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சனாதிபதி அலுவலகம்
PRESIDENTIAL SECRETARIAT



Circular No: PS/GPA/Circular/36/2020

10th December 2020

All Secretaries to Ministries
Chairmen of all State Owned Enterprises, Corporations, Statutory Boards,
Government owned Companies including those having majority shareholding by the Government
State Owned Banks and Insurance Companies
All Subsidiary Agencies of above entities

**ADVERTISING, MARKETING AND PROMOTIONAL EXPENDITURE
OF STATE OWNED ENTERPRISES (SOE) AND AGENCIES**

1. This is further to my Circular instructions dated 18th November 2020, requiring State Owned Enterprises and Agencies to suspend advertising expenses until suitable guidelines are issued to ensure advertising, marketing and promotional programs are conducted in the best interests of the Government National Development Program.
2. Based on the information received from the Director General, Department of Public Enterprises, it is noted that advertising, marketing and promotional expenditure of state agencies including state owned banks, Lotteries, Insurance, development and subsidiary agencies is very large. As private media, mainly electronic media depend heavily on the patronage of SOEs, it is necessary that commercial SOEs including those enterprises with majority shareholdings to workout in line with Government Development Framework to project a consistent marketing and promotional message to achieve desired development objectives of the Government. While recognizing such expenditure is necessary to promote market image and to reach a large client base and the public, it is equally important that such expenditure should also be incurred having regard to the Government development priorities and overall public resource constraints. Such expenditure therefore must be productive, result oriented and ultimately bring profitable returns both commercially and socially to the organizations concerned.
3. All enterprises could engage in advertising and promotional activities on marketing and branding of their products and services in line with explicitly recognized initiatives in the Annual Action Plan within the budgetary ceiling for the year, as deemed necessary. However, all enterprises, at all times, are required to ensure that the method and medium of such activities are not excessive in relation to the objectives being pursued.
4. It is in this background that all state agencies are required to adhere to the following guidelines for planning and executing their advertising and promotional activities.
 - i. All advertising and connected expenditure should be explicitly reflected in the budget and corporate business plans approved by the Board of Directors.

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- ii. Advertising / promotional expenses of each SOE should be justified based on proper cost benefit analysis taking in to account advertising rationale, objectives, costs and outcomes and be included in the respective Action Plan. Annual Advertising Program prepared accordingly and recognized by the Board of Management for the incorporation into the annual Action Plan should be submitted to the Department of Public Enterprises (PED) for approval.
- iii. Total advertising / promotional expenses of a SOE including state owned banks and financial institutions should not exceed 05% of its total budgeted operating cost. However, in case of National Lotteries Board and Development Lotteries Board, this limit should not exceed 10 percent of the total revenue of the preceding year.
- iv. The advertising and promotional activities carried out by all SOEs including state owned banks and financial institutions in the form of advertisements, sponsorships, donations and publications should be made only for the purpose of achieving the following objectives:
 - a. Promoting local products, services, culture and traditions.
 - b. Raising awareness of planned initiatives within the development objectives in the National Framework and Government Budget.
 - c. Promoting business opportunities with high domestic value addition.
 - d. Dissemination of information to general public in respect of weather, health, education and environment.
 - e. Increased economic activity that would enhance employment, livelihood and income to the people.
 - f. Increased market competition to eliminate market manipulation and ensure competitive prices and uninterrupted supply of quality goods and services.All these activities must be institution focused and beneficial to the institution concerned.
- v. Marketing and advertisement activities should exert maximum effort to promote local success stories in new business development, modern farming agriculture, bio diversity, skills development, local innovations, high tech business, youth, sports, women, entrepreneurship etc.
- vi. All SOEs are required to obtain the approval of the Hon. Minister of Finance for,
 - a. Any promotional activity exceeding the stipulated limit of the annual advertising budget.
 - b. Any unplanned promotional activity which has not been included in the annual advertising program.
 - c. Any donation exceeding Rs. 100,000/-.
 - d. Any sponsorship exceeding Rs. Two million.
- vii. Any sponsorship made through state media institutions up to Rs. Five million is exempted from vi (d) above.
- viii. All SOEs are required to negotiate with state owned media agencies as the first preference and may enter in to an exclusive arrangement with mutual benefits.

- ix. All SOEs are permitted to engage competitive alternative sources which provide far superior return on such expenditure in terms of promotional value.
 - x. All SOEs are encouraged to use real time market information rating standards and accepted procurement methods in the selection of advertising/marketing agencies.
 - xi. The selection of print media should give due recognition to papers promoting national and cultural values, agriculture, traditional industries, rural centric economic activities, research and innovation materials, alternative development thoughts and international development in all three languages.
 - xii. All such contracts should be in accordance with Contract Law and be performance based.
 - xiii. Each respective Board should review performance of such marketing contracts and monitor results frequently. Directors representing the Treasury are responsible to follow up the progress.
5. Advertising and promotional activities carried out by state agencies such as SriLankan, Sri Lanka tourism together with Export Development Board, Board of Investments, and Sri Lanka Tea Board etc. are required to promote external markets. Such promotions are required to ensure to have a minimum of 35 percent local content (production work, engagement of Sri Lankan professionals, artistic services etc.), while other agencies targeting domestic market to have 100 percent domestic content.
 6. All expenses on Corporate Social Responsibility (CSR) programs should also be considered as promotional expenses and properly budgeted.
 7. The Chairmen, Board of Directors and Chief Executive Officers (CEOs) shall be accountable for any deviation from this Circular or exceeding the approved advertising budget as per the annual budget approved by the Board of Directors.
 8. Any deviation as per the item 06 above requires Hon. Minister's approval. The CEO of the institution should make a formal request to the Director General of PED so that approval procedure can be complied with to obtain approval from the Hon. Minister of Finance.
 9. The suspension of advertising expenditure as per the circular dated 18th November 2020, is replaced by this circular. Accordingly, all agencies are requested to honor their commitment in compliance with this circular.
 10. This circular is issued on the instruction of His Excellency the President.



P. B. Jayasundera
Secretary to the President

Copy: Director General, Department of Public Enterprises