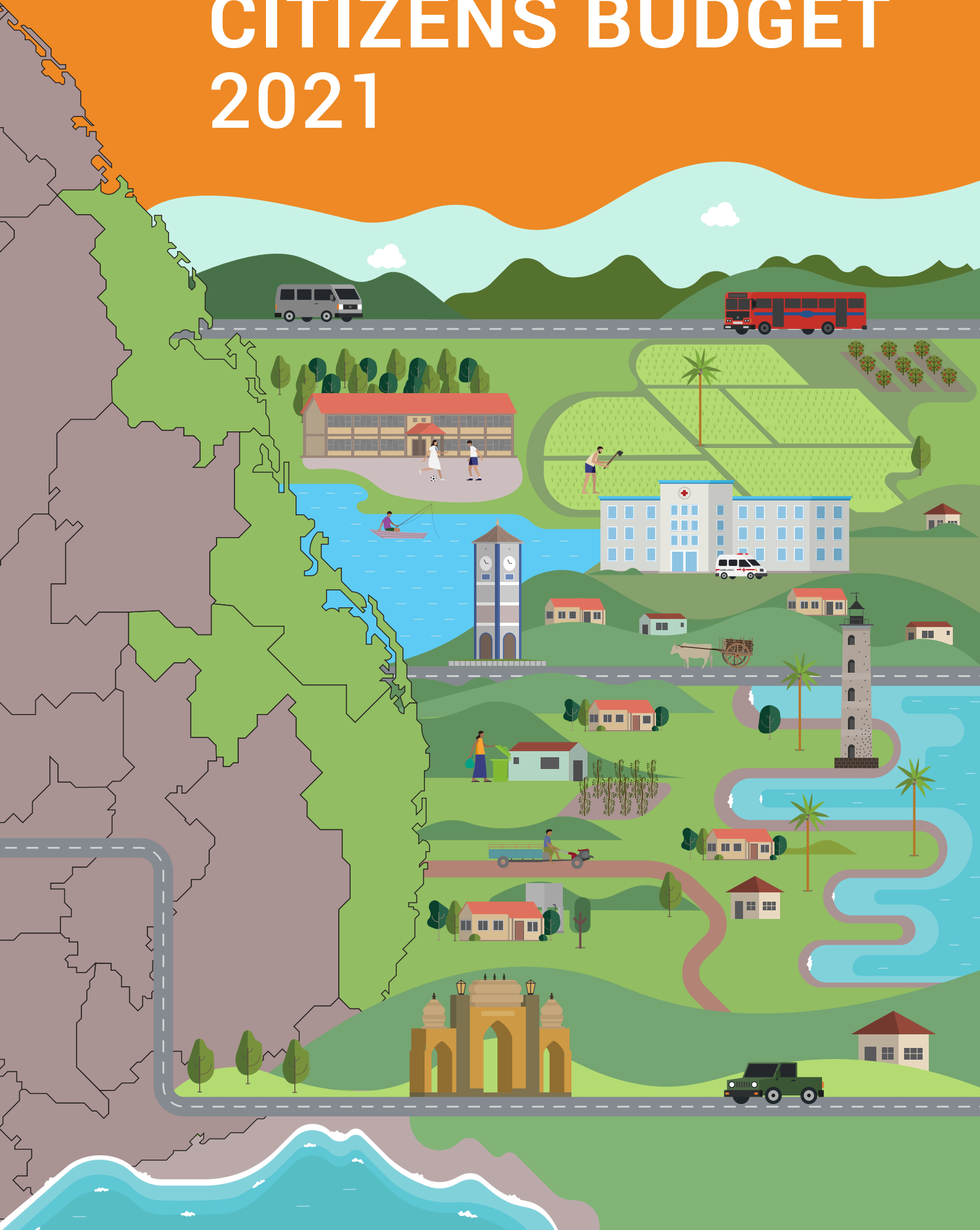


Eastern Provincial Council **CITIZENS BUDGET** 2021



Introduction

The Eastern Provincial Council is proud to present its second Citizens Budget for the year 2021. Transparency, accountability, and civic participation are important cornerstones for effective public finance management. Therefore, the Eastern Provincial Council (EPC) is committed to working towards the development of the province by creating a budget that is truly for the people.

This publication provides a snapshot of the Eastern Province, the budget process and the budgetary allocations allotted to the relevant Provincial Ministries in a concise and summarised manner.

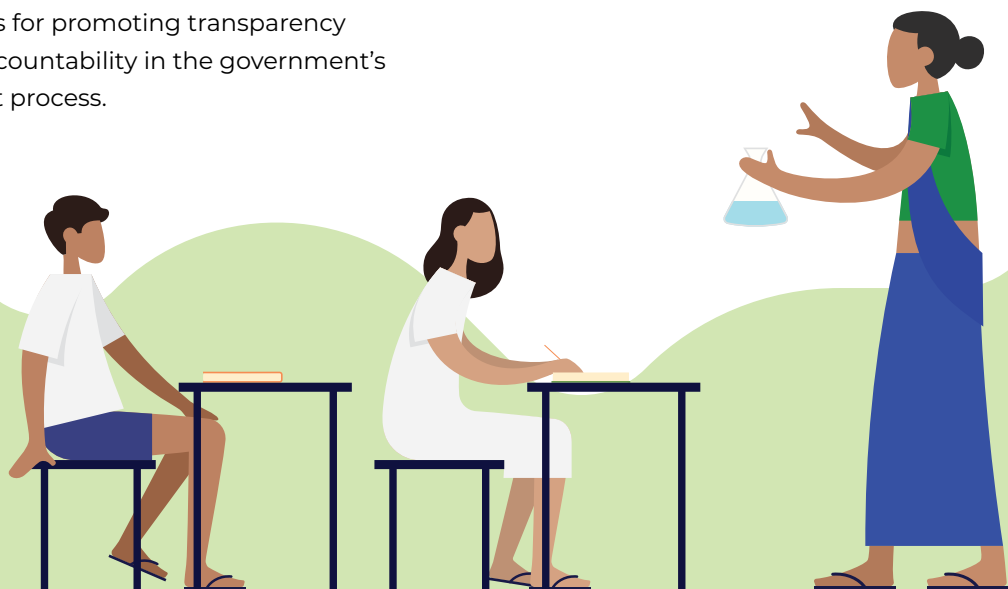
A brief overview of the key achievements and challenges in the current budgeting year is provided in the hopes of helping citizens understand and engage effectively with the budget. It is hoped that through this publication, citizens will develop an understanding and a firm grasp of the budget process, so that the Eastern Provincial Council can better serve the people of this province and their needs.

Since 2019, Sri Lanka's macroeconomic landscape has been characterised by high deficits and public debt. In 2021, as the result of the prevailing COVID-19 pandemic and the numerous lockdowns, the EPC predicts a dire economic situation in the country that will affect all major sectors of the Eastern Province.

1.1 What is a Citizens Budget?

A Citizens Budget stands out as the only document developed by the government that is exclusively for the public. It is essentially a simpler, less technical version of the government's budget that is specifically designed to present key information to the public. The Citizens Budget has become a vital process for promoting transparency and accountability in the government's budget process.

We hope that you find this publication informative and useful, and we encourage you to use the Citizens Budget as a door to learn more about the budgeting process.

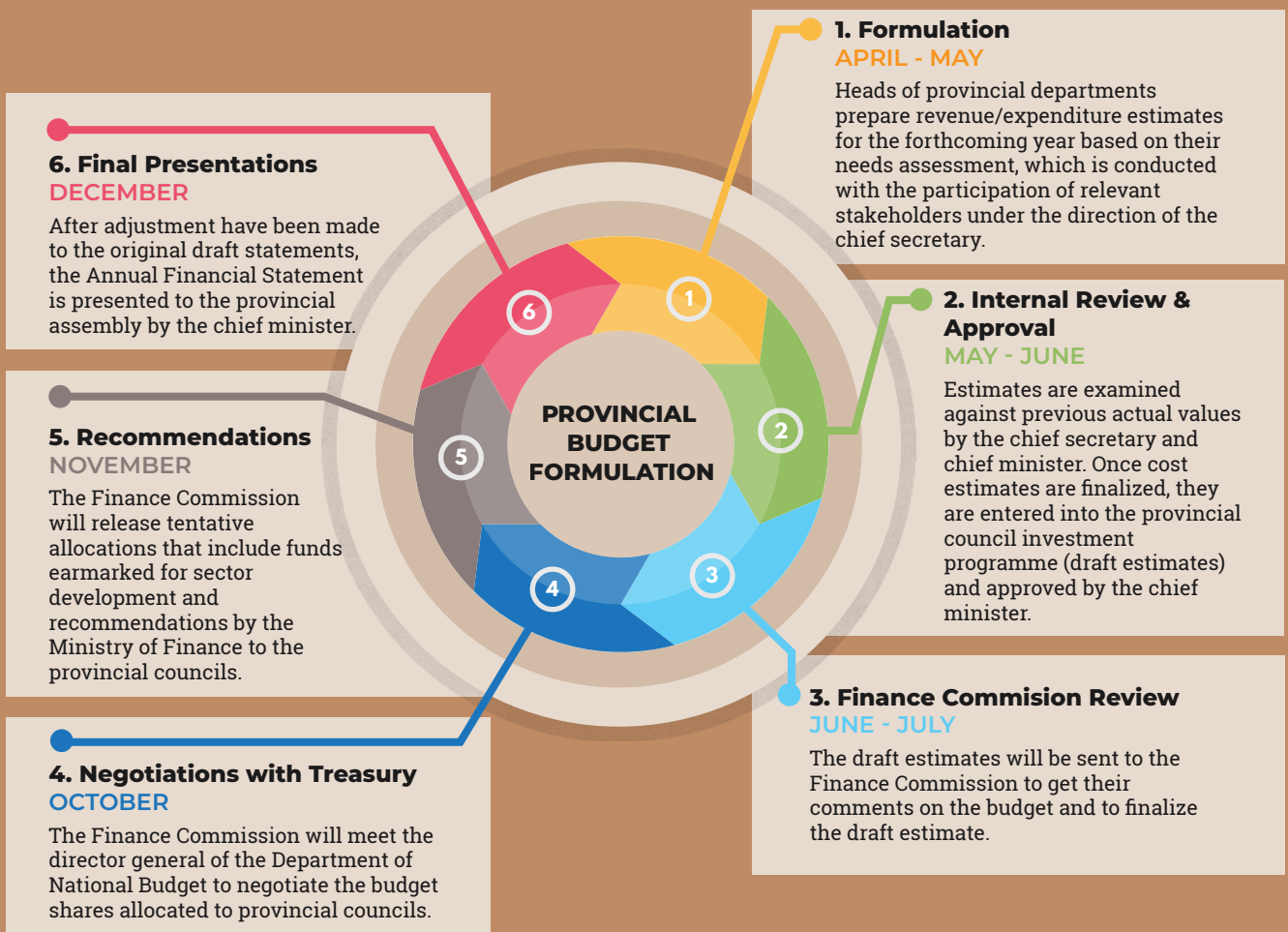


1.2 Provincial Council Budgeting Process

The Eastern Provincial Council adopts a participatory process in its governance. Public consultations are held with multiple sectors, that include civil society organizations and other relevant stakeholders during and prior to the budget formulation process. The formulated budget at the provincial level is called the 'Annual Financial Statement' which contains income and expenditure allocations. During the execution stage,

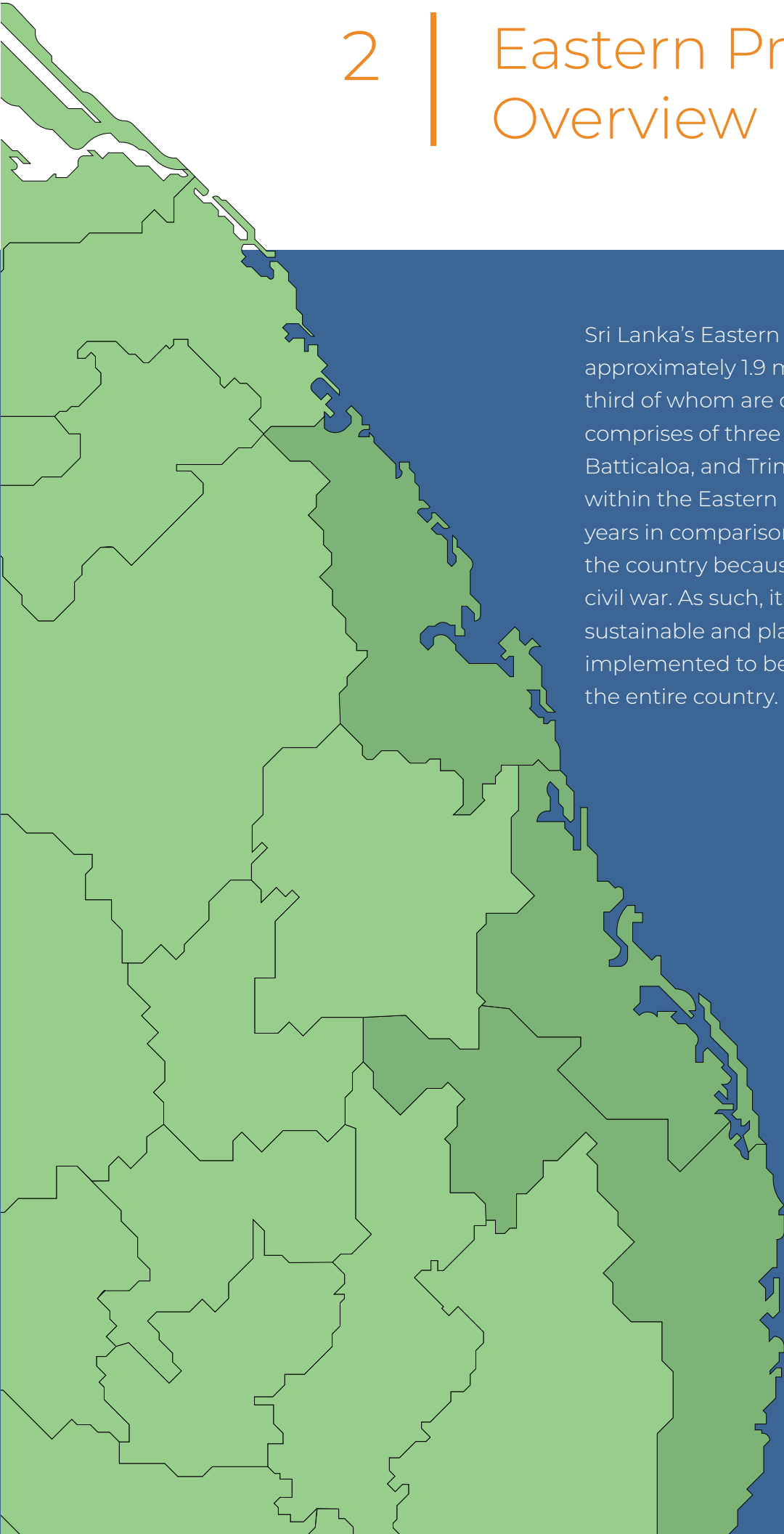
the provincial council conducts provincial planning committee meetings, multi-sectoral coordination meetings, sector coordination and advisory committee meetings to coordinate and monitor the implementation of the budget.

Exhibit 1: Provincial council budget formulation process- Budget cycle

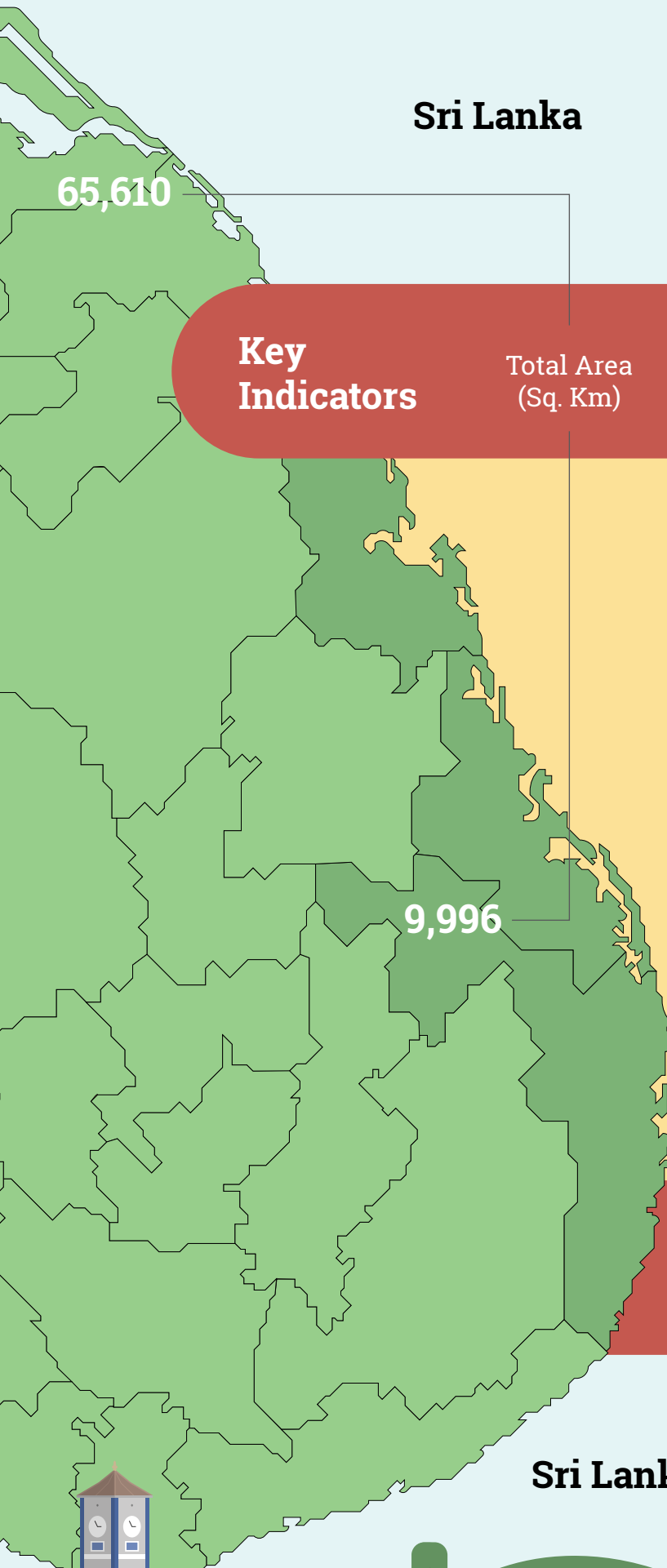


2

Eastern Province Overview



Sri Lanka's Eastern Province is home to approximately 1.9 million Sri Lankans, a third of whom are children. The province comprises of three districts: Ampara, Batticaloa, and Trincomalee. Development within the Eastern Province lags several years in comparison to other provinces in the country because of the decade long civil war. As such, it is imperative that sustainable and planned development is implemented to benefit the province and the entire country.



Sri Lanka

65,610



21.919



49.40

Key Indicators

Total Area (Sq. Km)

Population (Mn.)

Dependency Ratio



1.898

53.23



Eastern Province

9,996



0.107

6.4

Prosperity Index [2019]

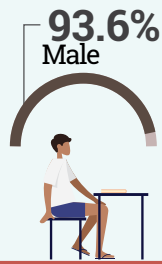
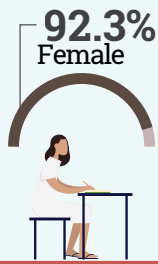
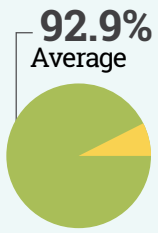
Unemployment Rate - Average [2019]

0.802

4.8

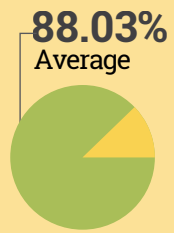
Sri Lanka





Literacy Rate
[2019]

Computer
Literacy
Rate [2019]



866,121



GDP at
Current
Market Price
(Rs. Mn)
[2019]

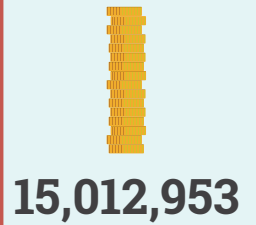
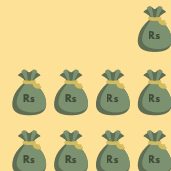


Exhibit 2 Key socio-economic indicators of the Eastern Province

45.8

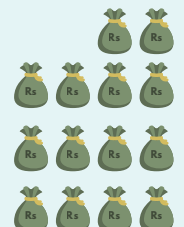


7.3



444,000

Per Capita
GDP at
Current
Market Price
(Rs)
[2018]



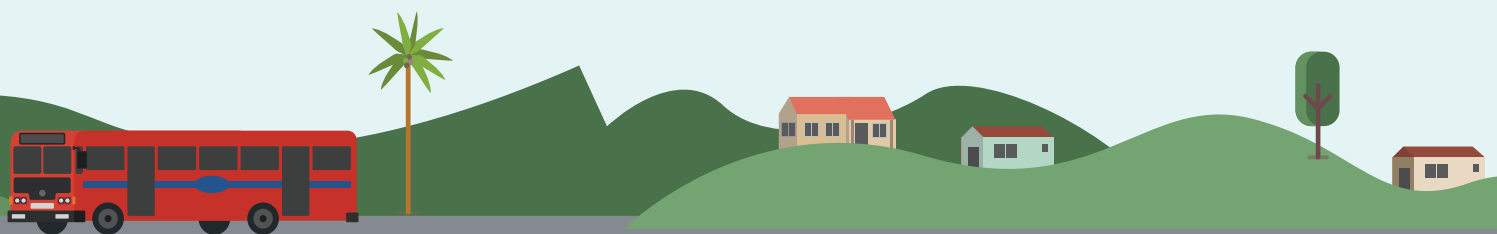
688,719

Labour Force
Participation
Rate [2019]

54.1

Poverty
Head Count
Index [2016]

4.1



3

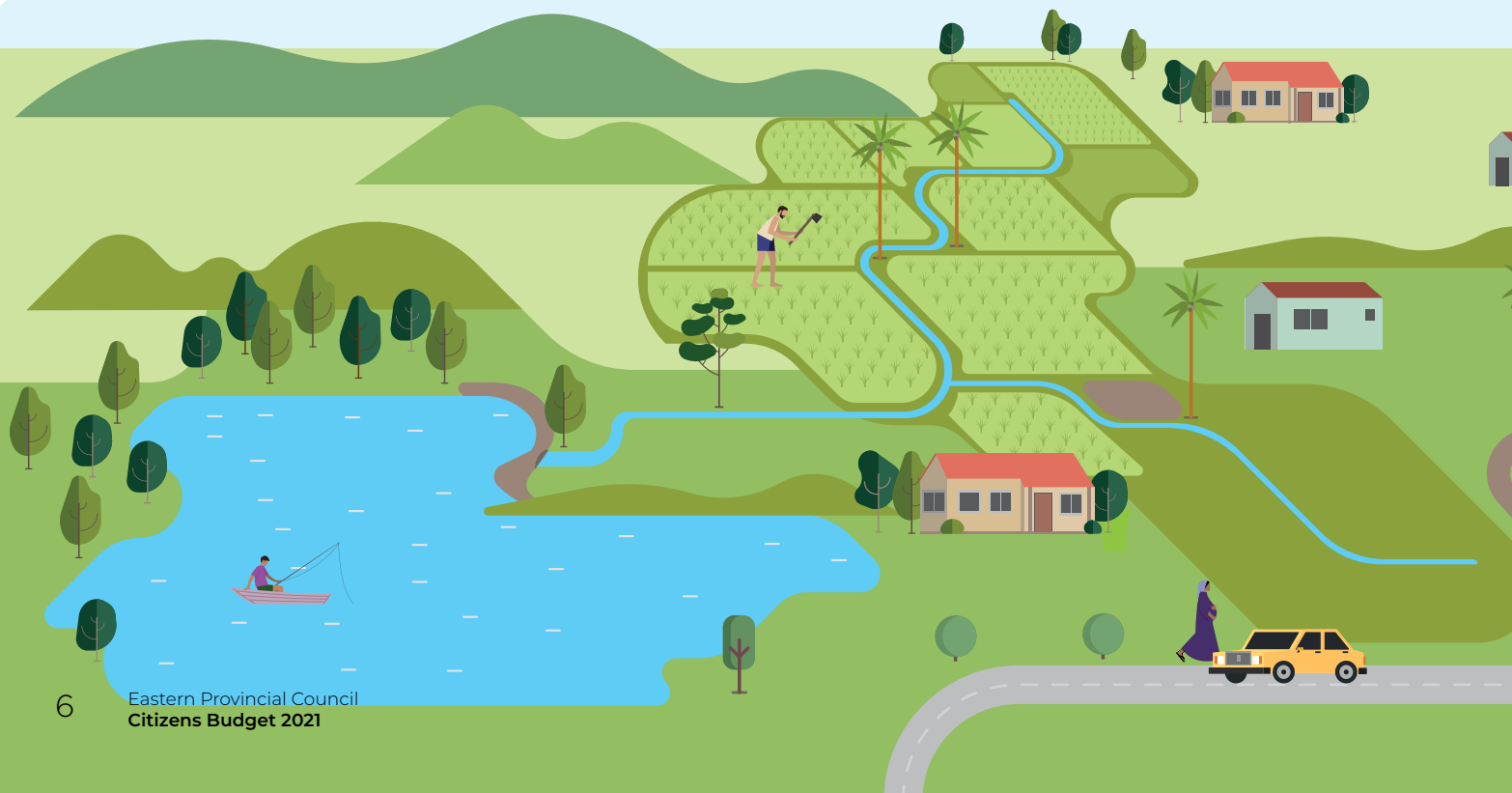
The Economic Outlook and Provincial Council Objectives

3.1 Macroeconomic Risks and Assumptions Underlying the Budget

Sri Lanka's economy contracted by 3.6 percent in 2020, the worst growth performance on record, as is the case in many countries fighting the pandemic. Sri Lanka's economic growth is expected to recover in 2021, as vaccinations are rolled out. However, this is expected to be a volatile recovery as the high debt burden and other macroeconomic challenges may continue to pose a threat to growth levels. Therefore, striking a balance between supporting the economy amid COVID-19 and ensuring fiscal sustainability will remain a key challenge for the country and the EPC. These broader macroeconomic challenges will have implications for the Eastern Province economy as well.

An overview of the macroeconomic assumptions for the Eastern Province in 2021:

- Macroeconomic challenges due to the prevailing COVID-19 pandemic and ensuing lockdowns.
- Reduced financial support from the General Treasury will affect the successful implementation of the annual action plan.
- Less mobilization of resources due to the pandemic will affect the availability of human resources and other physical resources for the construction industry.
- Increased poverty and unemployment rates will bring negative consequences to the economy of the province.



3.2 Budget Priorities

Much of the budget policy framework for 2021 has prioritised increasing the provincial capacity to address the COVID-19 pandemic. The following list gives a broad illustration of the EPC budget priorities:

- Health sector adjustments that include COVID-19 controlling measures and establishing new centres for COVID-19 patients.
- Improvements to agriculture sector infrastructure to ensure food security in the province.
- Improvements to irrigation tanks to mitigate the effects of climate change.
- Facilities to increase organic fertilizer production in the province.
- Improvements and adjustments to the education sector that include providing virtual facilities and cluster systems for students who are facing difficulties in accessing online platforms.

3.3 Budget Goals

The Eastern Provincial Council budget goals fall in line with the United Nations Sustainable Development goals (SDGs) for 2030. Furthermore, there will be a focus on strengthening the economic capacity of the EPC to address the COVID-19 pandemic and its associated economic effects. Some of these goals include;

- To reduce the Poverty Headcount Index (PHI) and unemployment rate at the provincial as well as at district (territorial) level.
- To increase the overall educational achievement level, especially in general exams conducted by the Department of Examinations.
- To provide facilities for promoting organic fertilizer production.
- To ensure food security at the provincial level.
- To prepare an effective and sustainable climate adaptation plan to mitigate the effects of climate change on the environment, especially in the agriculture sector.
- To promote renewable energy usage such as biomass and solar power in the province.



4

Provincial Budget for 2021

4.1 Provincial Fund (consolidated)

The Provincial Fund refers to the total funds available for the provincial council for the entire budget estimate for a particular financial year. Provincial councils maintain their respective funds to prepare the provincial budget for devolved subjects that come under the purview of the ‘Provincial Council Act in Sri Lanka’. The Provincial Fund consists of;

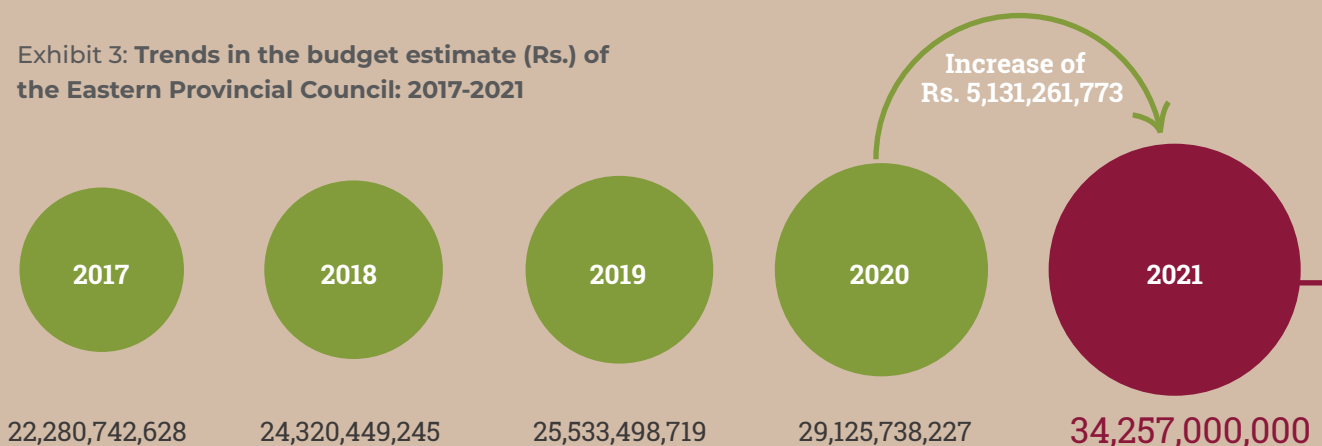
- a. **Provincial Revenue** (tax and non- tax revenue);
- a. **Grants** (to meet recurrent expenditure and capital expenditure based on the annual needs assessments);
- b. **Special Project Foreign Loans and Grants from the Central Government.**

The Finance Commission facilitates the funding allocations from the central government to the provincial council. This includes the deficit of revenue and expenditure based on the annual needs assessment of local government. Financial transfers to local authorities are also channelled through the provincial councils.

Budget Trends of the Eastern Provincial Council:

In comparison to 2020, there has been an increase of Rs. 5,131,261,773 (almost 15%) in the Eastern Province Budget 2021. This increase is partly associated with an increase in expenditure on COVID-19 related costs and a slight increase in revenue in 2021.

Exhibit 3: Trends in the budget estimate (Rs.) of the Eastern Provincial Council: 2017-2021



Primary Healthcare System Strengthening Project

General Education Modernising Project

Provincial Specific Development Grants

Criteria Based Grants

Exhibit 4 : Components of the Provincial Fund estimates for the Eastern Provincial Council in 2021





4.2 Provincial Revenue

Revenue estimates for the province consists of the income earned from tax and non - tax financial sources. Central government revenue contributions (e.g., Stamp Duty and Vehicle Registration Fees) formed 2% of the provincial council's total budget. Tax revenue from the central government has considerably declined in comparison to previous years, owing to the removal of the Nation Building Tax in 2019. Furthermore, the Business Turnover Tax (BTT) was a major source of revenue for the provincial councils, but it was removed in 2011. Motor Vehicle License Fees, Excise Duty, Stamp Duty and Court Fines are provincial revenue sources that form around 5.7% of the total budget (for a full breakdown of tax revenue, see Exhibit 9). Other non-tax revenue such as liquor license fees, department sales and exam fees also contribute as provincial revenue sources.

Revenue Performance of the Eastern Provincial Council:

- 5.7% of the EPC revenue is sourced from taxes and 1.5% from non-tax revenue. Both represent approximately 7.24% of the total budget estimate.
- The sharp decline in revenue (see Exhibit 6) from 2019 is reflective of the 2019 amendment to the Nation Building Tax which considerably lowered the tax revenue contribution to the EPC from the central government.
- The revenue sources are most often insufficient to fulfil the recurrent nature of the Eastern Provincial Council. The deficits in recurrent expenditure are financed through block grants by the central government, which represent 80% of total budget amount for the EPC.
- Foreign aid forms 1.6% of the total budget. This support assists with costs for certain projects within the province. The Government of Sri Lanka, along with the World Bank are funding two projects in the Eastern Province:
 - Primary Health Care System Strengthening Project which commenced in 2019 and will continue up to 2023.
 - General Education Modernization Project which commenced in 2018 and will continue up to 2024.

Exhibit 5 :
Types of revenue estimates
for the Eastern Province
2021

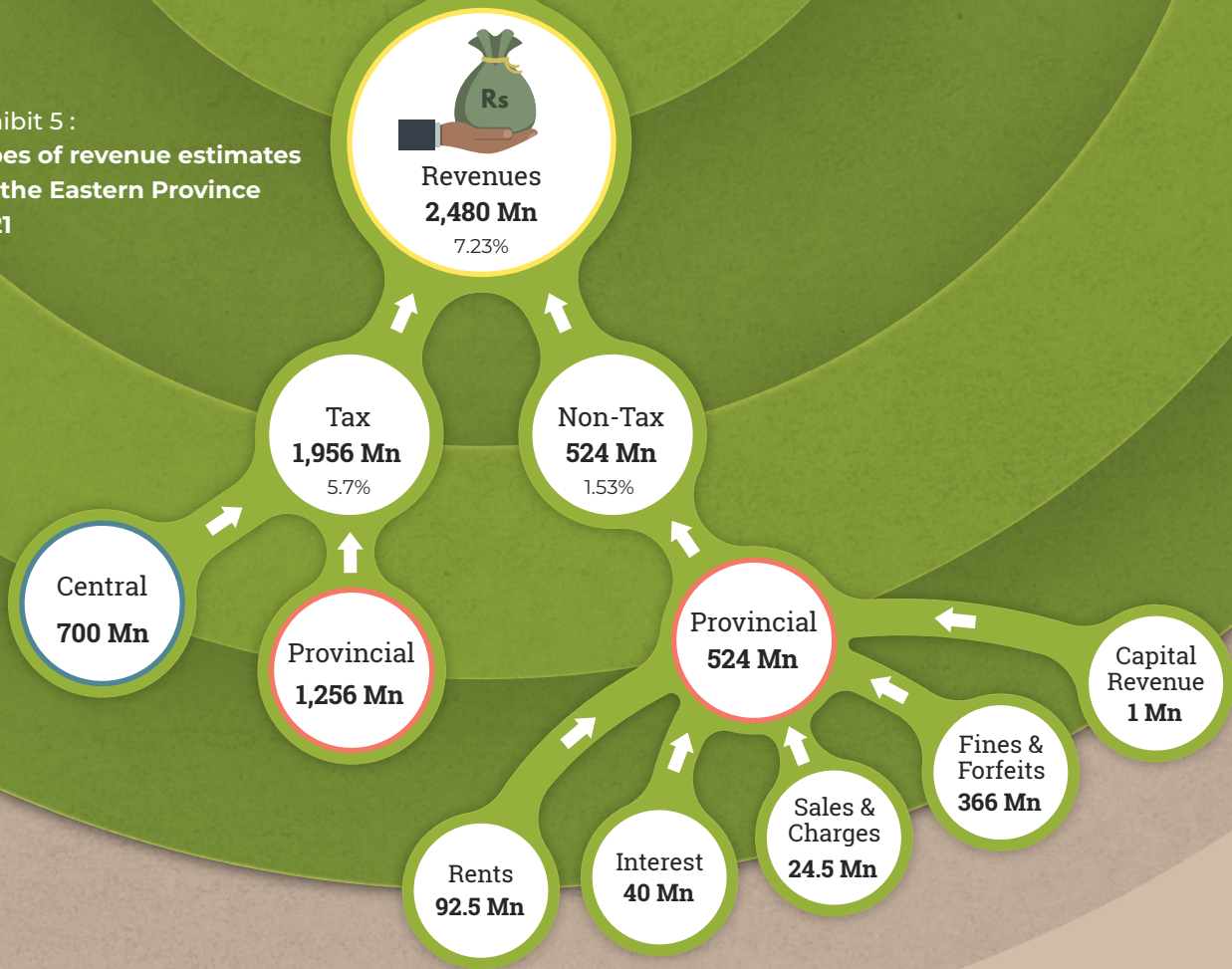
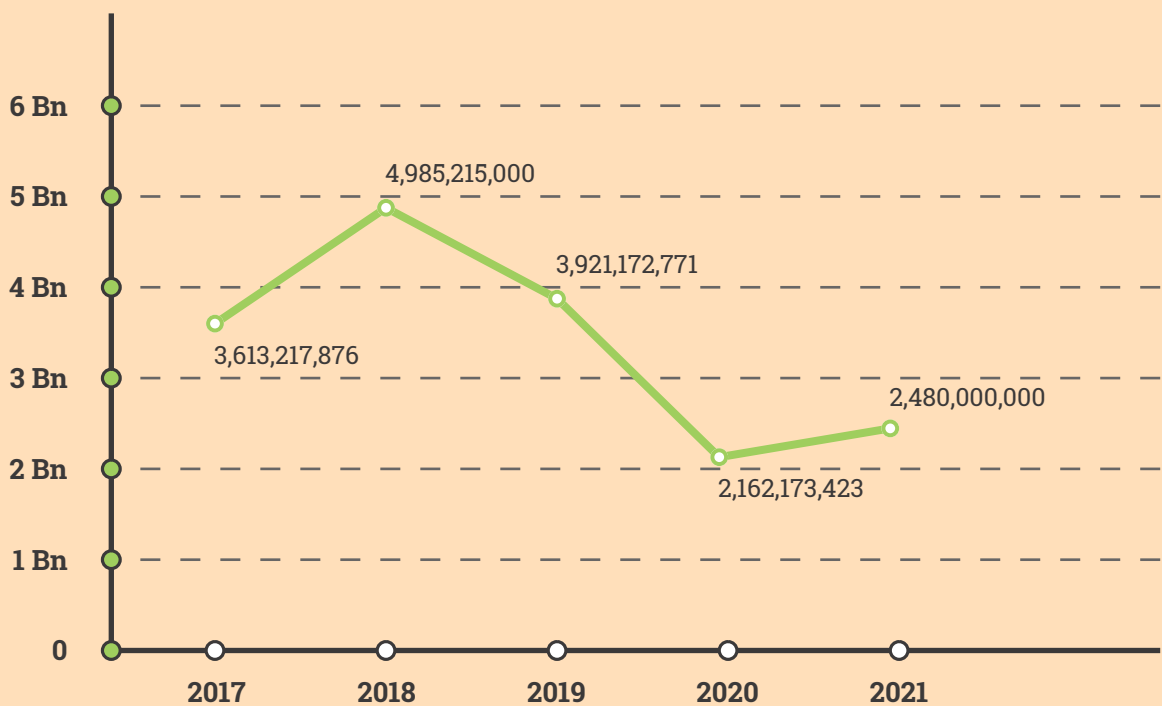


Exhibit 6 : Revenue performance of the Eastern Provincial Council



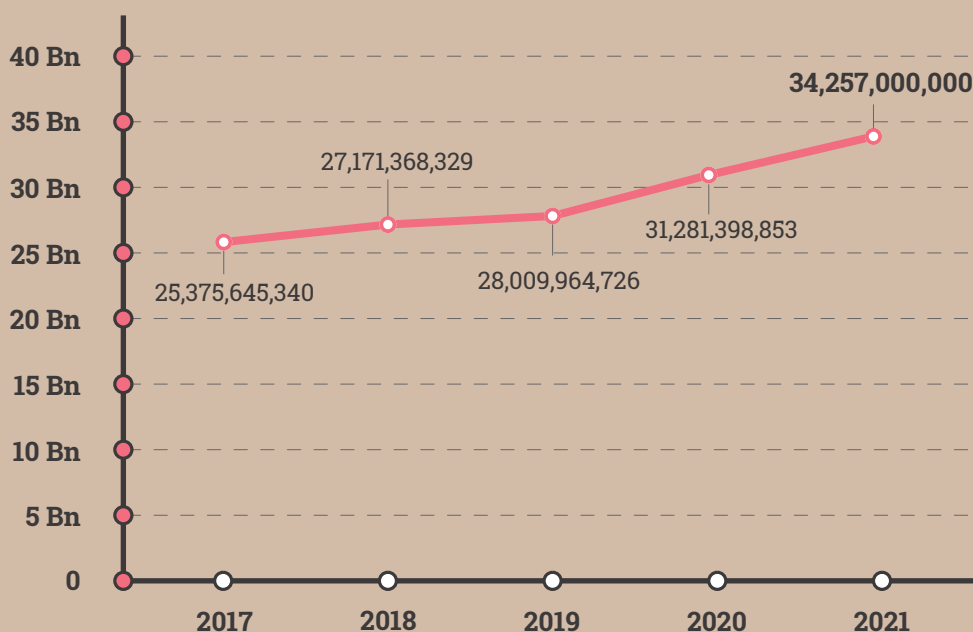
4.3 Provincial Expenditure

The provincial council uses its Provincial Consolidated Fund to purchase various goods and services which are divided into capital and recurrent costs. These include but are not limited to; public investments, transfer payments, and social services such as the building of schools and hospitals.

In 2021, the Eastern Provincial Council has a budget totalling Rs.34,257 Mn.

- Most of the expenditure (87% of total expenditure) is allocated towards recurrent costs in the form of salaries, maintenance expenditure, and supplies.
- The largest expenditure cost, which is also a recurrent cost goes towards paying salaries (69% of the total budget)
- The proportion between recurrent expenditure and capital expenditures in the EPC is 6.9: 1, respectively.
- The expenditure trend (see Exhibit 7) illustrates the rising costs for the Eastern Provincial Council , especially after 2019. This rise can be partly associated with an increase in provincial expenditures related to COVID -19.

Exhibit 7 : Total expenditure trend 2017 -2021



87%

of the expenditure is allocated towards recurrent expenditure

[wages, salaries, maintenance expenditure, and supplies]

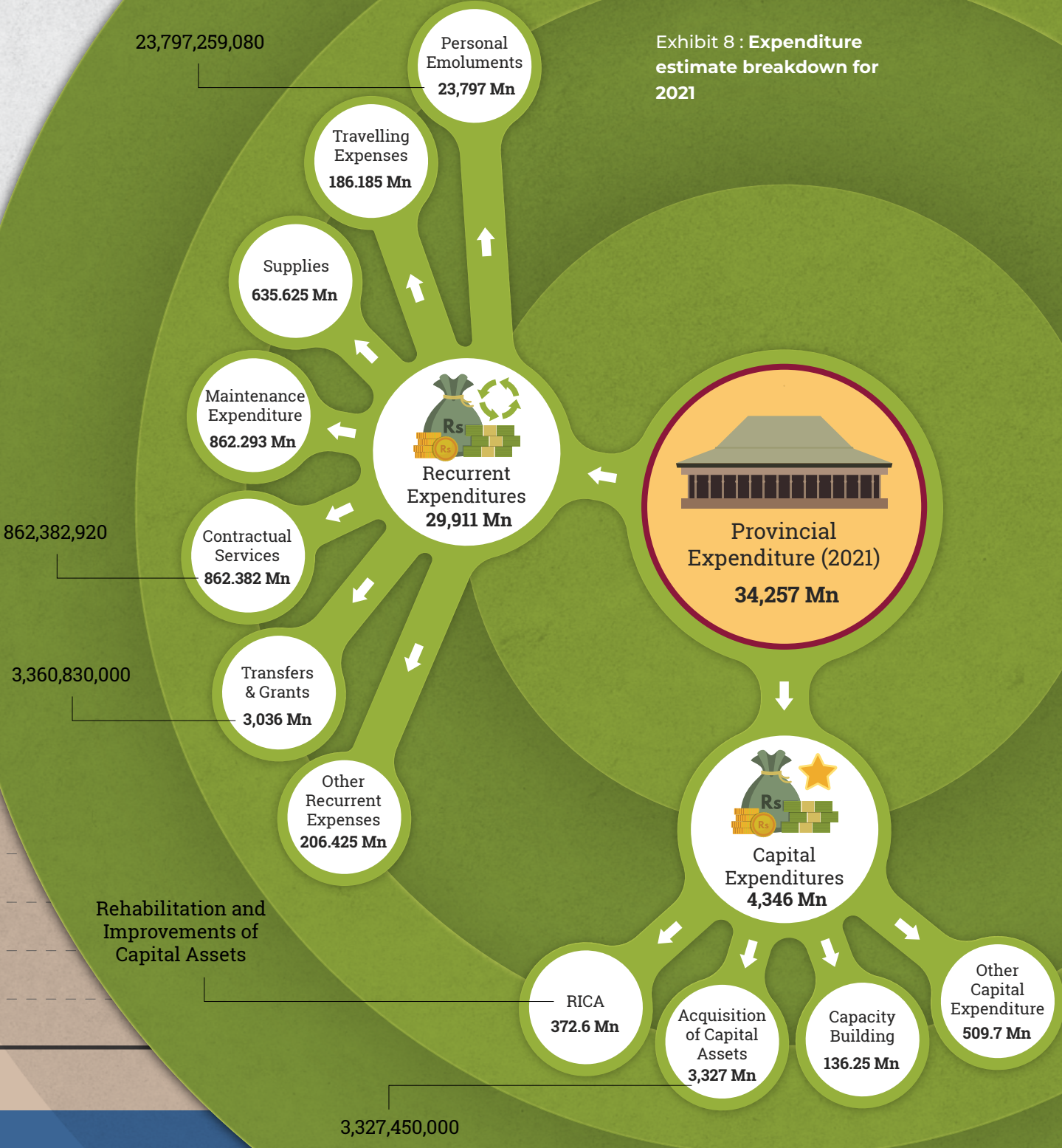
69%

of the entirety of the province's budget goes towards paying salaries.

6.9:1

is the proportion between recurrent expenditure and capital expenditures

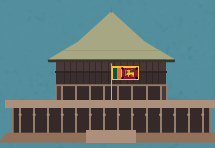










Exhibit 8 : Expenditure estimate breakdown for 2021



4.4 Tax Structure

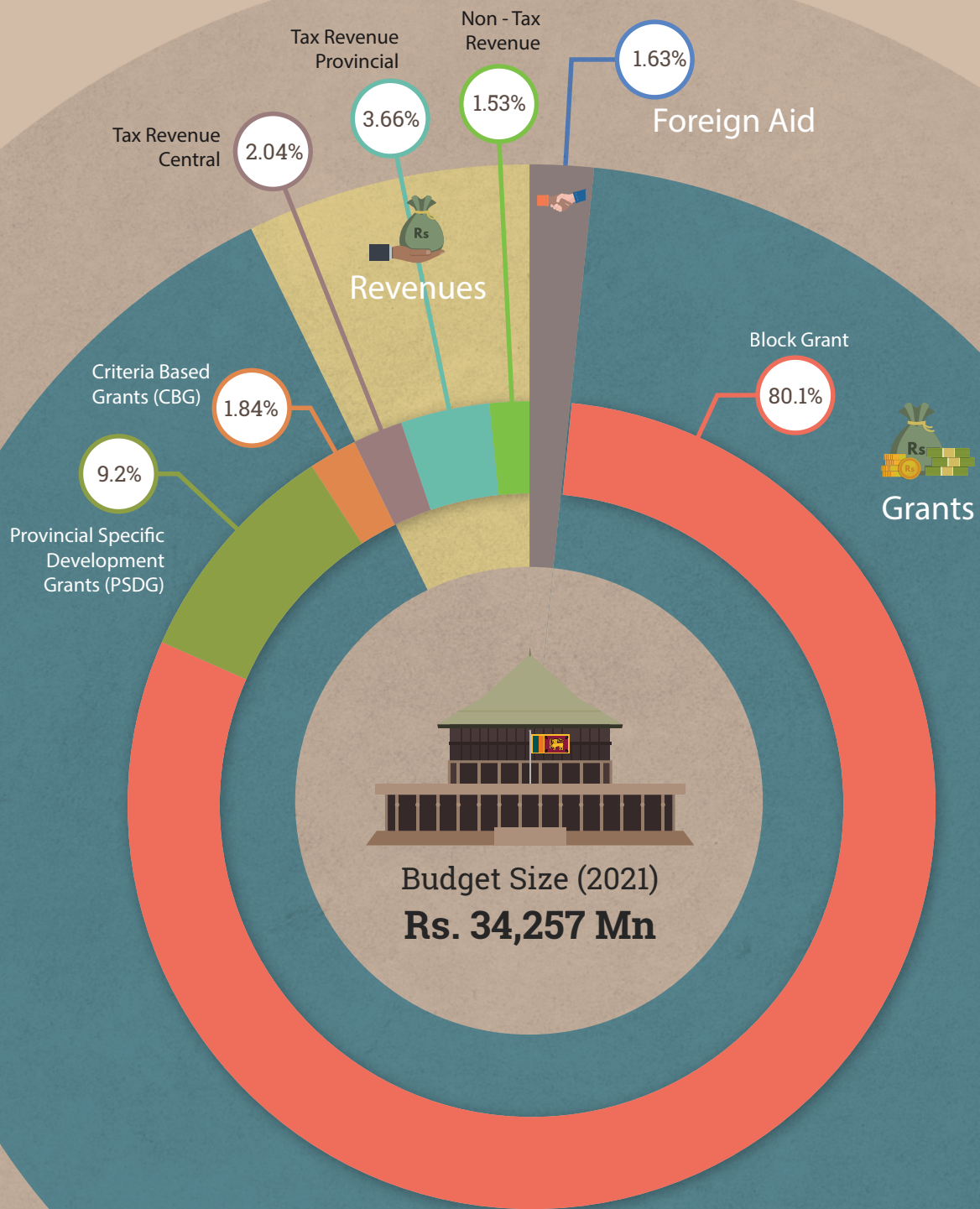
Taxes are important sources of revenue for the government and as such, citizens have the responsibility to contribute to the government's finances by paying their fair share of taxes. In turn, citizens have the right to know how their money is spent. The exhibit below presents total tax revenue and sources of tax revenue for the Eastern Provincial Council.

Exhibit 9 : Tax structure of the Eastern Provincial Council from 2017 to 2021 (Rs.)

		Types of Tax Revenue	2017 (Actual)
 <p>Central Government</p>		Nation Building Tax	1,638,108,194
		Transfer of Stamp Duty	398,353,039
		Vehicle Registration Fees	100,066,860
	Sub Total (a)		2,136,528,093
 <p>Eastern Provincial Council</p>		Stamp Duty on Transfer of Properties	470,531,042
		Stamp Duty on Court Documents	5,821,625
		Motor Vehicle Revenue Licence Fees	464,002,943
		Toddy Tavern Rents	43,204,660
		Local Liquor Licence Fees	57,918,624
		Other License Fees	99,685
Sub Total (b)		1,041,578,579	
Total Tax Revenue		3,178,106,672	

	2018 (Actual)	2019 (Actual)	2020 (Actual)	2021 (Estimate)
	1,695,228,000	1,748,903,351	136,434,914	-
	441,473,000	569,572,104	323,434,914	600,000,000
	117,107,000	80,192,020	70,236,901	100,000,000
	2,253,808,000	2,398,667,475	530,106,729	700,000,000
	525,906,000	469,162,614	449,528,131	500,000,000
	263,000	-	-	6,000,000
	495,593,000	523,795,200	563,360,231	625,000,000
	73,622,000	51,242,422	39,841,266	70,000,000
	51,183,000	32,338,061	38,107,640	55,000,000
	20,000	-	-	-
	1,146,587,000	1,076,538,297	1,090,837,268	1,256,000,000
	3,400,395,000	3,475,205,772	1,620,943,997	1,956,000,000

Total Budget for 2021



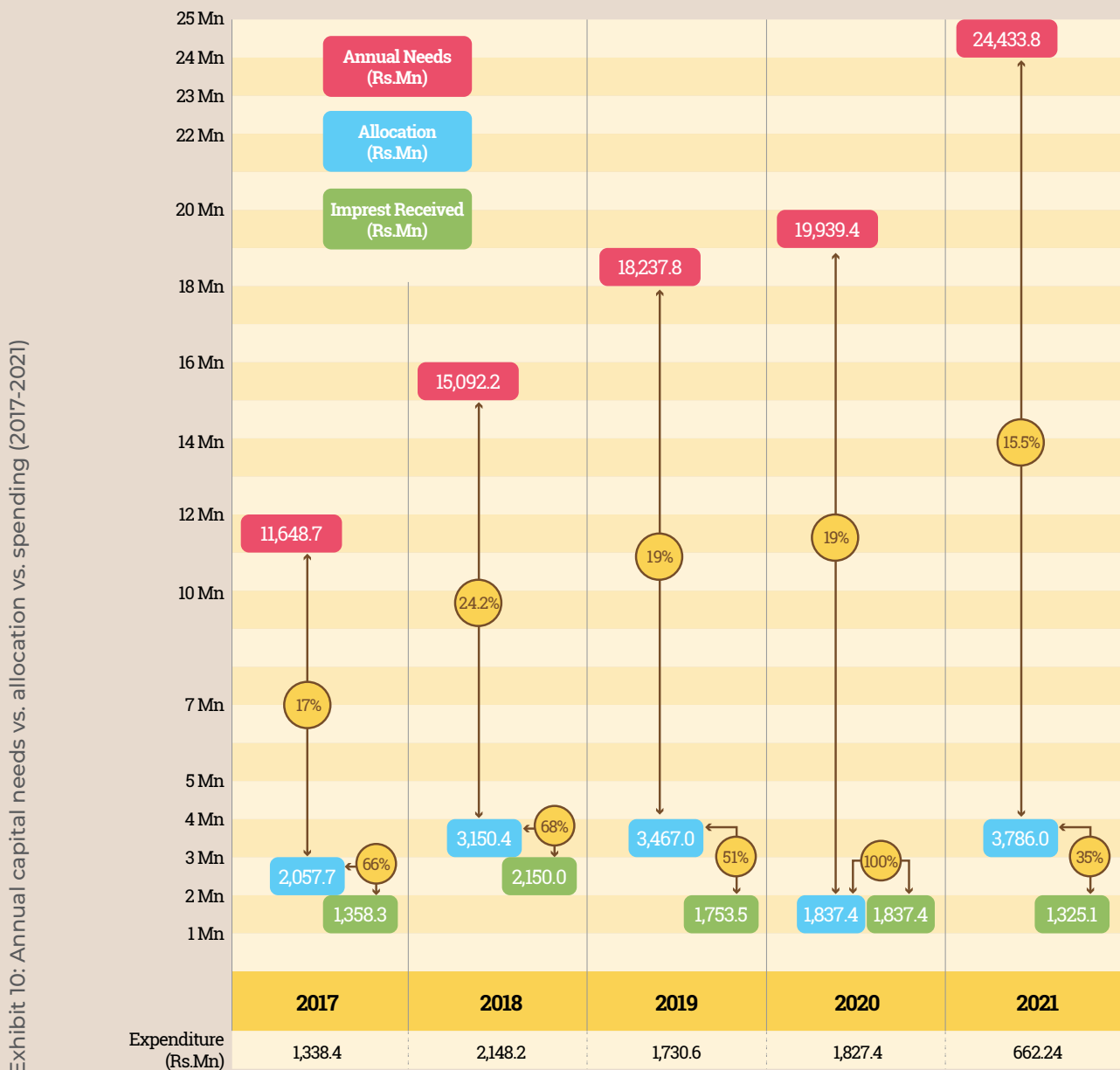
4.4 Eastern Province Gap Analysis

A key challenge for the Eastern Provincial Council is the fiscal gap between the annual capital financial requirements (PSDG and CBG), and the resources that get allocated to the province each year. This is usually due to government fiscal constraints for additional allocations to provincial councils, line ministries taking precedence over provincial councils, price escalations and a cumulative development gap over time.

In some cases, salary increases by the central government, new appointments, or overtime payments (especially

for the health sector) lead to a fiscal gap in the recurrent expenditure. The province will then request a supplementary budget from the central government.

Exhibit 10 illustrates the execution levels of the Eastern Province that is based on the needs for the province (financial requirement) versus the amount that is allocated versus the amount that is actually expended. It is evident that the allocations are much lower than the annual needs requested by the Provincial Council, and the Imprest received (actual amount received from the general treasury) is not always equal to the allocated amount.

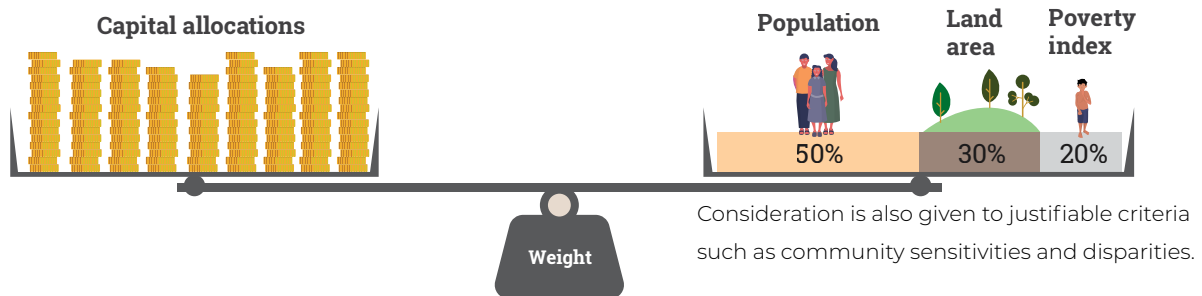


5 | Territorial Allocations

The total Eastern Provincial Council Budget for 2021 is allocated for different functions, purposes and also geographic areas. Capital (investment) allocations for the Eastern Provincial Council are

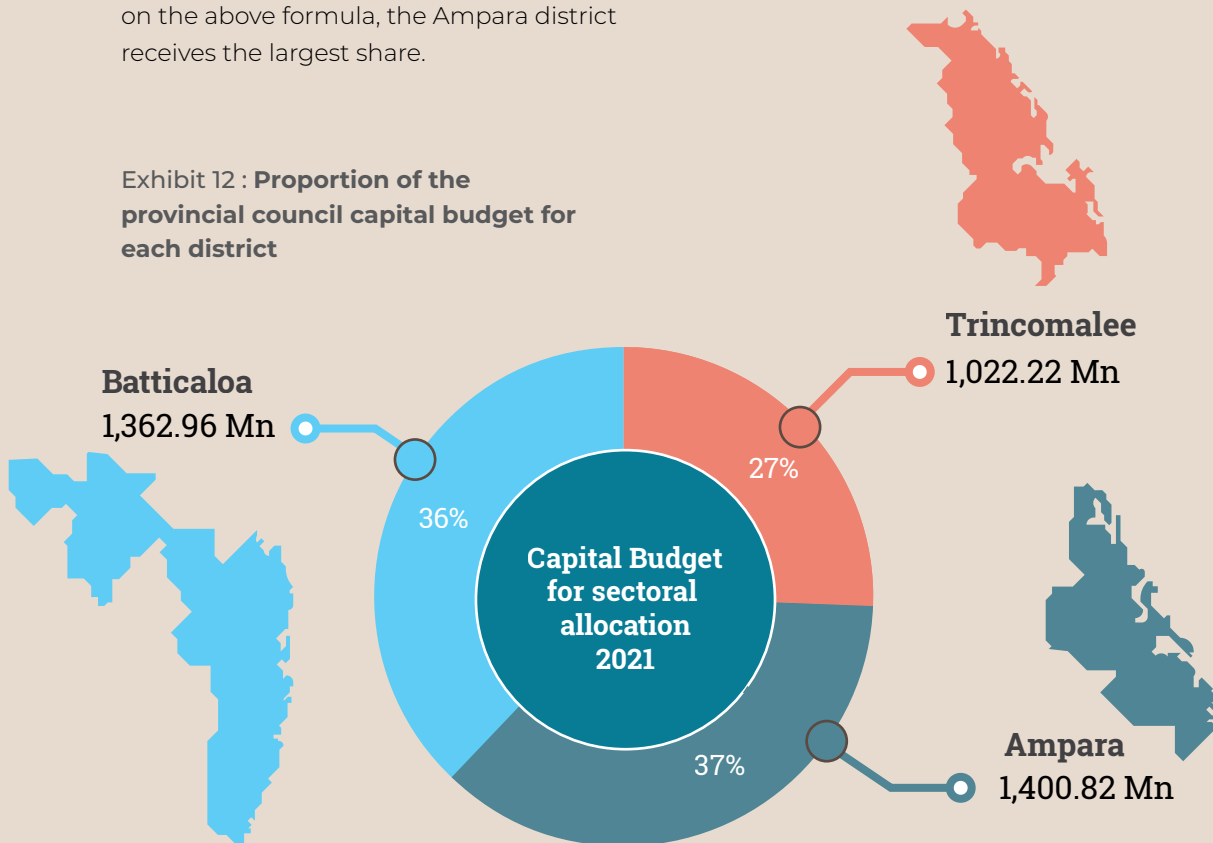
distributed among the districts through a formula which gives 50% weightage for population, 30% for land area and 20% for the poverty index. The formula may vary depending on reasonable demands by the public.

Exhibit 11 : Formula for capital allocation to districts



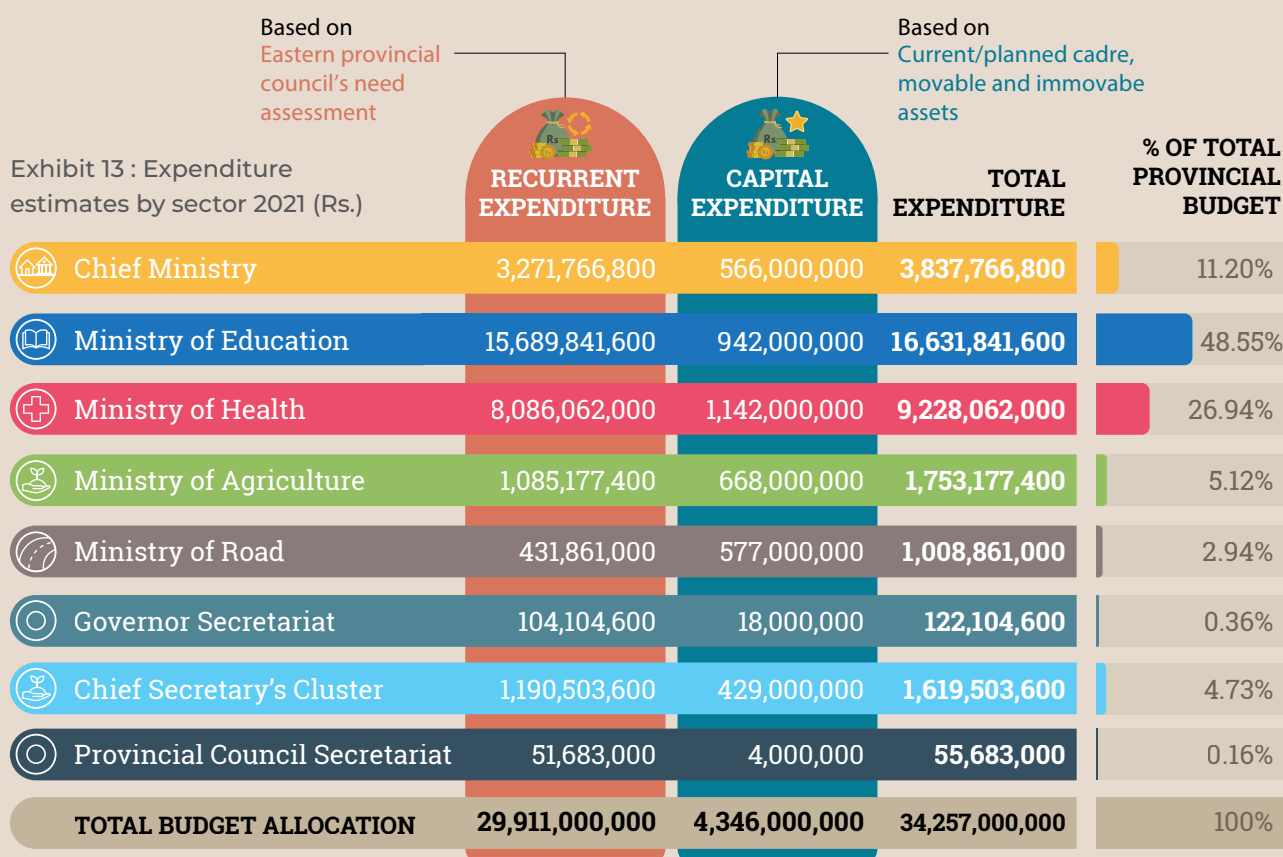
The following diagram illustrates the proportion of the provincial council capital budget allocated to each district. Based on the above formula, the Ampara district receives the largest share.

Exhibit 12 : Proportion of the provincial council capital budget for each district



5.1 Sectoral Allocations

Capital expenditures for each sector are based on the Eastern Provincial Council's needs assessment while **recurrent expenditure** is based on the current/planned cadre, and movable and immovable assets.



- In 2021, the Department of Education received the largest share of the Eastern Provincial Council budget, with almost half of the entire budget (48.55%)
- The Department of Health received the second largest share, approximately one quarter of the Total Provincial Budget.
- The Ministry of Local Government received approximately 12% of the provincial budget, and the agriculture sector received around 5%. Other sectors account for the remaining Total Provincial Budget.

5.2 Capital Budget Breakdown by Major Sectors for 2021

The capital allocations are provided by the central government as Provincial Specific Development Grants for devolved subjects, and Criteria Based Grants for the institutional development of the provincial institutes of the Eastern Provincial Council.







Ministry of Education, Information Technology Education, Preschool Education, Sports, Cultural Affairs, Youth affairs, Rehabilitation and Resettlement.

The Departments of Education, Sports, Cultural Affairs, Preschool Education Bureau, Rehabilitation & Resettlement and Youth Affairs Units come under the purview of this ministry. The Eastern Province has 1,115 schools, 19,507 teachers and 399,105 students.

Its capital allocation goes into the construction and improvement of school buildings, water and sanitation facilities at schools, supply of furniture and equipment, training and development of teachers, and supervision and monitoring of teachers and students.

The Eastern Province per capita allocation of education is approximately Rs. 44,287.32

Exhibit 14 : Capital expenditure estimates (Rs.000) for education, sports, culture and pre-school per district in 2021

Department	Ampara	Batticaloa	Trincomalee
 Department of Education	209,354	198,976	183,520
 Department of Sports	10,000	10,300	8,700
 Department of Cultural Affairs	7,500	4,600	5,400
 Pre-school Education Bureau	2,586	7,525	1,889

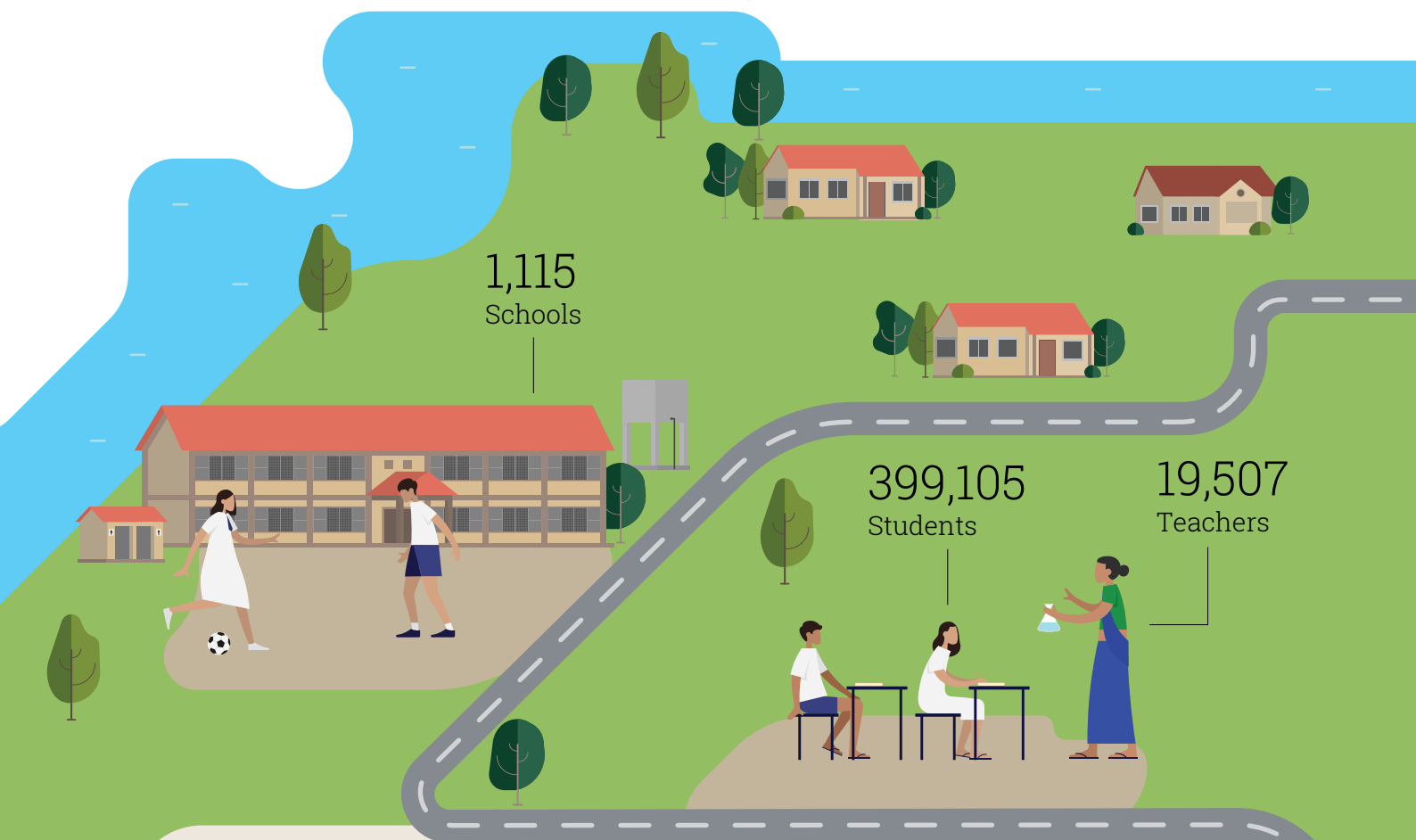


Exhibit 15 : Selected activity breakdown per department and district (in Rs.Mn) in 2021

Major Activities		Ampara	Batticaloa	Trinco- malee
Department of Education	Construction of New Classrooms	31.0	55.57	30.91
	Renovation of Classroom Buildings	110.83	104.32	75.65
	Providing Water and Sanitation Facilities to Schools	21.05	12.12	20.48
Department of Sports	Construction/ Renovation of Divisional Indoor Sports Training Centers	-	2.50	4.00
	Establishment/ Improvement of 200m/ 400m Public Playgrounds	8.80	7.00	4.70
Department of Cultural Affairs	Improvement of Religious & Cultural Heritage Sites	5.00	2.60	3.00
Pre-school Education Bureau	Provision of Learning and Teaching Equipment	0.40	0.24	0.44
	Provision of Playing Equipment (Parks)	1.82	1.92	1.18



Ministry of Health, Indigenous Medicine, Probation and Childcare, Social Welfare and Rural Electrification

The Department of Health Services, Department of Indigenous Medicine, Department of Social Services and Department of Probation and the Rural Electrification unit come under the purview of this ministry.

There are 127 provincial hospitals, 7 line ministry hospitals, 4 regional director of health service areas and 46 medical officer of health divisions in the Eastern Province.

There are also 626 doctors serving in provincial hospitals and 594 doctors in line ministry hospitals and, 836 nurses in provincial hospitals and 2,007 nurses in line ministry hospitals. Further to this, 226 public health inspectors (PHIs), 972 midwives and other health sector officers serve to uplift the health status of the province. The capital budget is allocated for the supply of medical equipment, construction and improvement of hospital units, Ministry of Health offices and staff quarters.

The Eastern Province per capita allocation for health is around Rs. 4,484.99

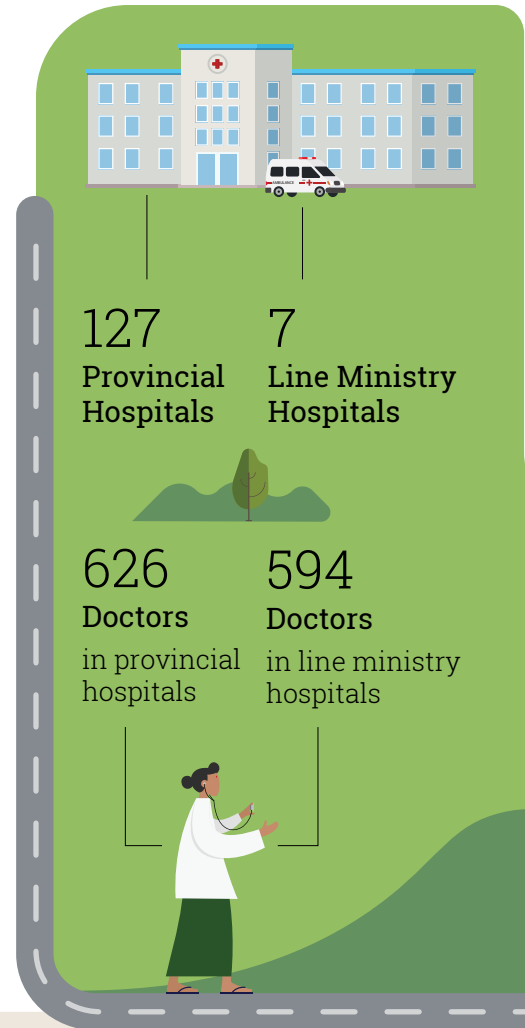


Exhibit 16 : Capital expenditure estimates (Rs.000) for health and social services by district in 2021






Department	Ampara	Batticaloa	Trincomalee
 Health Services	176,000	174,840	143,076
 Indigenous Medicine	50,940	33,370	24,500
 Social Services	10,600	10,300	9,100
 Probation and Child Care	25,710	34,050	15,640
 Rural Electrification	5,600	5,400	4,000

Exhibit 17: COVID-19 responsive programs 2021 (Rs. Mn)

Activities	No. of Hospital Units	Location	Allocation (Rs.mn)
Establishing Covid -19 treatment centres in the Eastern Province	17	Trincomalee District - 06 Batticaloa District - 05 Ampara District -07	44.96
Establishing wall oxygen plants for COVID-19 patients	9	Trincomalee District - 02 Batticaloa District - 03 Ampara District -04	11.70
Establishing negative pressure ventilation systems	3	BH Kattakudy, BH Kaluwanchikudy, BH Valaichenai	15.00
Supply of Medical Equipment and Furniture with Monitoring Systems	16	Covid-19 treatment centres in three districts	64.90
Improvement of High Dependency Units for Covid -19 treatment centres at the Base Hospital	4	BH Muthur, BH Kinniya, BH Kaluwanchikudy, BH Mahaoya	15.00
Total			151.56

972
Midwives
and other
health
officers

836
Nurses

in provincial
hospitals

2,007
Nurses

in line ministry
hospitals

226
PHIs

(public health
inspectors)



Exhibit 18 : Selected activity breakdown per department and district (in Rs.Mn) in 2021

Major Activities		Trincomalee	Batticaloa	Ampara
Health	Construction and Establishment of Hospital Units (Base Hospital, District Hospital, Primary Medical Care Unit, Ward Building, OPD, ETU, Drug Store, Labs, MOH Office, etc.)	30.91	55.57	31.0
	Renovation, Refurbishment and Improvement of Hospital Units, and MO Quarters	22.9	88.9	75.6
	Provision of Hospital furniture and Medical Equipment	33.4	62.9	64.3
Indigenous Medicine	Construction of Ayurveda Hospital Units (RAH, CAD, Panchakarma Hospital, OPD, Ward Building, DMU, Drug Store, Clinic Centers, etc.)	10.0	19.1	42.3
	Renovation and Improvement of Hospital Units and Quarters	14.0	10.3	3.2
Social Services	Construction of buildings for Vulnerable People (Elder's Homes, Disabled people's Homes and Social Care Centres)	7.5	2.8	6.0
	Supply of Furniture and Equipment for Social Care Centres	1.3	5.3	2.9
Probation & Childcare	Construction of Certified Schools (Valaichenai, Batticaloa)	-	14.0	-
	Improvement and Renovation of Probation Units (Safe House, Children's Homes)	5.6	2.0	16.2



Ministry of Finance & Planning, Local Government, Rural Development, Housing, Building & Construction, Rural Industries, Tourism, Environment, Law & Order, Transport and Regional Administration

The Departments of Local Government, Rural Industries, Rural Development, Road, Passenger Transport Authority, Tourism Bureau, Housing Authority and Building come under the purview of this ministry.

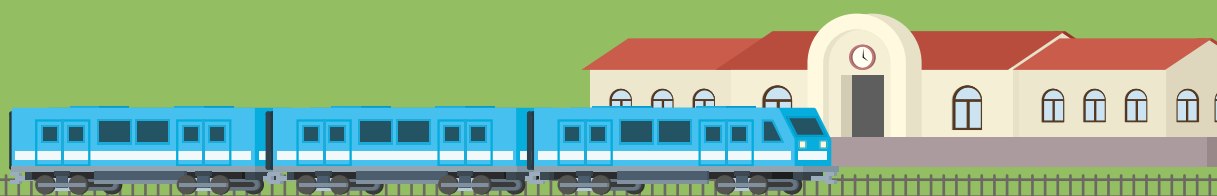


Exhibit 19: Capital expenditure estimates (Rs.000) for PSDG at the ministry of local government by district in 2021

Local Government	Ampara	Batticaloa	Trincomalee
Rural Roads	19,919	15,400	14,816
Waste Management	7,813	8,400	5,300
Local Authority	36,902	20,950	16,500
Departments			
Department of Rural Industries	18,500	18,000	13,500
Rural Development	12,952	12,600	9,448
Transport Authority	8,075	7,700	6,225
Tourism	750	15,500	13,700
Housing Authority	5,700	5,850	4,665

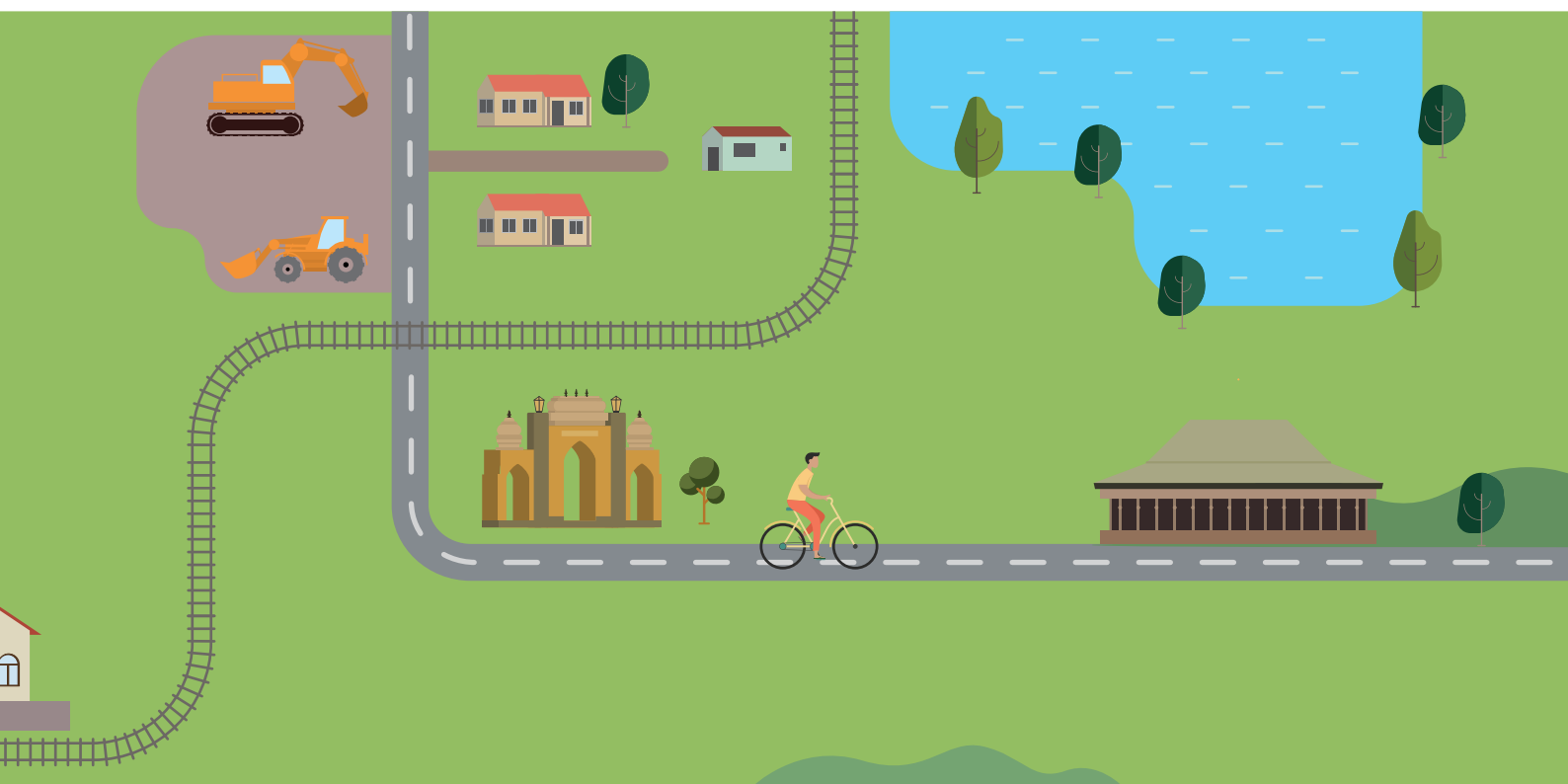







Exhibit 20: Selected activity breakdown per department and district (in Rs.Mn) in 2021

Activity		Trinco- malee	Batticaloa	Ampara
 Local Government	Construction and Renovation of Rural Roads (T-15, B-10, A-14)	7.84	13.80	14.32
	Extension of Water Supply Line Connections and Dug Wells	2.90	7.15	8.10
	Improvement of Waste Disposal Sites	2.20	4.00	3.61
 Rural Industries	Construction and Renovation of Rural Industrial Centers (Weaving, Coir, Handloom etc.) (T-10, B-2, A- 8)	10	16	13
	Value Added Technique Training Programmes in Coir, Wood, Clay and Batik	2.00	1.00	2.00
 Road, Passenger and Transport Authority	Construction & Renovation of Bus Halts (T-13, B-15, A- 17)	3.60	4.68	5.40
	Construction of Parking Place for Three Wheel (T-2, B-3, A-5)	0.80	1.20	2.00
 Rural Development	Improvement & Repair of RDS, WRDS, WDTC Buildings, Preschool, Multi-purpose Building (T-18 Buildings, B -14, A-15)	4.67	9.21	5.30
	Improvement of Road, Gravelling (T (2) -87M, B (1) -50M, A(3)-240M)	1.15	0.60	4.00
 Tourism Bureau	Rehabilitation & Improving Road, Heritage Sites and, Sales Outlets (T-1, B-2)	9.00	15.50	-



Ministry of Agriculture, Irrigation, Animal Production and Development, Fisheries, Co-Operative Development, Food Supply & Distribution

The Ministry of Agriculture oversees the Departments of Agriculture, Animal Production & Health, Irrigation, Fisheries, Co-operative Development and Co-operative Employees Commission. It leads the development of the food and agricultural sector ensuring food security, job creation and poverty eradication.

There are 28 major tanks, 45 medium tanks, 1613 minor tanks in the Eastern Province. The province also has approximately 199,856-hectare acres of paddy land and 101,644 farm families, emphasizing the importance of maximizing the sector's contribution to the provincial economy.

The Eastern Province per capita allocation per farmer family in agriculture is Rs. 15,742.86

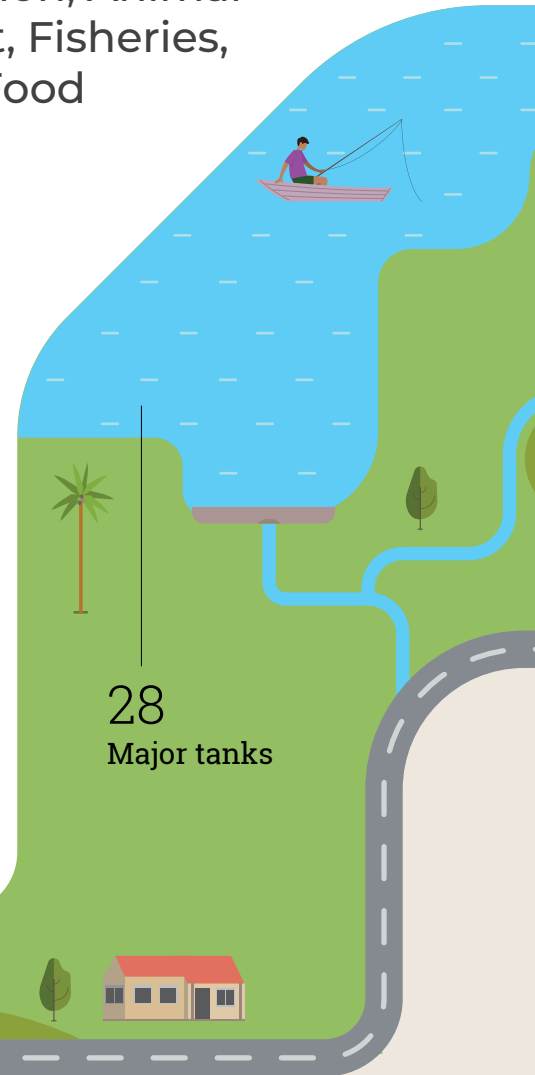


Exhibit 21: Capital expenditure estimates (Rs.000) for the Ministry of Agriculture by district in 2021

Department	Ampara	Batticaloa	Trincomalee
Development of Agriculture	47,600	52,900	44,450
Department of Animal Production	44,800	44,230	32,970
Department of Irrigation	92,200	89,069	67,300
Department of Fisheries	8,000	8,900	8,000
Cooperative Development	1,175	1,025	800

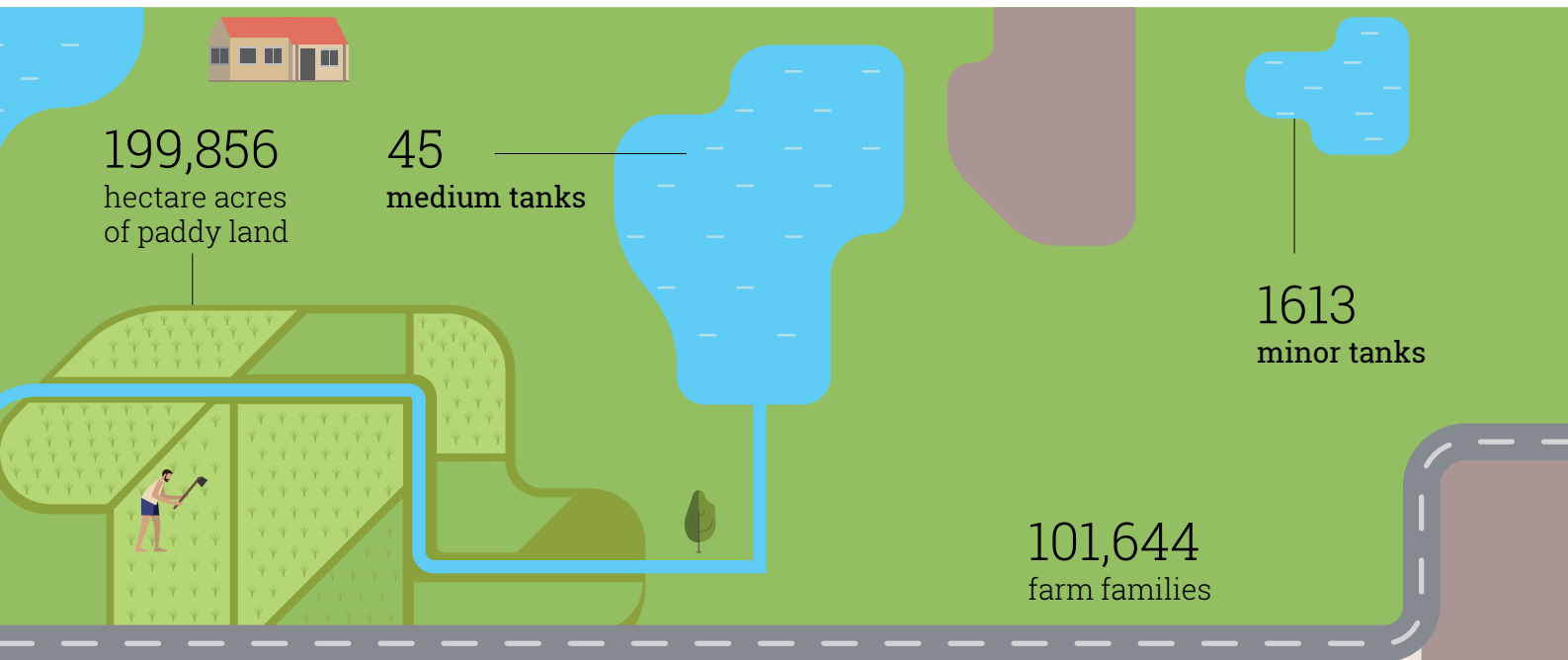







Exhibit 22: Selected activity breakdown per department and district in 2021 (in Rs.Mn)

Activity	Ampara	Batticaloa	Trinco-malee	
 Agriculture	Establishment of Ground Nut, Black Gram, Cowpea Seed, Gingerly, Other Field Crops, Organic Chili Production Farms (T- 29 Farms, B-31 Farms)	5.50	4.50	5.20
	Construction of Agro Wells (T-100, B-100, A-100 Nos)	7.50	7.50	7.50
	Conducting Demonstrations, Exposure Visits, Traditional Food Fairs	7.90	11.14	8.50
	Strengthening of Farmer Training Center / District Agriculture Training Center / In-Service Training Institute/ Agricultural Extension Service Centre	9.00	18.00	10.00
 Department of Animal Production and Health	Establishment of Backyard Poultry (1,800 Beneficiaries)	13.20	18.20	13.40
	Support for Dairy Development (230 Beneficiaries)	7.40	6.90	4.10
 Department of Irrigation	Strengthening / Construction of Tank Bund (T-05, B-03, A-01)	15.00	22.40	62.00
	Strengthening / Construction of Retaining Wall of Anicut (B-04, A-02)	25.00	44.00	-
 Fisheries Unit	Improvement of Marketing Accessibility Landing Site, Mini Nurseries, FCS Buildings	4.10	2.33	4.25
	Provision of Inputs and Equipment for Fishermen	3.20	5.04	1.94
 Co-operative Development	Supply of Self-Employment Materials	0.96	0.90	0.68
	Conducting Training Programmes for CRB & MPCS Staff	0.12	0.08	0.08



Ministry of Road Development, Land & Land Development, Skill & Manpower Development, Women's Affairs and Water Supply

The Ministry of Road oversees the Department of Road Development, Department of Land Administration, Women Affairs and Skills & Manpower.

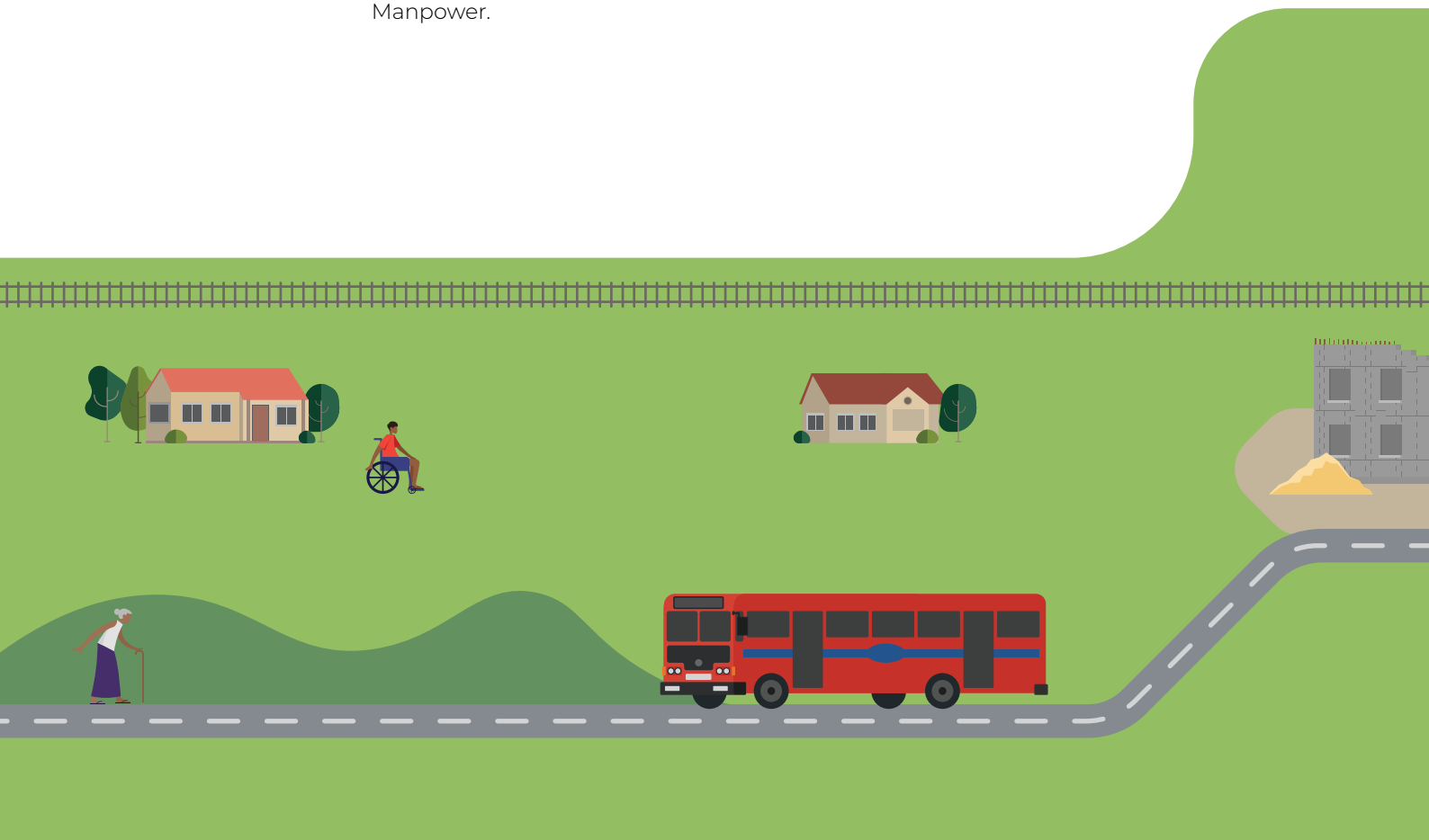


Exhibit 23: Capital expenditure (Rs.000) estimates for the Ministry of Road per district in 2021



Department	Ampara	Batticaloa	Trincomalee
 Department of Road Development	203,000	199,000	148,000
 Land Development	2,600	2,000	1,400



Exhibit 24: Selected activity breakdown per department and district (in Rs.Mn) in 2021

Activity		Ampara	Batticaloa	Trinco- malee
Road	Construction of Drainage to Roads	20.00	123.00	46.00
	Asphalt Paving to Roads	92.00	6.00	92.00
Land	Providing Water Facility to the Farmers	1.63	1.32	1.02
	Conducting Land Mobile Services	0.55	0.38	0.21

6 | New Measures

Impact and Changes due to COVID-19

- The government has taken necessary steps to control public expenditure (including capital expenses) in view to ensure the provision of necessary funds for COVID-19 vaccinations, expansion of health services and essential relief programmes.
- Two immediate measures have been taken: The **“Temporary suspension of programs and projects”** and **suspension of expenditure with immediate effect (which are not directly linked to national priorities)** were set out by the Cabinet Memorandum of the Ministry of Finance. Accordingly, all implementation programmes (PSDG and CBG) were closely revisited with strategic plans to suspend these programmes to allocate these savings for the governments' response to COVID-19.

6.2 Responsive Budgeting for Key Groups (The Poor, Women and Children)

- It is mandatory to allocate a minimum of 25% of allocations to women and women headed families in the economic and production sectors (especially in agriculture, animal production and health sectors).
- More than 90% of beneficiaries are women and women headed families, who are involved in the rural development and rural industries sectors.
- The Department of Social Services and the Department of Probation are focusing their recurrent and capital expenditure towards vulnerable groups such as elders, differently abled persons, children, victims and the abandoned.
- Departments of Rural Development, Rural Industries, Agriculture and Animal Production and Health are highly focusing their development interventions towards uplifting the rural areas and underserved villages in the Eastern Province.
- Special attention is given to the areas which are considered as 'underserved'. These areas are identified based on criterion developed by the Finance Commission to uplift such specific areas in the Eastern Province through Isolated and Under-served Village Development Programmes (IUVDP).

Annexure 1:

Glossary of Terms

Budget: A comprehensive financial plan for a specified time period. It is an estimation of revenue, expenditure, deficit/surplus, and debt to understand how finances will be allocated.

Budget cycle: This refers to the major stages of developing, planning, implementing, and monitoring a budget.

Budget estimates: The estimated cost of activities before the start of a financial year.

Block Grant: The Block Grant is a transfer from central government to provincial councils for recurrent expenditure. The estimated 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 Grants.

Capital expenditure: describes expenditure aimed at improving a government's/sector's longer-term productivity and efficiency (i.e., construction of hospitals and clinics, the purchase of medical devices, the training of medical staff).

Criteria Based Grants: The grant provided by central government to provincial councils to meet capital expenditure for improving the socio-economic conditions of citizens in a manner that contributes towards reducing regional disparities. Criteria such as population, area and per capita income are used to distribute the allocation within the territorial areas.

Dependency Ratio: The dependency ratio relates the number of children (0-14 years old) and older persons (65 years or

over) to the working-age population (15-64 years old). This demographic indicator gives insight into the number of people of non-working age, compared with the number of those of working age. It is also used to understand the relative economic burden of the workforce and has ramifications for taxation.

Fiscal policy: Fiscal policy is the country's policies with respect to government revenues, expenditures, and debt management, as these relate to country services, programs, and capital investments. A fiscal policy provides a set of principles for the planning and programming of budgets, uses of revenues, and financial management.

Fiscal Deficit/Gap: The difference between annual revenue and annual expenditure of the government is termed as the fiscal deficit.

Fiscal Sustainability: Fiscal sustainability is the ability of a government to maintain public finances at a credible and serviceable position over the long term. Ensuring long-term fiscal sustainability requires that governments engage in continual strategic forecasting of future revenues and liabilities, environmental factors and socio-economic trends in order to adapt financial planning accordingly.

Foreign Direct Investment: Foreign direct investment (FDI) is a category of cross-border investment in which an investor resident in one economy establishes a lasting interest in and a significant degree of influence over an enterprise resident in another economy.

Gross Domestic Product (GDP): This refers to the value of economic activity within a country. It is the total monetary value of all the finished goods and services produced in a country for a specific time period. It is used as a marker to measure economic growth.

Literacy rate: The literacy rate is defined by the percentage of the population of a given age group that can read and write. The adult literacy rate

corresponds to ages 15 and above, the youth literacy rate to ages 15 to 24, and the elderly to ages 65 and above.

Macroeconomic Assumptions: The government's expectations about growth in the economy and inflation, and estimates of how much revenue it anticipates taking in. General inflation, relative inflation, base interest rates, risk-free interest rates, and exchange rates are key elements for long-term estimates.

Nation Building Tax (NBT): The Nation Building Tax was introduced in 2009, and applied to importers, manufacturers, retail, and wholesale operators of goods and services. This tax's primary aim was to collect revenue to finance the rebuilding of infrastructure affected by the civil war that took place from 1983 – 2009. NBT is charged based on the liable turnover (amount of money made by a business within a specific time). NBT revenue is shared between the central government and provincial councils.

Nominal value: Unadjusted value or current price, without taking inflation or other factors into account

Per capita allocation: The amount allocated per person in the province. This is a simplification, as it is the total budget divided by the total population, however, certain sectors of the population may not benefit from some allocations. For example, allocations to the education or agriculture sector.

Poverty Head Count Index: The national poverty headcount ratio is the percentage of the population living below the national poverty line(s). The Household Income and Expenditure Survey (HIES) is the main data source used to calculate poverty indices in Sri Lanka.

Consolidated Fund: The consolidated fund is established under the constitution and comprises the funds of the Republic of Sri Lanka, that are not allocated by law to a specific purpose, derived from all taxes, rates, duties, and all other revenues of the government.

Provincial Specific Development Grant: The grant allocated mainly for financing development projects of capital nature, paying special attention to infrastructure development under different devolved subjects. This grant is distributed among various sectors enabling provincial councils to invest on development projects.

Recurrent/current expenditure: Resources used to keep a system or an institution "up and running" and includes spending on salaries/renumerations, goods and services, operating costs, transfers, and financial operations.

Revenue: Money obtained by the government through sources such as taxes, fees, levies, and dividends.

Gender Responsive Budgeting: A gender-responsive budget is a budget that works for everyone (women and men, girls, and boys), by ensuring gender-equitable distribution of resources and by contributing to equal opportunities for all.

Sustainable Development Goals: The Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. There are 17 goals that recognize ending poverty and other deprivations along with improving health and education, reducing inequality, and increasing economic growth, among others – all while tackling climate change.

Annexure 2: Feedback Form

Date: _____

D.O.B: _____ Email: _____

Name: _____

Location/Address: _____

Contact details: _____

Employer (if applicable): _____

Kindly rate the questions below based on the following criteria:

5 – Strongly agree, 4 – Agree, 3 – Undecided, 2 – Disagree, 1 – Strongly Disagree

1. Is the publication informative?

Using the scale above, please rate based on how useful, educating and enlightening this publication is to you.

Section	5	4	3	2	1	Additional Comments
The provincial council budgeting process	5	4	3	2	1	
Budget priorities and goals	5	4	3	2	1	
Tax structure	5	4	3	2	1	
Provincial fund (consolidated)	5	4	3	2	1	
Provincial expenditure	5	4	3	2	1	
Eastern province gap analysis	5	4	3	2	1	
Territorial allocations	5	4	3	2	1	
Sectoral allocations	5	4	3	2	1	

Section						Additional Comments
Capital budget breakdown by major sectors	5	4	3	2	1	
New measures	5	4	3	2	1	
Glossary	5	4	3	2	1	

2. Is the publication understandable?

Please rate using the scale above.

Section						Additional Comments
The content is logical and well organised	5	4	3	2	1	
The language is simple for me to understand	5	4	3	2	1	
The examples given are helpful	5	4	3	2	1	
The figures given are helpful	5	4	3	2	1	
The graphs, tables and illustrations aid in understanding the text better	5	4	3	2	1	

3. Is the publication readable?

Please rate using the scale above.

Section						Additional Comments
The font used is easy to read	5	4	3	2	1	
The colour scheme is appealing	5	4	3	2	1	
The overall design is appealing	5	4	3	2	1	
The format used is easy to access	5	4	3	2	1	
The graphs, tables and illustrations aid in understanding the text better	5	4	3	2	1	

4. How do you intent to use the publication?

Please encircle most suitable answer(s).

- For advocacy, education, communication work
- Information input for research work and analysis
- Reference for engaging in the budget process
- General information purposes
- Other (please specify if possible):

5. Which portions were most and least useful?

Most useful: _____

Least useful: _____

6. What other information would you have liked to see included?

7. Would you recommend this publication to others?

Please encircle

a. Yes

b. No

8. Other comments and suggestions:

Contact Points and Follow Up

If users are interested in learning more about the budget as a whole, the budget process, or specific aspects of the budget, please contact the following information points:

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Eastern Provincial Council

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