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MINISTRY OF FINANCE, ECONOMIC STABILIZATION AND NATIONAL POLICIES

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எனது இல. } NP/MEP/2024/04
My No. }

ඔබේ අංකය }
உமது இல. }
Your No. }

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திகதி } 12.09.2024
Date }

Secretaries to Ministries
Chief Secretaries of Provincial Councils
Heads of Special Spending Units
Heads of Departments
District Secretaries
Heads of all Statutory Funds and State Owned Enterprises

Submission of Project Proposals for Public Investment under the Public Financial Management Act, No. 44 of 2024

As you are aware, the Public Financial Management Act, No. 44 of 2024 (PFM Act) has been enacted by now to introduce a robust framework for managing public funds and improving discipline with transparency, accountability, efficiency, effectiveness and economy in the management of public finance. The Act introduces the requirements and procedures to be adhered in fiscal rules, public investment management, including planning, budgeting and monitoring processes, to ensure disciplined and effective public financial management in the country.

Accordingly, the PFM Act, particularly Part IX (Public Investment Management), sets out the requirements and procedures to be adhered in public investment management.

1. Key features of PFM Act on the Public Investment Management

1.1 All the ongoing and new public investment projects¹ including Public Private Partnership² projects (PPP projects), should be included in the Public Investment Programme (PIP) prepared by the Department of National Planning (NPD).

1.2 No provision is made in the annual budget estimates unless a project, including PPP project, is included in the PIP. Hence, budgetary entities³ should ensure that the public investment projects in the “annual budget request” are included in the PIP.

¹ Public investment project means an integrated set of activities funded by the Government, provincial council or local authority aimed at allocating resources of financial, physical or service towards the development, improvement, operation or maintenance of public assets or services to enhance the quality of life of citizens and promote economic growth and address societal needs.

² “Public-private partnership” means a long-term contract between a private party and a Government entity for providing a public asset or service in which the private party bears significant risk and management responsibility.

³ Budgetary entities means ministries, departments, district secretaries and special spending units

1.3 The “annual budget requests” for on-going and new projects submitted by ministries are reviewed and prioritized by the Public Investment Committee⁴ before such projects are included in the annual budget estimates.

2. Guidelines

In terms of the PFM Act and along with the Circular No: MNPEA 02/2019 dated 10.01.2019 issued by the Secretary, Ministry of National Policies, Economic Affairs, Resettlement and Rehabilitation, Northern Province Development, Vocational Training & Skills Development and Youth Affairs (Circular No. 02/2019) and the letter No. NP/MEP/2024/04 dated 22.08.2024 of the Actg. Secretary to the Treasury on ‘Maintaining Data Repository on Public Investment Projects under Public Financial Management Act, No. 44 of 2024’, the following guidelines are issued in submitting project proposals and you are kindly requested to strictly adhere to the same.

- 2.1 All small, medium, large and mega projects, including PPP projects, should be submitted to NPD using the project submission format introduced by the Circular No. 02/2019 for appraisal/recommendation. Once the recommendation given by the NPD for the project proposals in medium, large and mega category, it is mandatory for the line ministry to obtain the approval of the Cabinet of Ministers for implementation of such projects prior to allocation of funds in the budget estimates. In relation to the small projects, NPD is mandated to appraise and provide final approval for the implementation. Line ministries will be notified by NPD, if the approval of the Cabinet of Ministers is necessary for such small projects.
- 2.2 Micro projects, as classified in the said circular, may be implemented with the approval of the Secretary to the relevant line ministry. The project proposal should be appraised and recommended by the planning division/unit of the ministry and approval for the implementation be granted by the Secretary. The details of the project/projects should be submitted to NPD using the format annexed here to (Annex 01) in order to include the same in PIP to be considered for the annual budget.
- 2.3 Since no budgetary provision is made in the annual budget estimates to a project unless it is included in PIP, Secretaries should ensure that the approval/recommendation from NPD and approval of the Cabinet of Ministers are obtained on time in order them to be included in the budget estimates.
- 2.4 All new project proposals including PPP, should be submitted to NPD by 15th May in any year. However, if a budgetary entity intends to implement a project in succeeding/next year, such budgetary entity should ensure that project proposals are submitted to NPD well in advance providing sufficient time for them to complete the appraisal process before releasing the Budget Call Circular.

³ Budgetary entities means ministries, departments, district secretaries and special spending units

⁴ Composition of Public Investment Committee: Chairperson – Secretary to the Treasury, Members – Heads of Treasury departments

2.5 The budget request on public investment projects should be submitted to NPD on or before the specified date in the Budget Call Circular in order to submit them to the Public Investment Committee for review and finalization of the Annual Budget Estimates.

If any further clarification is required, please contact the relevant staff officer of NPD who is in-charge of the subject relevant to your ministry.



K.M. Mahinda Siriwardana
Secretary to the Treasury

- Copy:
1. Secretary to the President
 2. Secretary to the Prime Minister
 3. Secretary, Cabinet of Ministers
 4. Auditor General
 5. Chairman, Finance Commission
 6. Director General, Department of National Planning
 7. Director General, Department of National Budget
 8. Director General, Department of External Resources

Report on Micro Project/s

Ministry of.....

1. Name of the Project			
2. Objective/s and Scope of the Project			
3. Nature of the Project (Pl mark the appropriate box)	• Completely a new construction		
	• New construction (in a part/as a phase)		
	• A part of an existing project (if yes, provide details separately)		
	• Reconstruction or rehabilitation		
	• Other (Pl specify)		
4. Location	District/s: DS division/s: GN division/s:		
5. Total Estimated Cost (Rs.)			
6. Detailed Cost Break down (activity wise)	a. Activity 1: b. Activity 2: c.....		
7. Project Duration	Months/Years		
8. Annual Fund Requirement (Rs.)	Year 1	Year 2	Year 3
9. Source of Funds (Domestic, Foreign Loan, Foreign Grant)			
10. Expected Outputs/Benefits/No. of Beneficiaries			
11. Implementation Arrangement			
12. Operation and Maintenance (O&M) Cost for 5 years (after completion of the project) and Responsible			

Agency for O&M	
13. Feasibility Report (if available)	
14. Community Based Participation/Beneficiary contribution (if applicable) (Rs./in-kind)	
15. Measures to ensure Sustainability of the Project	
Appraised by	Signature :..... Name :..... Designation: Assistant Director (Planning)/Deputy Director (Planning) Date :..... Stamp.....
Guided by	Signature :..... Name :..... Designation: Director (Planning) Date :..... Stamp.....
Recommended by	Signature :..... Name :..... Designation: Director General (Planning) Date :..... Stamp.....
Approved by	Signature :..... Name :..... Designation: Secretary to the Ministry of..... Date :..... Stamp.....