

# **PERFORMANCE REPORT - 2013**

## **DEPARTMENT OF NATIONAL BUDGET**

### **MINISTRY OF FINANCE & PLANNING**

#### **Vision**

Socio-economic Development through an Efficient  
Appropriation of Public Resources

#### **Mission**

Facilitation of the performance of the responsibility conferred on the legislature for the management of public finance, by provision and distribution of resources for efficient delivery of public services and for the achievement of the development objectives of the Government.

## **Functions & Responsibilities**

### **a. Formulation of the National Budget**

- Preparation of Medium Term Expenditure Framework (MTEF) over a period of 03 years; within that
- Formulation of annual budget estimates for Ministries, Departments and Statutory Agencies of the government in consultation with the Spending Agencies and the relevant Treasury Departments to achieve the fiscal targets stipulated in the Fiscal Management (Responsibility) Act.

### **b. Public Expenditure Management**

- Issuance of Budget Circulars
- Enforcement of appropriate budgetary management measures to ensure that funds are used exclusively for the declared purposes within the approved limits.
- Interacting with the Spending Agencies to ensure the effectiveness of spending.
- Analysis of expenditure for monitoring of financial as well as physical progress.
- Representing the Department of National Budget at the Committee on Public Accounts (COPA).
- Preparation of Observations on related Cabinet Memoranda
- Granting approval for Vehicle Procurements, not included in the leasing method
- Procurement of vehicles for all government agencies under the financial leasing method.
- Participation of Staff on Boards and Committees representing Treasury/ Department of National Budget, and
- Financial Administration of the Department

### **c. Activities Related to Statutory Agencies (Non – commercial Public Institutions)**

- Preparation of Budget Estimates for Statutory Agencies which are supported through the consolidated fund.
- Representing the Department of National Budget at the Committee on Public Enterprises (COPE).

### **d. Advance Accounts Activities**

- Determination of limits for the Commercial, Stores and Public Officer's Advance Accounts in consultation with the spending agencies and consideration of the requests for revision of limits.
- Representing the Treasury at the Committee on Public Accounts (COPA) meetings on matters related to Advance Accounts.

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## 1. Overview

The Department of National Budget operates under the guidance of the Ministry of Finance and Planning. The Department functions as the focal point for the formulation of Budget Estimates based on a sector wise Medium Term Expenditure Framework (MTEF) in consistence with the overall medium term macro economic framework. The MTEF presents its financial plans towards specific targets within the context of sectorial policy strategies while paying particular attention to the management of public expenditure. This process involves a continuous consultation with the line Ministries, Departments, Statutory Agencies of the Government and the relevant Treasury Departments.

### 1.1 Operational Framework

Performance of the operational activities of this department is based on the broader scope of public finance management and planning of the Ministry of Finance and Planning and overall mandate of the Department of National Budget. In the year 2013, the department carried out a wide range of activities in relation to the implementation of Budget 2013 as well as preparation of Annual Budget of 2014 within the Medium Term Expenditure Framework, 2014–2016, as given in Table 1.1.

**Table 1.1**  
**Summary of Performance - 2013**

Function	Activity	Overall Target	Achievement
1. Implementation of Budget 2013 and Expenditure Management.	<ul style="list-style-type: none"> <li>• Issuance of Budget Circulars giving instructions on expenditure management</li> <li>• Provision of additional funds for unforeseen expenditure and Submission of Supplementary Estimates to Parliament.</li> <li>• Authorization of transfer of funds under F.R. 66 and 69</li> </ul>	<ul style="list-style-type: none"> <li>• Manage public expenditure efficiently.</li> <li>• Provide funds and minimize unforeseen expenditure</li> <li>• Maintain the expenditure within the approved estimates.</li> </ul>	<ul style="list-style-type: none"> <li>• Issued National Budget Circular Nos. 157 &amp; 157(i) in this regard</li> <li>• The additional fund requirements, especially for accommodating unforeseen incidents such as floods, draughts etc were addressed, managing the reallocation of funds within the approved expenditure ceiling, without submitting a Supplementary Estimate to Parliament.</li> <li>• As per the Financial Regulations, 1,760 applications were authorized. Out of that, 207 applications were programme transfers and 1,553 were project transfers</li> </ul>

Function	Activity	Overall Target	Achievement
2. Preparation of National Budget Estimate for 2014	<ul style="list-style-type: none"> <li>• Issuance of Budget guidelines on the preparation of the Budget Estimates.</li> <li>• Preparation of draft annual budget estimates in consultation with spending agencies and relevant departments of the Treasury.</li> <li>• Conduct Budget discussions with relevant ministries</li> </ul>	<ul style="list-style-type: none"> <li>• Issue individual letters to relevant line ministries with guidelines to prepare the Budget Estimates.</li> <li>• Ensure meeting the goals set out in the Vision for the Future; Development Policy Framework of the Government.</li> <li>• Meet the actual requirements and prepare a realistic budget</li> </ul>	<ul style="list-style-type: none"> <li>• Formulated the Budget for 2014 in line with the Government Development Policy Framework within MTEF 2014-2016.</li> <li>• Conducted pre budget meetings for selected ministries and other stakeholders with the Chairmanship of HE the President.</li> <li>• Conducted meetings under the Chairmanship of the Hon. Minister of the relevant Ministry</li> <li>• Conducted review meetings with the Secretary to the Treasury and the Deputy Secretaries along with relevant Departments/ Agencies</li> </ul>
	<ul style="list-style-type: none"> <li>• Make necessary arrangements to present the Appropriation Bill for 2014 to Parliament, on time.</li> </ul>	<ul style="list-style-type: none"> <li>• The Appropriation Bill to be presented to Parliament in first week of Oct, 2013</li> <li>• Preparation of detailed Estimates.</li> <li>• Pass the Appropriation Bill by Parliament</li> </ul>	<ul style="list-style-type: none"> <li>• Gazetted the Appropriation Bill for 2014 in the Gazette, dated 04. 10. 2013.</li> <li>• Printed detailed estimates with the background information concerning all relevant spending heads.</li> <li>• Submitted the Appropriation Bill to Parliament on 02.10.2013</li> <li>• Presented the Budget to the Parliament (Second Reading) on 21. 11. 2013</li> <li>• Parliament passed the Appropriation Bill on 20. 12. 2013</li> <li>• Appropriation Act No 36 of 2013 was certified by the Hon. Speaker on 20.12. 2013</li> <li>• Warrant was issued by HE the President as the Minister of Finance on 31.12.2013</li> </ul>

Function	Activity	Overall Target	Achievement
3. Policy & Expenditure Review	<ul style="list-style-type: none"> <li>Submission of observations on Cabinet Memoranda</li> </ul>	<ul style="list-style-type: none"> <li>Submit observations and comments on Cabinet Memoranda on time with relevant analysis of government/sectorial policy and expenditure.</li> </ul>	<ul style="list-style-type: none"> <li>Submitted 254 observations on Cabinet Memoranda and 493 comments on Cabinet Memoranda to other departments in the Treasury.</li> </ul>
4. Internal Management of the Department of National Budget.	<ul style="list-style-type: none"> <li>General Administration</li> </ul>	<ul style="list-style-type: none"> <li>Ensure efficient utilization of human resources and budgetary provisions allocated to the department.</li> </ul>	<ul style="list-style-type: none"> <li>Utilized Rs.2,023.7 million of allocation i.e. Rs.801 million of recurrent expenditure and Rs. 1,222.7 million of Capital expenditure</li> </ul>
	<ul style="list-style-type: none"> <li>Control of Departmental Advance Account</li> </ul>	<ul style="list-style-type: none"> <li>Grant Loans/advances to all the applicants of the staff of NBD complying with the limits of the Advance Accounts</li> </ul>	<ul style="list-style-type: none"> <li>Adhering to the authorized limits, officers were given distress loans, bicycle loans, special advances and festival advances amounting to Rs. 5,868,359.</li> </ul>
	<ul style="list-style-type: none"> <li>Capacity Building</li> <li>Submission of Reports</li> <li>Replying to the Audit Queries</li> </ul>	<ul style="list-style-type: none"> <li>Develop human resources through local and foreign training.</li> <li>Submit reports before the deadlines <ul style="list-style-type: none"> <li>(a) Performance Report</li> <li>(b) Appropriation Account</li> </ul> </li> <li>Minimize audit queries.</li> <li>Attend COPA</li> </ul>	<ul style="list-style-type: none"> <li>10 officers were trained overseas while 02 officers were trained locally on programmes related to activities of the NBD.</li> <li>Submitted the following Reports on time. <ul style="list-style-type: none"> <li>(a) Performance Report 2012</li> <li>(b) Appropriation Account 2012</li> </ul> </li> <li>Replied all (08) audit queries forwarded by the Department of Auditor General.</li> </ul>

## 2. Review and Implementation of Budget 2013

### 2.1 Appropriation Act for 2013

As per the Appropriation Act No.23 dated 20.12.2013, the total estimated expenditure of the Government, including advance account activities, for 2013 was Rs.2,571.5 billion and the maximum borrowing limit was Rs.1,303 billion. The total expenditure of the Government was detailed as follows.

- Expenditure related to general services of the Government Rs.1,387 billion
- Expenditure of the Government authorized by special laws and to be charged to the Consolidated Fund Rs.1,180 billion
- Expenditure related to Advance Account Activities Rs.4.5 billion

## **2.2. Performance of Budget 2013**

Head-wise expenditures which were disaggregated in terms of Projects and by Object Codes with sources of financing presented to Parliament in the Printed Estimates along with the Budget Speech. Once the Appropriation Bill became an Act and the Minister of Finance issued warrants authorizing to incur expenditure as indicated in Printed Estimates. As per the budget estimates approved by Parliament for year 2013, provisions were allocated among 201 expenditure heads/spending units which consisted of 22 Special Spending Units, 54 Ministries and 125 Departments.

During the year, additional provision requirements of Rs. 8 billion for Capital Expenditure have been satisfied by transferring the savings of recurrent expenditure as per the Clause 5 of the Appropriation Act and the procedures laid down in the Financial Regulations. Supplementary budgetary provisions amounting Rs.41 billion were provided for debt service payments. As debt service payments are in the category of expenditure already approved by special laws, the supplementary provisions are provided by issuing a Warrant by the Minister of Finance. Accordingly, the total budgetary provisions allocated for the year 2013 was Rs.2,567 billion, excluding the provision for Advance Account Activities.

The total expenditure recorded for 2013 was Rs.2,412 billion. Accordingly, the unutilized budgetary provision for 2013 was as Rs.191 billion or 7.5 percent of the approved total expenditure. Of this, Rs,57 billion was recurrent expenditure provisions and the balance 133 billion was capital expenditure provisions. Although such a saving was recorded targeted activities for the year were able to be achieved by mobilizing resources of all line ministries, departments and institutions focusing towards Government development strategy. A detail review of utilization of budgetary provisions is given in the Table 2.1.

Table 2.1 Progress of Utilization of Provisions - 2013

Rs Mn

Name of the Ministry	Recurrent						Capital					
	Original Budget	Additional Allocation provided from Treasury Miscellaneous Vote	FR Transfer	Total Provision (sum of (1)+(2)+(3))	Utilized Provision	Unutilized Provisions (4)-(5)	Original Budget	Additional Allocation provided from Treasury Miscellaneous Vote	FR Transfer	Total Provision (sum of (1)+(2)+(3))	Utilized Provision	Unutilized Provisions (4)-(5)
	(1)	(2)	(3)	(4)	(5)	(6)	(1)	(2)	(3)	(4)	(5)	(6)
Special Spending Units	9,252	1,061	(23)	10,291	9,947	344	4,320	982	23	5,325	4,337	988
Buddha Sasana and Religious Affairs	950	29	(2)	977	931	46	878	56	2	935	843	92
Finance and Planning	12,621	1,918	(239)	14,300	13,938	362	9,001	4,056	13	13,070	9,396	3,674
Defence and Urban Development	248,103	3,235	(6,380)	244,958	241,034	3,924	41,400	5,018	6,380	52,798	33,070	19,728
Economic Development	25,000	4,950	(1)	29,949	29,603	346	63,900	1,014	1	64,915	60,582	4,333
Disaster Management	655	97	(20)	731	647	84	712	569	20	1,300	1,121	179
Postal Services	8,500	359	(1)	8,858	8,850	8	315	79	1	395	352	43
Justice	4,351	209	(15)	4,545	4,508	37	1,044	519	15	1,577	1,419	158
Health	75,000	1,450	-	76,450	75,559	891	18,522	-	-	18,522	17,435	1,087
External Affairs	7,200	579	(60)	7,719	7,702	17	855	1,507	60	2,422	2,303	119
Transport	15,972	3,300	-	19,272	18,746	526	28,800	-	-	28,800	25,876	2,924
Petroleum Industries	115	-	-	115	111	4	17	-	-	17	13	4
Co-operatives and Internal Trade	1,300	8	(2)	1,306	1,228	77	720	19	2	741	506	235
Ports and	214	50	(0)	264	263	1	131,400	1,616	0	133,016	130,836	2,180



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	(1)	(2)	(3)	(4)	(5)	(6)	(1)	(2)	(3)	(4)	(5)	(6)
Highways												
Agriculture	2,694	135	-	2,829	2,824	5	2,700	101	-	2,801	1,908	893
Power and Energy	1,100	-	(13)	1,087	710	377	27,450	-	13	27,463	20,671	6,792
Child Development and Women's Affairs	795	159	(7)	947	943	4	252	40	7	298	281	17
Public Administration and Home Affairs	155,000	5,299	(31)	160,268	154,728	5,540	2,385	2,732	31	5,148	4,762	386
Mass Media and Information	2,200	6	(5)	2,201	1,920	281	518	890	5	1,413	1,098	315
Construction, Engineering Services, Housing and Common Amenities	735	16	(0)	751	715	36	2,850	243	0	3,093	2,377	716
Social Services	3,583	27	(108)	3,502	3,196	305	270	27	108	405	284	121
Education	30,500	422	(6)	30,917	30,693	224	7,425	1,303	6	8,734	7,643	1,091
Labour and Labour Relations	1,270	-	(3)	1,268	1,168	100	810	10	3	823	784	39
Traditional Industries and Small Enterprises Development	540	35	-	575	570	5	383	137	-	520	378	142

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	(1)	(2)	(3)	(4)	(5)	(6)	(1)	(2)	(3)	(4)	(5)	(6)
Local Government and Provincial Councils	103,000	6,052	-	109,052	109,031	21	29,790	9,734	-	39,524	29,742	9,782
Technology and Research	1,293	-	-	1,293	1,112	181	2,140	334	-	2,474	1,836	638
National Languages and Social Integration	319	12	(2)	329	257	72	212	10	2	225	160	65
Plantation Industries	1,750	10	-	1,760	1,695	65	1,080	14	-	1,094	1,029	65
Sports	843	-	(2)	841	575	266	1,800	201	2	2,003	1,609	394
Indigenous Medicine	950	1	(2)	949	796	153	804	-	2	806	272	534
Fisheries and Aquatic Resources Development	877	80	(0)	956	953	3	1,811	7	0	1,818	1,315	503
Livestock and Rural Community Development	462	48	(1)	509	508	1	2,408	91	1	2,499	1,919	580
National Heritage	850	81	(11)	919	854	65	725	-	11	736	334	402
Parliamentary Affairs	373	-	-	373	373	0	44	8	-	52	50	2
Re-settlement	174	4	-	178	168	10	263	64	-	327	319	8

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	(1)	(2)	(3)	(4)	(5)	(6)	(1)	(2)	(3)	(4)	(5)	(6)
Industry and Commerce	950	96	(4)	1,042	990	52	1,710	10	4	1,724	812	912
Irrigation and Water Resources Management	3,600	1	(3)	3,598	3,478	120	36,900	835	3	37,738	27,420	10,318
Land and Land Development	2,663	30	(1)	2,692	2,620	72	2,759	3	1	2,763	2,186	577
Youth Affairs and Skill Development	4,198	5	(10)	4,194	3,890	304	4,275	370	10	4,654	2,165	2,489
Environment	1,500	43	-	1,543	1,438	105	1,800	132	-	1,932	1,213	719
Water Supply and Drainage	180	8	-	188	187	1	34,771	-	-	34,771	25,889	8,882
Higher Education	18,000	1,206	(13)	19,194	17,771	1,423	9,900	2,512	13	12,425	8,606	3,819
Public Management Reforms	82	44	(5)	122	115	7	90	7	5	102	64	38
Rehabilitation and Prison Reforms	4,142	68	(33)	4,177	4,157	20	1,180	91	33	1,304	795	509
State Resources and Enterprise Development	115	-	(4)	111	84	27	315	555	4	874	695	179
Civil Aviation	110	34	(3)	141	133	8	15,000	176	3	15,179	14,755	424
Culture and the Arts	950	9	-	959	863	96	675	7	-	682	515	167

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	(1)	(2)	(3)	(4)	(5)	(6)	(1)	(2)	(3)	(4)	(5)	(6)
Coconut Development and Janatha Estate Development	600	68	(2)	666	664	2	1,036	35	2	1,073	695	378
Agrarian Services and Wildlife	41,943	-	(1)	41,942	24,085	17,857	1,316	1	1	1,318	1,168	150
Minor Export Crop Promotion	436	23	(2)	457	443	14	495	4	2	500	305	195
Productivity Promotion	350	138	-	488	436	52	113	51	-	164	131	33
Foreign Employment Promotion and Welfare	101	99	-	199	197	2	225	-	-	225	205	20
Public Relation and Public Affairs	60	5	(2)	63	62	1	153	12	2	166	164	2
Private Transport Services	560	2	-	562	432	130	207	-	-	207	73	134
Telecommunication and Information Technology	118	-	(4)	114	102	12	426	468	4	898	861	37
Treasury Miscellaneous vote	45,900	(36,972)	(8,095)	833	-	833	28,750	(36,643)	8,095	202	-	202
<b>Total Without Debt Service Payment</b>	<b>845,100</b>		<b>(15,115)</b>	<b>824,525</b>	<b>789,006</b>	<b>35,519</b>	<b>530,100</b>		<b>14,889</b>	<b>544,989</b>	<b>455,578</b>	<b>89,411</b>

Table 2.1 Progress of Utilization of Provisions - 2013

Rs Mn

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	Original Budget	Additional Allocation provided from Treasury Miscellaneous Vote	FR Transfer	Total Provision (sum of (1)+(2)+(3))	Utilized Provision	Unutilized Provisions (4)-(5)	Original Budget	Additional Allocation provided from Treasury Miscellaneous Vote	FR Transfer	Total Provision (sum of (1)+(2)+(3))	Utilized Provision	Unutilized Provisions (4)-(5)
	(1)	(2)	(3)	(4)	(5)	(6)	(1)	(2)	(3)	(4)	(5)	(6)
Debt Service Payment*	444,800	41,433	226	486,459	464,502	21,956	747,000	-	-	747,000	702,519	44,481
<b>Grand Total</b>	<b>1,289,900</b>	<b>35,973</b>	<b>(14,889)</b>	<b>1,310,984</b>	<b>1,253,509</b>	<b>57,475</b>	<b>1,277,100</b>	<b>-</b>	<b>14,889</b>	<b>1,291,989</b>	<b>1,158,097</b>	<b>133,892</b>

\* Out of Rs. 41,433 million, Rs. 35,973 million was from a Supplementary Warrant

Source : Department of National Budget/ Department of State Accounts

### **2.3 Public Expenditure Distribution – 2013**

Non interest public expenditure of the Government in 2013 was Rs. 1,242.3 billion and this shared 73.6 percent of the total expenditure. It was 14.1 percent of GDP and the corresponding amount in 2012 stood at 15.1 percent of the GDP.

The Government invested Rs. 271 billion on Human Resource Development (HRD) in 2013 and this was an increase of 15.2 percent over Rs.235 billion spent in 2012 and shared 2.7 percent of GDP in 2013. The outlay on social security spending was Rs. 206 billion and recorded as 2.3 per cent of GDP. The spending of this sector increased by 20.4 percent over the corresponding expenditure of Rs. 171 billion in 2012 and 60 percent of 2013 spending was for the pension payments of the retired public sector employees. The investment on Real Sector and Infrastructure Development stood at Rs 405 billion same as in 2012.

The share of the agriculture sector moderated at 10.8 per cent of GDP in 2013 from 11.1 percent in 2012 due to further expansion of the services and the industry sectors, even though the absolute productions in the agriculture sector improved in 2013. The total public investments in the agriculture and irrigation were Rs.36 billion in 2013, an increase of 21 percent over the expenditure of Rs. 30 billion in 2012.

### **2.4 Sectoral Perspectives in 2013 Budget in the Medium Term Expenditure Framework of 2013-2015**

The Budget 2013 was mainly based on the Mahinda Chinthana, Vision for the Future, and the Development Policy Framework of the Government and on the strategies identified therein. The following operational scenarios were also applied in the formulation and implementation of 2013 Budget.

- (a) Sectoral basis – The budgetary allocations for 2013 were made in accordance with the sectoral policy framework developed by relevant stakeholders for the development of respective sectors during the medium term of 3 years.
- (b) Realistic assessment – The budget 2013 was based on an assessment of actual expenditure incurred under the limits provided in terms of Article 150 (2) and Article 150 (3) of the Constitution.
- (c) Non-performing projects – Reformulation or phasing out of all such projects that have been carried in estimates for several years.
- (d) Avoid duplication and overlapping – Proper recognition given to interdependent and overlapping activities among individual ministries. Spending agencies and the provincial councils were guided to ensure sector allocations are properly distributed among similar activities implemented under projects and programmes.

In order to facilitate this sectoral process, all Ministries, Departments, and other Spending Agencies were classified under sectors in the Budget formulation, namely Social Security, Human Resource Development, Infrastructure Development, Real Economy, Environment, Research and Technology, Public Service Delivery, Defence and Law Enforcement. Accordingly, each spending agency was categorized into said sectors, depending on the activity undertaken.

## 2.5 Analysis on Sectoral Expenditure 2013

The Budgetary allocation for the medium term 2013-2015 was prepared under thirteen sub sectors with the application of above operational scenarios. As in 2012, specific directions were provided initially to review the actual performance of ongoing development plans implemented and continue commitments in much needed investments. In view of rationalizing recurrent expenditure, directions were also given to limit them to the most needed requirements.

A comparison in terms of priorities of allocations established on sectoral basis and the actual expenditure during 2013 is given in Table 2.2.

The sector specific performances are stated below in respect of different development sectors.

**Table 2.2: Sectoral Resources Allocation vs. Actual Expenditure – 2013**

Sector	2013 Budget (Rs.Mn)	% of Total Allocation	2013 Actual (Rs.Mn)	% of Total Expenditure	% of Utilization
Human Resource Development	286,669	20.9	269,533	21.7	94
Transport	221,166	16.1	213,678	17.2	97
Power and Energy	29,335	2.1	21,505	1.7	73
Irrigation	45,808	3.3	34,522	2.8	75
Water Supply and Sanitation	35,002	2.6	26,118	2.1	75
Housing and Urban Development	12,706	0.9	8,215	0.7	65
Regional Development	77,383	5.7	69,790	5.6	90
National Security and Law Enforcement	279,877	20.4	264,244	21.2	94
Social Protection	175,280	12.8	168,862	13.6	96
Real Economy	26,618	1.9	22,007	1.8	83
Service Economy	108,579	7.9	97,540	7.8	90
Technology Development	19,852	1.4	18,552	1.5	93
Environment	51,239	3.7	30,017	2.4	59
<b>Total</b>	<b>1,369,514</b>	<b>100.0</b>	<b>1,244,584</b>	<b>100.0</b>	<b>91</b>

Source: Department of National Budget

Note:

Total excludes debt amortization

Sectors developed according to Treasury Format

### Human Resource Development

## **Education**

The total investment on Education sector which covers General Education, Higher Education and Vocational Education both at Central and Provincial levels has been increased from Rs.136 billion in 2012 to Rs.157 billion in 2013. Out of the total investment on education, Rs.108 billion has been spent on General Education in order to improve the quality and to promote equitable access for general education throughout the country by minimizing regional disparities. Development of 1,000 secondary schools and 5,000 feeder primary schools is the centre for this transformation to create a child friendly school equipped with Advanced Level Technology stream, Languages, IT and Science studies. Rs. 3,472 million has been invested in 2013 as a part of Rs. 9,745 million earmarked for 2012-2014 Medium Term Budget Frame to construct 1001 Mahindodaya Technical Laboratories in Secondary schools. In addition, Rs.1,583 million has been invested to refurbish 3,022 primary schools. Improving sanitation and toilet facilities, providing electricity and water and repairing the existing buildings were the major development activities carried out under this programme.

Expenditure on Higher Education sector has been increased from Rs.21 billion in 2012 to 32 billion in 2013. 28,908 eligible students were offered admission for 2012/2013 academic year under normal and special provision as per Supreme Court order. Rs.204 million was invested in 2013 to facilitate the leadership programme, pre-orientation as pre-entry activities and the Kavitha programme to enhance the talents of undergraduates. A shortfall of hostel facilities in each university has been identified with the additional intake of students. Therefore, an expeditious plan has been prepared to construct 60 buildings with modern facilities in order to provide hostel facilities for 24,000 additional numbers of students. Rs. 1,320 million was paid as the mobilization advance in 2013 to commence the constructions stage I.

In 2013, the government paid special attention on skills development sector in order to expand the technical education opportunities and to upgrade the quality of training programmes. Asian Development Bank (ADB) Loan funded Result- Based- Lending TVET sector development programme (2014-2020) which incorporates all the development activities come under this sector was designed in 2013. Several initiatives were taken to upgrade the 9 colleges of Technology in each province into affiliated university colleges under the University of Vocational Technology. In this trend, the total admission of students into this sector was 115,895 and investment was Rs. 9,701 Mn in 2013.

## **Health**

Covering Health and Indigenous Medicine both at National and Provincial level Rs. 116 billion invested in Health sector in 2013 and this was a significant increase of 76 per cent over 2008. Recurrent expenditure in the health sector reported as Rs. 96.3 billion covering 83 percent of the total expenditure and 40 percent of recurrent expenditure contributing for personal emoluments such as salaries and wages, overtime and allowances of the health care staff. Health expenditure per capita has also increased substantially to Rs. 5,642 in 2013 from Rs.3,277 in 2008 signifying the heavy public investments made during the period.



In 2013 Rs.19.4 billion was invested on improvement and development of all levels of hospitals and fulfilment of medical equipment needs and satisfactory progress witnessed in the implementation of many of the hospital development projects which utilised domestic funds. In addition to that 336 ambulances distributed in two phases during the period covering all districts improving the access to emergency services of general public.

Overheads on essential requirements such as diets, laundry, electricity and water considerably increased under recurrent expenditure while the expenditure on medical supplies was increased from Rs.12.1 billion in 2008 to Rs.27.2 billion in 2013 maintaining an uninterrupted supply of drugs and consumable surgical items to all the hospitals all over the country.

Investment targeting demographic and epidemiological transition challenges increased from Rs.1,168 million in 2008 to Rs. 1,820 million in 2013, focusing on emerging Communicable diseases and Non Communicable Diseases. National nutrition programme addressing mother and child nutritional conditions continued at a cost of Rs. 1.46 billion in 2013 with 944,047 registered beneficiaries throughout the country.

The support given for the Indigenous Medicine also continued further by investing Rs. 2.9 billion in 2013, indicating a satisfactory increase by two folds over 2008 and Efforts were taken to promote research initiatives and medicinal plants conservation programmes with the intention of developing the indigenous medicine system to a globally recognized level.

## **Sports**

The year 2013 can be described as a turning point of Sri Lanka Sports. During the year it was possible to convince the fact that “Sports” is an integral part of everybody’s life and it does not mean just winning a “Medal” while conveying the message that “Sports” is interconnected with physical balance and the contributing made by correct attitudinal approach towards the economy could be passed on to athletes as well as administrators.

Accordingly several fields which can make contribution to the economy by way of Sports were identified and the country’s potential to earn foreign exchange through provision of infrastructure facilities for recreational sports such as archery, shooting, billiard, yachting, trekking, and cycling and by propagation throughout the world of such sports facilities available in Sri Lanka. Mountaineering, surfing, car races, parachuting are also identified as adventurer sports which can be developed in our country. Rs.2,900 million has been invested to achieve this attainments to Sports Sector with the recognition of the sectoral co-operation and National Sports Policy, Priority has been given to develop the Infrastructure facilities in island wide targeting Provincial and District complete sports complexes, Rs.1, 000 million has been utilized for this project in 2013, accordingly steps have been taken to construction of 8 provincial and 14 district sports complexes.

New Ministry building is being completed with the cost of Rs.400 million in this year and scheduled to be open next year. Torrington synthetic track, School sports development project were also successfully accelerated and Rs.100 million has been expended in 2013.

Renovation and Development works of Sugathadasa National Sports Complex has been accelerated and Rs.325 million was utilized in this year.

Strengthening to National Sports associations, fostering rural sports activities, internationally accepted sports facilities for rural men and women are the other identified strategic areas to develop sports in village level and Rs.550 million has been expended. Further for this purpose Re-Engineering programme,"Kreedha shakthi" programme and district training facilities development programme were also conducted in this year.

### **Labour Relations and Productivity**

Total investment on the sector was Rs.2,500 million in 2013; this investment was the highest in the past history of the labour sector expenditure. New District labour Offices were constructed island wide including North and East; Rs.150 million has been expended in 2013 for this purpose. National Labour Advisory Council activities have been accelerated by the Government to upgrade Labour Productivity in Sri Lanka by re-engineering the sector by the initiation of 2012 budget proposal to strengthen this council. Rs.1,500 million has been invested to ensure safeguarding employment rights, labour relations, enhancement of productivity, and promotion of manpower and upgrade skills of domestic workforce, ensuring a better living standard of work force of the country.

### **Religion, Arts & Culture**

The total investment on religion, arts and cultural sector in 2013 was Rs.1, 692 million. This investment made for safe guarding and promoting the rich diversity of religious, cultural and national heritage of Sri Lanka.

Under these activities, priority has been given to development of the sacred areas, upliftment of dhaham education, establishment of cultural centers, and preservation and conservation of archeological sites in island wide. Several projects and programs have been conducted for promoting and protecting of cultural & religious diversity. Rs 570 million was allocated for construction and rehabilitation of religious places in respect of all religions and further Rs.359 million was allocated to promote the Dhaham education in all religion. Under the sacred area development programs Rs. 235 million.has been spent to improve the main sacred places including the "Nila Aramaya" of the Asgiriya chief priests in Kandy. Rs.224 million has been spent for construction, rehabilitation and training programmes of the cultural centers in divisional secretariat wise for facilitating the performing arts in regional base and establishment of 15 new cultural centers in 2013.Under the conservation of national heritage Rs. 124 million has been spent in 2013 for preservation of 10 archeological sites.

### **Real Economy**

#### **Agriculture Sector**

Real economy sector is mainly composed of food crops, plantations, livestock, fisheries and aquatic resources, irrigation, and land & land development. In 2013, the total expenditure in real economy sector was Rs.116 billion. It was an increase of 11.6 percent compared to such expenditure in 2012. Out of the total expenditure in agriculture sector in 2013, Rs.51.2 billion

spent for fertilizer subsidy realizing the government policy on providing a wide range of incentives for small scale farmers for improving productivity and competitiveness of the agriculture sector. The public investment for the agriculture sector in 2013 mainly focused on crop production improvement, seed and plant production, seed certification service, agriculture research activities and development.

### **Paddy and Other Food Crops**

The highest share in agriculture spending was on food crops sector which is the largest sub-sector in terms of GDP contribution. In addition to the fertilizer subsidy provided to all agricultural crops, research and development, production and distribution of quality seeds and planting materials, extension and training and the land sector were the main areas of investment.

### **Livestock Sector**

The actual expenditure for Livestock Sector was Rs.2,428 million in year 2013. The investment in the livestock sector is mainly aimed at improving breeding stock, expanding extension services, milk collection and upgrading of processing facilities targeting self-sufficiency in livestock production while enhancing the income and living standards of the rural community. With the investment in the livestock sector, the government expect to ensure that the development initiatives are sustainable and have equitable economic and social benefits, to increase the supplies of domestic livestock produce at competitive domestic production of poultry products by 2015 and to strengthen the domestic livestock products to be competitive with the imported livestock products.

### **Fisheries Sector**

The total public expenditure on Fisheries and Aquatic Resources Development Sector was Rs.2,268 million. Out of the total expenditure in 2013, Rs.953 million was for the recurrent expenditure and Rs.1,315 million. was for the capital expenditure. In 2013, the priority has been given for improvement of infrastructure facilities and livelihood activities for fishing community to increase their living standards through increasing production of marine and inland fish. The annual fish production was recorded at 407,460 mt by end of 2013.

### **Irrigation**

Since the demand of water by means of irrigation, domestic and industrial purposes is continuously increasing over the time for the purpose of attaining national food security and developing livelihood assistance for rural people, development and rehabilitation of irrigation systems consider as highly essential intervention in the national development framework. Gradual increase of funds diverting to the sectoral development is significant over the past years and in 2013, the invested amount of the sector is. Rs.33 Billion. Out of the total investment, Ministry of Irrigation and Water Resources accounted Rs. 30 Billion. Whereas the balance invested through other ministries and Provincial Councils.

Apart from rehabilitation and development of irrigation schemes, these investments have been utilized for providing resettlement facilities, access roads, and livelihood developments for the people who suffer due to reservoir developments. Among the projects on going at present, Rambukkan oya reservoir project has been completed in 2013 incurring Rs. 3,970 Million whereas Deduru oya and Weheragala projects have been targeted to complete in 2014. Collectively all projects which are on-going will cater the irrigation requirement of farming societies in Southern, Uva, Eastern, North Central and North Western provinces.

## **Infrastructure Development**

### **Roads**

The investment in road sector is one of the major contributors to the infrastructure development. Expenditure on road development has increased from Rs.135.3 billion in 2012 to Rs. 159 billion in 2013. While giving priority to rehabilitation and improvement of national roads and bridges the government has invested heavily on expressways and highways. In 2013 Rs.36 billion and Rs.53 billion have been invested in expressways and highways respectively. Out of this Rs 31 billion for expressways and Rs.39 billion for highways were from foreign funds. The local funds were mainly used for rehabilitation, improvement and maintenance of the roads and bridges. It is noteworthy to mention the opening of the Colombo – Katunayake Expressway in 2013 and Rs.10.5 billion has been spent for this project during the same year.

In addition, several major activities have been undertaken to improve the road network of the country. Among them, under the roads widening and improvement program, it has been spent Rs.22 billion in 2013. In addition, Rs.5.6 billion has been spent on construction of bridges and flyovers. A significant event of this was the opening of the strategically important Veyangoda fly over with a cost of Rs.1.4 billion. Further, Rs.850 million of expenditure has been incurred on Manmunai Bridge over Batticaloa lagoon in 2013. Another Rs.1.2 billion has been invested on reconstructing 51 bridges including 5 bridges in Batticaloa districts.

Under the Maga Neguma rural development program, aiming at rehabilitation of rural roads and structures in 2013, 639 km of rural roads were developed spending Rs 4.5 billion.

### **Energy Resources**

The Government invested Rs. 21,123 million in 2013 in the Energy sector especially on electricity and petroleum in order to cater the growing demand in par with the rapid economic development the country is currently experiencing. With reference to the investment on electricity, Rs. 3,639 million for electricity generation, Rs.5,782 million for transmission and Rs.10,684 million for distribution. Another Rs.124 million has been spent on Petroleum industries. Considering the target of the “electricity for all by 2016” the country has reached the level of 96 percent electrification by end of 2013. Since the level of 100 percent electricity coverage is on the reach now the focus is toward more clean and sustainable energy sources.

## **Transport**

In 2013, the government has invested Rs.45.1 billion in this sector for the improvement and expansion of transportations both public and private buses and railway. Out of the total investment in the above, Rs.38.1 billion was related to rail transport and Rs.7 billion was invested in public and private bus transport. In order to improve the fleet expansion of rural public bus transportation, 289 new buses were purchased for Sri Lanka Transport Board in 2013 and new luxury buses were also purchased to provide quality transport service for passengers in highways. In order to improve private bus transport system, National Transport Commission has introduced pre-paid cards for fare collection and integrated time table for both public and private bus operators. Sisu sariya programme was expanded by 20 percent in 2013 and expenditure on season tickets for students also increased by 16 percent to Rs.1,430 million compared to Rs. 1,200 million in 2012.

The railway investment in 2013 mainly focused on reconstruction of Northern Rail Line. Medawachchiya – Madu line and Omanthai – Pallai line were completed during the year 2013. In addition Signaling and Telecommunication works also completed for these lines and commenced during the year 2013.

## **Common Amenities**

### **Water Supply and Sanitation Sector**

The main objective of the water supply sector is safeguarding the every citizens' right to access safe drinking water and quality sanitation services while ensuring the fulfillment of demand for water in the other sectors of the economy. The government has gradually increased the annual investment on the water supply sector over the years and Rs.246 billion spent during 2008-2013 period in order to achieve the set out targets in the Development Policy Framework.

The annual investment for the year 2013 is amounted to Rs.25.8 billion. The main areas of investments were Large Scale Water Supply Schemes, Emerging small Townships water supply schemes, Water sector community Facilitation and Sewerage Schemes. The coverage of pipe-borne water has risen to 43.7 percent of the total housing units all over the island in 2013 reflecting the fact that 140,084 new piped water connections were provided by the National Water Supply and Drainage Board (NWSDB) in 2013 and it is 8.2 percent of the total piped water connections. Apart from above projects, a number of medium scale Water Supply Schemes have been constructed in emerging small townships aiming at meeting increasing demand for safe drinking water in these towns. As major proportion of the population without access to safe drinking water live in rural areas, several projects were initiated in those areas in order to secure the access to safe drinking water. In 2013, 300 new piped sewerage connections have been added and therefore total number of sewerage connections by the end of 2013 stood at 14,577. The investment for sewerage systems in 2013 amounted to Rs.1.9 billion

## **Housing**

The actual expenditure on housing sector in 2013 was Rs.2,377.3 million. The main housing programmes implemented in 2013 were UN habitat housing programme, revamping of Condominium management housing schemes, rural housing loan programme, Janasevena scattered loan programme and improvement of Nupewela sewerage. By the end of 2013, 4,029 houses has been completed and 2,948 houses has been commenced by providing loan facilities through Treasury funds.

Further, Rs.5,093 million worth housing loans were provided in 2013 through state bank financing, institutional earnings, and Sevena Lottery Funds. With this investment, 17,073 houses completed and 16,162 houses commenced their construction in 2013.

Under the “Nagamu Purawara Programme” urban housing schemes were rehabilitated in 2013 and expenditure was Rs.600 million. In addition to the treasury funds, Rs.10.9 million of institutional earnings has been utilized in 2013 for rehabilitation of housing schemes.

## **Posts and Telecommunication**

The government has invested Rs.10.2 billion in 2013 for this sector and it was more than 12 percent increase compared to Rs.9.1 billion invested in 2012. These funds were mainly utilized to develop the postal service throughout the country. While Postal Network Improvement Project continued to improve the connectivity of all post offices in the island ensuring quality service and minimizing the cost of the services. In addition the operational loss of postal sector was reduced significantly in 2013 by 13 percent to Rs.2,866 million compared to Rs.3,306 million in 2012.

Simultaneously, the Ministry of Telecommunication and Information Technology have also implemented IT related projects i.e. construction of school computer labs, Nenasala centers, throughout the country in order to increase the IT literacy rate in Sri Lanka up to 75 percent by 2016. The government has invested Rs.963 million in this area and it was more than 85 percent increase compared to Rs.521 million invested in 2012.

## **Rural and Regional Infrastructure Development**

Sri Lanka has identified the strategic importance of developing and upgrading rural and regional level infrastructure with the attainment of a middle income country status. Therefore, enhanced amount of funds have been earmarked over the past years and in 2013, the total investment of the sector was Rs.69.70 Billion. Out of the total expenditure Rs.42.33 Billion, has been diverted through the Ministry of Economic Development whereas the balance invested by other ministries including Provincial Councils. The prioritized investment areas of the year were development and rehabilitation of rural and regional roads, minor irrigation, drinking water supply and sanitation, housing and electrification as well as development of livelihood initiatives.

Divineguma, Gamaneguma and Puraneguma were the main development programs introduced addressing the needs of people in rural and regional areas. Divineguma program

empowers households in terms of self-reliant economic activities and healthy lifestyles. A sum of Rs. 1,519 Million has been spent in 2013 contributing to establish 2.5 million household economic units. “One village one product” strategy has been introduced under Gananeguma program aiming direct and indirect benefits to village level economic activities by financing on rural infrastructures and the expenditure incurred in 2013 was Rs. 5,413 million. Township development is carried out by Puraneguma program in order to establish regional service centers to facilitate service for both urban and rural public. In 2013, aiming at improved living standards of people in remote and urban areas, Rs. 744.5 million was invested under Puraneguma program.

Apart from major development initiatives, with the assistance of foreign financing and technical support as well, demining activities carried out incurring Rs. 6.2 million in conflict affected areas in order to assure the environment, free of mine and explosive leftovers of the war, ensuring national integration as a part of the regional development. Mine free environment has created efficiency in resettlement activities including rehabilitation and development of infrastructural facilities in these areas.

### **Defence and Public Security**

Defence and Public Security related activities have been carried out under the Ministry of Defence and Ministry of Law and Order (since 16.08.2013). The total expenditure incurred for this sector in 2013 was Rs. 267.4 billion of which Rs.247 billion on recurrent and Rs.26.4 billion on capital expenditure. Three forces and Police accounted for Rs. 244.3 billion from the total expenditure and balance of Rs.23.1 billion was for Department of Civil security, Department of Immigration and Emigration, Department of Registration of Persons, Department of Coast Conservation, Department of Sri Lanka Coast Guard and operational and development activities of two ministries. The largest component i.e. 70.24 percent from recurrent expenditure was represented by personal emoluments of three forces and police. The remaining Rs.71.72 billion, i.e. 29.76 percent of recurrent expenditure, was for expenditures on travelling, fuel, medical supplies, diets and uniforms and maintenance. The capital expenditure amounting to Rs.26.4 billion was mainly for acquiring buildings, vehicles and machineries, periodical maintains of existing plant and machineries.

### **Law Enforcement**

In 2013, the total expenditure incurred to ensure an efficient system of administration of justice and to strengthen law enforcement was Rs 5937.3 Mn, out of which Rs 4508.3 Mn on recurrent and Rs 1429.0 Mn on capital expenditure and it an increase of 15 percent and 55 percent in recurrent expenditure and capital expenditure correspondingly with compared to 2012. Majority of the capital expenditure i.e approximately 55 percent has been invested in developing infrastructure facilities such as construction and maintenance of Courts complexes/buildings, Judges’ Bungalows, acquisition of lands etc.

Out of the total capital expenditure a sum of Rs 52 mn has been spent for Human Resource Development activities which was comprised of Training for Judges (excluding Superior and

Appeal Court Judges) as well as for non-judicial officers to develop their knowledge, attitudes and skills.

Ministry of Rehabilitation and Prison Reforms also has interceded in Law Enforcement in order to accomplish a Law Abiding Society through Rehabilitation. The total expenditure incurred for the ministry in 2013 was Rs 4952.2 mn which composed of Rs 4156.8 mn from recurrent expenditure and Rs 795.4 mn from capital expenditure. The recurrent expenditure and capital expenditure have increased by 15 percent and 89 percent respectively compared to those of 2012.

When reviewing development initiatives functioned in 2013, Rehabilitation and Social reintegration of the misguided L.T.T.E combatants was one of the major projects implemented by the Ministry in which Rs 149.1 mn has been utilized in the end of 2013. Through this development programme, people who have been brainwashed for unlawful and terrorist activities have being rehabilitated and released to the society as a young set of people with sound moral ethics and good qualities.

Further, Rs 386 mn has been incurred for several construction projects including Prison Official Quarters and Prison relocation projects in which prisons located in densely populated towns and in commercial hubs have been relocated. Accordingly, Bogambara prison is being shifted to Pallekale in Kandy, Tangalle prison to Angunakolapelassa and Matara Prison to Pittabeddera in addition Colombo Prison complex to Mahara, Wataraka and Kalutara Prisons which leads to ease the congestion of the Prisons.

### **Social Protection**

A total investment of approximately Rs.169 billion was made on social protection and welfare in 2013 covering the area of social security, social safety nets and social services and it has been increased by 19 percent compared to the expenditure in 2012. Several projects and programmes have been implemented through various line ministries and Provincial Councils targeting the protection and welfare of the low income families, elders, and disabled, the handicapped, deprived or destitute women & children. Out of this expenditure Rs.16,527 million has been spent for Samurdhi relief, disaster relief, disability assistance, elderly assistance and for resettlement assistance.

### **Industries**

The government expenditure on industry sector development was Rs.4.8 billion. for 2013. Funds were directed to upgrade the infrastructure facilities in Mannar, Matugama, Kurunegala and Trincomalee Industrial Estates, establishment of Handloom Villages, development of SME and Micro Financing sector and entrepreneurship development.

### **Services**



The service sector consists of Tourism, Trade and Cooperatives. The government investment on this sector was Rs.3.4 billion in 2013. To strengthening the food distribution while ensuring the consumer protection, 19 *Laksathosa* outlets were established and 47 *Laksathosa* outlets were computerized with the head office in 2013.

### **Science, Technology, Research and Development**

An investment of Rs.11 billion was made in this sector covering the field of Technology and Research in sectors such as Researches, industry, agriculture, irrigation, health, information technology, aquatic resources, plantation, environment, Disaster Management etc. Projects such as National Nanotechnology Initiative-SLINTEC, Multipurpose Gamma Irradiator programme was reached to the final stage of the completion and Rs.800 million has been expended in 2013. By incurring Rs. 125 mn Agro Food Project was also accelerated and scheduled to be finished by 2014. Public institutions which function under the Ministry of Technology and Research were given attention to enhance SME development, Science popularization, new innovations and inventions, fundamental researches and high technology transfers in line with the development priorities of the national economy and Rs.1,479million has been expended in 2013.

### **Public Service Delivery**

In order to continue its role as the center of government development strategy and further strengthening its integral role of providing national security, education, health, social service delivery and rural centric development, budgetary support of Rs 71.8 billion has been provided during 2013. Out of the total, Rs 46.1 billion spent for continuing of providing public services of the central government and Rs 25.7 bn transferred to provincial councils as government contribution, to meet the expenditure on salaries and other establishment cost in provincial level.

Recurrent expenditure increased up to Rs 59.3 billion by 15.9 percent compared to 2012 mainly due to increase in special non pensionable allowances given to all public servants, increase in cost of living allowance, upward revisions of salary allowances and requirement of various categories specially graduates.

A sum of Rs. 12.5 billion for the sector investment was an account of capital investments including construction of office premises, government employee quarters, strengthening of institutional capacity building, further improvements of ICT and networking of all regional level offices in order to upgrade the efficiency of public service, and facilitates required infrastructure development in national and provincial level institutions of the sector.

This investment also facilitate to administer and regulate the national and provincial level public service delivery and provide avenues to coordinate development activities in such a way to enhance the good governance and people centric development.

### **Environment**

The total investment in the environment (forest and wildlife) conservation in 2013 was Rs 4,005 million. It was an increase of 19 percent compared to the total expenditure in 2012. Out of the total expenditure in 2013, Rs.2,179 million was recurrent expenditure and Rs. 1,876 million was capital expenditure.

Capital expenditure of Ministry of Environment was made under the three policy areas such as environmental conservation, waste management and pollution control. In this context, Rs.662 million was spent on environment conservation, Rs.395 million on waste management and Rs.19 million on pollution control. In addition to that, institutional expenditure and transfer to institutions coming under the ministry was Rs.31 million and Rs.152 million respectively.

Total capital expenditure of Ministry of Wildlife Resources Conservation was Rs. 469 million. Of which Rs.63.5 million was for institutional expenditure and Rs. 405.5 million was for wildlife conservation.

**Table 2.3: Capital and Recurrent Expenditure by Sector 2013**

Rs.Mn

Sector	2013 Budget			2013 Actual					%
	Recurrent	Capital	Total	Recurrent	%	Capital	%	Total	
Human Resources Development	223,822	62,847	286,669	219,925	98	49,608	79	269,533	94
Transport	20,239	200,926	221,165	19,574	97	194,104	97	213,678	97
Power & Energy	1,245	28,090	29,335	821	66	20,684	74	21,505	73
Irrigation	3,598	42,210	45,808	3,478	97	31,044	74	34,522	75
Water Supply & Sanitation	188	34,814	35,002	187	99	25,931	74	26,118	75
Housing & Urban Development	751	11,955	12,706	715	94	3,318	64	4,026	68
Regional Development	14,490	62,893	77,383	14,121	97	55,669	89	69,790	90
National Security & Law Enforcement	242,919	36,958	279,877	240,387	99	23,857	65	264,244	94
Social Protection	171,620	3,660	175,280	166,043	97	2,819	77	168,862	96
Real Economy	11,339	15,278	26,618	11,092	98	10,915	71	22,007	83
Service Economy	77,316	31,263	108,579	74,114	96	23,426	75	97,540	90
Technology Development	13,369	6,483	19,852	12,884	96	5,668	87	18,552	93
Environment	43,628	7,611	51,239	25,664	59	4,353	57	30,017	59
<b>Total *</b>	<b>824,524</b>	<b>544,989</b>	<b>1,369,514</b>	<b>789,006</b>	<b>96</b>	<b>455,578</b>	<b>84</b>	<b>1,244,584</b>	<b>91</b>

Source: Department of National Budget

\* Excluding Debt Amortization

Note: Sectors developed according to Treasury Format

## 2.6 Expenditure on Government Welfare Payments and Development Subsidies

The government spent Rs. 249 billion for welfare and subsidy programmes in 2013 which shows a marginal increase of 5.9 per cent over the related expenditure of the previous year at Rs. 235 billion. It was 20.6 per cent of the total recurrent expenditure. They cover subsidies provided by the government for education, health, agriculture, transport and social protection schemes and reflected an increase of 18 percent in 2013 in comparison to the average spending of Rs. 210 billion per year during 2009 – 2012.

**Table 2.4**  
**Expenditure on Welfare Payments and Development Subsidies, 2013**

Area	2005	2008	2009	2010	2011	2012	2013	Rs. Mn. No of Beneficiaries in 2013
<b>1. Welfare Payments</b>	<b>75,051</b>	<b>121,699</b>	<b>139,666</b>	<b>144,531</b>	<b>157,977</b>	<b>170,827</b>	<b>201,491</b>	
<b>(a) Health &amp; Nutrition</b>	<b>7,747</b>	<b>13,153</b>	<b>13,978</b>	<b>14,980</b>	<b>18,568</b>	<b>18,439</b>	<b>29,098</b>	
Fresh Milk for Children	143	33	168	178	249	205	230	228,720
Medical Supplies for Govt. Hospitals	7,100	12,082	12,149	13,544	16,623	16,796	27,269	
Thriposha Programme	504	652	1,156	870	1,336	1,189	1,396	944,047
Poshana Malla	-	386	505	388	360	249	203	55,299
<b>(b) Education</b>	<b>2,866</b>	<b>6,549</b>	<b>7,394</b>	<b>7,097</b>	<b>8,286</b>	<b>9,125</b>	<b>9,416</b>	
Free Text Books	1,080	3,387	2,196	1,941	2,294	2,055	2,395	3,973,909
School Uniforms	1,060	582	1,260	949	1,364	2,218	1,739	3,973,909
School Season Tickets	261	600	1,366	1,370	1,400	1,233	1,430	317,000
Handicapped Students	40	24	19	20	18	17	123	
Scholarships	157	193	183	225	283	230	268	
School Nutrition Programme and Food Programme	166	1,649	2,251	2,474	2,631	2,790	3,077	890,404
A Pair of shoes for students in remote areas	-	-	-	-	-	-	0.05	700,000
Uniforms and Text Books to Dhamma School Students	80	99	108	106	258	233	69	1,968,093
Library Allowance for Dhamma School Teachers	-	-	-	-	-	305	272	122,084
Vocational/Technical Training –Stipend, Bursaries & Season Tickets	22	15	11	12	38	44	43	
<b>(c) Social Welfare</b>	<b>63,550</b>	<b>100,964</b>	<b>117,652</b>	<b>119,802</b>	<b>128,834</b>	<b>141,030</b>	<b>160,595</b>	
Pension	46,547	75,910	86,107	91,995	99,961	111,682	123,294	523,019
Samurdhi Relief & Kerosene Stamp	9,103	9,995	9,274	9,241	9,043	10,553	15,256	1,476,607
Assistance to Disabled Soldiers	4,747	8,694	9,796	10,498	13,316	14,779	16,152	40,249
Financial support for elders	-	-	-	-	-	554	2,045	189,320
National Programmes for Elders	17	49	48	53	62	56	71	
Assistance to Internally Displaced Persons	1,592	1,457	2,860	1,016	199	54	32	
WFP Food Assistance	1,258	4,437	8,736	6,638	5,048	2,447	1,189	386,285
Flood & Drought Relief	276	323	738	265	649	153	148	

								Rs. Mn.
Area	2005	2008	2009	2010	2011	2012	2013	No of Beneficiaries in 2013
Assistance for for Disable Persons								
Secretariat for Persons with Disabilities	10	75	74	76	394	403	513	16,600
Poshana Manpetha	-	24	19	20	18	17	19	13,508
Allowance for July Strikers	-	-	-	-	-	-	44	853
Third Child Allowance for Defense Personnel	-	-	-	-	144	313	458	2,943
Ranawiru Mapiya Rakawarane	-	-	-	-	-	19	1,350	200,814
<b>(d) Other Welfare</b>	<b>888</b>	<b>1,033</b>	<b>642</b>	<b>2,652</b>	<b>2,289</b>	<b>2,233</b>	<b>2,382</b>	
Water Religious Places & Schools	45	46	144	42	46	49	47	
Street Lighting	743	874	204	360	123	-	-	
Transport Subsidy to SLTB for uneconomical routes (Sisusariya, Gamisariya and Nisisariya)	100	113	294	2,250	2,120	2,184	2,335	
<b>2. Development Subsidies</b>	<b>13,918</b>	<b>40,319</b>	<b>42,319</b>	<b>36,320</b>	<b>44,723</b>	<b>52,088</b>	<b>38,540</b>	
<b>(a) Subsidies for Agriculture</b>	<b>6,892</b>	<b>27,284</b>	<b>28,343</b>	<b>25,516</b>	<b>32,181</b>	<b>38,288</b>	<b>21,777</b>	
Fertilizer Subsidy*	6,846	26,449	26,935	23,028	29,802	36,456	19,706	555,556
Interest Subsidy for Agricultural Loans	46	155	348	683	750	172	282	
Paddy Purchasing		680	1,060	1,805	1,629	1,440	1,789	
Fuel Subsidy for Fisheries Sector **						220		
<b>(b) Subsidy for Commercial Crops Development</b>	<b>485</b>	<b>879</b>	<b>854</b>	<b>1,033</b>	<b>1,196</b>	<b>1,181</b>	<b>1,518</b>	
Tea	183	231	210	190	171	182	272	15134
Rubber	115	275	199	370	484	435	587	27,670
Coconut	124	221	236	269	293	353	403.3	1,803,037
Cashew	18	35	34	24	28	27	48.6	3,516
Minor Crops –(Cinnamon, Cocoa, Coffee, pepper etc.)	45	117	175	180	220	184	206.6	37,549
<b>3. Operational Losses</b>	<b>6,541</b>	<b>12,156</b>	<b>13,122</b>	<b>9,771</b>	<b>11,346</b>	<b>12,619</b>	<b>15,245</b>	
Sri Lanka Railways	3,554	4,553	4,988	3,173	4,060	3,797	5,163	
Sri Lanka Postal	1,653	1,965	2,565	2,761	3,341	3,306	2,858	
Sri Lanka Transport Board	1,334	5,638	5,557	3,828	3,939	5,516	6,734	
JEDB, Sri Lanka State Plantation Coporation and Elkaduwa Plantation							312	

Area	Rs. Mn.							No of Beneficiaries in 2013
	2005	2008	2009	2010	2011	2012	2013	
National Paper Company							9	
Lanka Salusala Ltd							38	
Kanthale Sugar Industries			12	9	6		25	
Other							106	

\* *Outstanding payments due to Banks have been accounted under Treasury Operations Departments (Rs. 12 billion in 2012 and Rs. 32.6 billion in 2013)*

\*\* *Fuel Subsidy of Rs. 4.2 Billion for Fishing sector has been accounted under Department of Treasury Operations*

*Source: Department of National Budget*

The basic requirements for education, health, agriculture and transport of most vulnerable segments of the society are facilitated through these transfers while providing social protection schemes for selected categories such as infants, lactating mothers, elders, disabled people, farmers, and low income households enabling to address the needs of these vulnerable groups. Samurdhi cash grants were provided at a cost of Rs. 15,256 million in 2013 and this shows a growth of 31 percent over 2012. The nutritional food packages given to infants and expectant mothers including Thripasha programme incurred a cost of Rs. 4,924 million compared to Rs. 4,471 million in 2012. The cost of free medical supplies for government hospitals was around Rs. 27,269 million in 2013 which is an increase of 62 percent as against the Rs.16,796 million spent in 2012.

**Social Security** - The expenditure on pensions increased by 10.4 percent in 2013 to Rs.123 billion. The partial impact of 17,809 retirees in 2013 and the full impact of 17,375 retirees in 2012 along with the increase in Cost of Living Allowance for all government pensioners by Rs.500 per month from January 2013 and the partial rectification of pension anomalies for retirees prior to 2006 contributed to the rise in pension payments. The total number of pensioners increased from 510,343 in 2012 to 521,623 in 2013. The cost of provisions for social security assistance for injured and deceased security personnel numbering at 40,249 was Rs. 16,152 million in 2013 compared to Rs.14,779 million in the previous year. The expenditure on “Ranaviru Mapiya Rekawarana Allowance”, the social security scheme introduced in 2013 to provide welfare support for parents of the employees of security forces, amounted to Rs.1,350 million. The Government also initiated a payment of a monthly allowance of Rs. 5,000 with effect from January 2013 for those who lost their jobs due to the participation of an island wide protest strike in July 1980. The farmer pension scheme was restructured to provide crop insurance benefits in addition to farmers’ pension.

**Social Welfare** - The welfare programmes in the education sector including School Nutritional Food Programme, free school text books, free school uniforms and school & higher education season tickets and scholarships amounted to a total spending of Rs. 9,418 million in 2013. A new programme for providing an additional uniform and a pair of shoes for the students in very remote areas was also introduced in 2013, as a measure to reduce inequalities among school children.

**Development Subsidies** - The subsidies provided for development in the areas such as paddy purchasing, seed production, fisheries, plantation, and other areas amounted to Rs. 59 billion of which Rs. 51 billion was for fertilizer subsidy. The agriculture sector subsidy witnessed an increase of 9 percent compared to such expenditure in 2012.

**Subsidized Services** - A significant amount of government assistance was extended to cover operational losses of transport sector i.e. for the Department of Railways and Sri Lanka Transport Board, subsidized postal services, under-performing institutes such as Janatha Estate Development Board, Sri Lanka State Plantation Corporation, The total cost of these initiatives accounted to Rs. 15 billion.

## 2.7 Management of 2013 Budget

### 2.7.1 Expenditure as per Government Accounts

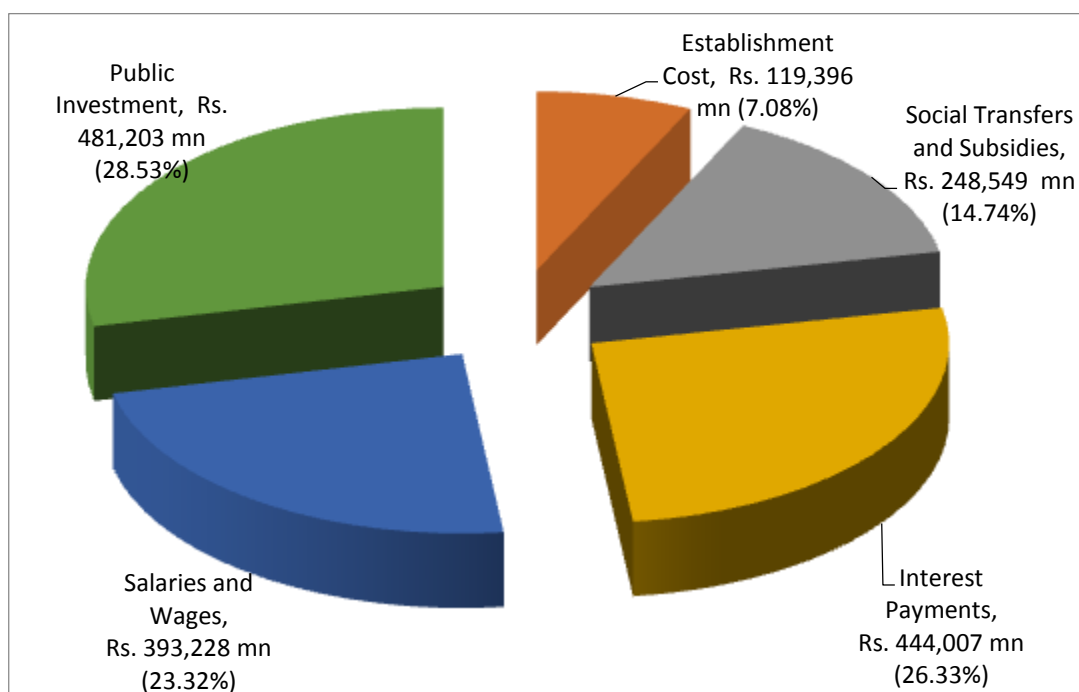
The total government expenditure in 2013 was Rs. 1,686.4 billion of which, recurrent expenditure accounted for 71.5 percent or Rs. 1,205.2 billion while capital expenditure accounted for 28.5 percent or Rs. 481.2 billion. The total expenditure has increased by 7 percent or Rs. 111.4 billion in 2013 from Rs. 1,575 billion in 2012. However, the total expenditure in 2013 was lower than the original budget estimate of Rs. 1,820 billion for the year. Recurrent expenditure increased by Rs. 74.2 billion or 6.6 percent over the previous year. Government contained actual expenditure at Rs. 1,205.2 billion slightly lower than the original budget estimate of Rs. 1,290 billion for 2013. During the year, public investments increased by 8.4 percent to Rs. 481.2 billion in 2013, from Rs. 444 billion in 2012. Accordingly, public investments in 2013 were maintained at 5.5 percent of GDP as compared to 5.9 percent in 2012.

**Table 2.5: Pattern of Public Expenditure as a Percentage of GDP**

Item	2005-2007	2008-2010	2011-2013	2014-2016 (estimated)
Total Expenditure	24.2	23.7	20.8	20.5
Recurrent	18.0	17.3	14.8	14.0
Capital	6.2	6.4	6.0	6.5

Source: Department of National Budget

**Figure 2.1: Structure of Government Expenditure, 2013**



Source: Department of National Budget

### Salaries and Wages

The expenditure on salaries and wages for public servants, including those in the provincial councils and security services was Rs. 393.2 billion in 2013. This is an increase of 13.1 per cent over 2012 and accounted for 32.6 per cent of the total recurrent expenditure. The increase of special allowance from 15 percent to 20 per cent of monthly basic salary with a maximum increase of Rs.2,500 per month paid to public servants, the annual increase in Cost of Living Allowance by Rs.750 per month with effect from January 2013 and the recruitment of graduate trainees to the public service through development officers service minute, revision of subsistence and transport allowance given to field officers and to members of Sri Lanka Police Service have been the main contributory factors for this growth. Public sector total salary bill has expanded as follows;

**Table 2.6: Distribution of Salary Cost of National and Provincial Public Services**

	Rs.Mn		
Sector	National	Provincial	Total
Education	27,303	57,079	84,282
Health	38,391	22,612	61,003
Public Service	52,677	20,294	72,971
National Security	174,972	-	174,972
<b>Total</b>	<b>293,243</b>	<b>99,985</b>	<b>393,228</b>

Source: Department of National Budget

### Establishment Cost

The establishment cost of the government which comprises of all costs associated with utilities and services such as fuel, electricity, transport, travelling, maintenance of vehicles and machinery, building rent and other contractual services recorded at Rs. 119.3 billion accounting for 10 percent of the total recurrent expenditure. However, further improvement in expenditure management through government controls as envisaged by National Budget Circular 157 to adhere to the annual provision limits allocated for such outlays enabled the reduction of the total establishment cost by 12.0 percent in 2013 from Rs.140.1 billion in 2012.

### **2.7.2 Public Expenditure Management**

The budgetary operations 2013 were managed within the expenditure ceilings approved by Parliament while ensuring achieving the targets of the Medium Term Expenditure Framework 2013-2015.

Among the tools that have been employed for prudent public expenditure management by the Treasury, the Budgetary Support Services and Contingent Liabilities (Treasury Miscellaneous Vote- TMV) was one of the main instruments to prevent supplementary budget to manage various unforeseen urgent requirements during the year.

This instrument capturing an aggregate sum at the time of budget formulation based on past trend enabled the Treasury to recognize such a provision as part of expenditure and accordingly plan budget deficit and other targets. Overlooking such provision tends to influence fiscal targets adversely and compel the Government to take ad-hoc measures.

### **2.7.3 Commitment Control**

The Treasury issued guidelines to manage commitments which are being entered into by various spending agencies without having adequate provisions and thereby creating liabilities on the government and to ensure such commitments are included well within the budgetary provisions. As far as possible they were encouraged to operate within the Medium Term Budgetary Framework that had already been approved by Parliament. The recurrent expenditure management was further strengthened by issuing the National Budget circular No. 157 dated 28.12.2012 requesting all spending agencies to adhere to the annual provision limits allocated for fuel, electricity, water and transportation. They were advised to make overtime payments only when it is essential and under specific circumstances while strictly following already published Treasury circulars and guidelines.

With regard to capital expenditure, a tendency of utilizing budgetary provisions allocated for development activities for procurement of vehicles, furniture and for upgrading office facilities were brought under close monitoring and also through imprest control system. Chief Accounting Officers/ Accounting Officers were regularly reminded to utilize regular provisions only for each object code and sub projects for which provisions have been made and to ensure minimizing of transferring provisions during the year as per the Financial Regulations in 2013.



The Medium Term Budget Formulation process was further strengthened to prioritize both capital and recurrent expenditure with greater coordination and participation among spending agencies and the Treasury to ensure that the expenditure plans are carried out within budgetary ceilings. Accordingly, commitment controls based on the provisions in the budget, procurement cycle, contract management, financial disbursements etc. are being adopted to ensure improved public financial management.

#### 2.7.4 Issuance of Budget Circulars

The Department has issued following circulars during the year 2013, providing guidelines required for expenditure management of the spending agencies.

**Table 2.7: Issuance of Budget Circulars**

Date	Circular No.	Title
31.01.2013	157(i)	Authorization for Incurring Expenditure for 2013 and Public Expenditure Management
22.02.2013	158	Assigning Expenditure Heads, Allocating Budgetary Provisions and Procedure for Accounting as per the Functions of New Ministers
04.06.2013	159	Providing Official Vehicles for Government Agencies
21.06.2013	160	Crop Insurance Cover for Farmers Receiving Subsidized Fertilizer under the "Kethata Aruna pohora Diriya" Programme
24.06.2013	161	Implementation Social Security Monthly Allowance of Rs.1000/- for Senior Citizens Over 70 Years of Age

*Source: Department of National Budget*

#### 2.7.5 Supplementary Estimates

The Budgetary Support Services and Contingent Liabilities (Treasury Miscellaneous Vote-TMV) continued to be implemented by the Treasury as a tool for the prudent management of public expenditure in 2013 in order to provide funds for unforeseen urgent requirements while preventing adhoc supplementary budget estimates. The Treasury recognized an aggregate sum for this instrument during the budget formulation process considering the historical trends in public expenditure and budget deficits and other fiscal targets such as advance provisions to enable to improve favorable fiscal environment in the country. The provisions for budget support were utilized as follows;

**Table 2.8: Supplement Provisions for Capital Expenditure**

Major Area	Rs. Mn
Road and Highways	7,462
Irrigation	835
Education	2,148
Dayata Kirula Regional development	4,429

<b>Major Area</b>	<b>Rs. Mn</b>
Programme	
Urban Development	462
Defence	2,600
Agriculture and Livestock Development	809
Welfare	306
Local Government & Provincial Council	2,634
Construction of Office Building & Other	4,087
Rehabilitation and Acquisition	2,180
Research and Development	38
Procurement of Vehicles	1,701
Other	6,951
<b>Total</b>	<b>36,642</b>

*Source: Department of National Budget*

### **2.7.5.1 Status of the TMV in 2013**

The total estimate of Budgetary Support Services and Contingent Liabilities (Treasury Miscellaneous Vote) for 2013 was Rs.77.6 billion including the provisions of the budget proposals, of which Rs.37.8 billion was for Recurrent Expenditure and Rs.36.8 billion was for Capital Expenditure.

As at the 31<sup>st</sup> December 2013, additional provisions given through the TMV were transferred to the spending heads amounting to Rs.73.6 billion of which Rs.37.0 billion of recurrent expenditure and Rs.36.6 billion of capital expenditure. Out of these provisions Rs.28.5 billion is specifically for the implementation of Budget Proposals for 2013.

### **2.8 Monitoring of Advance Accounts**

Monitoring of Advance Accounts operations continued under the purview of the department during the year 2013. 201 Public Officers' Advance Accounts, 4 Commercial Advance Accounts, 3 Stores Advance Accounts and 4 Special Advance Accounts total 212 Advance accounts were operated. Rs.18,330 million was allocated as advance account expenditure limit. Formulation of Advance account limits considering the requirements of each ministry and department, monitoring of revisions of these limits and submission of the limit revisions for parliamentary approval were some of the duties undertaken by this department. 22 Public Officers' Advance Accounts and 07 other Advance Accounts were revised during the year as provisions of the Appropriation Act. Officers of this department attended meetings of the Committee on Public Accounts (COPA) held to examine the Auditor General's reports on Advance Accounts in 2013.

### **3. Preparation of Budget Estimates for 2014**

Budget estimates for 2014 were formulated within the ten-year development framework 2006-2016. Having completed the first five year development strategy, the second five year development policy framework of the Government 2011-2016, Sri Lanka *The Emerging Wonder of Asia: Mahinda Chinthana – Vission for the Future*” is implemented since 2011. The Budget 2014 targeted the strategies to raise percapita income over USD 4,000 and transforming Sri Lanka to poverty free country by 2016.

### **3.1 Budget Formulation Guidelines**

A standard Budget Circular was not issued for the preparation of Budget Estimates for the year 2014. All the Secretaries of Ministries were addressed personally giving guidelines to prepare their Estimates for 2014 by way of a personalized letter issued by the Secretary to the Treasury, which included all the specific instructions.

The department did a review on 2013 Budget and based on critical assessment, worked out a ministry-wise potential budget. By mid-August 2013 the department sent the indicative estimates for 2014 for each ministry with the detailed letter indicating the assumptions used to derive those estimates. Based on these, the ministries were requested to submit their draft estimates by September 2013 for negotiations between the Treasury and the relevant line ministry.

## **4. Special Activities**

### **4.1 Budgetary Management of Non Commercial Public Enterprises**

All matters relating to Public Finance and Budgetary Management of 122 Enterprises (Statutory boards) which are supported through the funds from the consolidated fund were carried out by the Department of National Budget during the year of 2013. The following functions with regard to these institutions were carried out by the Department of National Budget in 2013 to improve their financial and management efficiency.

- Review the performance and the progress of these Statutory Boards, by analyzing and examining the Annual Budget, Annual Action Plan, Annual Accounts and Annual Report etc.
- Revising of the requests for release of monthly cash imprest on the recurrent and the capital grants along with Department of Treasury Operation.
- Grant necessary approvals for capital expenditure exceeding Rs.500,000/- in terms of the Finance Act No. 38 of 1971.
- Assist, prepare and submit reports of the financial performance and management of Statutory Boards to the Committee on Public Enterprises (COPE), when the COPE meetings are convened by Parliament.
- Grant approval for the purchase of new vehicles required by these Enterprises and purchasing and handing over new vehicles under the Financial Leasing Method and when necessary.

- Review the Audit Examine Reports of the Auditor General and the Special Audit Quarries submitted to this Department. Coordinate with the relevant Statutory Boards on resolving these quarries and ensure that the remedial actions are taken to avoid occurrence of such audit quarries in the future.
- Submit recommendations to the Department of Management Services on the recruitment of new staff to Statutory Boards based on availability of Budgetary Provisions and actual needs of such institutions.
- Grant approval of the Department of the National Budget to travel abroad for various purposes (trainings, meetings, seminars, conference etc.)
- Advice and co-ordinate with the Statutory Boards on the other financial and management issues such as implementation of Mega Capital Projects etc.

## **4.2 Observations on Cabinet Memoranda**

During the year 2013, the department prepared observations to 254 Cabinet Memoranda for the Hon. Minister of Finance and Planning. The department submitted comments for 493 cabinet Memoranda for other Treasury departments.

## **4.3 Coordinating “Deyata Kirula” Development Program-2013**

The Department of National Budget has been involved in coordination of Deyata Kirula National Development program such as, organizing pre-discussions, Identification of areas to implement the program, identification of ongoing and new development projects in respective areas and expedite and prioritize, prepare and submitting Cabinet Memorandum, participate in National Operational Committee and Procurement Committee and overall fund management.

## **4.4 Approval for the Purchase of Vehicles**

### **4.4.1 National Budget Approval for Vehicle Procurements**

In terms of the Cabinet decision of 31.01.1990, the National Budget Department grants approval for purchase of vehicles by Government Institutions. Accordingly, all ministries, departments, provincial councils, local authorities and all statutory boards, corporations and government owned companies (GOCs) whether under self-financing or otherwise, had to obtain the prior approval of the Committee for any such purchase. The National Budget Department continued reviewing the requests for procurement of vehicles by various government agencies and given approvals. During the year 2013, the Department has given approval for purchase of 1,070 vehicles.

**Table 4.1: Vehicles approved by the Department of National Budget by Vehicle type**

Type of Vehicle	No. of Vehicles Approved
-----------------	--------------------------

Motor Cars	66
Jeeps	73
Vans	11
Buses	68
Single / Double/Crew cabs	162
Three wheelers	78
Lorries / Trucks	13
Motor cycles	402
Ambulances	02
Others (Tractors/Trailers/Water Bowsers, etc.)	195
<b>Total</b>	<b>1,070</b>

*Source: Department of National Budget*

#### **4.4.2 Procurement of Vehicles to the Public Sector**

Continuing the purchasing of vehicles for the use of government agencies on financial leasing method with approval of the Cabinet of Ministers on 30/08/2010, the government has made an attempt to manage the public expenditure efficiently. This method was applied as a part of cash flow management as the cost of vehicles could be distributed over 05 years and at the end the vehicle becomes an asset of the concerned agency.

Further, National Budget circular No. 159 dated 14.06.2013 was issued ensuring a better coordination in the purchase of vehicles by government agencies both in 2013 and 2014 in view of cost neutral financing arrangement for providing official vehicles for Commonwealth Heads of Government Meeting (CHOGM) held in Sri Lanka. Purchase of vehicles by government agencies and development projects under foreign assistance was temporarily suspended until November 2013 and the vehicles used in CHOGM were distributed among the agencies according to their requirement after the conference.

Accordingly, the Department of National Budget has continued purchasing vehicles for government agencies by calling competitive bidding from the state leasing companies of Banks. Upto now 2,516 vehicles have been purchased, including the vehicles used for CHOGM, on leasing installments to be paid over 05 years period in equal monthly installments. Out of the total leasing cost, Rs. 2,894 million has been paid during the period of 2010- 2013.

The purchased vehicles have been distributed among government agencies on the basis of a need assessment conducted by the Department of National Budget in consultation with relevant agencies.

#### **4.5 Participation of Staff on Boards and Committees**

Most of the staff officers of this Department have served as Directors (Treasury Representatives) on the Boards of Directors of Statutory Boards, Public Corporations and

Government owned Companies (GOCs), while some Officers have served as Members of Cabinet Appointed Tender Boards (CATBs), and Technical Evaluation Committees (TECs) representing the Secretary to the Treasury in these committees. In addition, Staff Officers of this Department attended meetings of the Committee on Public Accounts (COPA) and the Committee on Public Enterprises (COPE) in Parliament, representing the department.

## 5. The Organizational Structure and Role of the Department of National Budget.

The Organizational Structure and role of the National Budget Department have been constructed with a categorization under the following comprehensive sectors which represent the provisions of Line Ministries expenditure estimates.

1. Public Service
2. Security
3. Law Enforcement
4. Human Resources
5. Infrastructure
6. Research & Technology
7. Social Security
8. Environment
9. Real Economy

### 5.1 Staff

Numbers of Officers under the following service levels were in the Organizational structure of NBD in year 2013 as per the Public Administration Circular No. 06/2006.

Service Level	No. of Officers
Senior Level	36
Tertiary Level	02
Secondary Level	75
Primary Level	38

As at the end of the year 2013, the approved cadre and the actual cadre of the department were as follows.

**Table 5.1: Cadre of the Year - 2013**

Designation	Approved Cadre	Actual Cadre
Director General	01	01
Additional Director General	06	05
Director	12	04
Deputy Director	16	12
Assistant Director		
Accountant	01	00
Administrative Officer	01	00
Translator	01	00
Project Officer	04	03
Budget Assistant	38	30
Research Assistant	01	04
Development Assistant	09	07

Management Assistant	23	19
Driver	16	14
KKS	22	18
	-----	-----
Total	151	117
	=====	=====

## 5.2 Human Resource Development

The department was able to send its staff for the following local and foreign training programmes in 2013, in order to enhance their professional skills and working efficiency, in addition to attending various meetings in their official capacities.

### 5.2.1 Foreign Training/Seminars/ Meetings

Serial No	Name of the Officer	Designation	Programme	Country	Period
01	Ms. G.D.C. Ekanayake	Director General	Executive Training for staff of Ministry of Finance and Planning Sri Lanka in Strategic Management at the Lee Kuan Yew School of Public Policy, National University of Singapore - First Course	Singapore	2013.03.16 - 2013.03.24
			Meeting of the Management Board of the Asian Re-Insurance Corporation (Asian Re)	Thailand Bangkok	2013.04.18 - 2013.04.20
			Meeting of the Management Board of the Asian Re-Insurance Corporation (Asian Re)	Thailand Bangkok	2013.06.19 - 2013.06.22
			Training Programme on e-Governance and Change Management for Senior Staff of the Inland Revenue Department and the Ministry of Finance and Planning Sri Lanka at the National University - Seventh Course	Singapore	2013.10.25 - 2013.10.30
02	Mr. S.M. Piyatissa	Addl. Director General	Executive Training for staff of Ministry of Finance and Planning Sri Lanka in Strategic Management at the Lee Kuan Yew School of Public Policy, National University of Singapore - First Course	Singapore	2013.03.16 - 2013.03.24
03	Ms. K.G.K. Wimalaweera	Addl. Director General	Economic Policies Seminar	Japan	2013.05.20 - 2013.06.14
			Meeting on the Reimbursement of Social Security Contribution of Sri Lanka Expatriate Workers	India	2013.07.14 - 2013.07.18

04	Ms. M.R.R. Abeywickrama	Addl. Director General	Sixty-ninth Sessions of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)	Bangkok	2013.04.25 - 2013.05.01
05	Ms. Biyanka N. Gamage	Director	Executive Training Programme on Economic and Public Policies	Singapore	2013.07.01 - 2013.07.05
06	Mr. M.P. Hewavitharana	Deputy Director	Seminar on Foreign Direct Investment (FDI) and Sustainable Development	China	2013.06.08 - 2013.06.28
			Executive Training for Staff of Ministry of Finance and Planning Sri Lanka in Public Finance	Singapore	2013.07.29 - 2013.08.04
07	Mrs. M.F.K. Nissa	Asst. Director	Excellence in Public Schools	Singapore	2013.01.14 - 2013.01.24
08	Mr. K.P.N.T.N. Dewapriya	Asst. Director	Executive Training for Staff of Ministry of Finance and Planning Sri Lanka in Public Finance	Singapore	2013.07.29 - 2013.08.04
09	Ms. M.D. Abeygunawardena	Asst. Director	Executive Training for Staff of Ministry of Finance and Planning Sri Lanka in Public Finance	Singapore	2013.07.29 - 2013.08.04
10	Mr. W.A.D.D.S. Wickramasinghe	Asst. Director	Training Programme on e-Governance and Change Management	Singapore	2013.08.19 - 2013.08.23

### 5.2.2 Local Training

The following staff members were given local training in different fields in the year 2013.

Serial No	Name of the Officer	Designation	Programme	Institute	Period
01	Mr. K.M. Rizvi	Asst. Director	Postgraduate Diploma in Economic Development – 2012/2013	University of Colombo	2013.01.01 - 2013.12.31
02	Ms. M.D. Abeygunawardena	Asst. Director	Diploma in English for Professionals (DEP) Level - 03	Sri Lanka Institute of Development Administration (SLIDA)	2013.07.01 - 2013.11.30

### 5.3. Financial Administration of the Department of National Budget



Budgetary provision required for the normal operations of the Department of National Budget was shown under Head 240 in the Budget Estimates for 2013. Budgetary allocations were provided under 2 Programmes.

- |                             |  |
|-----------------------------|--|
| (a) Programme               | 01 - Operational Activities                                |
| Project 01 of the Programme | 01 - Budget Formulation and Policy                         |
| (b) Programme               | 02 - Development Activities                                |
| Project 02 of the Programme | 02 - Budgetary Support Services and Contingent Liabilities |

The provision related to departmental administrative expenditure on budget formulations and policies was provided by the Project No. 01 while Project 02, provided allocation for facilitating unexpected and unforeseen expenditure required by various spending agencies, expenditure related to implementation of the budget proposals announced in the year 2013 Budget Speech and for policy priorities announced in the financial year.

A sum of Rs. 72,208,995,000 had been provided for the Department of National Budget after incorporating the budget proposals and savings from identified expenditure heads to the original estimates of 2013.

The above total provision was utilized as follows:

(1) Expenditure of Project 01 of Programme 1	Rs.	2,023,730,115
(2) Provisions transferred to other Heads under Programme 2 Project 02	Rs.	73,613,741,839
<b>Total</b>	<b>Rs</b>	<b>75,637,471,954</b>
<b>Balance Provision</b>	<b>Rs.</b>	<b><u>1,571,483,046</u></b>

Accordingly, the balance provision was only 2.03 percent of the total provision allocated.

### 5.3.1 Summary of Expenditure of Head 240

Summary of budgetary provision and actual expenditure, and variance and variance as a percentage of the net provision are given in the following Table 5.2.

**Table 5.2: Summary of Expenditure under Head 240 for the Year 2013**

(1) Description	(2) Net Provision (Rs.)	(3) Actual Expenditure/ Transfers to other Heads (Rs.)	(4) Variance (Savings) (2)-(3) (Rs.)	(5) Variance as a percentage of Net Provision
<i>Recurrent Expenditure</i>				
1 Budget Formulation and Policy	802,789,000	801,049,827	1,739,173	0.22

(1)	(2)	(3)	(4)	(5)
Description	Net Provision (Rs.)	Actual Expenditure/ Transfers to other Heads (Rs.)	Variance (Savings) (2)-(3) (Rs.)	Variance as a percentage of Net Provision
2 Budgetary Support Services and Contingent Liabilities	37,805,000,000	36,970,734,977	834,265,023	2.21
<b>Total Recurrent Expenditure</b>	<b>38,607,789,000</b>	<b>37,771,784,804</b>	<b>836,004,196</b>	<b>2.16</b>
<b>Capital Expenditure</b>				
1 Budget Formulation and Policy	1,756,166,000	1,222,680,288	533,485,712	30.37
2 Budgetary Support Services and Contingent Liabilities	36,845,000,000	36,643,006,862	201,993,138	0.55
<b>Total Capital Expenditure</b>	<b>38,601,166,000</b>	<b>37,865,687,150</b>	<b>735,478,850</b>	<b>1.90</b>
<b>Grand Total</b>	<b>77,208,995,000</b>	<b>75,637,471,954</b>	<b>1,571,483,046</b>	<b>2.03</b>

Source: Department of National Budget

### 5.3.2 Budgetary Provisions and Actual Expenditure of the Department by Projects for 2013

The following Table shows budgetary provisions and the Actual Expenditure of the department for each Project under each Programme for 2013. Column 3 shows the revised provision after consideration of FR 66 transfers, and provision made under the legend amendments. The difference between revised estimates and actual expenditure i.e. the savings are shown under Column (5) of Table 5.3.

**Table 5.3: Expenditure under Programme 1 – Operational Activities  
Project 01 - Budget Formulation & Policy**

	(2) Estimate (Rs)	(3) Net Provision (Rs)	(4) Actual (Rs)	(5) Savings (3)-(4) (Rs)	(6) Variance as a %
<b>Recurrent Expenditure</b>					
Personal Emoluments	55,000,000	50,725,000	50,549,985	175,015	0.34
Other Recurrent Expenditure	167,989,000	752,064,000	750,499,842	1,564,158	<b>0.21</b>
<b>Total Recurrent Expenditure</b>	<b>222,989,000</b>	<b>802,789,000</b>	<b>801,049,827</b>	<b>1,739,173</b>	<b>0.22</b>
<b>Capital Expenditure</b>					
Rehabilitation and Improvement of Capital Assets					
Buildings	30,000,000	30,000,000	-	30,000,000	100
Machinery	200,000	3,760,000	3,758,389	1,611	0.043
Vehicles	500,000	750,000	748,845	1,155	0.154
Acquisition of Fixed Assets					
Vehicles	1,701,866,000	1,701,866,000	1,214,620,364	487,245,636	28.63
Furniture and Office Equipment	23,000,000	19,190,000	3,226,609	15,963,391	83.18
Capacity Building					

	(2) Estimate (Rs)	(3) Net Provision (Rs)	(4) Actual (Rs)	(5) Savings (3)-(4) (Rs)	(6) Variance as a %
Training and Capacity Building	600,000	600,000	326,081	273,919	45.65
<b>Total Capital Expenditure</b>	<b>1,756,166,000</b>	<b>1,756,166,000</b>	<b>1,222,680,288</b>	<b>533,485,712</b>	<b>30.38</b>
<b>Total Expenditure</b>	<b>1,979,155,000</b>	<b>2,558,955,000</b>	<b>2,023,730,115</b>	<b>535,224,885</b>	<b>20.91</b>

Source: Department of National Budget

As shown in the above Table, 79.09% of the net provision provided for Project 1 of the Programme 01 had been utilized.

**Table 5.4: Expenditure under Programme 02 – Development Activities**

**Project 02 - Budgetary Support Services & Contingent Liabilities**

(1) Description	(2) Net provision (Rs)	(3) Transferred to other Heads (Rs)	(4) Savings (As per the Appropriation Accounts) (Rs)	(5) Variance as a %
<b>Recurrent Expenditure</b>				
Other Recurrent Expenditure	37,805,000,000	36,970,734,977	834,265,023	2.21
<b>Total Recurrent Expenditure</b>	<b>37,805,000,000</b>	<b>36,970,734,977</b>	<b>834,265,023</b>	<b>2.21</b>
<b>Capital Expenditure</b>				
Acquisition of Vehicles	1,712,000,000	1,701,201,736	10,798,264	0.63
<b>Restructuring</b>				
Liabilities for Failed Enterprises	1,835,000,000	1,830,297,265	4,702,735	0.26
<b>Foreign Aid Related Expenditure</b>				
- Foreign Aid Loans (12)	6,665,000,000	6,664,500,000	500,000	0.007
- Foreign Aid Grants (13)	595,000,000	594,630,931	369,069	0.06
- Reimbursable Foreign Aid Loans (14)	79,000,000	79,000,000	-	-
- Reimbursable Foreign Grants (15)	3,000,000	2,656,226	343,774	11.16
- Foreign Aid Related Domestic Funds (17)	4,155,000,000	4,152,202,640	2,797,360	0.06
Other Contingency Payments (11)	21,801,000,000	21,618,518,064	182,481,936	0.84
<b>Total Capital Expenditure</b>	<b>36,845,000,000</b>	<b>36,643,006,862</b>	<b>201,993,138</b>	<b>0.55</b>
<b>Grand Total</b>	<b>74,650,000,000</b>	<b>73,613,741,839</b>	<b>1,036,258,161</b>	<b>1.39</b>

Source: Department of National Budget

A sum of Rs.74,650,000,000 was made available under this project for granting supplementary allocations to meet unforeseen and unexpected expenditure of the various spending agencies/institutions and implementation of the budget proposals declared at the Budget Speech 2013. Out of this amount, Rs.73,613,741,839 was released to various spending agencies. It was 98.61 percent of the total allocation.

**Table 5.5: Public Officers' Advance Account for 2013**

<b>Category</b>	<b>Authorized Limit 2013 Rs.</b>	<b>Actual 2013 Rs.</b>
Maximum Limit of Expenditure	8,000,000.00	5,868,359.00
Minimum Limit of Receipts	3,800,000.00	4,048,563.00
Maximum Limit of Debit Balances	37,000,000.00	20,968,250.01

*Source: Department of National Budget*

In terms of the Budget Circular No. 114 of 31.12.2003, figures of the above Table comprised only the transactions occurred under the Advance Account item No. 240-under 011, within the department. According to Circular No. 118, loan balances of officers who had been transferred out or in, were settled with Accounting Heads, under the Advance Account item No. 240-012. With regard to settlement of these loan balances, expenditure incurred was Rs.3,979,425.89 and Receipts were Rs.7,054,086.90 during the year 2013. Accordingly, the Department had complied within the authorized limits of Public Officers' Advance Account.

**Table 5.6: Loans Given in Year 2013**

<b>Loan/Advance</b>	<b>No of Loans Given</b>	<b>Amount (Rs. )</b>
Festival Advance	97	485,000
Special Advance	50	125,000
Distress and Bicycle Loans	135	5,174,038
<b>Total</b>	<b>282</b>	<b>5,784, 038</b>

*Source: Department of National Budget*

### **5.3.3 Auditor General's Queries for 2013**

During the year 2013, 08 queries were referred to this Department by the Auditor General and all the queries were duly answered.