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- Encouraging large and small scale farmers and entrepreneurs to cope with the global market.
- Ensuring food security at provincial level.
- Developing the rural economy and attending crucial problems of farmers.
- Improving rural infrastructure.
- Contributing to the national programmes of generating one million jobs.
- Promoting SMEs by improving entrepreneurial skills.
- Promoting tourism industry by providing required facilities and services.
- Implementing projects in education and health sectors with a view to improving human resources of the country.
- Implementing poverty alleviation programmes focusing poor families.

02. National Programmes Coordinated by the Presidential Secretariat

The provinces should prepare their development plans in such a manner that contributing effectively to achieve the results expected by national programmes coordinated by the Presidential Secretariat. Viz;

- National Food Production Programme
- National Environmental Management Programme (Green Development)
- National Drug Prevention Programme
- National Kidney Diseases Prevention Programme

03. Sustainable Development Goals

Sri Lanka is one of the signatories for the achievement of Sustainable Development Goals (SDGs) declared at the 70th United Nations General Assembly. There are 17 SDGs and 169 targets. The followings are the SDGs which are related to provincial development.

- Eradicate poverty in all its forms by 2030.
- End all forms of hunger and malnutrition by 2030.
- Ensure health and well-being for all including commitment to end the epidemics of AIDS, tuberculosis, malaria and other communicable diseases by 2030.
- Make sure that all girls and boys complete free primary and secondary schooling by 2030.
- Ensure universal access to safe and affordable drinking water by 2030.
- Make certain that universal access to affordable electricity by 2030.
- Adopt sound policies to empower the bottom percentile of income earners and promote economic inclusion of all regardless of sex, race or ethnicity.
- Conserve and restore the use of terrestrial ecosystems such as forests, wetlands, dry lands and mountains by 2030.
- Dedicate to promotion of peaceful and inclusive societies for sustainable development, provision of access to justice for all, and building effective accountable institutions at all level.

The Highlights of Budget Speech – 2017

(A) General Characters

- i. The broader theme of the Budget - 2017 is “Accelerating Growth with Social Inclusion”.
- ii. Facilitation of pro-poor policies in line with the decision on declaring 2017 as the Year of Poverty Alleviation.
- iii. Coherence with the national development strategy of building a Green and Innovation based Economy.
- iv. Nurturing and fostering private sector as the engine of growth by providing infrastructure, legal and institutional support.
- v. Promotion and focusing both public and private investments to the areas of digital economy, tourism, commercial agriculture and industrialization.

(B) Sector Priorities

(i) Agriculture

- Transformation of agriculture from low yield, low income and few crop dependent one to commercial, high-income and export oriented one.
- Formation of Farmer Cooperatives to empower farmers with more bargaining power.
- Encouraging the adoption of out-grower model of “small producer-large purchaser” in order to facilitate integration of the value chain.
- Facilitation of the National Food Production Programme based on self sufficiency of five major food crops namely potatoes, big onions, chillies, maize and soya.
- Promotion of applying hi-tech irrigation methods and adopting productivity enhancing agricultural technologies.
- Encouraging the use of improved farm mechanization methods by reducing customs duties and other levies applicable on import of related machineries.

(ii) Dairy Industry

- Providing high milk producing cows to self- employed dairy farmers with entrepreneur capacity.
- Establishment of Dairy Development Zones in selected districts through PPP approach.
- Providing gap financing loan facilities to dairy farmers through banks at concessional rates.

(iii) Inland Fisheries

- Establishment of Integrated Inland Fishery Villages to promote inland fishery industry.
- Providing technical support to improve commercialized inland fishery industry with the assistance of NAQDA.
- Promotion of ornamental fish industry using out-grower system which will bring more synergies.

(iv) Education

- More funds are provided for infrastructure development, teacher training, curricular development and science and technology based education.

- Provide required assistance to acquire basic facilities such as classrooms, laboratory equipment and furniture for schools in rural areas.
- Create enabling environment for school children through the concept of “Smart Classroom” equipped with modern learning items such as Tabs and Computers.
- Upgrade plantation schools with required facilities to ensure quality education for children of plantation workers.
- Improve special and non-formal education programmes by using ICT based materials to help differently able children.
- Introduce an insurance scheme for the school children of the age of 05-19 covering entire country.

(v) Health

- Improvement of physical infrastructure facilities in hospitals mainly including wards, operating theaters, laboratories and equipment.
- Make school children aware on NCDs by health authorities to prevent the rapid prevalence of such diseases.
- Facilitation of research activities in relation to CKDs and NCDs which are spreading at alarming rates.
- Establishing specialized pediatric care complexes in selected hospitals to reduce child mortality.
- Promoting use of information technology in health care by developing tele-medicine programmes.
- Increase the number of Health and Nutritional Workers as there is a dearth of such workers throughout the country.
- Establishing private medical testing laboratories in the state run hospitals.
- Promoting research and development activities in Ayurveda medicine.

(vi) SME Sector

- Strengthening SME credit guarantee scheme by providing seed capital by the Government.
- Providing concessional loan facilities to small and medium entrepreneurs with 50% interest subsidy by the Government.
- Revitalizing the Textile and Handloom Industry by providing necessary infrastructure and training with the assistance of the IDB.
- Improving market facilities to local artisans who face severe cash flow issues.

(vii) Tourism

- Promoting private sector to invest in tourist industry by providing necessary infrastructure and sound regulatory framework.
- Assist in hotel owners to upgrade the facilities in hotels by way of providing loans with interest subsidy.
- Organizing cultural shows in tourist attractive places utilizing Tourism Development Fund.
- Encouraging use of local products in the tourist industry creating value chains in the domestic economy.

- Establishing MICE exhibition centres in selected districts on PPP basis.
- Establishing a Training Centre and an Information Centre to showcase local handicrafts in the Eastern coastal area.

(viii) Rural Development (Gamen Rata Hadamu)

- Improvement of basic services in LA areas using enhanced revenues of LAs through revising rates tagged to inflation.
- Implementing commercially viable garbage handling mechanisms on PPP basis.
- Improvement of rural roads with a view to improving social well-being of the people and fueling rural economic activities.
- Restoration, rehabilitation and de-silting of small tanks.
- Improvement of rural sanitation facilities, agro-based industries and agricultural support services.
- Establishing a special fund to empower local leaders under the Ministry of National Policies and Economic Affairs. This will provide loan facilities to be used for rural development activities.

04. Sector Guidelines

4.1 Social Infrastructure

Education

Investments in the education sector should aim at improving human development of the country so as to meet the national and international challenge successfully. While providing all infrastructure facilities, major attention should be focused on quality and standards of the education by giving required training to teachers and providing necessary equipment. In this effort, it is necessary to give priority to the remote rural areas where the standards and quality are low.

Western Medicine

Programmes and Projects under health sector need to be focused in upgrading the quality of health services giving more attention to preventive aspects. While ensuring qualified staff in all hospitals, the required physical infrastructure and equipment should be provided giving particular attention on rural areas where health related indicators are not up, to the expected standards. Prevention of epidemics and NCDs, providing comfortable service to patients and directing the people towards good health practices are of critically importance in reducing regional disparities of mortality and morbidity rates in the country.

Indigenous Medicine

Steps should be taken to conserve non-documentary traditional medicinal practices using modern technology for the use of future generation and ensure that services of the traditional

medical practitioners are available to the society in a productive manner. It is important to establish herbal gardens in appropriate places to facilitate the production of drugs at local level.

Sports

Priority should be given to support athletes with a view to bringing them up to provincial, national and international levels and provide facilities to people to maintain a healthy lifestyle through engaging in sports and recreational activities. It is suggested that priority be accorded to recreational programmes for prevent the NCDs.

Probation and Childcare

Allocations need to be used to rehabilitate socially deprived children through institutionalization and linking them with the society as good citizens. Special attention should be paid to daily needs and welfare including the rights and protection of the children who are under probation. Physical and mental health development, integration of the victimized children into society, improvement of knowledge and skills and handing over such children to parents, relatives or custodians should be the major activities that priority be accorded.

Social Services

Capital grants for the social services are allocated to ensure the welfare of vulnerable people such as diseased persons, aged persons, disabled and orphans. Provincial authorities should establish and maintain homes for elders by adhering to the United Nation's Convention and the rules and regulations of the country. It is also important to introduce strategies and procedures to encourage the community to take care of elders within their own households. Introduction of self-employment avenues for socially vulnerable people is also needed to promote their social dignity.

Cultural and Religious Affairs

Funds allocated should be used for the projects that help to conserve and preserve the cultural heritage for future generations. Both tangible and intangible cultural assets are expected to pay due attention in identifying projects and programmes.

Housing

The allocations for housing should be used to provide shelter for low-income and needy families. People's participation should be encouraged and when providing grants for housing development aimed at low-income families. Further, concessionary housing loans for low-income families can be provided with the assistance of home lending institutions.

Co-operatives

These funds should be used for the programmes focused on the development of co-operative movements, conducting essential training programmes for the members and staff of the co-operatives and regulatory activities of co-operatives. These funds should not be used as direct grants to the co-operative societies which run business entities.

4.2 Economic Infrastructure

Provincial Roads

Construction of new roads, improvement of the existing roads and proper maintenance of road systems should be given priority. In the development of provincial roads, it is necessary to ensure the connectivity with the national road system and establish a relationship between the producer and market at provincial and rural levels. Maintenance of the drainage system and other relevant structures should also be given due consideration.

Estate Infrastructure

Funds should be utilized to provide social and economic infrastructure (Eg. sanitary facilities, safe drinking water, estate roads, etc.) in order to improve the living condition of the people living in estates. The National Plan of Action for the Social Development of the Plantation Community (2016-2020) is suggested to be used in identifying projects.

Transport

Due attention should be paid to the construction and rehabilitation of bus stands other than those maintained by the SLTB. In this process, a proper co-ordination should be maintained with the SLTB and the National Transport Commission while improving the basic facilities required by the people. PSDG funds should not be used for commercial types of activities at the bus stands such as shopping complexes and eateries. It is advisable to use common Type Plans for bus stands and halting places.

Land

Pay greater attention to the conservation of water sources and protection of soil with a view to minimizing the environmental hazards. In addition, funds may be used for the enactment of the relevant laws, alienation of state lands for institutional purposes and maintenance of land banks at provincial level.

Agriculture

Promote implementing projects under agriculture sector paying attention to improvement of production and productivity, facilitation of small and medium scale commercial cultivation, promotion of agro based industries/ value added industries, introduction of alternative crops in abandoned paddy lands, construction and maintenance of agricultural roads and modernization of provincial agricultural farms and training centres. Particular attention should be paid for supply chain development of agricultural produce aiming at local and global demand.

Livestock

It is intended to improve the supply of milk, eggs and meat to the public through maintaining a healthy and productive animal population in the province. In this regard, special attention should be paid to ensure efficient delivery of veterinary services to farms, facilitate small and medium scale commercial livestock farms, promote value added industries, facilitate milk collection and

storage needs and promote hybrid animals through artificial insemination. Food industry is one of the major areas that can be linked with the sector products.

Inland Fisheries

Increase in fish production, improving marketing facilities 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 industries using inland fish. It is required that fishing community be supported through providing fishing gears and equipment.

Irrigation

Ensure adequate irrigated water for cultivable lands. Maintenance of existing irrigation structures, rehabilitation and development, construction of irrigation structures, systematic water management and securing maximum participation of the Farmer Organizations are essential features of this process. Irrigated water for other field crops in addition to paddy should also be provided through optimum water management practices. Appropriate programmes should be organized to educate farmers on the importance of efficient water management.

Rural Development

The funds need to be provided for the activities such as development of rural roads, small bridges, culverts, rural market facilities, cemeteries, libraries and community water supply. It is required to maintain a better co-ordination with national level institutions when projects are designed and implemented. It is suggested to work closely, with the Industrial Development Board to obtain the assistance on new technology and finding markets.

Rural Industries

It is necessary to encourage traditional products and quality items while maintaining market linkages and introducing new technologies. Proper co-ordination with the institutions such as the Chambers of Commerce, Regional Offices of the Central Bank, Rural Banks National Craft Council, and Industrial Development Board (IDB) are essential to develop this sector. Private sector participation should be encouraged for business ventures to enhance the efficiency. The certificates offered at the end of training programmes, organized by the Department of Small Industries should be in conformity with the NVQ framework.

Rural Electrification

These funds can be utilized for providing extensions from the national grid in rural areas or providing feasible alternative energy schemes for such areas where electricity cannot be provided through national grid. Funds should be used only for common extensions and not for individual connections when providing extensions from the national grid.

Tourism

Investments should be utilized to identify feasible projects which increase tourist attraction and generate new employment opportunities in the area. Basic services in the tourist attractive places should be improved and management of the assets has to be assigned to private sector. (Small eateries, sanitation facilities, fresh water bathing facilities near the sea bathing places etc.) Provincial authorities should encourage potential entrepreneurs to produce high quality products while facilitating market accessibility by modernizing the existing market places through the involvement of the private sector. It is necessary to make both local and foreign tourists aware on attractive tourist destinations which are specific to the province. (Environmental, Adventure, Agro Based, Cultural, etc.)

Local Government

- 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 efficiently on permanent basis. The process of implementation should be monitored by the Commissioner of Local Government.

- Community Water Supply

Safe drinking water and sanitation facilities should be provided 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.

- Waste Management

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.

- Other Local Authority Services

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

Projects for Backward and Isolated Village Development

The provincial authorities are expected to identify under-privileged villages and improve them by providing basic facilities so as to connect them with other villages and towns under an integrated development approach. Due to the inadequacy of basic infrastructure facilities such as a little bridge/ rural road/ safe drinking water and electricity, people living in such villages

undergo severe hardships in life. The projects under these arrangements should focus on provide facilities to overcome this unfavourable situation.

Flexible Allocation

The funds under this category are allocated to attend urgent requirements which are not included in the original plan.

05. General Guidelines

- i. For major sectors, Master Plans need to be developed to avoid haphazard development activities.
- ii. Resource Mapping exercises should be carried out on sector basis to ensure tapping regional / location advantages.
- iii. Provinces should take every effort to complete the programmes / projects as planned out during the financial year of 2017, adhering to the principle of Zero-Based Budgeting.
- iv. Provincial authorities are responsible for adopting Government procurement procedures in the selection of contactors.
- v. Since funds are limited, prioritization of programmes/Projects is very important to ensure optimal utilization of resources.
- vi. In case, the life time of a project exceeds one year, it should be properly phased out indicating funds to the ensuing years.
- vii. For infrastructure projects, cost-benefit analysis needs to be adopted, while applying the cost-effective principle for social infrastructure projects.
- viii. Before commissioning the projects, their feasibility, quality, standards and maintenance aspect should be given due consideration.
- ix. For government buildings, as far as possible, “Type Plans” should be applied, depending on the terrain and climate of the area/ location.
- x. In construction of buildings or other structures, maximum utilization of space and avoiding unnecessary structures need to be paid due attention.
- xi. If possible, financial contribution of the relevant stakeholders (eg: Local Authorities, NGOs, CBOs etc.) should be taken into account to reduce burden to the Government budget.
- xii. For commercially viable projects, private sector participation should be obtained through suitable models. (eg. PPP approach)
- xiii. In the selection of programmes / projects lagging or isolated areas should be given priority.

- xiv. Every effort should be made to avoid duplication and overlapping at national and provincial levels.
- xv. As per the decision taken at the meeting of the cabinet of the Ministers on 09.03.2016, allocation of 25% of the provision should be made available for women from the projects implemented for Rural Economic Development.
- xvi. It is necessary to distribute the funds available under “Flexible Allocation” among the sectors in fair manner.

You are kindly requested to submit the duly completed Forms 3 and 3a for the year 2017 before 31st January 2017, paying due attention on the above instructions to the Secretary, Finance Commission for the concurrence.

Please make necessary arrangements to share copies of these guidelines with the Secretaries of Provincial Ministries, Heads of Departments/ Institutions and other relevant parties.

Your cooperation in this regard is highly appreciated.

A.T.M.U.D.B.Tennakoon
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 National Policies and Economic Affairs - For Information
4. Secretary, Ministry of Finance - For Information
5. Secretary, Ministry of Provincial Councils and Local Government - For Information
6. Auditor General, Department of Auditor General - For Information
7. Deputy Secretary to the Treasury, General Treasury - For Information
8. Director General, Department of National Budget - For Information
9. Director General, Department of National Planning- For Information
10. Deputy Chief Secretary (Planning), All Provinces - For Necessary Action
11. Deputy Chief Secretary (Finance), All Provinces - For Necessary Action
12. Assistant Auditor General, All Provinces - For Necessary Action

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