, which is covering the other aspects of project activities, shall be issued in due course by the Ministry of Finance & Planning.

16. This circular will be effective from 01.01.2007.



P.B. Jayasundera
Secretary to the Treasury

Copies: Auditor General

Secretary to the President

Chairman, National Salaries & Cadre Commission

Secretary, Public Service Commission

ANNEXURE I

Basic Qualifications for the Positions at Each Level

Post	Project Value above US\$ 5 million & less than US\$ 10 million	Project Value above US\$ 10 million & less than US\$30 million	Project Value US\$ 30 million and above
Project Director [Level A]	<p>Bachelors Degree in the field of Engineering Science, Law, Economics, Commerce, Agriculture, Business Administration / Management, Accounting or any other relevant field</p> <p>With</p> <p>Minimum of 10 years experience of which 3 years should be in Senior Managerial level.</p> <p style="text-align: center;"><u>Or</u></p> <p>Bachelor's Degree</p> <p>And</p> <p>a Postgraduate Qualification (Masters/Diploma) in the relevant field or Corporate Membership of a recognized professional institution in the relevant field</p> <p>With</p> <p>Minimum of 8 years post qualification experience in the Managerial level.</p>	<p>Bachelors Degree in the field of Engineering Science, Law, Economics, Commerce, Agriculture, Business Administration / Management, Accounting or any other relevant field</p> <p>With</p> <p>Minimum of 12 years experience of which 5 years should be in Senior Managerial level.</p> <p style="text-align: center;"><u>Or</u></p> <p>Bachelor's Degree</p> <p>And</p> <p>a Postgraduate Qualification (Masters/Diploma) in the relevant field or Corporate Membership of a recognized professional institution in the relevant field</p> <p>With</p> <p>Minimum of 10 years post qualification experience in the Managerial level.</p>	<p>Bachelors Degree in the field of Engineering Science, Law, Economics, Commerce, Agriculture, Business Administration / Management, Accounting or any other relevant field</p> <p>With</p> <p>Minimum of 15 years experience of which 8 years should be in Senior Managerial level.</p> <p style="text-align: center;"><u>Or</u></p> <p>Bachelor's Degree</p> <p>And</p> <p>a Postgraduate Qualification (Masters/Diploma) in the relevant field or Corporate Membership of a recognized professional institution in the relevant field</p> <p>With</p> <p>Minimum of 12 years post qualification experience in the Managerial level.</p>

Post	Project Value above US\$ 5 million & less than US\$ 10 million	Project Value above US\$ 10 million & less than US\$30 million	Project Value US\$ 30 million and above
Manager [Level B]	<p>Chartered / Corporate membership of recognized Professional Institution / post graduate qualifications in the relevant field And Minimum of 5 years of post qualification experience in Senior Managerial level.</p> <p style="text-align: center;"><u>Or</u></p> <p>Class I Officer of a Government All Island Services or similar status in the relevant field With Minimum of 3 years experience in Class I level</p>	<p>Chartered / Corporate membership of recognized Professional Institution / post graduate degree in the relevant field And Minimum of 8 years of post qualification experience in Senior Managerial level.</p> <p style="text-align: center;"><u>Or</u></p> <p>Class I Officer of a Government All Island Services or similar status in the relevant field With Minimum of 5 years experience in Class I level</p>	<p>Chartered / Corporate membership of recognized Professional Institution / post graduate degree in the relevant field And Minimum of 10 years of post qualification experience in Senior Managerial level.</p> <p style="text-align: center;"><u>Or</u></p> <p>Class I Officer of a Government All Island Services or similar status in the relevant field With Minimum of 8 years experience in Class I level</p>
Deputy Manager [Level C]	<p>An officer of the Government All Island Services Class II/I or above or similar status With Minimum of 3 years experience in Class II/I level in the relevant field</p> <p style="text-align: center;"><u>Or</u></p> <p>Bachelors Degree or Part qualification in CIMA/ACCA/ICASL And Minimum of 10 years post qualification experience in the relevant field</p>	<p>An officer of the Government All Island Services Class II/I or above or similar status With Minimum of 5 years experience in Class II/I level in the relevant field</p> <p style="text-align: center;"><u>Or</u></p> <p>Chartered / Corporate membership of recognized Professional Institution / post graduate degree in the relevant field And Minimum of 5 years of post qualification experience in the relevant field.</p>	<p>An officer of the Government All Island Services Class I or similar status With Minimum of 8 years experience in Class I level in the relevant field</p> <p style="text-align: center;"><u>Or</u></p> <p>Chartered / Corporate membership of recognized Professional Institution post graduate degree in the relevant field And Minimum of 8 years of post qualification experience in the relevant field.</p>

Post	Project Value above US\$ 5 million and less than 10 million	Project Value US\$ 10 million and above but less than 30 million	Project Value US\$ 30 million and above
Junior Manager [Level D]	<p>A Bachelors degree or Corporate Membership of a recognized Institution in the relevant field And Minimum of 2 years experience in the required area of specialization</p> <p style="text-align: center;"><u>Or</u></p> <p>Certificate / Diploma of a duration not less than 2 years in the relevant field offered by a recognized institution And Minimum 5 years post qualification experience in the required area of specialization.</p>	<p>A Bachelors degree or Corporate Membership of a recognized Institution in the relevant field And Minimum of 5 years experience in the required area of specialization.</p> <p style="text-align: center;"><u>Or</u></p> <p>Certificate / Diploma of a duration not less than 2 years in the relevant field offered by a recognized institution And Minimum 8 years post qualification experience in the required area of specialization.</p>	<p>A Bachelors degree or Corporate Membership of a recognized Institution in the relevant field And Minimum of 8 years experience in the required area of specialization.</p> <p style="text-align: center;"><u>Or</u></p> <p>Certificate / Diploma of a duration not less than 2 years in the relevant field offered by a recognized institution And Minimum 12 years post qualification experience in the required area of specialization.</p>
Project Secretary [Level D]	<p>Pass in at least six(6) subjects including three (3) credits for English and Sinhala/Tamil language With a secretarial course from a recognized institution or pursuing examinations leading to Chartered Secretary With Minimum of 2 years Experience</p> <p style="text-align: center;"><u>Or</u></p> <p>A Chartered Secretary with at least 1 year Experience</p>	<p>Pass in at least six(6) subjects including three (3) credits for English and Sinhala /Tamil language With a secretarial course from a recognized institution or pursuing examinations leading to Chartered Secretary With Minimum of 3 years Experience</p> <p style="text-align: center;"><u>Or</u></p> <p>A Chartered Secretary with 2 years Experience</p>	<p>Pass in at least six(6) subjects including three (3) credits for English and Sinhala /Tamil language With a secretarial course from a recognized institution or pursuing examinations leading to Chartered Secretary With Minimum of 5 years Experience</p> <p style="text-align: center;"><u>Or</u></p> <p>A Chartered Secretary with 3 years Experience</p>