

THE FINANCE COMMISSION

RECOMMENDATIONS - (2018) TO H.E. THE PRESIDENT

In terms of the Article 154R (4) of the Constitution of Sri Lanka

August 2017

මානව
 Chairman } (+94) 011 2556840
 මානව
 Secretary } (+94) 011 2556831
 කාර්යාල
 Office } (+94) 0112556834
 0113071324
 தொலைபேசி
 Fax } (+94) 011 2556836
 011 2556837
 විද්‍යුත් තැපෑල
 e-mail } fincom@slnet.lk



මූල්‍ය කොමිෂන් සභාව
 (සාමන්තමය ව්‍යවස්ථාප 154'හි ව්‍යවස්ථාප වරින් විකිසුණ ලදී.)

நிதி ஆணைக்குழு
 (சமஸ்தானம் 154'ன் ஆம் உறுப்புகளின் கீழ் தனித்தனியாக உள்ளது)

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

48, වජිරා පාර,
 කොළඹ 04, ශ්‍රී ලංකා
 48, வஜிரா வீடு,
 கொழும்பு-04, சிலங்கை.
 48, Vajira Road,
 Colombo 04, Sri Lanka.

මගේ අංක
 My No } FC/3/1/2018

ඔබේ අංක
 Your No }

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 Date } 21.08.2017

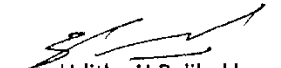
His Excellency Maithripala Sirisena
 President of the Democratic Socialist Republic of Sri Lanka
 Presidential Secretariat
 Colombo 01

Your Excellency,

In terms of the Article 154 R of the 13th Amendment to the Constitution of the Democratic Socialist Republic of Sri Lanka, I hereby submit the Recommendations pertaining to provincial capital and recurrent needs for 2018 including the proposed strategies to achieve balanced regional development in the country.

This Recommendations may be laid before Parliament and shall notify Parliament as to the action taken thereon in terms of 154 R (7) of the Constitution.

Yours respectfully,


 Uditha H. Paihakkara
 Chairman
 Finance Commission

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1. Introduction

The Finance Commission established under the Article 154 R (4) of the 13th Amendment to the Constitution in 1987, hereby submits its Recommendations to H.E. the President with respect to the principles on which funds allocated by the Government should be apportioned between the provinces for 2018.

In the process of preparation of these recommendations, the financial needs requested by the provinces were reviewed with the provinces and the agreed financial requirements have been apportioned in a rational manner in line with the constitutional mandate of the Commission.

Following the Finance Commission's experience with nearly 30 years of track record, other policy recommendations to be taken into account leading to balanced regional development of the country are also submitted.

The Finance Commission expects that adequate funds would be transferred by the Government as per determined needs of the provinces. Furthermore, this report draws the attention of the government to the "policy recommendations" given herewith in order to achieve higher socio-economic standards of the people with minimal regional disparities.

2. Mandate of the Finance Commission

The Thirteenth Amendment to the Constitution of the Democratic Socialist Republic of Sri Lanka, made provisions for the establishment of the Finance Commission (FC). The main responsibilities of the Commission is to make recommendations to H.E. the President and formulate principles, policies and guidelines on the apportionment of funds between the nine provinces with the objectives of achieving balanced regional development in the country. The mandate of the Finance Commission as indicated in Article 154 R (3), (4) and (5) of the Constitution is as follows;

- (1.) The Government shall, on the recommendation of, and in consultation with, the Commission, allocate from the Annual Budget, such funds as are adequate for the purpose of meeting the needs of the provinces.
- (2.) It shall be the duty of the Commission to make recommendations to the President as to –
 - a) the principles on which such funds are granted annually by the Government for the use of provinces should be apportioned between the various provinces; and
 - b) any other matter referred to the Commission by the President relating to provincial finance.
- (3.) The Commission shall formulate such principles with the objective of achieving balanced regional development in the country, and shall accordingly take into account-
 - i. the population of each province;
 - ii. the per capita income of each province;
 - iii. the need, progressively, to reduce social and economic disparities; and
 - iv. the need, progressively, to reduce the differences between the per capita income of each Province and the highest per capita income among the Provinces.

Article 154 R (7) of the Constitution requires that “The President shall cause every recommendation made by the Finance Commission under the above article to be laid before Parliament and shall notify Parliament as to the action taken thereon”.

Given below is the Percentage of Funds allocated to the Provinces from the Annual National Budget for recurrent and capital needs. It is noteworthy that based on the Table 1 the provinces have continuously received a meager proportion, in relation to the total national allocation of capital funds. The prevailing government accounting system is not geared to assess the total annual fund allocation to a particular province.

Table 1: Percentage of Funds allocated to the Provinces from the Annual National Budget

Category	Year	
	2016	2017
Capital	1.6%	0.95 %
Recurrent	9.06 %	8.25 %

The determination 2 (1) above has so far found to be difficult as a substantial portion of provincial needs under the devolved subjects is largely met by the budgetary allocations from the Line Ministries who tend to utilize such funds, without proper assessment of real needs of the provinces on “balanced regional development”. This affects the assessment of provincial needs by the Finance Commission.

3. Government Grants to the Provinces

The Thirteenth Amendment to the Constitution requires that the Government shall allocate adequate funds to meet the fiscal needs of the provinces in consultation with the Finance Commission. This involves:

- a. Estimation of the fiscal grants to the provinces based on the analysis of the needs submitted by the provinces and the national policy directives and priorities. The Commission informs determined needs to the Government with regard to allocation of funds from the Annual Budget to provinces.
- b. Apportionment of such funds between the provinces with the objective of reducing regional disparities.

The process of allocation and apportionment of such funds among the provinces in 2018 will be effected through the following grants.

Block Grant -The Block Grant is to meet recurrent expenditure needs of provinces for the purpose of sustaining and improving the service delivery. Salaries and wages of provincial staff constitute the major part of provincial recurrent expenditure. Accordingly, the

assessment of salaries and wages is made taking into account the actual living cadre within the approved staff limited by the Department of Management Services (DMS). This grant also includes transfers to local authorities aimed at meeting the expenditure on reimbursement of allowances of members, salaries and wages of staff and the expenditure on maintenance of infrastructure. (Allocation and release of Block Grant during the period from 2013-2017 are given in **Annex 1.**)

Province Specific Development Grant (PSDG) - The PSDG is allocated mainly for financing development projects of capital nature, paying special attention to infrastructure development under different devolved subjects. As a major portion of the capital expenditure comes within the purview of PSDG, for each investment under PSDG, should follow the proper planning framework. This grant is distributed among various sectors enabling provincial councils to invest on development projects. (Allocation and release of Provincial Specific Development Grant during the period from 2013-2017 are given in **Annex 2.**)

Special allocation will be earmarked under PSDG for villages with special needs for uplifting the dwellers' social and economic status.

In addition, a small allocation is made as a flexible amount under PSDG for 'gap filling' for any urgent requirements which are not included in the original plans.

Criteria Based Grant (CBG) - This is a grant like PSDG meant to meet the capital expenditure for improving the socio-economic conditions of the people in a manner that contributes towards reducing regional disparities. The funds provided under this grant are available to the provinces for discretionary spending on work related to development. However, the provinces are required to utilize this grant, adhering to the guidelines issued by the Commission. (Allocation and release of Criteria Based Grant during the period from 2013-2017 are given in **Annex 3.**)

Revenue Performance Grant - The Finance Commission recommends a new grant called “Revenue Performance Grant” in order to encourage provincial revenue. This is a development oriented grant, pivoted on incremental devolved revenue collection. The provinces have discretionary power to use this grant for capital related development programmes.

4. Assessment of Provincial Needs

Requests for capital and recurrent financial needs submitted by the provinces are carefully examined in this assessment by the Finance Commission before making recommendations to the Government. Furthermore, the Government development policy framework, public expenditure management, medium-term development plans of the provinces and previous performances on spending public funds in provinces are taken into consideration.

In assessing the provincial capital needs, the Commission pays due attention, to the following within the National Policy Framework and Provincial Medium-Term Plans.

- Improvement of service efficiency.
- Achievement of planned results effectively.
- Avoidance of duplication of work and wastage of resources.
- Priority needs.
- Capacity development of provincial agencies.
- Scope and relevance.

4.1 Assessment of Capital Needs

The Finance Commission issued guidelines in relation to provincial capital needs for 2018 in January 2017 for the purpose of assessing capital needs properly. With regard to annual capital needs, due attention was paid to the following matters,

- National Development Policy.

- Special development programmes of the Government at sub-national level.
- Achievement of the Sustainable Development Goals (SDGs)
- Optimum utilization of physical and human resources in the provinces.
- Reduction of inter and intra - regional disparities in development.
- Readiness in project implementation and their feasibility.
- Align with Public Investment Programme (PIP)

4.2 Assessment of Recurrent Needs

When assessing the recurrent needs submitted by the provinces based on the guidelines of the Finance Commission, the Commission takes into account the following main principles:

- Approved cadre.
- Actual living cadre and vacancies at the provinces.
- New appointments agreed by the line ministries to provincial councils
- Estimates of personal emoluments, salary arrears and staff loans.
- Estimates of other recurrent expenditure including maintenance of capital assets.
- Allowances for elected members.
- Transfers to the local authorities and other agencies.
- Relevant Government Circulars.

4.3 Capital and Recurrent Needs submitted by the Provinces for 2018

Annual Provincial Capital and Recurrent Needs – 2018 submitted by the provinces are given in Table 2.

Table 2: Provincial Requests on Capital and Recurrent Needs – 2018

(Rs. mn.)

Province	Capital	Recurrent *	Total
Western	6,125	52,559	58,684
Central	7,319	41,055	48,374
Southern	12,400	30,918	43,318
Northern	10,310	25,800	36,110
North –Western	6,762	32,243	39,005
North –Central	13,658	21,137	34,795
Uva	6,434	22,980	29,414
Sabaragamuwa	5,936	27,442	33,378
Eastern	13,644	25,305	38,949
Total	82,588	279,439	362,027

Source: Provincial Requests – 2018

*Note : * Excluding SD & CF and including vacancies*

The capital and recurrent needs requested by the provinces amount to Rs.82, 588 million and Rs.279,439 million respectively. Therefore, the total request of funds for 2018 is Rs.362,027 million.

4.4 Apportionment of Provincial Capital Funds.

Based on the assessed provincial needs on capital expenditure, a series of discussions were held with the General Treasury, to arrive at a consensus on bulk amount to be apportioned among the provinces. The distribution of “Allocable Amount” amongst provinces has been made on the basis of selected criteria.

An improved statistical formula adopting a Multivariate Statistical Technique called “Factor Analysis” has been used by the Commission to apportion capital funds (other than the revenue performance grant) in a rational manner among the provinces. The Department of Census and Statistics has provided technical assistance in developing the formula at the request of the Finance Commission using the following criteria.

- Population
- Provincial GDP
- Poverty Head Count Ratio

- Median monthly per-capita income
- Persons per medical officer
- Number of candidates qualified for universities in Science stream

According to the formula the following province-wise percentages have been used to allocate capital funds (PSDG and CBG) among the provinces in 2018 (Table 3)

Table 3: Percentages of allocation for Capital Funds (PSDG and CBG) among the provinces for the year of 2018.

Province	Composite Index *	Allocation %
Western	0.58631	6.36
Central	0.89621	9.72
Southern	0.89543	9.71
Northern	1.27113	13.78
North Western	0.94187	10.21
North Central	1.10997	12.04
Uva	1.29017	13.99
Sabaragamuwa	1.04710	11.35
Eastern	1.18388	12.84

Source: Finance Commission

Note : *Composite Indexes derived by the formula for each province.

Selected variables of the formula for fund allocation are given in **Annex 4**. The break-down of assessed provincial capital needs for 2018 is given in Table 4.

Table 4 : Assessed Provincial Capital Needs–2018

(Rs. mn.)

Province	Needs Assessment – 2018		
	PSDG	CBG	Revenue Performance Grant
Western	3,116.40	508.80	1,036.00
Central	4,762.80	777.60	250.00
Southern	4,757.90	776.80	31.00
Northern	6,752.20	1,102.40	584.00
North Western	5,002.90	816.80	350.00
North Central	5,899.60	963.20	203.00
Uva	6,855.10	1,119.20	237.00
Sabaragamuwa	5,561.50	908.00	50.00
Eastern	6,291.60	1,027.20	259.00
Total	49,000.00	8,000.00	3,000.00

Source: Finance Commission

Other than the PSDG and CBG, which are used to transfer Capital Grants to provinces Revenue Performance Grant has been introduced to encourage provincial revenue collection. Therefore, this new grant will be included in the National Budget in the year 2018.

4.5 Apportionment of Provincial Recurrent Funds.

The assessment of the provincial recurrent needs made by the Finance Commission is given in Table 5. In the assessment of Block Grant, estimated revenue of the provinces (revenue collection and revenue transfers) was deducted from the total provincial recurrent expenditure.

Table 5: Assessed Provincial Block Grant for 2018

<i>(Rs. '000.)</i>				
Province	Estimated Total Recurrent Expenditure**	Rev. Target Excluding Stamp Duty and Court Fines by Prov. Councils	Estimated Transfers of Government Revenue to the Provinces*	Total Block Grant Assessed
Western	49,851,136	7,300,000	26,400,000	16,151,136
Central	34,904,464	1,725,000	4,950,000	28,229,464
Southern	31,286,427	1,910,000	4,950,000	24,426,427
Northern	24,309,945	750,000	2,750,000	20,809,945
North Western	32,456,839	1,940,000	4,950,000	25,566,839
North Central	20,452,411	1,100,000	2,750,000	16,602,411
Uva	21,076,215	1,090,000	2,750,000	17,236,215
Sabaragamuwa	27,108,062	1,430,000	2,750,000	22,928,062
Eastern	25,419,660	920,000	2,750,000	21,749,660
Total	266,865,159	18,165,000	55,000,000	193,700,159

Source: Finance Commission

Note- * as per the Fiscal Policy Circular No 01/2010

** Excluding SD & CF and Including Local Government Transfers, Vacancies, Salary arrears and attachments by Line Ministries.

Transfers to the Local government given in Table 6 is also included in the assessed Block Grant in Table 5.

Table 6: Assessed Local Government Transfers - 2018

Province	Local Government Transfers
Western	8,417,426
Central	2,393,076
Southern	2,186,851
Northern	1,724,498
North Western	1,821,403
North Central	772,098
Uva	1,144,118
Sabaragamuwa	1,229,475
Eastern	1,528,393
Total	21,217,338

Source: Budget Estimates of 2018, Finance Commission

5. Provincial Revenue

Provincial revenue originates from two main sources:

- i. Transfer of Government Revenue
- ii. Revenue collected from Devolved Sources

5.1 Transfer of Government Revenue

As per the Fiscal Policy Circular No. 01/2010, issued by the General Treasury on 29th December 2010, the national revenue authorities, namely the Commissioner General of Department of Inland Revenue, the Director General of Customs, and the Commissioner General of Department of Motor Traffic, have been directed to transfer the collected revenue to the provinces on the following basis,

- a. 33 1/3 % of the Nation Building Tax (NBT)
- b. 100 % of Stamp Duty
- c. 70% (instead of the earlier 60%) of Vehicle Registration Fees

The collected revenue from NBT and Stamp Duty is divided among the provinces according to the percentages given below (Table 7 and 8)

Table 7 : Percentage of NBT and Stamp Duty divided among the Provinces.

Province	Ratio (%)
Western	48
Central	09
Southern	09
North Western	09
Sabaragamuwa	05
North Central	05
Uva	05
Eastern	05
Northern	05
Total	100

Note: These percentages could be re-fixed periodically by the General Treasury with the concurrence of the Finance Commission.

Table 8: Transfer of Government Revenue

(Rs. mn.)

Province	2016			2017		
	Target	Transfers	%	Target	Transfers (up to May 2017)	%
Western	17,568	18,248	104	22,080	10,089	46
Central	3,294	3,439	104	4,140	1,631	39
Southern	3,294	3,388	103	4,140	1,497	36
Northern	1,830	1,873	102	2,300	958	42
North Western	3,294	3,465	105	4,140	1,697	41
North Central	1,830	2,064	113	2,300	800	35
Uva	1,830	1,915	105	2,300	948	41
Sabaragamuwa	1,830	1,952	107	2,300	958	42
Eastern	1,830	1,924	105	2,300	958	42
Total	36,600	38,267	105	46,000	19,538	42

Source: Department of Fiscal Policy- General Treasury and Provincial Data

5.2 Revenue Collected from Devolved Sources

Provincial revenue is collected through tax revenue and non-tax revenue as listed in 36.01 to 36.20 in the Ninth Schedule of the Thirteenth Amendment to the Constitution. The main sources of provincial revenue include Motor Vehicle License Fees, Excise Duty, Stamp Duty and Court Fines. The Stamp Duty and Court Fines collected by the provinces are transferred to the Local Authorities.

Revenue collected by devolved sources up to May 2017 is given in Table 9. The Stamp Duty, as a whole constitutes the highest revenue source followed by Motor Vehicle Revenue License Fees. (Revenue Collection by Devolved Sources 2016 are given in Annex 5)

Table 9: Revenue Collection by Devolved Sources (Up to May) – 2017

(Rs.'000)

Province	Target Including Stamp Duty & Court Fines 2017	Revenue Collected form Devolved Sources						Total
		BTT *	Motor Vehicle Revenue License Fees	Excise Duty	Other **	Stamp Duty	Court Fines	
Western	22,800,000	10,950	1,500,040	269,320	564,100	5,000,000	250,000	7,594,410
Central	3,314,000	820	345,867	146,315	126,287	695,043	26,233	1,340,565
Southern	3,175,000	-	400,000	34,667	128,916	536,000	75,000	1,174,583
Northern	1,068,000	-	125,000	18,750	277,905	1,250	22,080	444,985
North Western	3,648,500	654	505,716	59,097	179,448	739,169	111,546	1,595,630
North Central	1,251,000	275	220,859	42,869	138,736	65,997	67,836	536,572
Uva	1,140,000	625	160,417	52,754	113,009	116,667	41,667	485,139
Sabaragamuwa	1,750,000	-	260,417	46,458	80,625	237,500	66,667	691,667
Eastern	1,175,000	-	170,835	31,770	88,225	157,085	41,665	489,580
Total	39,321,500	13,324	3,689,150	702,001	1,697,251	7,548,711	702,693	14,353,130

Source: Monthly Revenue Reports of Provincial Councils – 2017

*Collection of due BTT up to 2010

** Other include rents, interests, examination fees, sale of capital assets, betting tax etc.

5.3 Revenue Forecast for 2018

Setting of revenue targets for the provinces is based on two main sources of revenue, viz transfers of Government Revenue and target for devolved Revenue Sources. The total amount of forecast revenue under the above two sources is deducted from the assessed provincial recurrent needs. The Finance Commission engages in a consultative process with the General Treasury and Provincial Councils, in setting the revenue targets.

5.3.1 Transfer of Government Revenue

The annual amounts to be transferred to all provinces are decided by the General Treasury in terms of the Fiscal Policy Circular No: 01/2010 of 29.12.2010. It is expected that the General Treasury would allocate Rs.55,000 million from the nationally collected revenue to the provinces for the year 2018. Transfers of Government Revenue to the provinces for 2018 have been forecasted, based on the following percentages, agreed between the Finance Commission and the General Treasury.

Details of Estimated Transfers of Government Revenue to the Provinces – 2018 are given in Table 10.

Table 10 : Estimated Transfers of Government Revenue to the Provinces – 2018

(Rs.mn.)

Province	Transfers	% of Provincial Share
Western	26,400	48
Central	4,950	9
Southern	4,950	9
Northern	2,750	5
North Western	4,950	9
North Central	2,750	5
Uva	2,750	5
Sabaragamuwa	2,750	5
Eastern	2,750	5
Total	55,000	100

Source : Finance Commission

5.3.2 Targets for Devolved Revenue Sources -2018

The forecast revenue collection for 2018 including stamp duty and court fines is Rs.43, 612million. The forecast revenue for 2018 excluding stamp duty and court fines is Rs.18, 165million. Details of revenue forecast for 2018 are given in Table 11.

Table 11: Revenue Forecast for 2018

(Rs.mn.)

Province	Revenue Forecast Including Stamp Duty & Court Fines			Revenue Forecast Excluding Stamp Duty & Court Fines		
	Provincial Estimate	FC Forecast	% of Provincial Share of FC Forecast	Provincial Estimate	FC Forecast	% of Provincial Share of FC Forecast
Western	23,437	23,725	54.4	7,012	7,300	40.2
Central	3,410	3,492	8.0	1,665	1,725	9.5
Southern	3,581	4,010	9.2	1,681	1,910	10.5
Northern	1,180	1,220	2.8	725	750	4.1
North Western	4,290	4,340	10.0	1,900	1,940	10.7
North Central	1,358	1,490	3.4	1,013	1,100	6.1
Uva	1,231	1,570	3.6	636	1,090	6.0
Sabaragamuwa	1,892	2,245	5.1	1,142	1,430	7.9
Eastern	1,270	1,520	3.5	750	920	5.1
Total	41,649	43,612	100.0	16,524	18,165	100.0

Source: Provincial Budget Estimates 2018 and Finance Commission Estimates

The forecasted amount of stamp duty and court fines to be transferred to the local authorities from total revenue for 2018 is Rs.25, 597 million. The provincial break-down of revenue transfers to local authorities is given in Table 12.

Table 12: Stamp Duty and Court Fines to be transferred to the Local Authorities for 2018

(Rs.mn.)

Province	Stamp Duty	Court Fines	Total	% Provincial Share
Western	15,500	925	16,425	64.2
Central	1,670	97	1,767	6.9
Southern	1,850	250	2,100	8.2
Northern	480	140	620	2.4
North Western	2,000	400	2,400	9.4
North Central	165	225	390	1.5
Uva	350	130	480	1.9
Sabaragamuwa	650	165	815	3.2
Eastern	450	150	600	2.3
Total	23,115	2,482	25,597	100.0

Source: Finance Commission

6. Policy Recommendations

- To achieve Balanced Regional Development in the country, funds distribution among the provinces based on a rational methodology will not be effective if a meager proportion of the National Budget is only spent through provincial councils. Therefore, it is recommended that the National Ministries should consider the proportions recommended by Finance Commission in distributing their allocations among the provinces.
- It is recommended that funds disbursed for the development sectors coming under the devolved subjects should be channeled through the provincial councils. It is further recommended that in the event of implementation of projects identified under devolved subjects by the Line Ministries should also be carried out through the Provincial Councils. This would minimize duplications of funds and overlapping of activities thereby promoting effective utilization of funds and maintaining transparency and accountability of investments.

- In the policy making process for balanced regional development, lack of data and information related to public fund allocation and investment among regions are observed, due to poor inter-governmental fiscal relations and lack of coordination. Absence of common framework in the national planning system is also identified as a main issue that affects effective decision making process. Therefore, the establishment of common framework for national and sub-national planning system without undermining the concept of devolution is recommended. Further, this can be supported by a national level management information system (MIS) coordinated by the Department of Project Monitoring and Management which caters for national and sub-national level information requirements for planning and monitoring.
- Provincial Councils play a major role in regional development in line with national policies and priorities, with the available resources at provincial level as well as funds channeled through the national ministries. Hence, it is observed that the recurrent expenditure of Provincial Councils cover the cost of human resource component of the development activities not only for the Provincial Councils but also for the National Ministries. Accordingly, it is recommended that high priority should be given for the enhancement of human resources in the Provincial Councils. This will enhance the identification of real needs, planning, implementation, and monitoring, evaluating and effective management of development programmes.
- Currently, only business entities with quarterly income exceeding Rs.3mn. are subject to NBT, which is collected at the National Level, while businesses having less than Rs.3mn. quarterly income are exempt from NBT. Hence, it is recommended that Provincial Councils should be allowed to collect taxes from business entities with quarterly income up to Rs.3mn. Further, it is recommended to enhance provincial revenue through untapped revenue sources such as private schools / tutorials/ local and foreign collage of higher education, health service providers, and professional service providers.

- It is recommended that 25%-50% of the beneficiary contribution to be made compulsory for any direct grant provided under national and provincial development programs to ensure commitment of the beneficiary and sustainability of such investments.
- It is recommended that there should be regularization and proper monitoring of private schools and private institutions of higher education in order to ensure quality education.
- It is recommended that the state education should guide students for enhancing skills development.
- It is recommended that provincial budgets should include provisions for rehabilitation of devolved nature infrastructure affected by natural disasters.
- It is recommended to introduce an attractive provincial incentive package for private investors who are willing to invest in rural lagging / backward regions. The proposed preferential incentive package should be characterized by interest subsidies, tax holidays, reduced tax rates, concessionary loan schemes and easy collaterals. This will also be helpful to focus public investments on social infrastructure projects which are needed for uplifting the day today life of ordinary people.
- It is recommended to link Infrastructure facilities with anchor projects with the provincial growth centers based on industrial activities. Considering the urgent need of linking the provincial growth centers with national level mega projects, special budgetary allocations are suggested to be provided for improving infrastructure by way of facilitating private investments at regional level.



Uditha H. Palihakkara

Appointed Member and Chairman



Indrajit Coomaraswamy

Ex-Officio Member and the Governor of the Central Bank of Sri Lanka



R.H.S. Samaratinga

Ex-Officio Member and the Secretary to the Treasury



V. Kanagasabapathy

Appointed Member



H.M. Zafrullah

Appointed Member

Annex 1: Allocation and Release of Block Grant 2013– 2017

(Rs.mn.)

Province	2013		2014		2015		2016		2017	
	Allo.	Release	Allo.	Release	Allo.	Release	Allo.	Release	Allo.	Release up to June 2017
Western	8,502	9,691	11,699	11,699	18,842	18,842	21,744	21,741	14,867	7,430.36
Central	14,864	15,687	17,917	17,917	23,542	23,542	23,375	23,374	22,489	11,510.17
Southern	12,908	13,586	15,785	15,785	21,459	21,459	20,508	20,507	19,204	9,900.59
Northern	10,075	10,795	12,642	12,642	16,268	16,268	16,757	16,754	16,477	8,120.67
North Western	14,118	14,846	16,413	16,413	21,705	21,634	20,829	20,821	21,587	11,034.34
North Central	7,346	7,765	10,594	10,594	13,616	13,616	14,174	13,722	13,526	6,772.26
Uva	10,263	10,758	12,500	12,500	16,237	16,237	16,422	16,249	15,899	7,941.34
Sabaragamuwa	13,088	13,606	14,809	14,809	18,410	18,410	18,219	18,218	19,195	9,434.07
Eastern	11,635	12,066	13,784	13,784	17,745	17,475	17,166	16,996	17,361	8,765.15
Total	102,800	108,801	126,143	126,143	167,554	167,483	169,195	168,382	160,605	80,908.95

Source: Finance Commission and General Treasury

Annex 2 : Allocation and Release of Province Specific Development Grant 2013- 2017

(Rs.mn.)

Province	2013		2014		2015		2016		2017	
	Allo.	Release	Allo.	Release	Allo.	Release *	Allo.	Release	Allo. **	Release up to June 2017
Western	1,701	1,062	2,280	1,078	2,598	2,641	3,640	1,400	765	200
Central	3,254	889	3,497	1,264	3,879	2,575	4,751	1,353	1,169	1,200
Southern	1,634	785	1,715	1,049	3,997	2,211	3,976	874	1,168	1,159
Northern	3,692.7	836	5,551	1,328	5,038	2,399	8,343	1,800	1,657	1,397
North Western	1,867	765	2,120	1,933	2,500	2,151	4,334	1,505	1,228	1,200
North Central	2,139.5	741	3,043	1,054	2,230	2,658	4,065	1,550	1,448	1,360
Uva	2,596	838	3,543	2,282	3,361	2,229	3,570	1,100	1,682	1,488
Sabaragamuwa	2,765	795	4,245	1,684	4,360	2,966	4,061	1,042	1,365	1,050
Eastern	4,915	1,062	3,206	1,595	2,469	1,830	4,267	1,510	1,544	1,059
Total	24,564	7,773	29,200	13,267	30,432	21,660	41,007	12,135	12,026	10,112

Source: Finance Commission and General Treasury

Note: Allocation is including Development Projects** PSDG amount only

Release Amount PSDG only * Including both PSDG and CBG

Annex 3 : Allocation and Release of Criteria Based Grant 2013 – 2017

(Rs.mn.)

Province	2013		2014		2015		2016		2017	
	Allo.	Release	Allo.	Release	Allo	Release *	Allo	Release	Allo	Release up to June 2017
Western	370	370	475	292.5	525	2,641	460	200	254	100
Central	321	192	430	129	500	2,575	423	117	389	200
Southern	295	177	380	255	385	2,211	413	369	388	150
Northern	195	195	280	280	400	2,399	475	437	551	229
North Western	270	162	350	290	425	2,151	375	360	408	200
North Central	230	742	350	192	375	2,658	400	400	482	200
Uva	240	144	330	179	375	2,229	475	415	560	200
Sabaragamuwa	252	151	335	335	400	2,966	514	293	454	200
Eastern	217	130	340	227	400	1,830	465	445	514	200
Total	2,390	2,264	3,270	2,180	3,785	21,660	4,000	3,035	4,000	1,679

Source: Finance Commission and General Treasury

*Including both PSDG and CBG

Annex 4: Selected Variables for the Fund Allocating Formula -2017

Province	Population - 2015 (<i>'000</i>)	Provincial GDP -2014 (<i>Rs. mn.</i>)	Poverty Head Count Ratio 2012/13	Median Monthly Per Capita Income 2012/13 (<i>Rs.</i>)	Persons per Medical Officer 2013	Candidates Qualified for Universities - Science Stream - Province Wise % -2015
Western	5979	4,320	2.0	10,567	797	29.6
Central	2658	1,073	6.6	7,150	954	11.6
Southern	2556	1,112	7.7	7,624	1272	17.9
Northern	1094	367	10.9	5,540	1103	5.2
North Western	2448	1,100	6.0	7,927	1511	10.4
North Central	1312	523	7.3	7,824	1533	4.6
Uva	1316	511	15.4	6,110	1470	5.4
Sabaragamuwa	1988	689	8.8	7,229	1477	9.8
Eastern	1615	597	11.0	5,385	1178	5.6
Sri Lanka	20,966	10,292	6.7	7,881	1,081	100

Source: Department of Census and Statistics, Central Bank, Ministry of Health, Nutrition and Indigenous Medicine

Annex 5 : Provincial Revenue Collection by Sources – 2016

(Rs. '000)

Province	Target Including Stamp Duty & Court Fines 2016	Revenue Collected form Devolved Sources						Total
		BTT *	Motor Vehicle Revenue license Fees	Excise Duty	Other **	Stamp Duty	Court Fines	
Western	18,000,000	29,210	3,869,420	812,100	2,125,240	15,214,230	905,080	22,955,280
Central	2,750,000	5,006	851,458	430,632	395,998	1,658,681	93,232	3,435,007
Southern	2,839,700	1,521	703,339	196,538	444,421	1,714,038	21,284	3,081,141
Northern	410,300	-	305,484	42,483	198,604	519,296	176,744	1,242,611
North Western	3,070,000	3,415	1,234,279	154,911	359,778	1,778,934	386,269	3,917,586
North Central	1,145,000	983	481,971	67,433	566,711	161,767	209,851	1,488,716
Uva	855,000	1,532	386,955	118,573	431,545	316,217	126,663	1,381,485
Sabaragamuwa	1,390,000	1,851	671,969	123,639	558,629	619,673	162,191	2,137,952
Eastern	940,000	-	455,070	82,085	283,081	434,197	135,063	1,389,496
Total	31,400,000	43,517	8,959,945	2,028,394	5,364,006	22,417,034	2,216,377	41,029,273

Source: Monthly Revenue Reports of provincial councils – 2016

*Collection of due BTT up to 2010

**Others include rents, interests, examination fees, sale of capital assets, betting tax etc.