

Performance of the Finance Commission
(For the period of 01st October 2017 to 31st December 2017)

This report covers the main activities performed by the Finance Commission during the period of 1st October 2017 to 31st December 2017.

01. Recommendations for 2018

Recommendations for 2018 were prepared in three languages and submitted to the Parliament on 06th November 2018 on apportionment of funds for Capital and Recurrent expenditure in 2018. (In line with Article 154 (J) of the 13th Amendment to the Constitution)

The key recommendations include,

- To play a meaningful role of the Commission it is important to consider the total allocation to the Provinces. As the current system is not geared to determine the total Provincial allocation, a review of the system from the planning stage to monitoring and accounting was proposed.
- Funds disbursed for development sectors coming under the devolved subjects should be channeled through the Provincial Councils in the event of implementation of projects identified under devolved subjects by the Line Ministries. Such projects should be implemented through the Provincial Councils.
- Establishment of a common framework for national and subnational planning system without undermining the concept of devolution.
- High priority be given for enhancement of human resources in the Provincial Councils.
- Enhance provincial revenue through untapped revenue sources.
- Enhance skills development of the youth in the provinces.
- Special incentives for private investment in selected regions.

The allocation by the General Treasury have deviated from the recommendation of the Finance Commission and this matter has been followed up.

02. Revisions of Provincial Annual Development Plans - 2017

Based on the requests made by the provinces, concurrence was granted in principle for revisions by the provinces up to broad activity areas of the Annual Development Plans 2017.

03. The Annual Report of the Finance Commission - 2016

The **Annual Report for 2016** with English, Sinhala and Tamil versions have been submitted to H.E the President. On the 5th December 2017 the Cabinet of Ministers decided to grant approval to table the Annual Report in Parliament.

04. Sending Guidelines on Provincial Annual Development Plan for 2018

The Guidelines on preparation of Provincial Annual Development Plan for 2018 have been sent to Provinces.

05. Review of Strategic Plan / Implementation

The Strategic Plan of the Finance Commission has been reviewed and updated.

06. Preparing reports on Provincial Audit Reports

Audit reports of the Eastern, North Central and Western Provinces forwarded by the Auditor General's Department were studied and highlights were sent to the Chief Secretaries, Governors of the respective Provinces with a view to improving accountability of the Provinces.

07. Construction of New Building for the Finance Commission

Construction work of the Administration Building of the Finance Commission (FC) is in progress. Three progress review meetings were held at the Finance Commission and another three technical meetings were held at the site with the participation of Project Consultancy Unit (Faculty of Architecture, University of Moratuwa) and the contractor. Expenditure as at 31st December was Rs. 134 mn. , out of the approved amount of Rs. 300 mn. It was noted that the project is behind schedule about 109 days. The Contractor was advised to complete the project on the completion date scheduled viz 28th February 2018. On account of this long delay the Commission has requested the Consultant to organize weekly site meetings and increase the number of Progress Review Meetings from January 2018 onwards.



Picture: Construction work of the Administration Building of the Finance Commission

08. Finance Commission Data Base and MIS

The Finance Commission Data Base (DB) and MIS is crucial in functioning of the Commission and fulfilment of its mandated role. In this regard in April 2017 the Commission negotiated with ICTA (The Information and Communication Technology Agency) by a letter addressed to the Chairperson. Subsequent to this a number of meetings between the Finance Commissions and ICTA were held with view to steering the project. However, due to restructuring of the ICTA, no meaningful results could be achieved. The Commission decided that this matter should be attended to expeditiously as otherwise the funds from the Asia Foundation would be withdrawn, and according by the Finance Commission initiated discussions with the University of Colombo School of Computing (UCSC) for the proposed MIS/DB deviating from the previous plan of enlisting the support of ICTA. However, ICTA will continue to play a critical role in developing the MIS/DB by providing instructions to develop the system.

09. Draft Finance Commission Act

The Act was formulated and submitted to H.E. the President on 09.11.2016. The Presidential Secretariat sent some observations on the draft and the Finance Commission responded. Consequently the Commission was informed H. E. the President has forwarded a cabinet paper on 15th December 2017 for approval for preparation of an Act for the Finance Commission.

10. Study Visits

The Secretary of the Finance Commission and other relevant staff visited the Kesbewa Urban Council on 07.11.2017. The objective of the visit was to study the Council structure, Duties and Responsibilities, Classification of revenue and expenditure, Collecting Revenue, Development Projects, Library Management, Maintenance of Infrastructure, Waste Management, Pre-school Education, Welfare Activities, Saving and Investment and Cadre Management.



Picture: Kesbewa Urban Council

11. Capacity building of the staff

11.1. Training

Some Finance Commission Officers were provided training opportunities on the following selected fields

- Effective Managerial skills
- Project Proposal Formulation
- Digital Government
- Cyber Security and Ethics Cyber Space
- Project Management
- Typesetting & Desktop Publishing

11.2. Guest Lectures

Open University, Senior Lecturer in Mass Communication, Dr. Mahim Mendis, made a presentation on making sense of Good Governance for the Finance Commission.

11.3. Staff Studies

The Following Finance Commission Officers made the following presentations to the technical study of the Commission.

Name	Topic
• Ms.Thiloka Abeysekera , Asst. Director	Review of the Eastern Province Development Plan
• Mr. T.K. Pushpasiri. ICT Officer	Artificial Intelligence, Data Analytics
• Ms. Nimali Rathnayaka, Statistical Officer	Spatial inequality in Development, Poverty Index 2016 – 2017

11.4. 2nd National Workshop on Innovative Climate Finance Mechanisms for the Financial Institutions in Sri Lanka

The workshop was organized by the Economic and Social Commission for Asia and the Pacific (UNESCAP) and the Centre for Environment and Development from 7-8 November 2017 at the Centre for Banking Studies. The Chairman participated at this workshop as a resource person.

11.5. Workshop on the Training of Trainers (ToT) for Public Private Partnership (PPP)

The workshop was conducted by the USAID and the Department of Public Finance of the Ministry of Finance from 28th - 29th November 2017 at the Hilton Colombo Residences. The Chairman and two Officers of the Finance Commission participated at this workshop. This training was an effort to establish sustainability of the on-going capacity building efforts in PPP, both at National and Sub National.

11.6. Training Workshop on the Sustainable Development Goals for Provincial and District planners

The training workshop was organized by the Ministry of Sustainable Development and Wild Life on 20th / 21st October 2017 and 9th/ 10th / 11th November 2017 at the Jetwing Blue and Heritors Hotels. The Secretary and two Officers of the Finance Commission participated at this workshop.

11.7. Seminar on “Sri Lankan Economy: Future Policy Directions”

The Seminar was organized by the Sri Lanka Economic Association on 11th December 2017 at the auditorium of the Organization of Professional Association of Sri Lanka. The Chairman of the Finance Commission participated at this Seminar.

11.8 Presentation on enhancing Revenue Generation for Regional Development

The Asia Foundation, Executive Director, Mr. Subakaran Arumaithurai, Made a presentation on enhancing Revenue Generation for Regional Development on 31st October 2017 for the Commission.

12. Meeting on the matters related to Agriculture, Irrigation and Livestock sectors in Western Province.

The meeting with Provincial Directors of the Provincial Departments of Agriculture, Livestock, and Irrigation, was held on 03rd October 2017 at the Finance Commission.

The main objective of the meeting was to provide an opportunity to Provincial staff to discuss the issues relating to provincial level and make necessary recommendation.

13. Meetings on Budgetary Allocation, Guidelines and Preparation of Annual Development Plan 2018

Two special meetings were organized to discuss on Budgetary Allocation, Guidelines and Preparation of Annual Development Plan 2018 on 20th October 2017 and 21st November 2017 at the Finance Commission. The Chief Secretaries and the Deputy Chief Secretaries (Planning) of all Provinces participated at these Meetings.

14. Meeting with Provincial Heads of the Departments

The meetings with Provincial Directors / Commissioners of the Provincial Departments of Agriculture, Livestock, Education, Probation & Child Care, Western Medicine, Indigenous Medicine, Irrigation, and Road were held on 05th & 8th December 2017 at the Finance Commission.



The main objective of the meetings was to provide an opportunity to Provincial staff to discuss the process of preparation of Annual Development plan – 2018.

15. Discussion on Provincial Cadre Creation and Filling Vacancies.

A discussion organized by the Finance Commission was held with Department of Management Services and National Salary and Cadre Commission on 20th December 2017 at the Finance Commission. The main objective of the discussion was to clarify the role of each institution on recommendations and approval of provincial cadre and take policy decisions on management of provincial cadre.

16. Symposium on the Role of Independent Commissions

A meeting was held on 17th October 2017 chaired by the Hon. (Dr.) Jayampathy Wicramaratne, Member of Parliament, with representation of the Commissions. The Chairman along with 03 other members of the Finance Commission participated in the meeting.

The objective of the Conference was to provide an opportunity to all representatives to discuss the issues of the Commissions and make necessary recommendations to the Constitutional Council.

17. Meeting with the Constitutional Council

A meeting with the Constitutional Council was held on the invitation of the Chairman of the Constitutional Council Hon. Karu Jayasooriya. At this meeting it was noted that the performance of the Independent Commissions have hampered due to lack of competent staff and decided that the Commissions should take appropriate measures in this regard. As per the decision the Finance Commission has submitted a letter on “Separate Staff Structure of the independent Commissions” to the Secretary General of Parliament. The new cadre requirements (with specialist on contract basis) is being carried out.

18. Meeting on National Health Development Committee

The Chairman and the Secretary of the Finance Commission attended the National Health Development Committee Meeting held on 15th December 2017 at the Lavender Hall, BMICH. The Finance Commission is a member of this Committee. Many relevant issues were discussed at this meeting including:

- Strengthening primary health care and a national health care delivery system
- Chronic kidney disease-highlighting multiple strategies for prevention
- Addressing non communicable diseases and emphasizing promoting healthy life styles through reforming education system – a life skill approach.
- Re-emergency of Malaria.

19. Internal Audit Committee

The 03rd meeting of the Internal Audit Committee was held with participation of an Audit Superintendent and the Director, Department of Management Audit. Decisions of the meeting were informed to the all staff of the Finance Commission, for necessary follow up action. The Commission decided that Internal Audit, in addition to regularity aspects should deal with performance aspects as well.

20. Follow up on Workshop on Improvement of Development Process through Optimum Coordination between National and Provincial Level.

To follow-up the decisions and recommendations made at the workshop held on 15th June 2015, the Commission prepared a checklist based on the identified issues and recommendations. The checklist along with an Activity Plan was submitted to the Presidential Secretariat. Consequently, the Secretary to the President convened a meeting on 15th September 2017 to discuss the progress of the recommendations made at the workshop. Senior officers of relevant ministries and other relevant institutions participated at the meeting. Based on the request made by the President's Office, the Finance Commission reviewed progress in this regard during the quarter.

21. Performance Reports of the Finance Commission

Performance Reports of the 02nd and 03rd Quarter 2017 were submitted to the Parliament on 07th November 2017.

22. Code of Governance

The Finance Commission at its meeting held on 28th December adopted the Code of Governance for the Commission. This will improve transparency, accountability and performance of the Commission.

23. Special Studies

A number of Special studies were carried out for the support of FC activities.

These include

- Intergovernmental Financial Relations in Sri Lanka
- Road Maintenance Expenditure and proposal for Cost Recovery.
- Cadre and Provincial Councils, Provincial Authorities and Local Authorities
- Balanced Regional Development

24. Commission Meetings / Co-group Meetings / Staff Meetings

- 04 Commission Meetings were held on the following days.
 - 31. 10. 2017
 - 24. 11. 2017
 - 07. 12. 2017
 - 28. 12. 2017
- The Commission Sub Committee Met regularly before each Commission Meeting.
- Co-group Meetings - Weekly Co-group meetings continuously held.
- Staff meetings - 31.10.2017 and 29.12.2017.