

## INTRODUCTORY NOTE ON THE BUDGET ESTIMATES FOR THE YEAR 2011

The Estimates in this document consist of:-

- i) Revenue Estimates
- ii) Expenditure Estimates
- iii) Estimate in respect of Advance Accounts Activities.

### 01. Revenue Estimates:-

The revenue estimates have been presented in terms of standard definitions for revenue component. The revenue codes for the financial year 2011 will be based on a new and simplified format, which was introduced in 2003. The revenue classifications are given in the documents.

### 02. Expenditure Estimates:-

Expenditure Estimates relevant to each Head of Expenditure have been shown under defined programme and projects. Further Budget classifications are done under various Heads, Programmes, Projects, Object Codes and Sources of Finance. (First Schedule)

#### a) Expenditure Head

Expenditure Head is a Unit of appropriation and indicates the line of authority and accountability. Classification into expenditure heads is based on the administrative organization structure and these are grouped under Ministries except those cluster departments identified in respect of each expenditure head. Performance evaluation in respect of expenditure including the development of output and outcome indicators against the mission and key functions by the relevant head of the agency has undertaken in order to improve efficiency and the best use of public funds.

#### b) Programme

Programme is a functional unit for appropriation. The budget estimates fall within one of the following programmes.

S.No	Programme No	Programme Title
1	3	Provincial Administration
2	4	Social Security and Welfare
3	6	Infrastructure Development
4	7	Economic Services
5	8	Financial Management
6	9	Human Resource Development
7	10	Tax & Duty Administration
8	15	Rehabilitation & Reconstruction
9	40	Land Administration & Development

10	43	Irrigation Water Management
11	44	Agriculture Development
12	45	Live Stock Development
13	50	Construction & Maintenance of Highways
14	51	Industrial Development
15	53	Co-operatives Development
16	60	Community Development
17	70	Hospital Services
18	71	Public Health Services
19	72	General Health Services
20	73	Indigenous Medicine
21	80	Primary Education
22	81	Secondary Education
23	87	Increasing Access to participation in Education
24	88	Education Planning and Governance Service Delivery
25	90	Recreational and Sports
26	93	Religious & Cultural Affairs
27	95	Social Protection

**c) Project**

Project is an activity or a group of homogenous activities. It facilitates costing of each activity and the establishment of the input output relationship.

**d) Object**

Object is a component of a project cost. Objects are grouped into broader categories. Provisions under certain components are not transferable in order to ensure that specific commitments are maintained. Standard object details are given in the documents.

Recurrent Expenditure is shown under 1000 number codes whereas Capital Expenditure is shown under 2000 number codes.

**03. Advance Accounts Activities**

Advance Accounts are being coded with 05 digit numbers. The first 03 digits denoted the heads. Next two digits denote the Advance Accounts; Category '01' digit number is coded for Advance to Public Officers Accounts. The next 02 and 03 etc. are coded for Commercial Advance Accounts. (Second Schedule)

These Estimates show the following limits:

- a. Maximum limit of expenditure
- b. Minimum limit of receipt
- c. Maximum limit of debit balance

#### **04. Sources of funds available to Provincial Council are:**

- Devolved Revenue
- Surplus on Advance Account Activities
- Profits made on enterprises directly run by the Provincial Councils
- Grants from the Government on the recommendation of the Finance Commission
- Grants from Line Ministries
- Others

The Eastern Provincial Council has passed the finance statute for devolved revenue and also now it is in the process of collecting revenue.

The revenue is minimal and therefore the estimate of expenditure of the Eastern Provincial Council depends mostly on the grants released by the Government.

#### **05. Finance Commission**

The Grants to the Provincial council are being provided by the government on the recommendation of the Finance Commission.

The Government allocates fund from the Annual Budget on the recommendation and in consultation with the Finance Commission.

The funds released on the recommendation of the Finance Commission are

- 1) Block Grant
- 2) Criteria Based Grant ( CBG)
- 3) Matching Grant
- 4) Provincial Specific Development Grant (PSDG)
- 5) Education Sector Development Project (ESDP)
- 6) UNICEF/UNFPA

##### **5.1.1. Block Grant**

The Block Grant is recommended for the recurrent expenditure. The estimates of revenue of the province for a particular year is deducted from the estimated recurrent needs for the same year and the balance is recommended as Block Grant.

##### **5.1.2 Criteria Based Grant (CBG)**

The Criteria Based Grant was recommended to the Provincial Council to meet capital needs based on criteria such as population, area, per capita income, Social/Economic disparities etc. an annual basis.

##### **5.1.3 Matching Grant**

The Matching Grant is released as an incentive based on the collection of Devolved Revenue.

#### **5.1.4. Provincial Specific Development Grant (PSDG)**

The PSDG is recommended by the Finance Commission in consultation with the Department of National Planning the basis of national priority. This grant consists of normal PSDG and Nawoddaya Provincial School Project.

#### **5.1.5. Education Sector Development Project (ESDP)**

As the National Budget allocations are inadequate to meet the actual requirements, the World Bank has funded for the budgetary support programme. This commenced from the year 2006.

#### **5.1.6. UNICEF/UNFPA**

For the development works in the Education, health and Probation sectors supported by the UN where ever the needs are urgent and inadequate of domestic funds.

### **06. Employment Profile**

#### **1) Senior Level**

This level is concerned for policy making management positions including Secretaries, Heads of Departments. Chief Accounting Officers and Accounting Officers who are appointed under Financial Regulations.

#### **2) Tertiary level**

All staff officers other than those included in senior level are shown under this category. Further all officers indicated as tertiary level as per P.A. Circular No.06/2006 of 25<sup>th</sup> April, 2006 also come under this category.

#### **3) Secondary level**

An officer who listed in the P.A. Circular No.06/2006 of 25<sup>th</sup> April, 2006 as secondary level comes under this category.

#### **4) Primary level**

An officer who stated as primary grade under P.A. Circular no.06/2006 of 25<sup>th</sup> April, 2006 will come under primary level.

### **07. Order of Presentation**

The expenditure estimates are presented in the following order:-

- a) Estimates are grouped into Special Spending Unit, Ministries and Cluster. For each Spending Unit or Ministry, a summary of expenditure by institutions, programme and Category of financing are detailed out. Heads of Departments has to perform their responsibilities in the execution and implementation of the budget and ensure accountability as well.
- b) For each expenditure head, the following information is given:
  - \* Mission and key functions
  - \* Summary of estimated expenditure by category and financing

- \* Project Expenditure by Object Code
- \* Project Expenditure by Object details
- \* Project employment profile

## **08. Chief Accounting & Accounting Officers**

Chief Secretary is appointed as Chief Accounting Officer by the Ministry of Finance in respect of the all grants allocated and released by the General Treasury to the province.

The Provincial fund concerns the Secretaries are the Chief Accounting Officers and the Head of Departments are the accounting Officers for their Departments. The secretaries are Accounting Officers for their Ministries. The Chief Secretary is the Chief Accounting Officer for all Ministries, Clusters and Special Spending Units. Local Heads shall have the Accountability for their Heads of Departments.

## **09. Structural Transformation**

- The Provisions allocated for the following units such as Resettlement & Rehabilitation, Tourism, Environment, Printing & Publications, Skill & Technical Manpower and Industries are included in the Chief Minister Secretariat. (910-3-2)
- The Provisions allocated for the following units such as Fisheries are accommodated under Ministry of Agriculture. (930-3-2)
- The Provisions allocated for the Transport unit is shown under Ministry of Education. (940-3-2)
- The Provisions allocated for the following units namely Women's Affairs, Youth Affairs, IT Education and Food Supply & Distribution were brought under Ministry of Health. (950-3-2)
- The Provisions allocated for the following units namely Housing, Electricity & Water Supply are included in the Ministry of Road Development. (970-3-2)