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நிதி ஆணைக்குழு
(அரசியலமைப்பின் 154'எ ஆம் உறுப்புரையின்கீழ் தாபிக்கப்பட்டது)

FINANCE COMMISSION
(Established under Article 154 R of the Constitution)

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My No } FC/3/2/2016

ඔබේ අංක
உமது இல
Your No }

දිනය
திகதி
Date } 26.11.2015

Chief Secretary

North Western Province

Dear Chief Secretary,

Guidelines on Preparation of the Annual Development Plan – 2016

Considering the plethora of development activities carried out by provinces over the past years, the Government has decided to double the provisions, made for 2016 for capital projects from the Consolidated Fund compared to previous years. In line with the policy decision, taken by the Government, almost 53% of the Province Specific Development Grant (PSDG) has been allocated for social capital sectors such as education and health for 2016.

It is expected that these funds are utilized in optimal manner for achieving the intended development results, since such funds constitute the revenue collected by the government and the loans and grants obtained from different sources as well. The allocations under PSDG and Criteria Based Grant (CBG) including foreign assisted projects for your province in 2016 have been sent to you by my letter No. FC/6/1/2016 dated 21.11.2015.

Upgrading our human resources to a higher level by 2020 with a view to face the challenges at domestic and international levels is one of the major objectives of the development strategy of the Government. Further, it is expected to continue the progress, achieved by the country as a nation included in the Middle Income Category while maintaining 7-8% of growth rate annually. In this context, more attention has been paid in the government policy on increasing the per-capita income while reducing income disparities between different income groups and minimizing socio-economic disparities at provincial level, adhering to the concept of “social-market economy”. In order to achieve the above objectives, the following key principles have been accorded with high priority by the Government.

- (i) Promote self-employment and small enterprises in order to create employment and income opportunities.
- (ii) Involve middle class to economic development process through empowering them.
- (iii) Ensure benefits of development to everybody through improvement of under-served/ isolated villages.

- (iv) Ensure domestic food security through country-wide food production programme based on homestead, village and province.
- (v) Develop human resources to suit with job market through channeling more resources to social infrastructure particularly, health and education.
- (vi) Increase the contribution of industry sector by providing incentives for private sector aiming at local industry development.
- (vii) Promote healthy food production by introducing appropriate technology to the agriculture sector including livestock.
- (viii) Maintain transport of passenger and goods in productive manner through improved and efficient common transport services.
- (ix) Provide adequate assistance and empower socially disadvantaged groups.
- (x) Direct the economy towards “green development” through effective environmental conservation and optimal use of natural resources.
- (xi) Establish good governance principles and thereby ensure disciplined and ethical society which respects the law and order.

Further, the following programmes are to be introduced by the Government with the objective of accelerating the regional development process in line with the services provided by provincial councils.

- (i) Promote foreign investment aimed at manufacturing industries, agriculture, tourism and service delivery by establishing Economic Development Mega Zones.
- (ii) Encourage new manufacturing industries by establishing Industry and Technology Development Mega Zones throughout the country.
- (iii) Establish Tourism Development Mega Zones to improve tourist industry.
- (iv) To make agricultural products globally competitive by establishing Agricultural Development Mega Zones.
- (v) Promote large and small scale fishermen through establishing Economic Development Mega Zones for fisheries covering coastal belt.
- (vi) Establish Cluster Villages throughout the country to accelerate development programmes aimed at village level.

At the Sustainable Development Summit held in parallel to the United Nations 70th General Assembly, 193 member countries agreed to work towards sustainable development and adopted 2030 - Agenda for Sustainable Development. This agenda includes 17 sustainable development goals and 169 targets. Among the 17 goals, the followings are related to the activities of provinces.

- (i) Eradicate poverty in all its forms by 2030. This involves targeting those living in vulnerable situations, increasing access to basic resources and services, and supporting communities affected by conflicts and climate-related disasters.
- (ii) End all forms of hunger and malnutrition by 2030. This deals with making sure all people-especially children and more vulnerable have access to sufficient and nutritious food all year around. For this, it is necessary to promote sustainable agricultural practices, improve the livelihoods and capacities of small scale farmers, and allow equal access to land, technology and markets.
- (iii) Ensure health and well-being for all including commitment to end the epidemics of AIDS, tuberculosis, malaria and other communicable diseases by 2030. This mainly involves achieving universal health coverage and providing access to safe and effective medicines and vaccines for all.
- (iv) Make sure that all girls and boys complete free primary and secondary schooling by 2030. This aims to provide equal access to affordable vocational training and to eliminate gender and wealth disparities with the aim of achieving universal access to a quality higher education.
- (v) Ensure universal access to safe and affordable drinking water by 2030. This requires to invest in adequate infrastructure, provide sanitation facilities and encourage hygiene at every level. It is also required to protect and restore water-related eco systems such as forests, mountains, wetlands and rivers.
- (vi) Make certain that universal access to affordable electricity by 2030. This involves in investing in clean energy sources such as solar, wind and thermal.
- (vii) Adopt sound policies to empower the bottom percentile of income earners and promote economic inclusion of all regardless of sex, race or ethnicity.
- (viii) Conserve and restore the use of terrestrial ecosystems such as forests, wetlands, dry lands and mountains by 2030. Promoting the sustainable management of forests and halting deforestations is also vital to mitigate the impact of climate change.

All provinces are required to prepare their plans with the aim of achieving the objectives of the development approach of the Government and sustainable development goals of the United Nations.

With the objective of ensuring the effective investment of public funds, the Zero-Based Budgeting Approach (ZBBA) has been introduced by the General Treasury Circular No. 3/2015 dated 29.07.2015 with effect from 2016. In this context, all provincial agencies should adhere to the ZBBA and proper coherence needs to be maintained between the annual development plans of each sector / agency and the annual budgetary provisions.

In the schedule of which the allocations under PSDG are shown in accordance with the sectors sent to you by my letter No. FC/6/1/2016 dated 21.11.2015, the main sectors namely education, health, provincial roads, transport, agriculture, livestock and tourism have been categorized under sub-sectors. Since the budgetary allocations for 2016 have been made under these sub-sectors in the Budget Estimates, financial progress reports should be submitted to the General Treasury using the same sub sector classifications. In this context, it is necessary to make suitable adjustments with regard to Thrust Areas of the Annual

Development Plans to adopt with the sub-sectors. It should also be noted that the Thrust Areas of the plan should not be changed drastically.

In the preparation of Annual Development Plan - 2016 for your province, the following common matters, sector policies and strategies should be given special attention.

Common Matters

- (i) As the allocation of resources on district basis leads to minimize the socio-economic disparities within the province in a more productive and efficient manner, district-wise allocations will be made under PSDG from 2016. Therefore, all provincial authorities are requested to make necessary arrangements to prepare provincial development plan - 2016 on district basis.
- (ii) In line with the ZBBA, every financial year should be considered as a new year and development projects at sector/ agency level should be identified accordingly. Further, measures should be taken to complete all projects, construction and other related activities during the financial year itself as planned out.
- (iii) When implementing the projects which have commercial viability, private sector participation should be ensured and suitable approaches need to be selected depending on the nature of the project.
- (iv) Measures should be taken to avoid waste and corruption by adopting appropriate public expenditure management practices. In this regard, it is necessary to adopt accepted procurement procedures in acquiring capital assets and constructing buildings while utilizing the public buildings, vehicles, machineries and equipment in optimal manner. Once the proposed Procurement Commission is established, due attention in this regard will be paid.
- (v) Projects should be identified so as to minimize the development disparities at provincial level to the maximum possible, and beneficiary contribution needs to be obtained on the basis of demand-driven approach.
- (vi) When spending funds for construction purposes, completion of partially constructed buildings and make use of them for the benefit of the people should be paid due attention. Further, it is required that buildings be designed so as to fulfill a number of services from one office premises. It is also necessary to utilize the under-used buildings in proper manner and provide opportunity for other agencies to utilize them depending on the necessity.
- (vii) All pre-requisites for implementing the projects should be fulfilled, before making requests for funding.
- (viii) A procurement plan for every financial year should be prepared thus enabling to adopt ZBBA successfully. This is very important since there are no such plans available in many provincial agencies, as observed by the Auditor General.
- (ix) When providing direct grants in all sectors, at least 50% of beneficiary contribution should be obtained.
- (x) In planning of development projects, it is necessary to ensure that there is no duplication of projects at national, provincial and local authority levels.

Sector Matters

1. Social Infrastructure Facilities

1.1. General Education

Provinces should prepare their education plans, taking into account the guidelines, issued under the Education Sector Development Framework and Programme - (2012 - 2016) of the Ministry of Education. Further, it is required to allocate funds under the following sub-programmes.

1.1.1. Completion of Partially Constructed School Buildings and Maintenance of Capital Assets.

- Steps should be taken to complete all partially completed building on priority basis.
- Before emerging the necessity of large-scale repairs, maintenance of all capital assets should be done timely.
- Basic building facilities which have already been provided to school dental clinics and repair of the existing facilities should be undertaken on priority basis.
- The education centres focused on differently able children and modernized, and the basic designs of the constructions need to be done so as to facilitate the needs of such children.

1.1.2. Provision of Common Facilities Including Staff Quarters

- Teachers' quarters should be constructed in order to encourage teachers to work in difficult schools.
- Priority should be given to repair of teachers' quarters in schools, identified as difficult and in-demand.
- Instead of teachers' quarters at school level on individual basis, common quarters for several schools should be constructed based on urban areas / townships.
- Other common facilities which are required to improve the productivity of learning / teaching process need to be provided for teachers on priority basis.

1.1.3. Transforming Teacher Education / Professionalizing Educational Services

- Training on innovative teaching methods and encouraging children to learn should be provided to teachers.
- Training programmes focused on updating and improving subject knowledge of teachers should be organized.
- Measures should be taken to hold annual teacher conventions. The Project Coordinator of the TSEP has agreed to provide funds from the World Bank for this purpose. Required special guidelines in this regard will be issued in due course with the concurrence of the TSEP.
- A proper training on education administration should be given to school principals.

1.1.4. Improving Drinking Water and Sanitation Facilities

- Since the government has given high priority for this programme, suitable actions need to be taken at provincial/ zonal and divisional levels.
- All schools should be ensured that they have access to safe and clean drinking water.
- Sanitary facilities including toilets should be provided adequately and it is required to ensure their cleanliness (For maintenance purpose, a participatory approach is suggested be adopted under the leadership of the principal and with the active participation of teachers and students).

1.1.5. Guidance and Facilitation of Vocational Training for School Dropouts from Formal Education

- Special guidelines on this sub-programme will be issued in due course with the concurrence of the Ministry of Skills Development and Vocational Training.

1.1.6. Other Programmes Related to General Education

- Any activity which is not included under the above sub-programmes can be incorporated under this category. These activities should contribute for improving the quality of education.

1.2. Health

In planning programmes in the health sector, provinces should adhere to the policies and strategies introduced by the Ministry of Health, Nutrition and Indigenous Medicine.

1.2.1. Western Medicine

1.2.1.1. Completion of partially constructed hospital buildings and maintenance of capital assets

- Measures should be taken to complete all partially completed buildings in the health sector on priority basis.
- Before emerging the necessity of large-scale repairs, maintenance of all capital assets should be done timely.

1.2.1.2. Provision of Common Facilities Including Staff Quarters

- Staff quarters should be constructed so as to ensure that service delivery of hospitals in difficult areas could be carried out with the participation of doctors and other related staff.
- Other common facilities required for hospital staff should be provided on priority basis.

1.2.1.3. Purchasing and Maintenance of Medical Equipment / Machinery

- Steps should be taken to purchase required medical equipment and maintain the existing equipment properly so as to ensure efficient service delivery for the in-patients and out-patients.

1.2.1.4. Prevention and Control of diseases

- Necessary steps should be taken to cure and control rapidly spreading epidemics like dengue and viral flue.
- Since there is an increasing trend of NCDs such as heart diseases, diabetic, kidney diseases and cancer, measures should be introduced to make people aware on these diseases and adjust their behaviour (Preventive and Curative measures).
- In allocating resources for NCD control programmes, due attention should be paid to relevant national level programmes.

1.2.1.5. Improving Primary Health Care at MOH Areas

- Required facilities should be provided to maintain the maternal and child clinics in adequate manner.
- Basic facilities should be provided to MOH offices on priority basis to ensure efficient service delivery.
- Programmes should be implemented to improve the services of field officers like PHIs and Family Health Officers.

1.2.1.6. Improving OPD / ETU / Dental and Other Clinics in Divisional and Base Hospitals

- These resources should be utilized for the activities identified for improvement of the services by provincial level hospitals.
- Measures should be taken to minimize the number of patients who visit district and teaching hospitals for treatment while facilities are available in divisional and base hospitals.

1.2.1.7. Other Programmes Related to Western Medicine

- Any activity or project which is not included under the above sub-programmes can be included under this category.

1.2.2. Indigenous Medicine (Including Ayurveda, Siddha and Unani)

1.2.2.1. Conservation and Promotion of Traditional Systems of Medicine

- Non-documentary traditional medicinal practices should be conserved using modern technology for the use of future generation.
- Measures should be taken to ensure that services of the traditional medical practitioners are available to the society in productive manner.

1.2.2.2. Development of Herbal Gardens and Drug Production

- Herbal gardens should be established in appropriate places so as to facilitate the production of drugs at local level.
- Production of drugs using herbal plants cultivated at local level should be promoted.

1.2.2.3. Setting of Traditional Medical Services in Under-Utilized Hospitals / Other Public Buildings

- The under-utilized hospital buildings and other such buildings should be used for provision of traditional / indigenous medical services.

1.2.2.4. Maintenance of Capital Assets

- It is required that the existing capital assets such as Ayurveda hospitals, dispensaries and drug stores be maintained periodically.

1.2.2.5. Other Programmes Related to Indigenous Medicine

- The projects and activities which are not listed under the above sub-programmes can be included under this category.

1.3. Sports

- Measures should be taken to boost up the athletics at provincial level to national and international levels.
- Programmes focused on promoting physical exercises among people should be implemented.
- Programmes need to be introduced to promote local level athletics through providing sports related goods and equipment for registered sports clubs.
- Measures should be taken to improve and modernize the existing playgrounds.

1.4. Probation and Childcare

- Daily necessities and welfare of the children who are under probation should be ensured.
- Programmes should be introduced in order to socialize the socially disadvantaged children through an effective institutionalization process.

1.5. Social Services

- Measures should be taken to ensure that the welfare of the socially disadvantaged groups like those who suffer from chronic diseases, elderly people, differently able people and orphans is in a good status.
- Elders' homes and children's homes should be maintained properly.
- Ways and means need to be introduced to minimize enrolling elderly people in elder's homes through assigning the responsibility of taking care of them by the family members of relatives.
- Steps should be taken to provide vocational training facilities for socially disadvantaged people thus enabling them to be self-employed.

1.6. Cultural and Religious Affairs

- Projects and programmes, aimed at conserving and practicing the cultural traditions in the province for the future generation should be implemented.

- Activities focused on ethical development of the children should be implemented through Dhamma Schools.

1.7. Housing

- Steps should be taken to fulfill the shelter needs of the poorest families.
- Grants should be provided to the poorest families for improvement of their shelters through Aided Self-Help Approach.
- Instead of maintaining revolving funds for housing development purposes, concessionary loan schemes need to be introduced with the involvement of banks, at provincial level.
- The projects and programmes on housing development should avoid duplication with those of implemented by the National Housing Development Authority / the Ministry of Housing and Construction.

2. Economic Infrastructure

2.1. Provincial Roads (C & D)

2.1.1. Carpeting / Improvement of Roads

- C & D roads should be carpeted so as to link with the national road network.
- For other roads, permanent measures like tarring or concreting should be adopted.

2.1.2. Rehabilitation and Maintenance of Road Related Infrastructure (Drains, Culverts etc.)

- Without making damages to the structural construction of C & D roads, required infrastructure facilities like bridges, culverts and drains should be provided in order to ensure that transportation can be made without interruptions.
- Road related infrastructure facilities such as drains and side walls should be improved thus reducing the annual repair and maintenance cost.

2.1.3. Other Road Related Programmes

- Other necessary activities which are not included under the above sub-programmes can be incorporated under this category. It is advisable to pay due attention on the activities like making sidewalks which is essential for the safety of walkers.

2.2. Estate Roads

These allocations are made only for the provinces where estate roads are existed

2.3. Transport

2.3.1. Maintenance of Bus Stands including sanitary facilities

- With a view to providing a better service to the passengers, all bus stands except those belong to Sri Lanka Transport Board, should be maintained properly and in timely manner.

- In the maintenance of bus stands, special attention should be paid to the availability of sanitary facilities. When maintaining such facilities, a system of charging a nominal fee is suggested to be adopted.
- Public funds should not be used for construction of buildings for commercial purposes. Such constructions are suggested to be made by private sector, adopting “pre-sale” mechanism.
- In the construction of bus halts, as far as possible, the involvement of private sector, different organizations and individuals needs to be ensured.
- Office buildings should not be constructed using public funds.

2.3.2. Quality Improvement of Drivers, Conductors and Other Staff

- Steps should be taken to improve the quality of services provided by the officers and other employees through organizing training programmes and awareness programmes to be organized by recognized training agencies.

2.4. Land

2.4.1. Land Development, Improvement and Conservation

- Required attention should be paid to environmental management through implementing projects and activities related to conservation of water sources, preservation of mangrove and conservation of soil.
- Adhering to the programmes launched by the Government on increasing the forest cover, tree planting programmes and maintaining such resources should be undertaken in an organized manner.

2.5. Agriculture

In planning the programmes in the agriculture sector, provincial authorities are requested to adhere to the policies and strategies introduced by the Ministry of Agriculture.

2.5.1. Improvement of Production and Productivity (Paddy, OFC & Seeds)

- It is required to implement projects in order to improve the productivity of the above crops, adopting new technology.
- Programmes should be designed in such a way that uncultivated lands be cultivated in productive manner.
- Healthy food production should be promoted by popularizing organic methods.
- Measures should be taken to popularize the quality seeds and plants among the farming community. Special attention needs to be paid on producing quality seed of onion, seed potato and seed beans.

2.5.2. Facilitation of Small and Medium Scale Commercial Cultivation (Fruits, Flowers, Vegetables, Betel, etc.)

- Small and medium scale entrepreneurs should be promoted to cultivate crops aimed at local and export market, on commercial basis.

- More attention should be paid to expand the market opportunities. (It is suggested to develop a suitable programme with the assistance of the Department of Export Agriculture.)

2.5.3. Promotion of Agro-based Industries / Value Added Industries

- Measures should be taken to encourage value added agro-based industries aimed at domestic and foreign markets.
- Special attention should be paid to provide initial capital, market and technology for the potential industrialists.

2.5.4. Promotion of Alternative Crops in Abandoned Paddy Lands (Yams, Ginger, Grains and Green Leaves etc.)

- Encourage farmers to cultivate alternative crops in abandoned paddy lands, instead of re-cultivation of paddy. This will lead to productive use of such lands.
- When selecting the crops under this sub-programme, the potential of each province should be given due consideration.

2.5.5. Construction and Maintenance of Agricultural Roads

- In the identification of agricultural roads to be developed, suitable criteria need to be applied by the Department of Agriculture. This will lead to select the roads which are in dilapidated condition, in the areas where productivity is high.
- Instead of selecting a large number of agricultural roads for development, a few roads should be developed in total, during a year.
- In the development of agricultural roads, priority should be given to basic requirements such as construction of culverts and concreting the roads. Public funds should not be used for temporary activities like graveling,
- In these developments, the technical assistance of Provincial Road Development Department /Authority or other recognized engineering service agency should be obtained.

2.5.6. Modernization of Provincial Agricultural Farms and Training Centres

- Make the services provided by all provincial agricultural farms and training centres more productive and efficient by modernizing them.
- Measures should be introduced to provide food items, seeds, plants and other products, produced by the provincial farms to the people at affordable prices and make available high quality seeds, plants, and technology to the farming community, at a reasonable cost.

2.5.7. Other Programmes Related to Agricultural Development

- The projects and activities which are not included under the above sub-programmes can be incorporated under this category.

2.6. Livestock

Provincial authorities are requested to adhere to the policies and strategies developed by the line ministry in charge of the subject of livestock, in the planning of projects and programmes for livestock sector. (Production of Meat, Milk and Eggs)

2.6.1. Ensuring Efficient Delivery of Veterinary Services to Farms

- These funds should be used to improve the productivity of the livestock sector through providing efficient service to livestock farmers.

2.6.2. Facilitation of Small and Medium Scale Commercial Livestock Farms

- Steps should be taken to ensure commercial viability of the provincial livestock farms
- Implement supportive programmes to commence and operate small and medium scale private livestock farms, at provincial level

2.6.3. Promotion of Value Added Industries

- These funds should be used to promote private sector in embarking on value added industries, based on livestock products.

2.6.4. Promotion of Hybrid Animals through Artificial Insemination (AI)

- Programmes should be introduced to direct the relevant public and private agencies to breed high productive animals through using the AI method.

2.6.5. Facilitation of Milk Collection and Storage Needs

- It is necessarily improve the services provided by milk collection centres and stores with a view to strengthening the coordination between the milk farmers and the private buyers.
- Steps need to be taken to modernize the existing collection centres and maintain them properly.

2.6.6. Other Programme Related to Livestock development

- These funds should be used to implement the projects which are not included under the above sub-programmes.

2.7. Tourism

2.7.1. Development of Places with Tourist Attraction

- It is required that basic infrastructure facilities of the attractive tourist places be improved to facilitate the tourists. It is also necessary to get the involvement of private sector in this process.

2.7.2. Development of Convenient/ Comfort Integrated Centres (Under private sector management)

- Basic services at the tourist attractive places should be improved and management of the assets should be assigned to private sector. (Small eateries, sanitation facilities, fresh water bathing facilities near the sea bathing places etc.)

2.7.3. Dissemination of Information on Tourism and Capacity Building of Related Employees

- It is necessary to both local one foreign tourists make on aware attractive tourist destinations which are specific to the province. (Environmental Adventure, Agro Based, Cultural, etc.)

2.8. Inland Fisheries

- In order to minimize the nutritional deficiency among the rural people, inland fish production should be increased, at provincial level.
- Increase in fish production, improving marketing facilities, strengthening market relations and promoting ornamental fish cultivation should be given priority.
- Measures should be taken to provide required technology to fishermen with the assistance of the NAQDA.
- It is necessary to strengthen the fisheries societies and improve their management.
- Projects should be implemented in order to promote value added productions, based on inland fish.
- It is required that fishing community be supported through providing fishing gears and equipment.

2.9. Irrigation

- It is necessary to ensure that irrigated water is available to farms. Every activity needed for distribution of irrigated water to farms should be given due attention.
- Special attention needs to be paid on maintenance of the existing irrigation systems, rehabilitation and development, construction of minor irrigation structures and proper water management systems. In this regard, it is essential to obtain the active participation and contribution of farmer organizations.
- In addition to paddy cultivation, irrigated water should be provided to cultivation of OFC through optimal water management.
- In the development of minor irrigation activities, material and labour contribution of farmer organizations should be obtained and it should be reflected in the cost estimates.

2.10. Rural Development

- Small scale projects aimed at construction and improvement of rural roads, small bridges and culverts, improvement of rural market facilities and provision of services such as cemeteries, libraries and community drinking water should be implemented for the benefit of rural people.

- In order to ensure that the standards of such projects and services are with the accepted level, required coordination with the relevant national and provincial level agencies (eg: The National Water Supply and Drainage Board and Provincial Road Development Authority) and local authorities needs to be maintained.
- When implementing rural development projects, it is necessary to secure the involvement of voluntary organizations, civil organizations and religious leaders at local level.
- It is necessary to ensure that these projects are not in duplication with those of implemented by the local authorities.

2.11. Small Industries

- With a view to encouraging small and light industries and textile industry, promotion of traditional products, quality improvement, coordination of market and dissemination of new technology should be paid due attention.
- In the development of rural industries, it is required that proper coordination be maintained with the Chambers of Commerce, regional branches of the Central Bank and Regional Development Banks.
- It has been observed that the sales centres of small industry and textile products, run by the public agencies are not so productive. Therefore, it is required to manage such centres by the private sector.
- It is appropriate that the responsibility of market promotion be given to accepted private entities, selected through transparent process and MOUs be signed with them in order to ensure that the products are purchased at agreed prices for a given period.
- In this process, it is necessary to relocate the staff who are attached to sales centres at suitable places.
- Suitable arrangements should be made to re-invest the sales income of small industries and textile industry thus enabling further development of such industries.
- The certificates offered at the end of training programmes, organized by the Department of Small Industries should be in conformity with the NVQ framework.
- It is necessary to direct the persons who completed the courses successfully for suitable jobs.

2.12. Rural Electrification

- Provision of transmission extension to rural areas from the national grid or installation of viable alternative power plants to the areas where extension from the national grid is not possible during the next three years should be undertaken using these funds.
- Provision of extension to individual houses from the national grid should not be done and only common extensions should be provided from these allocations.
- In the provision of alternative power sources and organization of awareness programmes on economical use of electricity, proper coordination with the Sustainable Energy Authority needs to be maintained.

2.13. Integrated Projects for Balanced Regional Development

- Projects which can contribute to minimize inter and intra socio-economic disparities through making a remarkable impact should be implemented using these funds.
- Priority should be given to complete the projects which have already commenced.
- In the preparation of project proposals increase in the value addition, creation of employment opportunities and reduction of poverty should be given adequate attention.

2.14. Development of Under-Served Villages

- These funds should be used to improve the basic facilities of the backward villages, since lack of social and economic infrastructure facilities, environmental hazards and some other social factors are the major causes for isolation.
- It is necessary that all essential factors that needed to develop in such villages be given due attention and an integrated development approach be adopted in identifying projects and programmes.
- Only villages which are in the jurisdiction of Pradeshiya Sabhas should be identified under this funding category. In selecting the villages, criteria like lack of income sources and inadequacy of common facilities need to be given due consideration.
- Projects for village development should be selected with the assistance of community and a village level committee which comprises public officers at rural level, representatives of community organizations, religious leaders and people representing at Pradeshiya Sabhas level is suggested to be established, at village level in order to facilitate the implementation of needed projects.
- Depending on the nature of projects, the assistance of the relevant agencies in the province should be obtained in implementation. The responsibility of implementation, monitoring and regulating the projects should be assigned to the Department/ Unit which is assigned with the subject of rural development.

3. Local Government and Community Services

3.1. Local Government

3.1.1. Local Authority Roads

- Priority should be given to timely operation and maintenance of local authority roads.
- Depending on the situation, concreting or tarring the roads fully or partly should be done in order to ensure that local authority road network is functioning on permanent basis.
- Local authority roads to be improved should be selected through appropriate methodology and the responsibility of improvement of the roads should be taken by the respective local authority itself. The process of implementation needs to be monitored by the Commissioner of Local Government.

3.1.2. Community Water Supply

- Provision of safe drinking water and sanitation facilities should be done using these funds. In the provision of drinking water, the quality of the water needs to be certified by the National Water Supply and Drainage Board.
- It is necessary to maintain the common wells and bathing places on regular basis and keep them in hygienically better condition.

3.1.3. Waste Management

- Since haphazard dumping of waste leads to spread of communicable diseases, disposal of waste should be done in proper manner, while ensuring a hygienically favorable environment in the relevant local authority jurisdiction.
- Priority should be given to implementation of activities like re-cycling of waste, producing compost, and make use of waste for manufacturing the products which have economic value.
- It is necessary to educate the people to sort out waste at the place of origin.

3.1.4. Other Local Authority Services

- The activities which are not covered in the above sub-programmes can be incorporated under this.

3.1.5. Capacity Building of Municipalities

- The programmes focused on issuing municipal bonds, assessment of real estate using new technology, making payments through internet and attending the complaints without delay should be implemented using these funds. The municipalities which were not selected for the plan of 2015 should be included for the plan of 2016.

3.2. Co-operative

- Programmes aimed at improvement of the co-operative movement should be implemented.
- Essential training should be given to staff and members of the co-operative societies.
- Co-operative sector should be regulated in proper manner.
- Public resources or direct grants should not be allocated or given to the co-operative societies since they are involved in commercial type activities.

4. Flexible Amount

These funds should only be used to make adjustments in relation to sectors/ agencies short of funds and to incorporate essential activities which are not included in the approved plan.

Taking into account the principles stated above, you are kindly requested that the Development Plan for 2016 be submitted to the Finance Commission in terms of Forms 3, 3a and 4 on or before 29th February, 2016. Please note that after obtaining the concurrence of the Finance Commission for the plans, it is required to re-submit the plans prepared according to

the Table 1 introduced under the ZBBA along with the Circular No.3/2015 dated 29.07.2015 issued by the Secretary to the General Treasury. Further, I kindly inform you that separate format (Table 2) has been prepared for continuation work based on the Table 1 and details on continuation work should be submitted accordingly.

You are also requested to pay due attention to Form 5 and 6 which have already been provided to you for using in the process of preparing Agency Results Framework. In monitoring the development plan at policy and implementation levels, these Forms are expected to be used and you are kindly requested that duly filled Forms be forwarded to the Finance Commission during the specific time period.

Finally, you are requested to make arrangements to furnish the copies of this guideline to Secretaries of the Provincial Ministries, Heads of Departments and other relevant parties. The guidelines can also be accessed at the website of the Finance Commission (www.fincom.gov.lk).

The Sinhala and Tamil versions of these guidelines will be issued separately.



W.H.Munasinghe

Secretary

Finance Commission

Copies:

1. Secretary to the President, Presidential Secretariat - For Information
2. Secretary to the Prime Minister, Prime Minister's Office- For Information
3. Secretary, Ministry of Policy Planning and Economic Affairs - For Information
4. Secretary, Ministry of Finance - For Information
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10. Deputy Chief Secretary (Planning) - For Necessary Action
11. Deputy Chief Secretary (Finance) - For Necessary Action
12. Assistant Auditor General - For Necessary Action