



Project Proposal
on
Development of Local Authority in Northern and Eastern Provinces of Sri Lanka

I. BACKGROUND

Sri Lanka is a conflict-affected middle income country with high national achievements in social indicators, including Millennium Development Goals (MDGs). Sri Lanka does not fall into mainstream classification of conflict-affected country by multilateral agencies, which characterize conflict-affected countries with low levels of income and human development, and weak governance system¹.

The military operation of the nearly three decades long war is over. But the healing process of the wounds and animosity that was created in the society would take a long time. At the same time it is imperative to initiate a massive development works of rehabilitation, reconstruction of the war-torn society as well as the political settlement of regional autonomy, devolution of power to local institutions, building their capabilities to generate confidence of the Tamil minority and prevent such wars again. Such bold initiatives will send a powerful message to the Tamil people that the war is being fought against militancy and not against Tamil people. This factor has been emphasized in Sri Lanka President's address to the nation on 19th May 2009.

"It is necessary that we give to these people the freedoms that are the rights of people in all other parts of our country. Similarly, it is necessary that the political solutions they need should be brought to closer to them faster than any country or government in the world would bring. However, it cannot be an imported solution. We do not have the time to be experimenting with the solutions suggested by other countries. Therefore, it is necessary that we find a solution that is our very own, of our own nation. It should be a solution acceptable to all sections of the people."

The conflict has inhibited economic development. All island poverty assessments undertaken by the government during the past two decades have excluded the North and East due to security risks associated with data collection. The combined gross domestic product (GDP) contributions of the North and East to the national GDP in 2003 were estimated at 8.2%, much lower than its 15-20% pre-conflict

¹ The World Bank refers to low-income countries under-stress as 'fragile states' characterised by a debilitating combination of weak governance, policies and institutions, indicated by ranking among the lowest on the country policy and institutional assessment.

contributions in 1982 and 1983. During the war areas under cultivation in the North and East fell by 50-80%, while its share in paddy production plummeted from 33% in 1980 to only 3% in 2000. The Central Bank of Sri Lanka reported that the conflict retarded the country's economic growth by about 2-3% annually, and curtailed the average income per capita by 40%.

Missed Opportunities

World Bank says that partly due to the civil conflict, Sri Lanka has missed opportunities to move into a higher economic growth trajectory. The conflict partly prevented Sri Lanka from achieving living standards comparable to those of newly industrialized countries such as Malaysia and Thailand.² The multidimensional costs of the conflict include:

- rising shares of defence expenditure, reaching over 20% of total government expenditure in the last 1990s.
- high fiscal deficits, typically around 10% of GDP.
- the rise in defence expenditure, curtailing expenditure on health, education, and other sectors.
- compromised investment climate and dampening foreign direct investments.
- downturns in tourism and loss of earnings.
- damage and distraction of infrastructures and facilities.
- the benefits of interconnecting roads curtailed due to road closure and access restrictions from and to conflict-affected areas.

Poverty – Conflict Nexus

More recently, international assistance in conflict-related situations has increasingly been justified from a more strategic perspective of poverty reduction, recognising the poverty conflict nexus (i.e. poverty as a root cause of conflicts; conflict exacerbating poverty, thereby leading to a vicious cycle if no assistance is provided). The Asia Development Bank follows three-pronged strategy for post-conflict reconstruction.³ With a central objective to reduce poverty, ADB focuses on building capital, rehabilitating production and income, especially for the poor, and building capacity to improve and absorption.

Indo-Sri Lanka Accord 1987

On 29 July 1987 the Indo-Sri Lanka Accord was signed by President J.R. Jaywarden of Sri Lanka and Prime Minister Rajiv Gandhi of India. This accord declared for the first time that Sri Lanka was a 'Multi-ethnic and multi-lingual plural society' and endeavoured to provide an institutional framework for the sharing of power between all communities in Sri Lanka. Due to distinct character of the Northern and Eastern provinces was recognised as 'areas of historical habitation of the Tamil speaking people'

² (a) World Bank, 2000. Sri Lanka: Recapturing Missed Opportunities; (b) World Bank 2004. Sri Lanka Development Policy Review.

³ ADB 2007. Thematic Paper: Country Assistance Programme Evaluation for Sri Lanka: Evaluation of Operations in Conflict-reflected North and East.

(Tamils and Muslims). In that sense the first significant measure to address the issue of the rights and grievances of a plurality of communities, rather than those of individuals or of a majority, and single minority was the Thirteenth Amendment of the constitution that was an integral part of this accord. According to the provincial council scheme still in form today, legislative and executive authority is devolved to nine provincial councils elected on the basis of proportional representation. Each province has a governor in turn appoints the member who will head the board of Ministers. The subjects and functions devolved on the provincial councils include police and public order, provincial planning, local government, provincial housing and construction, agriculture and agrarian services, rural development, health, indigenous medicine, co-operatives and irrigations. The centre still has authority in areas such as defence and national security, foreign affairs, post and telecommunication, broadcasting, television, justice, foreign trade and commerce, ports and harbours, aviation, national transport, minerals and mines and electricity. The provincial councils were to be financed through direct grants from the centre, a limited form of taxation, and revenue sharing arrangements.

Rights of Muslims

A marked departure from the constitutional history of Sri Lanka was the constitution recognition of the Sri Lanka Muslims, who redefined their strategy regarding minority rights when the secessionist war began in the North and East. The forcible eviction of Muslim Communities by the LTTE from the North, and repeated massacre of Muslim villages in conflict areas in East created a new tension between Tamils and Muslims.

The Sri Lanka Muslims also redefined their rights with respect to the new constitutional schemes put forward after 1995. Muslim leaders were opposed to the idea of a merger between the Eastern and Northern Provinces. Subsequent a Supreme Court decision demerged the Northern and Eastern Provinces.

Table-1: Northern and Eastern Provinces

<i>Province</i>	<i>Area/Km2</i>	<i>Population</i>
Eastern	9996	1,460,939
Northern	8884	1,311,776

The government that came into power in 2005, has recognised all these concerns and designed its policies, programmes and strategies to overcome regional imbalance and poverty. They are referred to in some policy documents of Sri Lanka such as New Development Strategic Framework for Economic Growth and Poverty Reduction 2005, and the manifesto of the present government, which is referred to as 'Mahinds Chinthana'. These consist of three thrust areas:

- Promotion of requisites for economic growth and development such as peace, legal and regulatory system, improving law and order, safety property rights and effect enforcement, policy stability and consistency, transparency, accountability and governance, safety net and social protection and environment protection.
- Strengthening factors related to growth and development, which includes capacity expansion, human resource development (HRD), infrastructure development and improving technology and research and development.
- Formulation of policies and strategies such as a national policy framework, demand management policies and structure reforms policies etc.

Sri Lanka enjoys a great reputation internationally for its high level of social development. With the ushering of peace in the Northern and Eastern Provinces, government has to face the noble task of equitable distribution of resources, opportunities, and human development. In order to make such major programmes successful and action-intended goals, a strong professional support and services would be necessary during implementing. Accordingly, HARTI-CIRDAP would like to propose the following professional services, among others, during the programme implementation:

II. PROJECT COMPONENTS

Objectives:

1. *Promotion of good local governance:* A strong and effective local government system is treated as a necessary precondition of a democratic society. The promotion of participatory development and good governance requires the strategic role of local government in harnessing development-participation-governance linkage and advocating the needed reforms in the socio-political and economic systems through policy dialogue and capacity building.

2. *Develops local institutions:* The development of vibrant and dynamic local institutions requires the analysis of the relevant issues indicated below, and suggest creative and concrete programmes to improve the relationship between the government and local governance institutes to ensure capacity building of these institutions through effective utilisation of ICT and the power of networking.

- Composition of local self-government
- Functioning of local self-government
- Planning and coordination
- Financial management
- Strengthening local administration
- Infrastructure development
- Community-level work through social mobilisation
- Development of rural technology and technical manpower
- Monitoring and Evaluation

- Communication and dissemination

3. Effective implementation: In many countries the policymakers tend to assume that implementation is a simple and routine administration and technical process. Hence there is usually a tendency to give inadequate attention to implementation aspects while designing policies and programmes. The following are some of the gaps that undermine the local capacity/capability:

- *Authority gap:* in many cases the lower level officers are given authority to propose projects but important decisions such as allocation of resources or deployment of manpower are retained at the higher level. Hence, local-level offices do not take any initiatives at their own risk.
- *Manpower gap:* rural institutions are mostly understaffed with inadequate trained manpower, and incentives are insufficient to retain the efficient workers in rural areas.
- *Resources gap:* unless the political leadership is committed to rural development, it does not attract the attention of the policymakers for greater allocation of resources. Similarly, local resources can be mobilised mainly in kind i.e. local materials and labour contribution. Hence, there is always a resource gap for rural development programme.
- *Management capacity:* in the dispersed and remote geographic setting coordination among various actors and stakeholders, sequencing of activities and time management for rural development are always a big challenge, which is in sharp contrast with the low level of management capability of local-level institutions.

4. Responsiveness, transparency and accountability: It is an accepted fact that traditional government structures and systems are no longer adequate to meet the demands of rising aspirations and complex economies. It is felt that responsiveness, transparency and accountability are the three main non-negotiable ingredients of good governance. 'Responsiveness' to the needs of the poor and 'transparency' in the form of low-cost access to all and two-way flow of information are the major concerns.

As far as 'accountability' is concerned, there is a need to strengthen it particularly in three key relationships in the service-delivering chain, i.e.:

- *Between poor people and the service provider:* Participation of the poor themselves in the needs analysis, implementation, monitoring and evaluation of programmes coupled with an increased ability exercise choice of service delivery would help bridge this gap.
- *Between poor people and the policymakers:* The popular vote in the electoral system of democracies is the most effective system of increasing the influence of the poor with policymakers.
- *Between policymakers and service providers:* If the policymakers are sensitive to the faults and lacuna in the delivery system in the form of corruption, lack of commitment, procedural delays,

etc. and ensure that there is a mechanism in place which is punitive, deterrent, preventive and corrective as per requirement, then this gap can be bridged.

III. METHODOLOGY

This project will be a collaborative programme of CIRDAP Ministry of Nation Building (MNB) and Hector Kobbekaduwa Agrarian Research and Training Institute (HARTI) in Sri Lanka.

The proposed project will be implemented over a period of four years, divided into two phases the first year being the planning phase. Depending on the results and outputs, there will be scope for scaling up the activities/tasks performed under different project components.

The project will be implemented by a Project Coordination Committee (PCC) constituted of representatives from the MNB, HARTI and CIRDAP, with Director, HARTI as secretary of PCC.

IV. EXPECTED OUTPUT

Enhancement of capacities of local government representatives at different levels; development of effective local institutions; effective implementation of policies and programmes; and increased responsiveness, transparency and accountability in governance.

V. BUDGET

Estimated Budget

Amount in US\$

1.	Project Management	150,000
2.	Project Work	800,000
3.	Programme Review	50,000
4.	Miscellaneous	100,000
	Total	<u>1,100,000</u>