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நிதி அமைச்சு  
MINISTRY OF FINANCE

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எனது இல. } BD/CBP/01/01/06-2020  
My No. }

ඔබේ අංකය }  
உமது இல. }  
Your No. }

දිනය }  
திகதி } 03.09.2020  
Date }

National Budget Circular: 05/2020

All Secretaries to Ministries  
All Secretaries to State Ministries  
Chief Secretaries of Provincial Councils  
Heads of Departments  
Chairmen of Corporations and Statutory Boards

**Budget Call-2021**

**Guidelines for the Preparation of Annual Budget Estimates within the Medium Term  
Budgetary Framework 2021-2023**

Annual Budget Estimates for the Year 2021 shall be prepared within the Medium Term Budgetary Framework 2021-2023, with the aim of providing immediate benefits to the public through achieving objectives of the Policy Statement of the new Government. Priority will be given to projects which provide immediate relief to the Public such as empowerment of low income families, upliftment of the rural economy, fulfilling the housing needs of the public, educational reforms and achieving transformational progress in the skills development sector, development of infrastructure facilities, promotion of small and medium scale domestic producers and expansion of their products, upgrading rural road network.

02. Furthermore, as it is accepted that the life of the rural community and strengthening of the agricultural economy are the integral priority in overall social and economic development, all Ministries shall ensure the re-deployment of their urban and project staff, so as to strengthen the delivery of rural and regional office services. Similarly, national priorities of the Government have been clearly specified in the Extraordinary Gazette, No. 2187/27 dated 09<sup>th</sup> August 2020 and in order to achieve the said national priorities

promptly, all the ministries, departments and institutions should review their activities in line with the subjects assigned in preparing the Budget for the year 2021.

03. Even though the COVID 19 global pandemic was successfully controlled, properly managing the unforeseen impact caused to the economy is of highest priority. Prudent management of prevailing limited fiscal space and stringent control of government expenditure towards the recovery of the economy are being considered. In this context, in preparing 2021 Budget estimates prioritizing capital expenditure, improving the efficiency and potential of government revenue collection, rationalizing recurrent expenditure and maintaining a proper financial management and discipline should be strictly focused to reach the relevant economic targets.

#### **04. Capital Expenditure**

##### 4. a. Ongoing Programs and Projects

In 2021, priority should be given to complete the ongoing projects expeditiously maintaining proper standards to deliver expected benefits to the public without delay, having made relevant adjustments in line with the targets of the new Policy Framework and guidelines of the Annexure 02 of the Circular No. PS/SP/SB/C/22/2019 dated 03.10.2019 issued by the Presidential Secretariat under the caption Preparation of Sustainable Development Goals.

Further, ongoing projects that do not show substantial physical progress should be reviewed and determined regarding the continuation of same. Accordingly, inclusion of provisions for such projects in the budget estimates 2021 should be decided thereon.

With regards to projects which have been initiated either as budget proposals or under Foreign Financing and continue using local Funds even after the expiry of the projects period while failing to achieve the specified targets, same case of action should be followed.

Furthermore, with regard to the continuation of project officers, branch officers or project staff after the expiry of project period, the requirement of such continuation should be carefully explored and if such continuation is deemed essential a special cabinet approval should be taken as specified in the circular No. MOFE&PD/ERD/2020/1 date 12.02.2020.

Moreover, the projects, of which agreement have been signed but suspended or not commenced and commitment fees are being paid, should be reviewed, and if such projects are discontinued due actions should be taken to cancelled the agreement.

#### 4. b. New Projects

Spending agencies are responsible for the inclusion of provision only for the projects approved in terms of Circular No. MNPEA/02/2019 of 10.01.2019 issued by the Department of National Planning and are of top most priority due to the inability to provide allocations to all the new programmes of the Ministries within the limited available fiscal space. The Treasury does not have an authority to allocate provisions to any project, which is not included in the public investment programs within the 2021-2023 Medium Term Budgetary Framework, without a proper approval.

Further, prior to requesting allocation, the relevant line Ministry should take actions to review relevant Development Programs/ Projects, which have been duly approved but not yet commenced in line with the policy framework of the new Government and the guidelines of Annexure 02 of the Circular No. PS/SP/SB/C/22/2019 and dated 03.10.2019 issued by the Presidential Secretariat under the caption of "Formulation of Sustainable Development Strategies Projects". If further actions are necessitated relevant Review Reports should be referred to the Department of National Planning and if so required to the Department of External Resources. In addition, actions should also be taken to review projects for which the Agreements have been signed and commencement pending.

#### 4. c. Projects, implemented on Foreign Funds

Projects, under evaluation by the Evaluation Committee, appointed as per the Cabinet Memorandum No. 20/0804/204/078 dated 13.05.2020 should be redesigned in line with committee recommendations, subsequent to receipt of same and the provisions should be incorporated according to the revised plans.

#### 4. d. General Instructions

Project Monitoring Units are not required for the monitoring of projects and such projects should be continued with the existing staff. Accordingly, responsibility should be taken not to include expenditure for project units in the Ministries in the preparation of future estimates.

Further, construction of new buildings for Government Institutions should be postponed for two years. However, provisions may be included for the buildings which are currently at the final stage of construction to complete those after making the Treasury aware of same.

Preparation of estimates and incorporation of provisions under the Object Code of Capacity Building should be restricted only for the courses of study which are directly relevant to the requirements of Service Minutes and trainings and courses which are directly connected with the duties of the officers. In relation to the courses conducted by various institutions with the objective of fulfilling the requirements of Service Minutes, foreign study tours/

field tours should be scrapped, courses redesigned and estimates should be prepared accordingly.

Details of ongoing and new projects and the details on Sustainable Development Goals in accordance with the Annexure 01 and Annexure 02 respectively should be submitted to the Department of National Budget.

Estimates should be prepared in line with the instructions of Circulars, issued by the Treasury and the Ministry relating to Gender Based Budgeting. Attention should be paid to the Circular No. 02/2019, issued by the Department of National Budget in this regard.

## **05. Recurrent Expenditure**

### **5. a Implementation of Welfare Programs of the Government**

A sizeable amount of funds is allocated through the Consolidated Fund for the welfare programs continued for a long period of time by the Government. However, it remains questionable whether those relief benefits directly go to the most deserving. Therefore, it is required to correctly identify the deserving beneficiaries. It has been observed that very often various welfare programs feed the same beneficiary. As such, it is required to take steps to prevent duplication of subsidies, provided by Provincial Councils as well as various Ministries of the Central Government and the maximum usage of Information Technology is encouraged in that respect.

### **5. b. Government contribution for Public Institutions**

The General Treasury incurs a considerable amount for Recurrent Expenditure as well as for Capital Expenditure, for the sake of certain Public Institutions which have the potential of generating revenue. It is the responsibility of the management of such institutions to convert those into efficient and profitable ventures through proper management strategies. Further, the relevant Ministry should exercise proper supervision in this regard.

However, it has been observed that many Public Institutions have invested a considerable amount of funds in Fixed Deposits, Treasury bills etc. In case of financial difficulties, said institutions should utilize such investments prior to making requests to the Treasury to increase provisions provided to those institutions.

When requesting provisions for public institutions, in order to identify provisions, allocated for personal emoluments separately it is required to enter provisions for personal emoluments of Public Institutions under the object code 1503 and provisions for other recurrent expenditure under the object code 1509.

## **06. Information on Cadre**

Details on approved and actual cadre of each Ministry, Department and Institution should be submitted as per the format given in Annexure 03.

## **07. Public Officers' Advance Account**

The estimates of Public Officers' Advance Account should be submitted as per the format given in Annexure 04.

## **08. Submission of Expenditure Estimates**

Estimates, duly prepared in terms of the above instructions should be submitted through the Integrated Treasury Management System (ITMIS) with all the annexes on or before 15.09.2020. It is mandatory to enter the Annual Budget Estimates for the year 2021 and projection of Budget Estimates for the years 2022, 2023 within the Medium Term Budgetary Framework for 2021-2023. In addition, hard copies of such documents should be submitted to the relevant staff officer of the Department of National Budget. If any assistance is required, please contact ITMIS helpdesk officers on 011-2484999.

## **09. Clarifications**

If any further clarification is required, please contact the relevant officer of the Department of National Budget, who is in charge of the budget of your Ministry/ Department/Institution.

Sgd/S.R.Atygalle  
Secretary to the Treasury

Copies:

- 1) Secretary to the President
- 2) Secretary to the Prime Minister
- 3) Secretary to the Cabinet of Ministers
- 4) Auditor General

**Budget Estimate-2021**

Project Description (To be filled for each Domestic/Foreign Capital/Recurrent  
Program/Project)

Name of the Ministry :

Name of the Department / Institution :

Expenditure Head No: Name:

Program No : Name:

Project No : Name:

Name of the Implementing Agency:

Description of the relevant approval:

Date of approval of the project by the Ministry:

Date of approval of the project by the Department of National Planning:

Date of approval of the project by the Cabinet of Ministers:

If the project is implemented on foreign financial assistance, the name of the country or financial institution, which provide such financial assistance:

Period of the Project:

Date of commencement of the Project:

Date on which the project should be completed:

Revised date on which the project should be concluded\*:

\* If the period of the project is extended, relevant approval of the Cabinet of Ministers should be annexed hereto and submitted:

Other:

Total cost of the project: Rs. Mn.

Foreign Financing: Rs. Mn.

Domestic Financing: Rs. Mn.

Location of the Project (Specify the exact location):

**Measurable objective (Objectives) of the project**

(Briefly in about 5 lines)

**List of Activities**

(Briefly describe 5 -10 activity lines)

PTO

Cost	Value of the Project Rs. Mn.	Budgetary provisions, allocated up to 2019.12.31 Rs. Mn.	Cumulative cost as at 2019.12.31 Rs. Mn.	Physical Progress as at 2019.12.31 (Indicate the completed task as a percentage and in writing)	Allocated provision for the year 2020 Rs. Mn.	Expenditure as at 2020.08.31 Rs. Mn.	Expected provisions for the next 03 years Rs. Mn.		
							2021	2022	2023
<b>Recurrent</b>									
Personal Emoluments	For Consultants								
	For Project Staff								
Other Recurrent									
<b>Capital</b>									
Domestic Financing	11								
	17								
Co-Financing	18								
Foreign Financing	12								
	13								
	14								
	15								
	16								
<b>Total</b>									

## Alignment of SDGs in the Budget 2021

Ministry/ Department/ Institution: .....

Head No: .....

PIP Thrust Areas/ Sectors <sup>1</sup>	Service Deliver Program of the Spending Agency	Most Appropriate Sustainable Development Goal	SDG Target/s	SDG Indicator/s	Relevant SDG Domain/s (2)	2021 Estimate (Rs.Mn.)	Linkages to other SDG/s (Other than column 3)
Ex: (i)	<b><u>Operational (Recurrent)</u></b>						
	<b><u>Project 1</u></b> Providing School text books (Under the Ministry of Education)	4	4.1	4.1.1	2	.....	1,10
Ex: (ii)	<b><u>Development Capital</u></b>						
	<b><u>Project 1</u></b> Rehabilitation of small tanks and canals (Under the Ministry of Agriculture)	2	2.4	2.4.1	1,2,3	.....	6,1

Note:

1. PIP Thrust Areas/ Sectors: i. Human Resource Development ii. Agriculture iii. Industry, Trade, Investment and Tourism iv. Infrastructure v. Good Governance

vi. Environmental Management vii. Social Protection viii. Regional Development

2. SDG Domains: 1. Economic 2. Social 3. Environment 4. Good Governance



## Cadre Details

Name of the Ministry/ Department/ Institution :

Cadre details as at 2020.08.31 (As per the categories)

Cadre Details											
Budget Project - budgetary provisions for salaries	Senior Level		Tertiary Level		Secondary Level		Primary Level		Other*		Total
	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Approved
Ex :-											
101-1-1	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
101-1-2	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
101-2-6	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Institution											
101-1-3-1-1503 (National Film Corporation)	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx

\*Casual/Temporary/Contract etc

**Budget Estimate for Public Officers' Advance Account**

1. Name of the Ministry/ Department/ District Secretariat:- .....
2. Head No of the Advance "B" Account: - .....
3. According to the salary particulars of August 2020:- .....

  - i. Number of Officers entitled to obtain Festival Advance :- .....
  - ii. Number of Officers entitled to obtain Special Advance:- .....
  - iii. Number of Officers entitled to obtain Distress Loan:- .....
  - iv. The amount of installment recovered from August 2020 salary 2020:- .....
  - v. Expenditure of salaries for June 2020 (As per the Object Code No:1001 ):- .....

4. Estimated salary for the year (As per the Object Code No:1001) :- .....
5. According to the Reconciliation of Public Officers Advance Account of the year 2019
  - i. Total expenditure (under 011) :- .....
  - ii. Total Receipt (under 011) :- .....
  - iii. Debit Balance as at 31<sup>st</sup> December :- .....
6. Limits proposed for the year 2021
  - i. Maximum limit of Expenditure (011) :- .....
  - ii. Minimum limit of Receipt (011) :- .....
  - iii. Maximum limit of Debit Balance :- .....

Date :- .....

.....

Signature of the Head of the Institution