



PROVINCIAL PLANNING PROCEDURE

Northern Province

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PROVINCIAL PLANNING PROCEDURE NORTHERN PROVINCIAL COUNCIL

CONTENTS

	Page
01. Chapter -I The Mandate and Conceptual framework	02
02. Chapter- II Planning Process	04
03. Chapter-III Approval Procedure	17
04 Chapter- IV Expenditure Planning and Budgeting	21
05. Chapter- V Implementation Process	27
06. Chapter- VI The Instruments	30
07. Chapter- VII The Institutions	34

PROVINCIAL PLANNING PROCEDURE

PRELUDE

Implementation of the 13th amendment to the constitution needed a series of operational guidelines to enable the Provincial Council functional. Various guidelines in the form of experts' recommendations, circulars, workshop decisions etc. were issued particularly in the areas of Administration, Finance and Planning. The North East Provincial Council (NEPC) has been bit by bit evolving a planning procedure considering the situation faced at that time and the ideal conditions required for a rational regional planning system in the North East. Thus the presently evolved system has numerous sources as origin of its authority. Though there is a basic system sufficiently catering to meet the present needs in place, it requires further refinement to meet future demands. This edition of procedure has been developed based on the experience and lesson learnt in the past.

There will be three major elements in any planning system viz: the processes, the institutional responsibilities in the processes and the instruments deployed. This manual explains these three elements. The detailed descriptions and the contents of these elements are more explained in the relevant guidelines issued from time to time.

Purpose of this hand book is to make available in a simplified form, the various requirement concepts and procedures adopted in the Provincial Planning Process and the manner in which they have to be done so that officials and others involved in the Provincial Planning activities will have a holistic idea of the process and will appreciate its importance. This will also serve as a reference document on the procedures. This document will pave the way for the emergence of a well-streamlined planning process in the Northern Provincial Council (NPC) in future.

Chapter I

THE MANDATE AND CONCEPTUAL FRAMEWORK

1.1 The Mandate

- 1.1.1 Basically the 13th amendment to the constitution , under concurrent subjects and devolved subjects, provides for planning and plan Implementation by the Provincial Council. This has been further elaborated by guidelines and periodic circulars from the centre . The North East Provincial Council (NEPC) with the view to adopting these prescriptions had a workshop in December 1992 and worked out a basic system which was subsequently reinforced and enriched by other directives from the Central Government , Hon. Governor and the Chief Secretary . In the process of installation of the Provincial Planning Process during the past several years, various improvements and innovations were introduced, the majority of which were decided at the Provincial Planning Committee meetings. The planning process presented in this document for Northern Provincial Council (NPC) has the above mentioned as the major sources of knowledge and attitude.

1.2 The conceptual Framework

- 1.2.1 Provincial Planning will be a continuous process involving a series of activities taking place in a cyclic way in sequence . In order to carryout these activities, a number of institutions will exercise their assigned roles and responsibilities. Since process planning approach is adopted, the system will have ample flexibility to introduce new measures, adopt new tools and techniques and allow for innovations and initiatives.
- 1.2.2 The envisaged planning process recognizes the positive aspects of various regional planning theories and approaches, especially, the concepts that promote good governance and true devolution. The core of the activities of the Provincial Planning Process will include preparation of Provincial Development Strategies, Provincial Public Investment Programme (5 year rolling plan), preparation of Annual Investment plan, preparation of Annual Budget, preparation of Annual Implementation Plan,

implementation of Annual Implementation Plan, Progress Monitoring and Evaluation. This set of activities will take place in a cyclical form as depicted below.

Provincial Planning Cycle



- 1.2.3. The Provincial Development Strategies will give long term development directions, investment framework for medium term and regional economic framework for medium term, while the Provincial Public Investment Programme (PPIP) will describe the layout of investment . This PPIP will be based on various sectoral medium term development strategies.

Annual Budget described by the Annual Investment Programme will be operationalized through the instrument called Annual Implementation Plan. This Annual Implementation Plan will be more fully rationalized to be the Annual Policy Statement known as Budget Speech.

- 1.2.4. In the process of preparation and implementation of these instruments various techniques, tools, methodologies and approaches will be adopted and other pre requisites established.

Chapter II

PLANNING PROCESS

2.1 .Process versus Procedure

While a process may be continuous, a procedure will be time bound. Process will have more room for accommodation and evolution while procedures are prescriptive and output bound

The process of Provincial development planning will involve a series of sub-processes and activities taking place while more good practices are introduced and weaker ones are abandoned from time to time. Since the investment programmes are objective oriented, time bound with defined output and impacts, standards have to be set to measure the performances at different stages of sub-processes.

The planning process and procedure will have same conceptual basis. The concepts in this planning procedure should be accepted, honoured and adopted by all stakeholders for success. The planning procedure shall be the driving and guiding mechanism of the planning process.

2.2. Planning Process at Provincial level

The Planning Process shall be an interactive one with the distinct bottom up characteristics horizontally coordinated in identifying specific activities and items of work to be undertaken under the provincial funds. The process adopted shall also pursue the purposes of the decentralization and devolution endeavours encouraging good governance at every level. It shall recognize the due place for the community based organizations, NGOs', Donor agencies, local bodies and institutions of higher learning in the Planning Process. In the participatory process to be adopted the cooperation of private sector shall also be solicited. The approaches and methods of implementation shall ensure the sustainability of benefits, operation and maintenance, transfer of responsibility to the community and transparency. The Provincial Planning Process will go through the following sequential steps.

2.2.1 Step I - Situation analysis

Situation Analysis shall be undertaken by the Planning Secretariat and the line agencies on a periodic basis which will cover the following two dimensions.

- a. Macro economic situation of the province.
- b. Sectoral status and performances.

Identification of needs and problems will be an essential part of this exercise. For this purpose, all available information should be collected and collated into a comprehensive database. This shall be done according to the guidelines issued from time to time.

2.2.2 Step II - Objectives and Priority Setting

The situation analysis will elicit on the basis of past performance, emerging needs, newly set policy priorities, various sectoral objectives and process. Such objectives shall indicate new performance levels in terms of production, increased delivery of services, provision of employment, opportunities, reduction in poverty level etc. in quantifiable terms.

2.2.3 Step III – Strategy Identification

After setting overall objectives and priorities the most promising strategy to achieve the objective will be identified. This may be varying types depending on the nature and size of the problems and needs. The strategy so selected shall also include major actions proposed for achieving the macro economic and sectoral objectives. It shall also list out the range of initiatives for various components.

2.2.4 Step IV – Identification of projects & Programmes

Once the strategies are identified major projects & programmes shall be proposed to be implemented during the plan period. At this stage proper evaluation should be carried out with respect to the costs, benefits and impacts. In this stage all basics of project feasibility should be adopted viz: market analysis, technical analysis, financial analysis, economic analysis, institutional analysis, uncertainty analysis, environment analysis.

2.2.5 *Step V – Programme consolidation and preparation of Medium Term Investment Programme*

Based on the strategy identified for the planned period an Investment programme shall be drawn up. This programme should cover all projects and programmes funded by the public sector. This shall also give a phased out investment programme with annual breakdown. At this stage the level of resources available need not be considered. This programme shall also present plan in order to achieve the objectives.

2.2.6 *Step VI – Disaggregation and Preparation of Annual Investment Plan*

At this stage various components will be disaggregated, re-grouped sector wise and identified according to source of finance. It is assumed at this stage that the projects & programme to be implemented within the province from Provincial fund will be identified from this Provincial Development Plan. This will be submitted along with the Annual Financial Statement to the Finance Commission.

2.2.7 *Step VII – Operationalizing the Budget and Implementation*

Invariably the Finance Commission may not be able to find the resources to meet the entire requirement of the investment plan submitted. Therefore at this stage the budgetary provision has to be operationalized which will necessitate pruning down the investment plan. Thus prepared implementation plan will be implemented through the implementing agencies as decided by the Provincial Planning Committee (PPC).

2.2.8 *Step VIII – Monitoring and Evaluation*

There shall be a Process Monitoring System designed and adopted by the PPC according to standard practice. It shall not be confined just to collection and analysis of expenditure statements. For this purpose indicators shall be developed and monitored. In order to put into practice this planning process, institution and instruments shall be further developed and improved by the PPC.

2.3 Planning Process at District level

Planning at district level will go through a process which combines the steps prescribed for the Provincial Planning process at provincial level and the steps prescribed for the local level planning process. The district level agencies shall also adopt the process prescribed by the terms and conditions governing special project funding agreements. The major processes that take place at the district level are prioritization, coordination, progress review and monitoring of all development programmes within the district. The instruments and institution to be deployed have been explained elsewhere in this handbook.

2.4 Planning Process at Local Level

2.4.1 Government Policy Priority and Transitional Planning Process

The government has declared the Policy on the local level planning on 18th July 2007. In view of this National Policy declaration, it has become necessary to adopt a transitional process in order to give effect to the policy objectives, which meant for the following:-

1. The absence of conceptual framework and planning and coordination among all major development partners of local government hampers convergence of interventions to produce the desired impacts. These often lead to concurrent use of varying, and at times conflicting, standards, criteria, approaches and strategies that are counter-productive. The Policy, therefore, will replace the multiple planning processes with a well- coordinated multi-level planning process.
2. The policy also will pay special attention to bring the Divisional Administration and the local Government Authority to a common platform of planning and coordination by developing appropriate institutional space and mechanisms for harmonious co-existence between the two. All major partners in local development will be required to integrate their activities in a coherent manner under the singular coordination of the local authority.

3. The policy will ensure proper implementation of the National Physical planning Law under which the local authority is given the status of the planning authority of the area under its jurisdiction. The scope of local government authority will be expanded to make it assume the role of planning authority for both physical planning as well as equitable human development of the assigned area.
4. Steps will also be taken to ensure that the major local development initiatives in urban areas are also linked directly to the local authorities and that the development of urban areas derives strength and support from the urban sector development framework.
5. In keeping with the government vision “to recognize local governments as autonomous bodies, accountable to their people and strengthen them by giving adequate manpower, financial and decision-making powers” the policy will also ensure that all investments in local development will be linked to local government. The Government will soon announce that all local level development initiatives must have necessary concurrence of the local government authority of the area. The purpose is to achieve a holistic and integrated government planning process, based on the subsidiarity principle.

2.4.2 Transition from Multiple Planning to Unified Planning Process

Since the government is clearly committed to a unified planning process at local level in the future, it is imperative that Provincial Planning Secretariat (PPS) issues clear guidelines in order to effect the transformation. The PPS shall issue and update instruction every year.

The following steps will be taken to unify the presently existing split Planning Process at local level.

Step-1- In the 1st year both the Divisional Secretariats (DSS) and Pradeshiya sabha (PSS) shall prepare a 4 year rolling development framework according to their respective planning guidance.

Step-II- In the 2nd year DSS and PSS shall prepare their planning instruments according to the new planning guidelines but independently, though it may result in several overlaps and duplications.

Step- III -In the 3rd year both DSS and PSS shall jointly prepare the planning instruments according to the newly prescribed institutional responsibilities, but as one joint exercise.

During the transition it is anticipated that the presently prominent divisional level planning process will transform and get merged into a new system of Unified Local Level Planning Process.

2.5 - Divisional Level Planning Process

2.5.1 As stated above the preparation of medium term development framework at divisional level will continue but with a new time frame in the 1st year. This shall be a four -year rolling plan. An important role of the plan is to act as a constant point of reference for various government agencies, private sector organizations and peoples' representatives in identifying development activities and projects at divisional level. This document shall reflect problems, needs and the priorities of the division.

2.5.2 The Divisional Plan will be a multi-sectoral plan with distinct overall objectives and sectoral objectives. This shall suggest development needs and investment layouts for four years. On the basis of resource availability an Annual Implementation Programme shall be developed, implemented and monitored. This process shall have the following distinct steps.

2.5.3 In the 2nd and 3rd year this process shall become the unified process at local level.

2.6 Local level Planning

The PPS shall issue and update every year necessary planning instruction until a unified planning process at local level is established. All such instructions will form part of this Provincial Planning Procedure. Such instructions shall have the following as guiding principles.

- a) People will be at the centre of the Local Development Planning. To that extent capacities, responsibilities and right will be transferred to them.
- b) Local development planning shall not lead to multiple planning at that level but will be part of multilevel planning.
- c) Every development intervention and initiatives at local level shall find its way and be integrated into the Unified Planning Procedure.
- d) Every development intervention and initiatives shall clearly identify required complementary condition and contributions from other initiatives and interventions.
- e) Development objectives of the people, the government and administrative structures shall always be consistent at local level.
- f) All development initiatives at local level shall be authorized by the Local Government/ Local Council as confirmation by people.
- g) The government will be the leading agency legally authorized to regulate, control and administer local matters.
- h) Other stakeholders shall cooperate with the local authorities in integration and convergence of all sectoral initiatives and harmonization of investments at local level.
- i) The principles of subsidiarity shall be upheld in decision making.

The Local level planning procedure to be elaborately described shall have the following complementary methodologies, tools and instruments as important elements.

Complementary methodology, tools and instruments

Methodology, tool or instruments	Remarks
Sectoral databases at divisional level	At present, information is available in a disorganized manner, with little use for decision – making. The purpose of a solid database is to support the local governance structure to form clear ideas on the trends, potentials, needs, etc. in respect of different sectors. In developing sectoral databases common parameters, definitions and understandings are necessary for the purpose of comparison and aggregation. The head of respective sector agencies shall standardize the definitions and tools to be used in developing databases.

Databases in respect of key functions and operations by the Local Government	At the moment, Local Governments are unable to formulate and effect fundamental changes in the key operations due to lack of historical data. They are trapped in the same old track. The commissioner of Local Government shall issue uniform directives based on the experience and knowledge available already. Consistency and standardized practices shall be maintained. The Local Governments shall develop such databases for key areas with the help of RACLGs
Sectoral needs analysis and priorities	Sectoral needs analysis should be done in a participatory way. The exercise should be an educational process to the Community. The process should offer them an exposure on regional and national strategies, policies and possibilities, as well as to raise awareness regarding the various options available to them. Such needs analysis shall be updated on an annual basis, and go into the medium – term rolling development.
Village datasheets	There shall be village level data covering basic parameters to decide on the level of poverty and vulnerability of the village. These data sheets shall be used for ranking the villages in terms of vulnerability or severity of a particular aspect of a development.
Divisional/local level poverty profile.	Based on the input of village datasheets, a divisional level poverty profile shall be developed. This document may be used as source of reference by all agencies in selection and prioritization of areas and communities for their interventions. A model has already been in the former North – East Province (NEP) . The integrated Food Security Programme (IFSP) model, which has already been extended to all districts in the North and East, may be adopted for this purpose. The Divisional Secretariats shall develop capabilities to continue this exercise under the guidance of institutions like CIRM
Resource Maps	Up to now, communities were deprived of the opportunity to know the quantum of resources available for their livelihood development and how these are exploited economically and in a sustainable way. The resource maps shall be prepared in respect of each key resource in the area, indicating the level depletion, level of usage, optimum level of exploitation, etc., so that any development plan for the area is linked to a resource management system.
Resource management plans for divisions	Absence of resource management planning results in a divorce between development interventions and available resources, leading to unsustainable development efforts. Each division shall have a clear assessment of various stocks of resources available, the trends in the utilization, depletion rate, comparative development activities, etc. The Local Governments shall make decisions based on the assessed situation and design strategies for resource utilization and resource development. This will lead to favourable conditions for future development activities, ensuring an acceptable level of impact on the resources and the environment.
Vision map for long term development for divisions	Communities do have the right to know what will happen to their areas in the following years. They also have the right to decide the future state of development they want for their area. In order to facilitate this, vision maps of development shall be prepared in

	respect of key themes. These shall include major structural development, urbanization, economic development, social development, etc.
Map of ongoing development programmes	In order to present the crowding of interventions, imbalance, inequities and gaps in development, a visible too shall be made available for public reference. A map of ongoing development programmes shall serve this purpose. It should also serve monitoring purposes through the use of advanced tools available in the market. Uniform practices and compatible programmes and standards shall be adopted. The Divisional Secretaries shall ensure and coordinate the preparation of development maps accordingly and make them available for public reference.
Divisional /local profile	The present divisional profiles carry several weaknesses and they are not in a comparable format. Divisional profiles shall consist of all the sectoral profiles in addition to the general contents suggested to facilitate integrative analysis.

2.7 Village Development / Community Development Process

Planning process at Village Level are aimed at development in community and development of community. Since the ultimate success of the Provincial Planning process is measured at the level of communities, significant importance is given for village /community development planning process.

In recent times, agencies working towards community development in the Northern Province have developed a number of approaches, methods and tools for village level planning with different emphasis on different aspects. Despite enormous efforts in village development planning, it has neither really contributed visibly to the poverty reduction at village level, nor was it able to establish itself as a sound system of planning at village level due to varying reasons.

This procedure therefore prescribes the basics of village development planning procedure so that all such endeavours are harmonized, in terms of objectives, processes, guiding principles and standards in order to overcome the present barriers and install a sound system of planning at village community level.

2.7.1 People's Planning Mode

Broad objectives of village development planning shall be to provide better access to the community members to basic, social and economic infrastructure, services, support for productive activities and to empower the communities to take over the development responsibilities at their level.

Therefore all village level planning activities shall follow participatory approach in a peoples planning mode.

2.7.1.1 Groups

All community members should be represented in the process through a beneficiary group or a CBO. They shall form into small groups within a village.

2.7.1.2 Village Development Committees

Representatives of such small groups shall form into village committees for development in each village.

2.7.1.3 These groups and committees will be the basic nucleolus for village development decision making and implementation.

2.7.2 Basic Principles to be adopted

- The processes shall be designed to promote the villages to work together and contribute their time labour and other resources to improve their living conditions.
- The processes shall be designed in such a way that they build confidence in themselves, their practices and self-help.
- The processes shall make the villages accountable for their own actions.
- The processes shall be designed in such away that they enlighten on the benefits of adapting the principles of good governance and building trust and confidence among village communities.
- The project designs shall be such that they are cost effective, sustainable and environmentally friendly.
- The program designs shall be such that they are equally accessible to everybody.
- The programs shall be designed in such a way that they cater to vulnerable, particularly those who need support the most like landless, women, unemployed, disabled, destitute, etc.
- They shall be designed in such a way that the activities could be implemented on time and make them qualify for future assistance.
- That the programs shall have established linkages with service providers, frontline workers and other partners in development.

2.7.3 Basic Steps to be Followed in Village Development Planning

a) Forming Groups

People with similar interest or categories shall be formed into small groups.

b) Forming Village Development Committees

Representatives of small groups shall be formed into a village development committee.

c) Mobilization

Create awareness and mobilize committees for group actions.

d) Preparation of Profiles

Profile of resources of villages shall be prepared using appropriate methodologies and tools.

e) Need Analysis and Ranking

Using appropriate methodologies, tools and techniques, need analysis shall be carried out and prioritization done.

f) Preparation of Plan

A group level, a community level or a village level plan shall then be developed, indicating their vision for the future and programs for the year and for medium term. These plans shall then be ratified at appropriate forums.

2.7.4 Priority Criteria

The following criteria shall be followed in the minimum in determining the priorities at project level and beneficiary level.

a) At Project Level

- No. of beneficiaries
- Cost and cost effectiveness
- Whether it helps increase income
- Ability to maintain and sustain
- Ability to obtain technology and resources
- Ability to complete the project on time
- Ability to obtain required resources for the project
- Effect on environment

b) At Beneficiary Level

- Income Level
- Ability to make beneficiary contribution
- Skills and ability to manage
- Vulnerability.
- Ability to maintain and sustain
- Affectness

2.7.5 Responsibilities

In order to eliminate constraints hitherto faced in the village development/ Community development process to empower the communities to take over the development responsibilities, the responsible agencies need to be positively intervene as defined in the under mention responsible matrix

Responsibility Matrix

(a) At Community / village level

Activities	VDO/VA	VDO/VA	SC	DAT	CF	Sector Agency
Community Mobilization					Primary	Monitor
VDO Registration		Primary				Monitor
VDO Vision		Primary			Monitor	
VDO Preparation		Primary		Monitor		
Signing Agreement		Primary				
Formulate subprojects			Primary	Monitor		
Appraise subprojects			Primary	Primary		
Technology Choices	Primary				Monitor	
Mobilize CC		Primary	Primary		Monitor	
Procure Materials		Monitor	Primary			
Milestone Certification		Primary		Primary		
Releasing Funds		Primary				
Implement subprojects		Monitor	Primary			
Supervision/ Quality Assurance		Primary				Monitor
Prepare Completion Reports		Monitor	Primary			Monitor
Maintain Books		Primary	Primary			Monitor
Set Up O&M	Monitor		Primary			
Community Monitoring	Primary					Monitor

VA - Village Assembly, VDO- Village Development Organization, SC- Subcommittee
AMT- Appraisal & Finance reports or in to accounting books

(b) At Institutional level

	Key Processes	Dept. of Agric.	Dept. of AP&H	Dept. of Fisher.	Local Authority / Private Institution / CBO	Dept. of Rural Devpt.	Cooperative / Credit Organization/ Banks	Dept. of Industries
1	Mobilization and Awareness							
2	Organization and Institutionalization							
3	Empowerment and Capacity Building							
4	Infrastructure Facilities							
5	Linkages							
6	Financing							
7	Process Monitoring							
8	Exit Strategy							
	I). CBO take responsibility for O & M							
	II). Anchoring Agency							
	III). Agency take over back stopping and services							
	IV). Improvement of Capacity Building & Training							
	V). O & M Financing arrangement							
9	Monitoring the Sustainability and O & M							

Depending on the nature of the intervention and sector the responsibilities indicated in the above will have to appropriate shared and assigned among the institution

Chapter III

APPROVAL PROCEDURE

3.1 Approval Procedure for Development Project

3.1.1 Activities for which selection criteria are not given under any circular or any programme shall go through the formal approval procedure. Project proposals shall be made on an acceptable format to the Planning Secretariat which will verify its conformity with the development objective of the overall provincial plan. After obtaining clearance the agency concerned shall prepare a detailed project proposal and submit to the Chief Secretary with copy to the Planning Secretariat.

3.1.2 The Planning Secretariat shall study the proposal in detail and report to the Secretaries' Committee on the following aspects.

- a). Whether the total estimated cost is reasonable correct or whether it is over estimated or under-estimated
- b). Whether the institutional framework is available to implement the project or whether any new institutions will be required for better implementation
- c). Whether funds are available to implement the project as proposed. If funding is not available, whether an alternative funding programme is proposed. Where such proposals are made, whether financial viability has been considered.
- d). Impact of the project on the Provincial Recurrent budget.
- e). Whether the project generates sufficient funds to meet its operation and maintenance costs.
- f). If foreign assistance is sought for funding, whether clearance has been obtained from the National Planning Department of the Ministry of Policy Planning and Implementation.

On the recommendation of the Secretaries' Committee the PPC will approve the project and submit to the Governor for his authorization

3.1.3 Two Stage Approval Procedure

Two- stage -Approval Procedure of Projects consists of Preliminary Approval and Final Approval.

(i) The relevant Department or Agency of the Provincial Council shall identify the project and prepare a Pre-Feasibility report with the assistance of the possible Aid Donors and submit it to the relevant Ministry.

(ii) The relevant Ministry if accepted will submit the project in the Preliminary Approval form to the Chief Secretary.

(iii) The Provincial Planning Secretariat will do a preliminary appraisal if necessary and report to the Provincial Planning Committee and Planning Council.

(iv) The Provincial Planning Secretariat after approval by the Planning Committee recommends the project to the Planning Council for preliminary approval.

(v) When the Preliminary Approval is granted by the Planning Council the Pre-Feasibility report of the project is passed on to the executing Ministry and if necessary to the External Resources Department.

Once the project proposal is approved and accepted, the executing Ministry will include monetary provision in its estimates

3.2 Prioritization

Priority setting of the activities shall be done according to the latest criteria set out from time to time. However continuation item should be given priority in any work plan. Items prioritised and included in the Sectoral work plan should be intimated to the district Secretariat by the Ministries concerned . At the Provincial Level Deputy

Chief Secretary, Planning will coordinate the preparation of the plans of the sector ministries and special programmes, setting provincial goals, strategies and priorities. The Chief Secretary has to finalize these proposals with the assistance of the Secretaries' Committee and shall submit to the PCC for approval.

3.3 Provision of Block amount

No block provisions can be made for any purpose and all amounts shall accrue to activities which are clearly identified and located.

3.4 Amendment to Work Plans

Change in any activity already approved by the PCC can be made through submission of a proper memo to the PCC through the Secretaries Committee. On recommendation of the Secretaries Committee approval for activities can be given by Provincial Planning Committee (PPC). In case of changes of activities under Divisional Plan, amendments can be made with the recommendation by the Pradeshiya sabha and the approval of the PCC .

3.5 Approval procedure of development intervention at local level

Until the new procedure to AIP preparation is adopted, all common investment for local development shall be submitted to the local authorities by the respective agencies for their concurrence. This is necessary as various local agencies are not certain of their activities well ahead of time. The local authority shall issue a letter of acknowledgement to the respective local implementing agency on the receipt of intimation of an investment activity in a local authority area. The implementing agency shall get the acknowledgement from the local authority for their intimation of the development activities but need not wait for a written concurrence to start the implementation. They shall start the implementation process after seven days from the date of acknowledgement of the intimation .It is the responsibilities of the Local authority to examine the proposal with the view to its conformity to the local authority rules and regulations only. They shall inform their disapproval quoting reference to the section of rules and regulations to the local implementing agency

within seven days from the receipt of the intimation if it is not approved. It is very important that the Local authority shall not disapprove priority or selection made through the participatory planning procedure. The Regional Assistant Commissioner of Local Government (RACLGs) will ensure the update of all rules and regulations of the Local Government. The Local level agencies shall use prescribed format for intimation to the Local authority and for acknowledgement. The specific approval procedures adopted by the programmes and projects by respective administrative authorities shall also continue until the transition is over.

Chapter IV

EXPENDITURE PLANNING AND BUDGETING

4.1 Planning of Expenditure

All activities of the Provincial Council shall be predetermined and set out in Plans and Programmes.

4.1.1 The Annual Financial Statement for a particular financial year is the financial expression of the Northern Provincial Council's policies and programmes of activity during that year. The formulation of Annual Financial Statement is therefore, a matter of crucial importance requiring sound coordination and attention to details.

4.1.2 The Provincial Treasury, having regard to the revenue, the grant from the Government of Sri Lanka and other receipts estimated to be available will provide indicative allocations to the different Ministries. The Departments under these Ministries shall prepare the draft estimates of expenditure within the limits of the indicative allocations provided. Allocation for Capital Expenditure should fit into the current Provincial Plan which would normally cover a given period of years.

4.1.3 The financial needs of the Province shall be prepared in agreement with the Finance Commission's guidelines.

4.1.4 The planning procedure explains various procedures adopted in the provincial planning process and the manner in which they are done.

4.2 Preparation of Total Cost Estimates of Capital Projects

4.2.1 Total cost estimates should be prepared and approved in respect of every capital project. This should be indicated in a separate column in the project schedule. Where it is not stated in the project schedule in the annual financial

statement it is presumed that the project would be completed within the same year. The following information should be provided in separate columns in respect of each project;

- (i) anticipated date of commencement
- (ii) anticipated date of completion
- (iii) total cost estimate
- (iv) actual expenditure up to the end of the previous year
- (v) estimated expenditure for the current year

4.2.2 In the case of construction projects, the total cost estimate should be determined on the basis of carefully priced bill of quantities (BOQ) supported by detailed schedule showing requirements of material, labour, plant, equipment utilization, and schedule of prices on which the Bill of Quantities were based. There should be supporting documents to monitor the price/rates, changes. Provision should be made in the total cost estimates for price escalation and contingencies in line with principles enunciated in the Government Procurement Guidelines

4.3 Programming of Expenditure

4.3.1 It is the responsibility of each Head of department to ensure that the expenditure authorized by Provincial Council in the annual financial statement is broken down into a programme of work that can be achieved during a financial year. This programme is particularly important in the case of departments which perform development works and services.

4.3.2 Programmes should be analyzed into the constituent tasks and defined clearly as targets with completion date for each task. Responsibility for meeting these targets should be clearly fixed on the sections of the department performing these tasks. Reducing departmental programmes to concrete series of tasks and assigning performance to the sections of the department responsible for the execution is very important.

4..3.3 The Planning of the programme should begin wherever possible before the financial year of the expenditure commences. The following actions in anticipation of the appropriation is permissive.

- (i) When the department's financial statements have been approved by the Provincial Council all preliminary action, short of actual financial commitments shall commence. E.g: obtaining Provincial Treasury and Provincial Public Service Commission approval where needed, preparation and issue of bid documents.
- (ii) Actual liabilities may be incurred after the financial statement has been approved by the Provincial Council, even before the assent of the Governor.

4.4 Basic stages to be followed in the budgetary process

1. Call for Estimates of Financial needs for the Accounting Units as per the Budget instructions laid down for the particular year.

This will be identified as draft financial needs. During this stage all internal consultation process from the bottom up to Sectoral ministry level should be completed.

2. Initial discussion with the respective Accounting unit, scrutiny and confirm with the required standards by Provincial Treasury and Planning Secretariat.
3. Consolidating all financial needs and initial submission to Finance Commission.
4. Reviewing the draft and preparing the Final Annual Financial Statement by the respective Accounting Units.
5. Consolidation by the Provincial Treasury and submitting to Chief Minister and follow the procedure for adoption of the Financial Statement by the Council.
6. Provincial Council assenting to the Annual Financial Statement to be charged to the Provincial Fund subject to committee stage amendments.
7. Governor give assent to provide Grants to meet the estimated expenditure approved by the Council.
8. Introducing an appropriation statute to provide for appropriation out of the Provincial Fund to meet the expenses.

9. Discussion at Committee stage and passing appropriation statute. Appropriation statute shall accompany the following additional instruments.

1. Annual Policy Statement (which will include review of provincial economy and performance of developed sectors)
2. Service performance plan.
3. Financial Plan
4. Revenue proposals (to explain the make up of different sources of funds indicated in the Financial Plan)
5. Financial Statement

10. Chief Minister signing the warrant for use of money from the Provincial Fund.

4.5 Foreign Funded Projects

4.5.1.- Foreign assistance received by the Provincial Council in the form of grants or loans shall be utilized through appropriate development programs or projects.

4.5.2- All such projects and program formulation shall take place with an appropriate process of consultation and involvement of the sector Ministry, Department and Planning Secretariat in the minimum.

4.5.3 -The Provincial Planning Secretariat shall on the request or intimation or expression of interest shown by a department, ministry or any agency shall initiate the process of formulation.

4.5.4 -The foreign funded unit of the Planning Secretariat shall be responsible for the formulation process and resource mobilization for such projects and approval by the Planning Council

4.5.5 -All projects and programmes shall have their designed and implementation modality according to the ruling concepts of devolution , governance, principles of subsidiary, beneficiary targeting, capacity building, exit strategies and environmental concern.

4.6 Resource mobilization and negotiation for foreign assistance

Coordination, formulation and negotiation

a). PPS shall be responsible for coordination of all matters relating to external resources mobilisation of all foreign assistance at other Provincial level.

b). Expression of intention

On receipt of a letter of intention or intimation from any Line Agency, ERD or any donor agency, the PPS shall bring the matter to the notice of the Provincial Ministry concerned. Similarly a Provincial Ministry shall in such an event immediately bring to the notice of the PPSC.

c). Formulation

PPS shall coordinate all preparatory mission programmed, facilitate the project formulation, process review and complying with mission requirements.

d). Aid Memorie

PPS shall coordinate the implementation of all agreed action in the Aid memories. The sector Ministry in charge is responsible for compliance with all requirements as per agreed actions.

e). Negotiation

The Chief Secretary shall take part in the negotiation of all project funding and agreements and shall be satisfied that all the concerns of the Provincial Council are carefully addressed in the new project design and agreements.

f). Agreement/MOU

There will be two agreements for every project assistance, one for credit agreement with the government and the other for the Project Implementation agreement with Provincial Council. The Chief Secretary as Chief Accounting Officer shall sign all Project agreements and MOU on behalf of the Provincial Council.

g). Authorisation

All agreements and MOU shall be submitted to the Legal unit for clearance of the Provincial Council before they are submitted to the Governor for him to issue letter of authorization to the Chief Secretary to sign them on behalf of the Provincial Council.

h). Operationalising a project.

It is the responsibility of the Provincial Ministry concern to operationalize the project viz, recruiting project staff, establishing project office and completing such initial activities and fulfilling all covenant in agreement.

i). Implementation

The project cell or the project office established for the purpose is fully responsible for implementation.

j). Winding up

On completion of any project, it shall be the responsibility of the project office to ensure the following:-

- i. All accounts are prepared and cleared by authorities before due dates
 - ii. All liabilities are settled or properly transferred
 - iii. All assets are properly institutionalized and handed over.
 - iv. Exit strategy is fully implemented. Sustainable arrangements are made for O& M of all assets and benefits created under the project.
 - v. All bank accounts are properly closed and balances transferred.
 - vi A comprehensive winding up report is prepared and submitted to the Planning Council, Chief Secretary,. Executing Line Ministry and Donor Agency.
- k). All documents are put under safe custody as per direction given by Chief Secretary.

4.7 Co- financing and counter part fund

For capital projects assistance shall be authorized following the approval procedure for the following

1. Co-financing along with principal donor where budgetary support is provided by sub donors for specific sector/ component or an activity of the project
2. Co-financing with direct participation of the beneficiaries who belong to community based organisations by providing labour , materials etc.
3. Co-financing with multi- donor when Provincial funds are inadequate to meet commitment of large capital project.
4. Co-financing through counterpart fund s of Provincial Council to complement or supplement donor funding to meet specific local expenses such as duties, local area rates etc. which are not covered in the agreement with donor.

Chapter-V

IMPLEMENTATION PROCESS

5.1 Itemizing Capital Works

Activities for funding under the Provincial Fund shall emanate from the need analysis carried out at the field level. Proposals can be initiated at different levels depending on the coverage of the project. If an activity is confined to a location within a local authority area, such project can be included in the local level Plan or sent up to the respective provincial Level agency for inclusion in the sector plans. Any activity, the benefits of which covers more than one district could be initiated at the Provincial Level. Activities proposed under Divisional Plan and local authority plan will get the approval of the PCC according to the terms of the governing circular at that time. Similarly activities included in the Sectoral plans will get the approval according to the conditions set out in the governing circular. The activities for which selection criteria are not given under any programme or any guidelines shall go through the formal approval procedure .

5.2 Implementation

Implementation of any capital item of work or programme shall commence only after the approval of the PPC and intimation of imprest for such activity.

5.3 Basis of Allocation

Distribution of resources among districts shall be done on the basis of set of criteria designed for the purpose by each sector agency. Such criteria shall be submitted to the PPC for approval from time to time .

5.4 Submission of PPC memoranda

A procedure of submitting PPC memoranda will be adopted on account of major policy decisions, investments and other matters that will affect more than one sector in its implementation. All memoranda should be submitted through the relevant sector Secretaries to the PPC. These memoranda will be first studied by the Secretaries'

Committee and recommended to the PPC for its decision. For this purpose the Annual Investment Plan and Annual Implementation Programme(AIP) will be treated as PPC memorandum and studied and recommended by the Secretaries' Committee. Any change in the AIP will have to follow the same procedure. Copies of PPC memoranda which will have financial implications will have to be sent to the Provincial Treasury well in advance.

5.5 Monitoring of non-devolved subjects

5.5.1 All development programme irrespective of the source of funds and sector, whether devolved or non-devolved, for the purpose of consistency and conformity to Provincial Development framework and its priorities, will be monitored at the provincial level by the PPC which is the apex decision making body .

5.5.2 Process Monitoring

Each implementing agency shall lay down procedure to monitor the progress of major components and execution of activities. Each ministry shall monitor such key processes prescribed for major activity.

5.5.3 Participatory Monitoring

Participatory Monitoring shall be the methodology for monitoring for all community level projects.

5.5.4 Social Audit

Each Service delivery agencies and implementing agencies shall provide for systems for Social Audit in terms of modern standards.

5.5.5 Vulnerability Assessment System

Vulnerability assessment system shall be the responsibility of the Provincial Planning Secretariat to carry out on a continuous basis of vulnerability assessment survey and make available profiles to all stakeholders. The CIRM unit of the Planning Secretariat shall be responsible for this.

5.5.6 Disaster Management System

There shall be Disaster Management System properly defined responsibilities among central agencies, District level agencies and community level agencies. The Provincial Planning Secretariat is responsible for coordinating the preparation and updating of Disaster Management Plan for the Province.

5.6 Agreement and MOU

5.6.1 In terms of Provincial Councils Act No. 42 of 1987 – Section 22

Foreign aid negotiated by the Government for a Project or scheme in a Province shall be allocated by the Government to such Project or scheme. The Credit Agreement is signed by the Government and a Project Agreement is signed by the Chief Secretary on behalf of the Northern Provincial Council.

5.6.2 The Governor shall issue authorization to the Chief Secretary to sign the Project Agreement or Memorandum of Understanding (MOU) on behalf of the Provincial Council immediately after negotiation is concluded.

5.6.3 Where foreign assistance is available for Provincial Council activity which are provided under a Country Assistance Strategy (CAS) Programme of any donor, the Chief Secretary is empowered to negotiate and sign an agreement or MOU with the donor with the authorization by the Governor. Availing assistance under CAS need not go for approval of any other authority other than the Planning Council, as the CAS are already approved by the Government of Sri Lanka (GOSL)

5.6.4 MOU in respect of grant aid negotiated with International Non-Governmental Organizations, Missions and similar organizations that are already working under a CAS programme shall not be signed by any other officer other than the Chief Secretary or without the explicit prior approval of the Chief Secretary.

5.6.5 For donor funded projects Multi-lateral or Bi-lateral or by any Agencies, the Executing Agency is the line Ministry and Implementing Agency is the Northern Provincial Council.

Chapter VI

THE INSTRUMENTS

6.1 Provincial Development Strategy (Long term perspective)

There shall be a Provincial Development Strategy which will set out provincial development priorities and objectives lay down a policy frame work for the guidance of the planning activities. The Provincial Development Strategy will take into account the National Development Strategy and National Policy in respect of different subjects and functions. This shall be approved by the Planning Council.

6.2 Medium Term Investment Programme (Provincial Public Investment Programme)

A Medium Term Investment Programme shall be prepared and updated on a rolling basis every year in respect of each sector by the respective sector ministry. This Sectoral PIP shall be consolidated and be presented as a Medium Term Investment Programme for the province. It shall be prepared and updated in terms of directions given at that time by the Chief Secretary for approval by the Planning Council.

6.3Capital Projects

Plans and Programmes are composed of Projects. Incorporation of new capital projects in the Annual Financial Statement are taken from the Project pipeline prepared and updated by the Provincial Planning Secretariat and also falling within the Public Investment Programme of the Government. They fall under two categories namely: Continuation and New Projects.

6.4 Annual Investment Plan

An Annual Investment Plan representing the priorities identified in the 5 year Medium Term Investment Programme of the Provincial Council shall be prepared and sent to the Finance Commission along with the Annual Estimates for consideration. On intimation from the Finance Commission on the quantum of funds allowed, this Annual Investment Plan shall be converted into Annual Implementation Programme

6.5 Annual Provincial Implementation Programme

There shall be an Annual Operational Plan (Annual Provincial Implementation) for the province which will include items of capital development work to be undertaken under specified capital grants viz: PSDG, CBG, project fund etc. This shall be prepared according to the guidelines issued by the Chief Secretary at that time.

6.6 Sectoral Strategies Programmes and Plans

Plans for the sector too shall be prepared persuaded by each ministry in the above manner.

6.7 District Consolidated Implementation Programme

There shall be a Consolidated Annual Implementation Programme in respect of each District. This shall include various development Programmes and projects implemented within the districts by ministries, Departments Statutory Bodies Provincial Councils, Local Authorities and NGOs. This consolidated programme which will be prepared according to the guidelines issued by the M/Plan Implementation and available to the Provincial Council.

6.8 Annual Financial Statement (Budget)

The Provincial Treasury shall prepare an Annual Financial Statement at least 3 months before the commencement of such financial year in terms of section 25 of Provincial Councils Act No. 42 of 1987 and section 2 of Act No. 28 of 1990.

6.9 Progress Reports

Progress Reporting in the Provincial Planning Process of the NPC shall be constantly reviewed and improved for better monitoring and performance improvement . The following progress reporting shall take place.

6.9.1 Minutes of the Sectoral Monitoring Committee

Minutes of the Sectoral Monitoring Committee shall be sent to the Chief Secretary monthly by the sector Secretaries. Important matters arising out of this minutes will be subject to deliberations at the next PPC meeting

6.9.2. Minutes of the Secretaries' Committee

The decision taken by the Secretaries' Committee and its recommendation on the PPC memoranda shall be submitted at the next PPC meeting for ratification and approval.

6.9.3. Quarterly Progress Reports on Annual Implementation Programme

All sector agencies shall forward their quarterly progress reports in respect of their Sectoral components under Annual implementation Programme of the Province through their respective sector Secretaries on the format prescribed by the relevant circulars to the Provincial Planning Secretariat .

6.9.4. Sectoral Performance Reports

Each sector agency shall prepare Sectoral performance reports in –respect of half year full and submit to the PPC immediately after the end of that period

6.9.5. Quarterly Progress Reports on Consolidated District Implementation Programme

The District Secretary shall submit quarterly progress reports in respect of Consolidated District implementation programme to the Chief Secretary for review at the PPC. The reporting format shall be according to the format prescribed by the relevant circular.

6.9.6. Quarterly Progress Reports on local level AIP

The Divisional Secretary and RACLG shall submit a monthly Progress report to the Chief Secretary in order to facilitate the PPC to review the progress with the copy to GAA, the reporting format shall be in terms of guidelines in force at that time.

6.9.7. Stake holder participation

The provincial administration shall involve in every possible Stages in the development process all stake holders particularly the intellectual community, NGOs and CBOs.

6.10 Profiles

The following profiles shall be prepared at the respective levels in order to facilitate a proper situation analysis and to indicate a future direction of development in the area. This can be prepared and updated according to the technical guidelines issued from time to time.

1. Sectoral Profile
2. Provincial Profile
3. District Profile
4. Divisional Profile/ local level profile
5. Village profile
6. Community profile

6.11 Inter District Project Profile

Each Ministries and departments shall maintain and update a project profile of Inter District Projects and Programme

6.12 Project Pipe Line

In respect of implementable projects there shall be a Project Pipe Line prepared and updated by each sector ministries and Departments with the view to having all provincial funds. As a reference document such project pipeline shall be submitted to the PPC annually.

6.13 Operational Information

There shall be an Operation Information System at the Provincial Level, District Level and Divisional Level. This will consist of MISS based on web based data base designed for all monitorables under each Ministry and Department. These MISS shall follow the ICT related policy and guideline issued from time to time.

6.17 Web site and Centre for Information Resource Management

For information manage reality to the planning activities, the PPS shall maintain a web site for the Provincial council and CIRM

Chapter- VII

THE INSTITUTION

7.1 Planning Secretariat

There shall be a Provincial Planning Secretariat to handle the matters relating to the Provincial Planning and it will be responsible for the installation of Provincial Planning Process.

7.2 Provincial Treasury

There shall be a Provincial Treasury to handle the matters related to finance and revenue. It will be responsible for the management of the Provincial funds.

7.3 Provincial Planning Council

There shall be a Provincial Planning Council which will comprise the members of the Provincial Council and chairmen of local Authorities within the Province. The Council will be chaired by Chief Minister with the Chief Secretary functioning as the Secretary. Provincial Planning Council will meet bi- annually to ratify the annual implementation programmes and important policy instruments and review progress. (Note:- In the absence of the Provincial Planning Council, these responsibilities are performed by the Hon Governor and the Provincial Planning Committee at the moment)

7.4 Provincial Planning Committee (PPC)

There shall be a Provincial Planning Committee chaired by the Chief Secretary, and the Deputy Chief Secretary Planning will function as the Secretary. This will consist of Provincial Secretaries, Heads of Departments and Government Agents, Commissioners of MC and Secretaries of UCC as members. Until otherwise arranged the PPC is the apex body in charge of development planning in the Province and it will be the technical body that will assist the Provincial Planning Council and the Hon

Governor in matters relating to Provincial development activities. The PPC will meet regularly once in three months

7.5 Secretaries Committee

There shall be a Secretaries' committee comprising all Secretaries and Deputy Chief Secretaries with Heads of Departments in attendance on call. This Committee will assist the PPC, Chief Secretary and the Hon Governor in policy related matters and major investment decision in addition to the functions assigned to the committee. This Committee will be chaired by the Chief Secretary with Deputy Chief Secretary, planning as its Secretary. It will meet at least one week prior to the meeting of the PPC.

7.6 Sectoral Monitoring Committee

There shall be a sectoral monitoring committee in each ministry for review of the progress, coordination and to take remedial measures in respect of sectoral programmes on account of both inputs and outputs, and expenditure and physical performance. Secretary to the Sector ministry will chair the meeting with Head of Planning in the ministry as Secretary. Heads of Departments and Project Directors are the members. This committee shall meet monthly. Copies of the minutes should be sent to the Chief Secretary and Planning Secretariat

7.7 Provincial Expenditure Monitoring Committee

There shall be an Expenditure Monitoring Committee to monitor the allocation, expenditure and imp rest and to regulate and address the related issue. The Deputy Chief Secretary, finance shall be the chairman of this Committee with other Secretaries, Deputy Chief Secretaries and Chief Accountants as members. The committee shall meet once in three months, prior to Provincial Planning Committee meeting.

7.8 Departmental Expenditure Monitoring Committee

An Expenditure Monitoring Committee shall be set up in each department to ensure that target dates are achieved. For this purpose, the Committee shall among other controls;

- (i) Maintain a detailed breakdown of the department's programmes
- (ii) Record progress according to the predetermined target dates
- (iii) Attempt to foresee any problems of materials, personnel, or organizations which may delay progress and remedy those problems in time
- (iv) Compile work norms and formulate unit costs for such programs.

The committee will meet monthly

7.9 Coordinating Committees

There shall be coordinating Committees at Provincial level in respect of each major development project and programme and the coordinating committee will report to PPC. These steering committees will be in charge of coordination of the programmes and take decision and to facilitate smooth implementation of the programme. Similar committee shall be established in respect of any specific non devolved subject for better coordination and integration with provincial programme. They shall meet every quarter under the chairmanship of Chief secretary

7.10 Provincial Public Accounts Committee (PPAC)

An arrangement parallel to public accounts Committee of Parliament will exist in the Provincial Council. The PPAC can review the reports of the Auditor General Which will deal with performance of Provincial Administration.

7.11 Planning units of Ministries and departments

There shall be planning units in each Ministry and department in order to facilitate formulation of Provincial sector policies and strategies, developing sector programmes, preparing annual implementation plans and Operational plans, identifying and appraising projects, Monitoring, progress control and evaluating sector plans and programmes, updating Management information and the operation room of the Chief Secretary, maintaining a databank and preparing annual statistical hand book for the sector, reporting progress, undertaking sector service and studies and carrying out any other functions connected to planning process.

7.12 District Planning Secretariat (DPS)

There will be a District Planning Secretariat functioning directly under the Government Agent / District Secretary. The DPS will coordinate the planning activities of all implementing agencies operating in each district and assist the District Coordinating Committee for monitoring of the performance. In addition to the assigned functions by the line ministries it will also coordinate the development activities of the Provincial Council on behalf of the District Secretary at District level.

7.13 District Coordinating Committee (DCC)

There will be a District Coordinating Committee comprising all Provincial Ministers, all Provincial Council members of the district and all the Chairmen of Local Authorities falling within the district. This will be co-chaired by the Chief Minister and a senior Minister appointed by His Excellency the president. The DCC may summon through the Government Agent any officer of a Government Agency within the district for purpose of coordination. There will be sub committees such as the District Agriculture Committee to service the DCC.

7.14 Local level/ Divisional Planning Committee

There shall be a Divisional Planning Committee which will be a technical body chaired by the Divisional Secretary and other divisional level officers as its members. In the absence of Divisional Coordinating Committee this committee shall coordinate all development activities at the divisional level including prioritization & approval for activities under Divisional Plan. It will meet once a month.

7.15 Local level/ Divisional Coordinating Committee

There shall be a Divisional Coordinating Committee chaired by the senior member of the Parliament of the area and other MPs, Provincial Council members representing the Divisions Chairmen and members of local authorities and divisional level heads of departments as its members. This Committee shall coordinate all development activities at the divisional level including prioritization and approval for activities under Divisional plan. It will meet once a month