



## UNIVERSITY GRANTS COMMISSION

### Finance Circular Letter No. 05/2017

04<sup>th</sup> December 2017

Vice-Chancellors of Universities,  
Directors of Institutes,  
Rectors of Campuses

#### Annual Allocation 2018

#### HEAD No. 214 – University Grants Commission (UGC)

The Budget Estimates - 2018 have been prepared in consultation with the Universities/HEIs to achieve eight strategic goals of the UGC and submitted to the Department of National Budget (NBD).

Accordingly NBD recommended the Capital Block Grant (CBG) and Recurrent Block Grant (RBG) for the year 2018 and tabled in Parliament of Sri Lanka with the National Budget 2018.

#### Summary of Annual Allocation – 2018 (Rs. million)

Category/Object title	Revised Budget 2017	Actual Expenditure up to 31 <sup>st</sup> October 2017	Estimates submitted by the UGC for 2018	Estimates approved NBD for 2018
Recurrent Grants	30,612.9	24,486.7	39,102.9	30,825.0
Capital Grants	11,540.0	7,950.0	40,394.5	13,500.0
<b>Total</b>	<b>42,152.9</b>	<b>32,436.7</b>	<b>79,497.4</b>	<b>44,325.0</b>

The University wise allocation - 2018 is given in Annex-I (*Recurrent Grants*) and Annex-II (*Capital Grants*).

## 1. Performance Based Budgeting (PBB)

The Department of National Budget is taking steps to practice performance based budgeting with effect from 2018. At the inception of introducing PBB, it is required to shift from resource based documentation of input, process and output to performance based documentation of output, outcomes and impacts. However, it is proposed to document the organizational output at the initial step of this process as it can be easily recognized by every organization. In the second step, it is required that all universities/HEIs to create Key Performance Indicators (KPIs) in relation to the outcome.

Accordingly, Universities/HEIs are expected to furnish following details by 15th December 2017 to the National Budget Department with a copy to UGC. The requested details should be submitted as specimen given in **Format-A**.

- a) Mission
- b) Key functions
- c) Outputs against the Budget Estimates
- d) Outcome and impact of the organization if they can be recognized

## 2. Preparation of Annual Budget

Universities/HEIs are requested to prepare their annual budget in line with the eight strategic goals of the UGC. The specimen guidelines for the preparation of budget estimates are given in Formats I – X of this circular.

### **Eight Strategic Goals**

- Widen participation and equitable access to higher education
- Improve quality and relevance of academic programs
- Strengthening research, innovation, entrepreneurship
- Increased role of HEIs as strategic partners in socio economic development and peace & reconciliation
- Increased international cooperation and competitiveness
- Improved physical and aesthetic environment and stakeholder satisfaction
- Improved financial management and sustainability
- Enhanced good governance

## 3. Capital Block Grant (CBG)

CBG has been allocated to the Universities/HEIs considering the progress of utilization of funds and Three Year Financial plan on construction projects. The universities/HEIs are requested to allocate funds for capital projects within the annual budget approved by the Council of the universities/Board of Management of the HEIs.

- a) Construction Projects

Universities/HEIs are requested to allocate funds for the on-going construction projects on priority basis before the commencement of new projects. New construction projects should not be commenced during 2018 without sufficient allocations are provided in annual budget.

b) Other Development Projects

Universities/HEIs are requested to allocate funds for the Rehabilitation and Improvements of Fixed Assets, Acquisition of Fixed Assets, Human Capital Development and Research and Development projects on priority basis and provide sufficient allocations in annual budget.

c) Postgraduate/Doctoral programs

Postgraduate/Doctoral programs of university staff are financed by the UGC/NCAS and Universities/HEIs may not allocate funds from their CBG for this purpose. Postgraduate programs conducted by the universities/HEIs are supposed to finance through the generated income from postgraduate programs.

**4. Continuation of Budget Proposal 2016/2017**

UGC allocate funds only for the continuation of the projects implemented by budget proposals 2016/2017. Release of funds during the year will be considered by the UGC based on the performance of respective projects.

- a) Establishment of Technology Faculties of the universities – Rs.1700Mn
- b) Establishment of Engineering Faculty –University of Jaffna Rs.50Mn
- c) Accommodation facilities to Faculty staff of the universities –Rs.80Mn
- d) Establishment of Faculty of Medicine – Wayamba University of Sri Lanka –Rs.400Mn
- e) Establishment of Faculty of Technology – University of Sri Jayewardenepura – Rs.500Mn
- f) Encourage accreditation with professional bodies of international repute – Rs.20Mn

The allocation for the establishment of Technology Faculties will be informed during third week of December 2017. In addition, universities are requested to allocate funds for the technology stream projects from the CBG.

New projects will not be financed by the UGC under the allocations referred in point No.04 (a) to (f) as given above.

**5. Asian Development Bank Funded Projects**

The Technology Faculties of Rajarata University of Sri Lanka, Sabaragamuwa University of Sri Lanka and Kelaniya University are proposed to finance by the Asian Development Bank. The respective universities are advised to communicate with Director Planning – MoHE through UGC in respect of the implementation of projects.

