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Key Objectives

- Investing in people to build a productive and efficient human resource base with knowledge and skills in their respective fields of employment
- Building a nation-wide modern, quality and efficient rural and urban infrastructure network to provide the vital link between resources, markets and employment
- Promoting information technology for dissemination of technological know-how countrywide
- Modernizing agriculture by focusing on increased productivity through the introduction of high yielding varieties, improved water management, alienation of unutilized land to be used for productive purposes, introduction of new technology and promoting value addition and product diversification, brand promotion and image building
- Encouraging industries to move away from raw and primary products to high value added domestic resource based products, by using advanced technology
- Promoting a well diversified export economy with production emphasis on domestic based raw material
- Promoting new initiatives in tourism by focusing on eco-tourism and upmarket tourists, to make the tourist industry a major growth partner in the development of the economy
- Alleviating rural poverty through effective implementation of major poverty focused projects including *Gemi Diriya*, *Gami Pubuduwa*, *Maga Neguma*, *Dahasak Vew*, *Gamata Thakshanaya* and *Kiri Gammana*
- Linking new development strategies of the Millennium Development Goals to the Medium Term Budgetary Framework of the Government
- Providing a safe, reliable and efficient public bus and rail transport services to the general public
- Facilitating every family to possess a home of their own to ensure social recognition. Depending on the affordability factor of each social segment, the mode of facilitation to be in diverse forms such as self-help initiatives, concessionary loans, provision of improved sites and services, public-private partnerships and tax concessions
- Implementing programmes for the conservation, promotion and propagation of cultural values and traditions of all ethnic groups and for the preservation of the national heritage
- Rebuilding the conflict affected areas in the North and East through rehabilitation and reconstruction of basic infrastructure facilities and implementing livelihood support programmes
- Upgrading socio-economic conditions of the people in the estate sector, where the majority work in tea and rubber plantations, through the provision of access to improved health, education and sanitation facilities and other basic amenities
- Facilitating the most vulnerable groups to engage in productive economic activities and improving the quality of care for the disabled and senior citizens
- Rehabilitation and reconstruction of *Tsunami* affected areas and improving the livelihood of those affected

PREPARATION OF EXPENDITURE ESTIMATES

2006 BUDGET AND 2006 - 2008 MEDIUM TERM

PART 1 – INTRODUCTION

1. The Basis and Strategy

- 1.1 The National Budget for 2005 has been prepared on a basis of a Medium Term Budgetary Framework (MTBF) 2005 – 2007, which was formulated within the overall policy vision articulated in the Economic Policy Framework of the Government - “Creating our Future; Building our Nation”. In line with this structure, the “New Development Strategy Framework for Economic Growth and Poverty Reduction” was presented at the recently concluded Development Forum 2005, to promote further discussions and consultations on economic growth and poverty reduction policy strategies in a Medium Term context.
- 1.2 The strategy of the 2006 Budget is to further consolidate the broad policy framework announced in the 2005 Budget with greater emphasis on pro-poor growth strategies. It gives priority to remedy urgent social problems, poverty and unemployment, with a view to improving quality of life. It explicitly recognizes the (a) national action plan for children (b) rehabilitation and reconstruction of conflict affected districts (c) development of rural infrastructure (d) small and medium enterprise development and (e) Millennium Development Goals (MDGs). In order to place the economy on a 6-8 percent annual growth path, emphasis has also been placed on the need for the development of modern infrastructure – highways, electricity, transport, ports and communications. It recognizes the complementary participation of a socially responsible private sector and a strong public sector. The government has also formally launched its Millennium Development Goals and related strategies as shown in Annex I. All line Ministries, Departments and other Spending Agencies are required to recognize their role and responsibilities in the context of the above policy framework. Budgetary allocations for 2006 and for the Medium Term of 2006-2008 will be made based on the nine sectoral considerations stated in the Part 2 of this circular, in order to accelerate economic growth and regional development, reduce poverty and realize the Millennium Development Goals. The underlying Macro Economic Framework, which takes into consideration inter alia the post Tsunami reconstruction issues, is presented in Annex II.
- 1.3 In the overall Budget, special emphasis for (a) upgrading road access through the development of the road network (b) creating a strong connectivity to markets (c) promoting SME development and micro financing (d) improving agricultural productivity and (e) creating marketable skills of the labour force, specially among the youth (youth unemployment is around 21%). Further, the first target of the Millennium Development Goals, i.e reducing those living below the poverty line, will be given highest priority in the Medium Term Budget Framework. In this context, special attention should be placed on slow declining morbidity and high under nutrition among women and children, malnutrition among children and lack of IT skills and vocational, technical and educational opportunities for women.
- 1.4 The relevant Ministries and their specific functions have been identified within the Sectoral Classification. They are listed under each sector policy priorities in the Part 2 of this circular. The Secretaries and Heads of the Departments are strongly advised not to duplicate the functions and activities but work in coordination among themselves to reduce waste and improve efficiency. This also needs to be applicable to the devolved functions of Provincial Councils so that the Central Government Ministries will not claim resources that should be assigned for provincial activities. The Secretaries are also expected to adhere to the undermentioned Guiding Principles in identifying the fund requirements for the Medium Term. The Secretaries of Ministries are invited to be personally involved in the Budget preparation and supervision of their respective ministries.

PART 2- GUIDING PRINCIPLES

2. Policy Priorities & Considerations

2.1 Pro -Poor Pro -Growth and Regional Development

- 2.1.1 The main focus is to enhance the standard of living of low-income and vulnerable groups of the society through the development of provincial and community level infrastructure facilities to create employment and income opportunities and thereby minimize regional income disparities. In this context, mobilization of the poor and ensuring their effective involvement in the community development process, is encouraged.
- 2.1.2 Development policies and strategies, which have hitherto been implemented, have not achieved the expected results in the reduction of regional imbalances in terms of income, infrastructure facilities, public utilities etc. According to the Department of Census and Statistics, 23 percent of the population live under the poverty line. In the 12 administrative districts of Matale, Galle, Matara, Hambantota Kurunegala, Puttalam, Anuradhapura, Pollonaruwa, Badulla, Monaragala, Ratnapura and Kegalle, nearly 50

percent of the total population has shown a higher poverty ratio than the national average. Although statistical data of the districts in the North and East are not available, the poverty indicators are equally unsatisfactory. It is therefore advised that all Spending Agencies should focus attention to these districts, in the allocation of resources for projects and programmes to uplift socio-economic conditions.

- 2.1.3 In budget allocations, special attention will be given to rebuild the conflict affected areas in the North and East through rehabilitation and reconstruction of basic infrastructure facilities, devising programmes for speedy settlements and developing livelihood support programmes. Provision of basic needs to the war-torn community and promotion of ethnic reconciliation needs to be given highest priority in the spending programmes.
- 2.1.4 Resources will be allocated for the improvement of socio-economic conditions of the people in the estate sector where the majority of the population works in tea and rubber plantations. Poverty ratio in the estate sector is 30 percent, which is higher than the national average. Access to health and education facilities, housing, electricity, water, and improved sanitation facilities in the estate sector need to be addressed. Identification of dedicated poverty reduction programmes focusing each divisional secretary area, is encouraged.
- 2.1.5 The post-Tsunami recovery and reconstruction strategy will be integrated into the 2006 Budget with special emphasis on upliftment of livelihood of affected people in these areas.

Table I

Ministry	Special Initiatives
Samurdi & Poverty Alleviation	Janapubudu, Gamidiriya, Gampubudu
Provincial Councils & Local Government	Provincial specific development programmes & regional development initiatives
Regional Infrastructure Development	DCB programmes
Women Empowerment and Social Welfare	Women empowerment programmes
Rehabilitation and District Development (Vanni)	Area specific projects
Rehabilitation and District Development (Batticaloa)	Area specific projects
Rehabilitation and District Development (Trincomalee)	Area specific projects
Infrastructure Development in the Eastern Province	Rural area development programmes
Estate Housing, Infrastructure & Community Dev.	Socio-economic infrastructure – health, education, water supply, roads, housing, electricity – improvements in the plantation areas
Relief, Rehabilitation and Reconciliation	Rehabilitation of infrastructure in conflict affected areas – area specific projects
Posts, Telecommunications & Udarata Development	Upcountry peasantry development projects, Udarata Development initiatives
Small & Rural Industries	1,000 Industrial Villages Development Programme
Highways	Maganagama
Agriculture, Livestock, Lands and Irrigation	Dahasak Maha Wev, Kiri Gammana and minor irrigation projects
Healthcare & Nutrition and Uva Wellasa Development	Pupudamu Wellasa
Mahaweli & River Basin Dev.and Rajarata Dev.	Rajarata Navodaya
Indigenous Medicine	Osu Gammana projects
Housing and Construction Industry and Eastern Province Education and Irrigation Development	Rural housing programme, Dayata Sevana
Urban Development & Water Supply	Community water supply projects
Power and Energy	Rural electrification projects
Medium and Small Scale Plantation Industries and Rural Human Resources Development	Village Development Project – Nuwara Eliya
Tourism	Community tourism
Tsunami Related Development Programs	Livelihood support and housing & shelter
Finance and Planning	Micro financing

- 2.1.6 All Ministries are required to phase out/do away with line items (historical) programmes unless justifiable on grounds of poverty reduction or value addition. Creative proposals should be made, focusing on poverty reduction on a sustainable basis. Spending Agencies should also reflect flexibility in prioritizing development programmes within sectoral limits and the overall government development priorities.
- ## 2.2 Human Resource Development
- 2.2.1 Public expenditure on education needs to be focused on increasing access and quality improvement of education at primary, secondary and tertiary levels. Attention to higher education needs to be given to expand demand-driven degree programmes while also introducing new programmes designed to cater to demands in the emerging local and global markets. Technical education and skills development programmes need to be targeted to develop a multi-skilled and a more productive workforce, which will be globally competitive in the context of rapid technological development in the global environment during the Medium Term 2006-2008.
- 2.2.2 Ensuring equity in health care through easy access to quality and modern health care services, with emphasis on the lower income groups and the most vulnerable in the society will be the main focus of the health sector in the Medium Term 2006-2008. The present emphasis on curative healthcare should shift towards preventive health care by increasing investment on preventive healthcare programmes targeted at reducing both communicable and non-communicable diseases, coupled with cost-effective nutrition intervention programmes. Equal emphasis will be given to reduce the human resource shortage prevalent in the health sector.
- 2.2.3 Meanwhile, investment in the Ayurvedic sector will be directed towards Ayurvedic research and production of herbal medicines locally, to meet local and global demand for such medicines. Specific proposals to encourage provincial bodies, task forces and dedicated organizations to create awareness of the importance of preventive health care programmes are encouraged.

Table II

Ministry	Development Initiatives
Health	
Healthcare, Nutrition and Uva Wellassa Development	Improvement of preventive health care programmes, upgrading hospitals, improvement of support services and human resource development in the health sector
Indigenous Medicine	Promotion of indigenous medicine and cultivation of medicinal plants
Education	
Education	Establishment of the Uva Wellassa University and upgrading existing universities, improving access to and the quality of primary and secondary education, improving teacher education and training, introducing IT in to schools, modernization of classrooms
Housing and Construction Industry and Eastern Province, Education and Irrigation Development	Eastern province education
Skills Development	
Skills Development, Vocational and Technical Education	Establishment of the University of Vocational Technology, increasing accessibility to vocational training and improving the quality and relevance of skills development programmes
Agriculture Marketing, Dev. Cooperative Dev. and Hindu Affairs and Assisting Education and Vocational Training	Establishment of vocational training centres in the North and East
Medium and Small Scale Plantation Industries and Rural Human Resource Development	Youth Corp Programme
Sports and Labour Relations	
Labour Relations & Foreign Employment Sports and Youth Affairs	Enforcement of labour laws and upgrading of industry labour relations Development of sports and youth activities

2.3 Infrastructure Development

- 2.3.1 A nationwide – modern, quality and efficient infrastructure network has to be built to provide the vital link between resources markets and employment. The ultimate aim is to improve the competitiveness of the nation. Therefore, a rapid improvement in the capacity and quality of the services of electricity, transport, roads, urban amenities, ports and airports is required to increase accessibility and mobility to ensure bridging the vast regional disparities.

Ministry	Key Projects
Posts, Telecommunication & Udarata Development	Expansion of the Telecommunication network and modernization of the postal network
Port & Aviation	Promotion and development of Colombo, Kankasanturai, Point Padro, Galle, Hambantota and Oluwil Ports and the modernization of the Bandaranaike International Airport
Housing & Construction Industry, Eastern Province Education & Irrigation Development	Dayata Sevana National Housing Programme (commercial housing), skills development in the construction sector and skills, promotion of local contractors
Urban Development & Water Supply	Townships development, rehabilitation and augmentation of water supply schemes & establishment of sewage networks
Transport	Modernization and upgrading transport services
Power & Energy	Generation, transmission and distribution development
Highways	Southern and Colombo- Katunayaka Expressways, outer circular roads, road network improvements in North Western, Central, Sabaragamuwa, Southern and Western Provinces, rehabilitation of Ratnapura-Balangoda and Bandarawella roads, construction of the Kinva Bridge and reconstruction of the Manampitiya Bridge

2.4 Production & Services

- 2.4.1 A rapid increase is expected in agricultural production, industry and services through productivity improvements while preserving the environment and managing natural resources in a sustainable manner.
- 2.4.2 Medium term investments in agriculture to be focused mainly on the increase of productivity through the introduction of high yield varieties, improved water shed development and management, alienation of unutilized land to be used for productive purposes, introduction of new technology, promoting value addition, crop diversification, brand promotion and image building. The Ministries responsible for agriculture, livestock, land and irrigation, fisheries, Mahawelli and Plantations, should explicitly indicate how their expenditure programmes and policies will help in achieving the Medium Term objectives of high productivity and growth in agriculture.
- 2.4.3 Industries are encouraged to move away from primary/raw products to high value added domestic resource based products and to use advanced technology to increase production. Special emphasis is given for SME sector development.
- 2.4.4 International markets for agricultural and industrial products are facilitated through bilateral and regional trade agreements whilst being mindful of the domestic market. Maximum effort must be made to encourage the private sector to fully exploit export potentials under this arrangement and particularly the concessions available through GSP+. Relevant line ministries should workout collaborative schemes aimed at doubling the country's overall export income over the next five years.
- 2.4.5. Tourism sector emphasis will be on eco-tourism and targeting up market tourists. New initiatives are encouraged to recapture lost opportunities, making the tourism industry a major growth partner in the development of the economy. Specific proposals are encouraged to raise the share of tourism to GDP, now at 2.5% to 5 % over the Medium Term.

Table IV

Ministry	Major Initiatives
Agriculture	
Agriculture, Livestock, Lands and Irrigation	Improvement of harvest and post harvest technology, small farmer development programme, crop diversification programme, organic product export assistance, floriculture development, cinnamon industry development, local milk production development and irrigation systems development
Mahaweli & River Basin Development and Rajarata Development	Development and upgrading of system B, system C and Udawalawe- Left bank
Plantation Industries	Increase production, promote productivity and maintain the quality of the plantation sector and related industries
Fisheries & Ocean Resources	Promote new technology to increase production, provide market opportunities to fishermen, maintain a radio transmission network for the benefit of fishermen, coastal zone conservation and rebuilding fisheries harbors
Environment	
Environment and Natural Resources	Improve bio diversity and reforestation, protection of the Ozone Layer and preventing marine pollution
Industries	
Industries and Investment Promotion	Introduce/upgrade Industrial Estates, infrastructure, and investment promotion programmes
Advanced Technology & National Enterprise Development	SME sector development and Dahasdiriya programme.
Finance & Planning	Credit lines - SME development
Services	
Tourism	Promotion of cultural activities and eco tourism, improvement of infrastructure to attract local and foreign up-market tourists
Trade, Commerce & Consumer Affairs	Creation of trade opportunities through Free Trade Agreements
Agriculture Marketing Development, Cooperative Development, Hindu Affairs and Assisting Education and Vocational Training	Cooperative sector development

2.4.6 Ministries are encouraged to critically assess their existing Projects and propose new initiatives focused on higher production activities.

2.5 Science, Technology, Research and Development

2.5.1 It is evident that the present level of Research and Development , which is at 0.13 percent of GDP, needs to be increased to at least to 1 percent of GDP over the Medium Term, to promote Sri Lanka's technological capability to move hand in hand with its neighboring countries.

Ministry/Department	Activity
Science & Technology	Vidatha programme
Office of the Prime Minister	E-Sri Lanka
Department of Ayurveda	Ayurveda research
Healthcare, and Nutrition & Uva Wellassa Development	Promotion of medical research
Urban Development and Water Supply	IT Park I
Agriculture, Marketing Development & Co-operative Development	IT Park II
Fisheries & Aquatic Resources	Promotion of research on aquatic resources
Advanced Technology and National Enterprise Development	Introduction and upgrading of standards for quality maintenance, introduction of new technology to gemology, promotion of research on gems and jewellery production
Plantation Industries	Coconut, Rubber and Tea – research and development
Department of Meteorology	Introduction of new technology to predict natural disasters and dissemination of such information

2.6 Social Protection

2.6.1 The protection of the most vulnerable and disadvantaged groups of the society to minimize social risks, is one of the prime areas to be addressed. In this context, the following can be taken into consideration in providing public funds;

- Facilitate most vulnerable groups to engage in productive economic activities
- Enhance accessibility to care for the disabled and senior citizens and improve the quality of such services
- Create awareness on various social risks such as floods, earthquakes and droughts.

Accordingly, public expenditure can be focused essentially on providing productive economic activities, rationalization and reformation of existing social safety net schemes, expanding community participation, and building disaster management capabilities.

Table VI

Ministry	Key Projects
Samurdhi & Poverty Alleviation	Samurdhi subsidies
Women Empowerment and Social Welfare	Social services, probation and child care and women development
Public Administration and Home Affairs	Pensions
Healthcare and Nutrition & Uva Wellassa Development	WFP-Mother & Child Nutrition Programme, Thripasha Program, controlling micro nutrition deficiency in children and women
Relief, Rehabilitation & Reconstruction	World Food Programme, assisting internally displaced persons

2.7 Art, Culture and Religion

2.7.1 Religious education programmes for all religions, cultural promotion and awareness programmes, conservation and preservation programmes of cultural sites and archeological monuments, promotion of traditional arts and crafts, should be given higher priority.

Table VII

Ministry	Key Initiatives
Buddha Sasana	Promotion of Daham Pasal activities, preservation of historical and religious places, rehabilitation of traditional temples and promotion of Buddhist values
Agriculture Marketing Development, Cooperative Development and Hindu Affairs and Minister Assisting Education and Vocational Training	Rehabilitation of Hindu religious places, promotion of Hindu religious activities
Cultural Affairs and National Heritage	Preservation, promotion and propagation of the cultural heritage
Christian and Parliamentary Affairs	Promotion of Daham Pasal activities and renovation of historical churches
Muslim Religious and Cultural Affairs	Promotion of Muslim religious activities
Urban Development and Water Supply	Sacred areas development programmes

2.8 Governance

- 2.8.1 The main focus is to strengthen the complementary role of the government as a facilitator of economic activities and make the public service more efficient, transparent, accountable and people friendly.
- 2.8.2 Special attention should be paid, in the Medium Term, to simplify Government rules and procedures to reduce transaction costs and improve competitiveness, eliminate waste, abuse, inefficiency and corruption in the public service. Strengthening “e-governance” which provides the media and the citizens with direct access to administrative information, is also vital. Highest priority needs to be given in the 2006 Budget to enhance the efficiency and effectiveness of public service management, strengthening the District and Divisional Secretaries and to establish a sound district administrative system responsive to the aspirations of the general public. Capacity building programmes earmarking Grama Niladaries, Divisional Secretaries and District Secretaries must be explicitly identified in the budget formulation, in order to improve the delivery mechanism at district level.

Table VIII

Ministry	Key Areas
Special spending units	Implementation of executive and legislative functions
Foreign Affairs	Execution of the foreign policy and managing international relations
Constitutional Affairs and National Integration	Peace building and national integration
Public Administration and Home Affairs	Improve the quality and efficiency of the public service delivery mechanism
Information and Media	Dissemination of information
Christian and Parliamentary Affairs	Facilitate the role of peoples' representatives.

2.9 Public Order & Safety

- 2.9.1 It is important to create a secure environment for sustainable development by maintaining law and order, protecting national security, public safety and legal rights.
- 2.9.2 As a policy priority, the Government is committed to gradually phase out defense expenditure to around 2.5 percent of GDP in order to support sustained higher development expenditure. Focus will be placed on reducing the crime rate, enhancing public access to the judiciary, creating awareness of redress/remedies available through the judicial system and prevention of terrorism. Actions need to be taken to decentralize Courts of Appeal, promote mediation as an alternate dispute resolution mechanism, expand the activities of the Legal Aid Commission, enhance community based correction projects, reduce overcrowding of prisons and facilitate law enforcement while training and equipping associated personnel to be able to carryout their duties more efficiently. Promoting a business friendly legal and regulatory environment with reduced transaction costs to facilitate business development, requires special attention.

Table IX

Ministry	Key Initiatives
Justice & Judicial Reforms	Provide greater access to justice, decentralize Courts of Appeal, strengthen mediation boards and capacity building including professional development
Public Security, Law and Order	Provide assistance and equipments to minimize the crime rate
Defense	Maintain national security

2.10 Development Policy Initiatives

2.10.1 The government has taken the following initiatives to build public sector capacity to promote the equally important role of both the public sector as well as the private sector, in economic development in the country.

- *National Council for Economic Development (NCED)* – coordinate private sector and public sector policy formulation and ensure implementation while empowering line Ministries.
- *Strategic Enterprises Management Agency (SEMA)* – strengthen the role of strategic state enterprises.
- *National Council for Administration (NCA)* – formation of a public sector wage policy and management of cadre issues.
- *National Procurement Agency (NPA)* – streamlining the Government procurement policy and implementing an efficient procurement system.
- *Administrative Reform Committee (ARC)* – streamlining the public service.
- *Modernization of Revenue Administration* – improving tax administration.

All line Ministries are required to recognize the role of each of the aforementioned agencies, when formulating their expenditure programmes and activity plans.

2.10.2 All Ministries are required to critically assess their role in the Government, having regard to the needs and demands of the private sector and the civil society. As such you are requested to propose new reform initiatives to make the public sector more efficient and people friendly, using least cost methods.

2.11 Medium Term Expenditure Framework 2006 – 2008

The budget is presented in a Medium Term Budgetary Framework. Therefore, Spending Agencies are requested to focus both on recurrent and capital expenditure for the years 2007 and 2008 and forward these to the Department of National Budget, using the formats in Annex III.

2.11.1 Medium Term Projections

The following criteria should be used in projecting Medium Term expenditure:

- Inflation*: Inflation should not be included. The Treasury will make inflation adjustments for 2007 and 2008.
- Demographic Changes*: Spending Agencies should adjust expenditures for entitlement programmes (such as pensions, school uniforms) for estimated increase or decrease in the number of individuals entitled to benefits. Each such development should present the actual number of beneficiaries to justify the budget requirement.
- Salary Adjustments*: Spending Agencies should not include provision for salary adjustments in their projections for the Medium Term, since the Treasury will make a suitable block provision on account of the same.

2.11.2 Performance Indicators in the Medium Term

Missions and the objectives of Ministries are determined in accordance with policy priorities in the long run considered with key functions for the Medium Term, as outlined in 2.0 above. Projects are the means of reaching the missions. Objectives of these Projects should be explicit and measurable. Performance indicators should be specific, reflecting the objectives and achievements of each Project. Spending Agencies are therefore expected to specify indicators on the input, output, efficiency, and outcome pertaining to key activities, using the specimen form given in Annex III.

2.11.3 Distribution of Resources on a Regional Basis

Promotion of a regionally balanced development in the country within available resources is a priority in the Medium Term. A decision has been taken to ascertain whether the distribution of resources among district and sub district levels are sufficient to minimize imbalances of resource allocation. In order to address this issue all Spending Agencies are requested to furnish information on all capital projects as per Annex IV.

2.12 Sectoral Expenditure Ceilings

In order to ensure the achievement of the above sectoral policy priorities, the expenditure ceilings for Ministries are given in Annex V. It includes the budgetary provision for Statutory Boards and other applicable institutions under "Other Recurrent" and

“Other Capital” expenditures. The provision for Tsunami related Reconstruction projects that have been earmarked as “Tsunami Related Reconstruction Expenditure” are shown under the relevant Ministry. Additionally, a separate schedule, which indicates the ceilings for the sectoral classifications explained in Part 2 of this circular, is shown in Annex VI.

2.12.1 Ceilings on Recurrent Expenditure

Budgetary provisions for personnel emoluments were computed on the basis of the actual number of employees as of 30.06.2005, in the approved cadre. The balance provision to accommodate the salary increase proposed in the Budget 2005, which will be effective from January 2006, has been included under personnel emoluments.

Other recurrent expenditure has been computed on the basis of relevant Circulars and also by allowing a moderate margin for any cost escalation. Certain liabilities/commitments, identified without dispute were also taken into consideration.

2.12.2 Ceilings on Capital Expenditure

Financial commitments for 2006 for existing Projects and programmes that have obtained necessary approvals from the authorities concerned were taken as the basis for ceiling on capital expenditure. It is shown separately as:

- (i) the cost of foreign funds and the associated domestic fund requirements,
- (ii) other capital expenditure, the entirety of which has to be met from domestic sources.

However, Spending Agencies have the liberty to allocate resources within the expenditure ceilings for activities which deserve priority by reducing budgetary allocations for non-priority projects in terms of Government policy priorities.

PART 3–BUDGET PREPARATORY GUIDELINES

3.1 Preparation of Estimates

All Ministries are requested to prepare their estimates for 2006, including all agencies coming under their purview, within the expenditure ceilings and in accordance with the Guidelines set out in this circular, using Annexes as appropriate. Secretaries to Ministries have the liberty to allocate provisions to Spending Agencies coming under their purview, within the total ceiling of the relevant Ministry. However, if the Treasury observes that provision has not been allocated adequately to a high priority activity, the Treasury will re-arrange the provision within the ceilings, in consultation with the Ministry Secretary concerned.

3.1.1 Estimates on Recurrent Expenditure

- (i) In the preparation of estimates for Recurrent Expenditure other than personnel emoluments, Spending Agencies are requested to ascertain any arrears due to be paid or any commitments spilling over to the subsequent year before allocating resources for operational activities in 2006. After making a correct assessment of the provision required for arrears, Spending Agencies are free to decide on the expenditure on recurrent components. If budgetary provisions cannot be allocated to certain liabilities within the expenditure ceiling, such liabilities should be shown separately outside the ceiling, with an explanatory note.
- (ii) No Spending Agency should plan for spill over expenditure over two months and no such commitment should be undertaken without prior verification from the Department of National Budget
- (iii) Provision has to be made under Object Code - 1004, “Contribution to the Pension Fund”, in respect of any recruitment made after 01.01.2003 in terms of Management Services Circular No.18
- (iii) Provision for overtime payments should be justifiable. In general, it is suggested that the total provision for overtime for any Spending Agency be limited to 5% of the salaries and wages
- (iv) Adequate provision should be made for payments pertaining to Utility Services
- (v) Budgetary provision for the payment of interest difference on the housing loan scheme for Government servants should be included under Object Code -1006

3.1.2 Estimates on Capital Expenditure

Estimates on Capital Expenditure have to be prepared on two scenarios.

(a) Minimum Expenditure Scenario

Spending Agencies are requested to prepare Budget estimates on capital expenditure needs within the given ceiling, to carry out development activities using their own available (normal) institutional capacity. The following criteria are to be adopted in determining such expenditure estimates.

- (i) Settlement of previous commitments
A provision is to be ensured for any unsettled liabilities of the previous year, if available.
- (ii) Maintenance and improvement of capital assets
- (iii) Rationalization of ongoing Projects

All Spending Agencies are directed to rationalize their ongoing development Projects that have been operating for several years. If any such Project does not match present policy priorities, a new Project can be introduced to meet development targets

- (iv) New Projects, considered within the ceiling
- (v) Provisions for procurement of new vehicles using domestic funds (jeeps, cabs and cars), should not be included

(b) Maximum Expenditure Scenario

Spending Agencies are also requested to prepare their capital expenditure requirements to utilize their maximum institutional capacity for carrying out development activities, in line with policy directives addressed in this Circular. For this purpose, Spending Agencies are requested to;

- (i) submit additional requests for new Projects. The Treasury will endeavor to provide additional funds taking into consideration the availability of resources, inter-sector priorities and expected benefits to the public.
- (ii) forward proposals to the Department of National Budget using the format given in Annex VII, for each Project.

3.2. Supplementary Allocations 2006

The Treasury will not consider any requests for additional budgetary allocation and FR 66 transfers, unless there is a strong justification by the relevant Ministry Secretary as to the urgency and the unforeseen nature of the requirement. Secretaries are requested not to submit any Cabinet Memorandum seeking additional allocations, without the prior consent of the Department of National Budget. Therefore, it is the responsibility of Secretaries to prepare the draft 2006 Budget Estimate, in a realistic manner.

3.3 Other Information

3.3.1 Information on Cadre and Vehicles

All Spending Agencies are requested to furnish a summary statement on their cadre and vehicles, using the format given in Annex VIII.

3.4. Presentation of Estimates

3.4.1 Object Codes and Programmes

Object Codes and Standard Programmes which have been changed to suit the international classification, are given in Annexes IX and X, respectively. You are requested to select the correct Object Codes and Programmes, when submitting expenditure estimates. In order to separately identify *Tsunami* related expenditure, it is essential to create a separate project '50 – Tsunami Relief and Reconstruction' under suitable programmes of Ministries responsible for the implementation of *Tsunami* reconstruction activities.

3.4.2 Sub-Projects

It has been observed that some important activities with substantial outlay have been grouped under object code details, especially under capital expenditure. Therefore, Spending Agencies are encouraged to identify such activities, particularly those relating to policy initiatives and show them as sub-Projects. This will facilitate better expenditure management and monitoring.

3.4.3 Estimate Pertaining to Statutory Boards and other applicable Institutions

Statutory Boards and other applicable institutions should submit their estimates on the basis of Object Codes as applicable, as in Annex XI. Please note to prepare the estimate of expenditure on cash basis.

3.5 Submission of Expenditure Estimates

In order to expedite preparation of estimates, the required Forms given in Part 3 as Annexes to this Circular are provided as Microsoft Excel worksheets in the Website www.nbd.gov.lk - titled "Annexes to National Budget Circular". These Annexes can be downloaded as Excel worksheets and can be printed. Spending Agencies are required to complete these Annexes in soft- copy form (without making any structural changes) and submitted in a 3 1/2" floppy diskette, to the Department of National Budget, together with duly signed corresponding hard copies.

Annex	Description
Annex I	Millennium Development Goals (MGD)
Annex II	Post Tsunami Medium Term Macroeconomic Framework 2005-2008
Annex III	Medium Term Project Profile 2006 – 2008
Annex IV	Distribution of Resources (Capital) for District/Divisional Secretariat Level – 2006
Annex V	Ministry Budget Ceilings for 2006
Annex VI	Sectoral Budget Ceilings for 2006
Annex VII	Proposed New Projects Identified Under Maximum Scenario (outside the ceiling) 2006
Annex VIII	Information on Cadre and Vehicles – 2006
Annex IX	Estimate Presentation Format - 2006 - Ministries and Departments
Annex X	Standard Expenditure Programmes
Annex XI	Estimate Presentation Format 2006 –Institutions

PART 4-ANNEXES

In the preparation of Budget estimates as per given guidelines, you are requested to use following formats, as appropriate;

4.1 Clarifications

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

4.2 Deadline for Submission of Draft Estimates

You are requested to furnish relevant information before **2nd August 2005**.

Target	Description
1. Preparation of the Medium Term Macro Economic Framework and approval of the Hon. Minister of Finance and Planning for the Budget Circular	12.07.2005
2. Issuing the Budget Circular calling for proposals (Budget Call)	19.07.2005
3. Briefing note to the Cabinet on 2006 Budget outline and priorities	25.07.2005
4. Deadline for the submission of Budget requests by line ministries	02.08.2005
5. Review of Budget requests with line ministries (Meetings with Hon. Ministers and Secretaries)	03.08.2005 - 18.08.2005
6. Finalization of Appropriation Bill (Programme - wise summary of expenditure)	22.08.2005
7. Submission of the Appropriation Bill to Cabinet	31.08.2005
8. Presentation of the Appropriation Bill to Parliament (First Reading)	06.10.2005
9. Budget Speech (Second Reading of the Appropriation Bill)	10.11.2005
10. Expenditure Authorization (Issue of Warrants by the Hon. Minister of Finance and Planning)	21.12.2005
11. Release of Cash flow statement for 2006 by Treasury	23.12.2005



P B Jayasundera

*Secretary to the Ministry of Finance & Planning
and Secretary to the Treasury*

Cc: Auditor General
Chairmen of State Corporations and Statutory Boards
Project Directors

MILLENNIUM DEVELOPMENT GOALS (MDG)

Target	Indicator	1990/1991	2000/2001	2005/2006	2010/2011	2015/2016
Poverty & Hunger Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.	Population below US\$ 1 per day.	6.6% (1996)	n.a.	5.0%	3.0%	0
	Population below US\$ 2 per day.	45.4% (1996)	n.a.	40%	30%	20%
Halve, between 1990 and 2015, the proportion of people who suffer from hunger.	Prevalence of underweight children (below 5 years).	38% (1993)	29 %	24%	19%	14%
Education Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.	The net enrolment ratio in primary education.	n.a.	97%	98%	99%	100%
	Gross primary completion rate.	100%	111%	105%	100%	100%
Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels of education no later than 2015.	Ratio of female to male enrolments in primary and secondary school.	99%	102%	100%	100%	100%
	The proportion of seats held by women in Parliament.	n.a.	4%	30%	30%	30%
Health Reduce by two - thirds, between 1990 and 2015, the under - five mortality rate.	Infant mortality rate	17.5%	12.2%	11%	9%	8%
	The under five child mortality rate per 1,000.	23	19	17	14	11
Reduce by three-quarters, between 1990 and 2015, the maternal mortality rate.	Maternal mortality ratio per 100,000 live births	60 (1995)	n.a.	40	30	20
	No. of births attended by skilled health staff, of total births.	85%	96%	98%	99%	100%
Have halted by 2015, and begin to reverse, the spread of HIV/AIDS	The % of prevalence of HIV males and females in the age group 15-24.	n.a.	0.05	0.03	0.02	0.01
Have halted by 2015, and begin to reverse, the incidence of malaria and other major diseases.	The number of deaths associated with malaria.	n.a.	9	5	0	0
	The incidence of new cases of tuberculosis.	6,174	8,639	4,000	2,500	1,500
Environment Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.	Carbon dioxide emissions metric tons per capita.	0.2	0.5	0.58	0.67	0.78
Water Supply & Sanitation Halve, by 2015, the proportion of people without sustainable access to safe drinking water.	Population with access to safe drinking water.	67	69%	74%	85%	90%
By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.	Population with access to improved sanitation facilities.	61%	65%	68%	70%	85%
Unemployment In co-operation with developing countries, develop and implement strategies for decent and productive work for youth.	Unemployment rate for 15-24 year olds.	n.a.	28%	22%	15%	9%

MEDIUM TERM MACROECONOMIC FRAMEWORK 2005 - 2008

Indicator	Projections					
	Units	2004 (a)	2005	2006	2007	2008
Real Sector						
GDP at Market Prices	Rs. Bn	2,029	2,343	2,658	3,000	3,371
Real GDP Growth	%	5.4	5.3	6.0	6.5	7.0
Inflation/GDP Deflator	%	9.2	9.7	7.0	6.0	5.0
Total Investment	%of GDP	25.0	30.0	32.2	32.8	33.9
Private Investment	%of GDP	19.8	21.9	22.7	24.2	25.9
Public Investment	%of GDP	5.2	8.1	9.5	8.6	8.0
Domestic Saving	%of GDP	15.9	17.0	20.8	22.2	24.8
Private Saving	%of GDP	19.8	18.6	20.3	19.8	21.2
Public Saving	%of GDP	-3.9	-1.6	0.5	2.4	3.6
National Saving	%of GDP	21.6	23.1	26.1	27.6	30.1
External Sector						
Trade Gap	US\$ Mn	-2,243	-3,370	-3,353	-3,478	-3,406
Exports	US\$ Mn	5,757	6,354	6,860	7,343	7,978
Imports	US\$ Mn	8,000	9,725	10,213	10,821	11,384
Services	US\$ Mn	419	352	484	521	593
Receipts	US\$ Mn	1,527	1,572	1,794	1,952	2,131
Payments	US\$ Mn	1,108	1,220	1,310	1,431	1,538
Current Account	US\$ Mn	-648	-1,575	-1,505	-1,408	-1,133
Current Account Deficit	%of GDP	-3.3	-6.8	-6.0	-5.1	-3.7
Overall Balance	US\$ Mn	-205	101	176	200	250
External Official Reserves						
(Months of Imports)	Months	2.8	2.7	2.9	3.1	3.2
Debt Service Ratio (b)	%	11.5	7.4	11.1	10.0	9.7
Fiscal Sector						
Revenue	%of GDP	15.6	16.9	17.8	18.8	19.5
Expenditure	%of GDP	24.0	26.5	26.8	25.1	24.0
Revenue (Deficit/Surplus)	%of GDP	-4.3	-1.6	0.5	2.4	3.6
Overall Budget Deficit	%of GDP	-8.3	-9.6	-9.0	-6.3	-4.4
Domestic Financing	%of GDP	5.9	3.6	2.9	2.0	1.6
Financial Sector						
Reserve Money Growth (c)	%	20.9	15.0	14.0	13.0	12.5
Broad Money Growth (M2b) (c)	%	19.6	15.0	14.0	13.0	12.5
Narrow Money Growth (M1) (c)	%	16.6	13.0	12.0	11.0	10.5
Growth in Credit to Public Corporations (c)	Rs. Bn	4.9	-15.0	-5.0	-5.0	-5.0
Growth in Credit to Private Sector (c)	Rs. Bn	114.8	114.6	125.3	130.8	141.6
Growth in Credit to Private Sector (c)	%	22.1	18.0	16.7	15.0	14.1

(a) Provisional

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

(c) Point-to-point growth in end year values

MEDIUM TERM PROJECT PROFILE 2006 - 2008

Ministry / Department :

Head No. Name:

Programme No: Name:

Project No: Name:

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1

2

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1

2

Performance Indicator						
No	Indicator	Actual	Estimate		Projection	
		2004	2005	2006	2007	2008
1						
2						
3						

Expenditure	Actual	Estimates		Projection	
	2004	2005	2006	2007	2008
RECURRENT					
Personal Emoluments					
Traveling Expenses					
Supplies					
Maintenance Expenditure					
Contractual Services					
Transfers					
Grants					
Subsidies					
Interest Payments					
Other Recurrent Expenses					
CAPITAL					
Rehabilitation & Improvement of Capital Assets					
Acquisition of Capital Assets					
Capital Transfers					
Capital Grants					
Acquisition of Financial Assets					
Other Capital Expenditure					
Restructuring Expenditure					
Operational Cost of Donor Funded Projects					
Public Debt Amortization					
Project Total					
Domestic Financing					
Foreign Financing					

Employment Profile

Employment Category	Actual	Estimates		Projection	
	2004	2005	2006	2007	2008
A					
B					
C					
D					
Other					
Total Cadre					

DISTRIBUTION OF RESOURCES (Capital) FOR DISTRICT/DIVISIONAL SECRETARIAT LEVEL - 2006

Ministry - (Head No.& Name)

Sector Code :

Department - (Head No.& Name)

for NID use only)

Project Name

Total Estimated Cost (Rs.Mn)

DF Rs.(Mn.)

Total Provision for 2006 (Rs.Mn)

DF Rs.(Mn.)

Objectives of the Project (in brief)

District	Total	Distribution of Capital Resources / Provision among Divisional Secretariat Divisions (Rs.Mn.)														
		DS Div 01	DS Div 02	DS Div 03	DS Div 04	DS Div 05	DS Div 06	DS Div 07	DS Div 08	DS Div 09	DS Div 10	DS Div 11	DS Div 12	DS Div 13	DS Div 14	DS Div 15
(1)Name- Allocation(Rs.Mn.): Targets (Units) : Beneficiaries :	Name :															
	Allocation(Rs.Mn.):															
	Targets (Units) :															
	Beneficiaries :															
(2)Name- Allocation(Rs.Mn.): Targets (Units) : Beneficiaries :	Name :	DS Div 01	DS Div 02	DS Div 03	DS Div 04	DS Div 05	DS Div 06	DS Div 07	DS Div 08	DS Div 09	DS Div 10	DS Div 11	DS Div 12	DS Div 13	DS Div 14	DS Div 15
	Allocation(Rs.Mn.):															
	Targets (Units) :															
	Beneficiaries :															
(3)Name- Allocation(Rs.Mn.): Targets (Units) : Beneficiaries :	Name :	DS Div 01	DS Div 02	DS Div 03	DS Div 04	DS Div 05	DS Div 06	DS Div 07	DS Div 08	DS Div 09	DS Div 10	DS Div 11	DS Div 12	DS Div 13	DS Div 14	DS Div 15
	Allocation(Rs.Mn.):															
	Targets (Units) :															
	Beneficiaries :															
(4)Name- Allocation(Rs.Mn.): Targets (Units) : Beneficiaries :	Name :	DS Div 01	DS Div 02	DS Div 03	DS Div 04	DS Div 05	DS Div 06	DS Div 07	DS Div 08	DS Div 09	DS Div 10	DS Div 11	DS Div 12	DS Div 13	DS Div 14	DS Div 15
	Allocation(Rs.Mn.):															
	Targets (Units) :															
	Beneficiaries :															
GRAND TOTAL		DS Div 01	DS Div 02	DS Div 03	DS Div 04	DS Div 05	DS Div 06	DS Div 07	DS Div 08	DS Div 09	DS Div 10	DS Div 11	DS Div 12	DS Div 13	DS Div 14	DS Div 15
Allocation(Rs.Mn.): Targets (Units) : Beneficiaries :	Name :															
	Allocation(Rs.Mn.):															
	Targets (Units) :															
	Beneficiaries :															

Guidelines for distribution of capital resources:

- (1) Indicators : (a) Allocation - Rs.Mn., (b) Targets (Units) - Roads Kms., No. of buildings, Tanks, Houses, etc., (c) Beneficiaries - No. of families or persons.
- (2) The national level projects, such as Modanisation of Bandaranayake International Airport, Development of Colombo Port, and Sothern Express way should not be included.
- (3) Capital provision, earmarked for administrative purpose of spending units should not be included.
- (4) The allocation made for the development projects that provide benefits to the several Diviosnal Secretarits to be distributed among the all benefited Divisions.

TENTATIVE MINISTRY BUDGET CEILINGS FOR ESTIMATES 2006

(Rs.Mn.)

Head No	Ministry	Recurrent - 2006			Capital - 2006			
		PE	Other	Total	FA (12-16)	FA Related DF (17)	Other Capital (11)	Total
	Special Spending Units (Head 101 - 122)	1,531.86	1,655.11	3,186.97	921.00	100.00	391.85	1,412.85
154	Buddha Sasana	149.02	197.70	346.72	-	-	161.44	161.44
164	Power & Energy	31.74	1,000.00	1,031.74	8,702.50	1,050.00	137.50	9,890.00
174	Transport	3,407.00	7,593.00	11,000.00	1,675.00	500.00	3,825.00	6,000.00
184	Highways	16.50	745.60	762.10	14,383.00	5,008.00	4,899.00	24,290.00
194	Finance & Planning ^(a)	1,940.55	4,185.89	6,126.44	11,906.30	1,292.25	1,521.95	14,720.50
204	Defence	38,830.13	18,213.81	57,043.94	-	-	9,540.00	9,540.00
214	Agriculture, Livestock, Land & Irrigation	5,056.70	5,193.40	10,250.10	1,709.50	342.50	4,362.70	6,414.70
224	Industry & Investment Promotion	76.90	66.20	143.10	30.00	10.00	460.10	500.10
234	Advance Technology & National Enterprise Development	77.60	358.48	436.08	307.80	38.00	824.80	1,170.60
244	Constitutional Affairs & National Integration	39.00	53.97	92.97	117.40	-	2.90	120.30
254	Foreign Affairs	2,732.00	1,724.00	4,456.00	-	-	1,134.52	1,134.52
264	Ports & Aviation	49.16	73.49	122.65	1,982.80	288.20	40.90	2,311.90
274	Infrastructure Development in the Eastern Province	63.40	108.60	172.00	90.00	28.90	421.10	540.00
284	Urban Development & Water Supply	116.30	155.72	272.02	13,985.00	2,675.00	2,175.00	18,835.00
294	Housing, Construction Industry and Eastern Province Education & Irrigation Development	180.61	155.84	336.45	55.00	15.00	1,054.08	1,124.08
304	Estate Housing, Infrastructure and Community Development	25.30	56.15	81.45	80.00	60.00	440.90	580.90
314	Fisheries & Aquatic Resources	209.12	338.49	547.61	2,536.56	667.20	821.00	4,024.76
324	Women's Empowerment & Social Welfare	349.90	5,448.50	5,798.40	15.10	1.50	186.50	203.10
334	Justice & Judicial Reforms	2,284.90	1,458.70	3,743.60	606.80	66.40	1,049.60	1,722.80
344	Mahaweli River Basin Development & Rajarata Development	47.97	1,288.86	1,336.83	2,297.30	501.35	746.40	3,545.05
354	Environment & Natural Resources	764.20	353.80	1,118.00	1,414.40	383.00	297.90	2,095.30
364	Provincial Councils & Local Government ^(b)	77.50	83.90	161.40	9,808.00	2,266.00	246.20	12,320.20
374	Healthcare, Nutrition & Uva Wellassa Development	13,131.79	11,867.69	24,999.48	6,024.00	1,561.90	4,401.10	11,987.00
384	Indigenous Medicine	154.79	186.45	341.23	-	-	393.36	393.36

(a) Excluding interest on public debt and debt repayment.

(b) Excluding Grants to Provincial Councils

TENTATIVE MINISTRY BUDGET CEILINGS FOR ESTIMATES 2006

(Rs.Mn.)

Head No	Ministry	Recurrent - 2006			Capital - 2006			
		PE	Other	Total	FA (12-16)	FA Related DF (17)	Other Capital (11)	Total
394	Public Security, Law & Order	15,661.88	7,847.64	23,509.52	-	6.90	1,978.80	1,985.70
404	Plantation Industries	117.20	494.04	611.24	289.00	11.00	112.61	412.61
414	Regional Infrastructure Development	310.00	144.60	454.60	963.90	426.00	1,313.80	2,703.70
424	Posts, Telecommunication & Udarata Development	4,123.80	1,207.94	5,331.74	397.00	72.10	587.10	1,056.20
434	Small & Rural Industries	67.23	395.35	462.58	250.00	50.00	458.60	758.60
444	Samurdhi & Poverty Alleviation	141.26	14,593.74	14,735.00	349.00	46.00	827.85	1,222.85
454	Education	7,417.43	14,185.37	21,602.80	3,870.19	1,161.22	4,474.90	9,506.31
464	Cultural Affairs & National Heritage	499.96	470.45	970.41	-	-	249.28	249.28
474	Skill Development, Vocational & Technical Education	650.50	1,044.10	1,694.60	884.60	290.90	360.90	1,536.40
484	Labour Relations & Foreign Employment	495.70	407.20	902.90	-	-	154.00	154.00
494	Public Administration & Home Affairs	5,130.30	44,486.70	49,617.00	-	-	1,479.60	1,479.60
504	Information & Media	360.79	572.20	932.99	-	-	364.80	364.80
514	Christian & Parliamentary Affairs	107.63	40.46	148.09	-	-	48.65	48.65
524	Sports & Youth Affairs	422.80	417.00	839.80	-	-	284.80	284.80
534	Relief, Rehabilitation & Reconciliation	220.70	1,535.30	1,756.00	6,500.00	1,775.00	1,022.00	9,297.00
544	Agricultural Marketing Development, Co-operative Development and Hindu Affairs, and Minister Assisting Education and Vocational Education	88.50	164.50	253.00	250.00	50.00	336.50	636.50
554	Trade, Commerce & Consumer Affairs	191.07	223.99	415.06	-	-	77.47	77.47
564	Science & Technology	120.80	320.70	441.50	127.70	44.00	690.00	861.70
574	Tourism	19.40	42.80	62.20	200.00	50.00	48.20	298.20
584	Medium and Small Scale Plantation Industries & Rural Human Resources Development	18.45	39.10	57.55	-	-	961.90	961.90
594	Rehabilitation & District Development - Vanni	47.50	38.00	85.50	-	-	328.00	328.00
604	Rehabilitation & District Development - Batticaloa	14.00	22.00	36.00	-	-	128.00	128.00
614	Rehabilitation & District Development - Trincomalee	14.00	22.00	36.00	-	-	128.00	128.00
624	Muslim Religious & Cultural Affairs	17.60	28.62	46.22	-	-	105.70	105.70

SECTORAL BUDGET CEILINGS FOR 2006

(Rs.Mn.)

Sector	Recurrent - 2006			Capital - 2006			
	PE	Other	Total	FA (12-16)	FA Related DF (17)	Other Capital (11)	Total
Pro- Poor Pro-Growth and Regional Development	963.10	5,956.95	6,920.05	31,423.60	6,751.50	8,916.75	47,091.85
Human Resource Development	22,186.88	27,466.85	49,653.73	10,194.80	3,014.00	10,470.51	23,679.31
Infrastructure Development	7,903.33	10,925.03	18,828.36	32,233.30	7,576.20	10,445.98	50,255.48
Production and Services	6,587.62	8,157.58	14,745.20	14,742.96	2,051.05	6,605.58	23,399.59
Science, Technology, Research and Development	276.31	802.20	1,078.51	808.70	146.00	1,140.55	2,095.25
Public Order and Safety	56,828.64	27,547.56	84,376.20	606.80	73.30	12,571.55	13,251.65
Social Protection	803.04	60,623.48	61,426.52	1,192.00	500.00	264.83	1,956.83
Governance	9,442.44	4,900.77	14,343.21	363.40	0.00	3,352.92	3,716.32
Art , Religion and Cultural Affairs	670.75	740.57	1,411.32	0.00	0.00	766.07	766.07
Budget Operation and Regulation	1,940.55	4,185.89	6,126.44	1,163.30	726.25	1,521.95	3,411.50

PROPOSED NEW PROJECTS IDENTIFIED UNDER MAXIMUM SCENARIO

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

Financing Source		TEC	Year 2006		Year 2007	Year 2008
			Within the Ceiling	Outside the Ceiling		
11	DF					
12	FAL					
13	FAG					
14	RFAL					
15	RFAG					
16	Counterpart Fund					
17	FARDF					
Total						

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

11 Location of the Project

12 Output

- 1
- 2
- 3
-

13 Sustainability of the Project (After Completion)

1 Annual Maintenance Cost

Year 1	Year 2	Year 3	Year 4

2 Expected Source of Financing to meet the operational cost
(GOSL/ Beneficiary Contribution/ Other - Specify)

14 Special Remarks (If any)

INFORMATION ON CADRE AND VEHILCES - 2006

1. Public Sector Cadre - Ministry and Department

Ministry -

Department -

Head No. -

Programme	Project	Employment Category	No. of Approved Posts *	Actual No. of Employees As at 30.06.2005	Excess or (Vacant) Posts As at 30.06.2005
		A			
		B			
		C			
		D			
		Casual/Temporary/			
		Contract/Trainees/			
		/Re-employment			
		Total			

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

Ministry -

Institution -

Employment Category	No. of Approved Posts *	Actual No. of Employees As at 30.06.2005	Excess or (Vacant) Posts As at 30.06.2005
1. Staff Grade			
2. Clerical & Allied Services			
3. Minor Grades			
4. Casual / Temporary/			
Contract / Trainees/			
/ Re-employment			
Total			

3. Information on Motor Vehicles - 2005 (As at 30.06.2005) **

Ministry / Department -

Institution -

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

Note:

*Posts approved by the Management Services Department

** Each Ministry / Department /Institutions separately

ESTIMATE PRESENTATION FORMAT - 2006 FOR MINISTRIES AND DEPARMENTS

Head:

Programme:

Project:

Sub Projects	Object Code	Items	Fund	Category/Object Title	Rs.'000			
					Actual	Actual	Estimate	Estimate
					2003	2004	2005	2006
				RECURRENT EXPENDITURE				
				Personal Emoluments				
	1001			Salaries and wages				
	1002			Overtime and holiday pay				
	1003			Other Allowances				
	1004			Pension Fund Contribution				
	1005			Public Service Provident Fund				
	1006			Property Loan Interest				
				Traveling Expenses				
	1101			Domestic				
	1102			Foreign				
				Supplies				
	1201			Stationery and Office requisites				
	1202			Fuel and Lubricants				
	1203			Uniforms				
	1204			Diets				
	1205			Medical Supplies				
	1206			Mechanical and electrical goods				
	1207			Other				
				Maintenance Expenditure				
	1301			Vehicles				
	1302			Plant, Machinery and Equipment				
	1303			Buildings				
	1304			Other				
	1305			Structures				
				Contractual Services				
	1401			Transport				
	1402			Telecommunication				
	1403			Postal Charges				
	1404			Electricity and Water				
	1405			Rents				
	1406			Rates and taxes to local authorities				
	1407			Other				
	1408			Hire Charges				
				Transfers				
	1501			Transfers to households through welfare programmes				
	1502			Pensions, retirements and gratuities				
	1503			Transfers to public institutions				
	1504			Transfers to public enterprises				
	1505			Transfers to financial institutions				
	1506			Subscriptions, contributions and membership fees- Domestic				
	1507			Subscriptions, contributions and membership fees – Foreign				
				Grants				
	1601			Grants to public institutions				
	1602			Grants to provincial councils				
	1603			Grants to non public institutions and private individuals				
				Subsidies				
	1701			Operational losses of public enterprises				
	1702			Interest subsidies				
	1703			Price subsidies				
	1704			Development subsidies				

Sub Projects	Object Code	Items	Fund	Category/Object Title	Actual 2003	Actual 2004	Estimate 2005	Estimate 2006
				Interest Payments				
	1801			Domestic Debt				
	1802			Foreign Debt				
				Other Recurrent Expenses				
	1901			Awards and indemnities				
	1902			Losses and write-offs				
	1903			Holiday warrants				
	1904			Implementation of the official language policy				
	1905			Other				
	1906			Refunds				
	1907			Training Services Local				
				CAPITAL EXPENDITURE				
				Rehabilitation and Improvement of Capital Assets				
	2001			Buildings				
	2002			Plant, machinery and equipment				
	2003			Vehicles				
	2004			Other Capital assets				
	2005			Structures				
				Acquisition of capital Assets				
	2101			Vehicles				
	2102			Furniture and Office Equipment				
	2103			Machinery				
	2104			Buildings				
	2105			Lands and Land Improvements				
	2106			Other				
	2107			Structures				
				Capital Transfers				
	2201			Transfers to public institutions				
	2202			Transfers to public enterprises				
	2203			Development Assistance				
	2204			Transfers abroad				
				Capital Grants				
	2301			Capital grants to non-public institutions and private Individuals				
	2302			Grants to provincial councils				
				Acquisition of Financial Assets				
	2401			Equity contribution by the Government				
	2402			Loans outlay				
	2403			On-lending				
	2404			Other				
				Other Capital Expenditure				
	2501			Other				
	2502			Consultations				
	2503			Training Services(Foreign Funded)				
				Restructuring Expenditure				
	2601			Restructuring and Reforms				
				Operational Cost of Donor Funded Projects				
	2711			Personal Emolument of Project Staff				
	2712			Other Goods & Services				
				PUBLIC DEBT AMORTISATION				
				Repayments				
	3001			Loan repayments - Domestic				
	3002			Loan repayments - Foreign				
	3003			Other repayments				

STANDARD EXPENDITURE PROGRAMMES

General Public Services

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

Defence, Public Order & Safety

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

Economic Affairs

- 40 Land Administration and Development
- 41 Conservation and Development Of Ocean Resources
- 42 Plantation Development
- 43 Irrigation & Water Management
- 44 Agriculture Development
- 45 Livestock Development
- 46 Communication
- 47 Transport Services
- 48 Port Development & Shipping
- 49 Power and Energy Services
- 50 Construction & Maintenance of Highways
- 51 Industrial Development
- 52 Regional Development
- 53 Development of Co-operatives
- 54 Trade & Commerce Support Services
- 55 Maintenance of Food Security
- 56 Research & Development (related to Economic Services)

Environment

- 57 Environmental Protection
- 58 Wild Life Conservation
- 59 Forest Conservation

Housing & Community Amenities

- 60 Community Development
- 61 Housing and Community Amenities
- 62 Water Supply & Drainage Services
- 63 Plantation Infrastructure & Estate Housing
- 64 Urban Development

Health

- 70 General Health Services
- 71 Hospital Services
- 72 Public Health Services
- 73 Indigenous Medicine
- 74 Research & Development (related to Health Sector)

Education

- 80 Primary Education
- 81 Secondary Education
- 82 Assistance to Education
- 83 Vocational Training & Technical Education
- 84 Higher Education
- 85 Evaluation & Assessment
- 86 Research & Development (related to Education Sector)

Recreation, Culture and Religion

- 90 Recreational and Sports
- 91 Cultural Development
- 92 Zoological Services
- 93 Religious and Cultural Affairs
- 94 Broadcasting and Publishing Services

Social Protection

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

ESTIMATE PRESENTATION FORMAT - 2006 FOR INSTITUTIONS

Name of the Ministry :

Head No :

Name of the Institute :

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

ESTIMATE PRESENTATION FORMAT - 2006 FOR INSTITUTIONS

Government Contribution**Rs.'000**

	Schedule No	2004 Actual	2005 Estimates	2006 Estimates
Total Recurrent Expenditure				xxx
Less:				
Revenue	08			(xxx)
Government Contribution - Recurrent				xxx
Government Contribution - Capital				xxx
Total Contribution		xxx	xxx	xxx

Schedules for Estimates - 2006 (Draft formats are given below for convenience)

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