

Sri Lanka



Capital: Sri Jayawardenapura-Kotte
Inhabitants: 20,653 million (2010 est.)
Area: 65,610 sq km

1. Introduction



1.1. General Information

Sri Lanka is an island located in the Indian Ocean. It is one of the nine members of the South Asian Association for Regional Cooperation or SAARC. Other members of SAARC include Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal and Pakistan. Sri Lanka is also a member of the Commonwealth, an association of former British colonies. Although the economic, social and political institutions in Sri Lanka have evolved much since 1948, the year of independence, the country still has much in common with other commonwealth countries.

General Statistics	
Population (Estimate, 2010) ¹	20,653 million
Area	65,610 sq km
Capital	Sri Jayawardenapura-Kotte
GDP per capita 2009 ²	2053 US\$
Local Government Contribution to GDP	-
Currency	Sri Lankan Rupee (LKR)
Head of State and Government	President Mahinda Rajapaksa
Form of Government	Democratic Republic
Parliamentary System	Unicameral
State Structure	Unitary
Languages (Official)	Sinhala, Tamil

1.2 Governance structure

Sri Lanka is a unitary democratic republic with a unicameral parliament. There are three tiers of government -- national, provincial and local. The head of state and head of national government is the president who is directly elected to serve a six-year term. The president must secure over 50% of the vote, and, according to a constitutional amendment enacted in 2010, there are no term limits to the presidency. Executive power is accorded to the

¹ Estimated mid year population by sex and district, in thousands - 2010* (<http://www.statistics.gov.lk/PopHouSat/Mid%20Year%20Population/midyearsex%20&district.pdf>)

² Central Bank (2011). Key Economic Indicators, http://www.cbsl.gov.lk/pics_n_docs/10_pub/_docs/efr/annual_report/ar2009e/PDF/3.pdf



president, who may summon, suspend or end a legislative session and dissolve the parliament. The president appoints the prime minister, the leader of the majority party in the parliament. The president also appoints a cabinet from the members of the parliament, on the advice of the prime minister. The parliament has 225 members elected under a modified system of proportional representation to serve a six-year term. Of these 196 are elected from multi-member constituencies with 29 seats apportioned on the basis of the national vote and filled by nominees of the political parties or groups. To qualify for a seat a party must secure 5% of the vote.

The second tier provincial authorities are governed by the Provincial Councils Act 1987. Provincial councils' responsibilities include internal law and order, provincial economic plans, education, housing and agriculture and are detailed in the 13th amendment to the constitution of Democratic Socialist Republic of Sri Lanka.

The third tier local authorities are not specifically recognized by the constitution, but, are listed under the responsibilities of the powers devolved to the provincial councils under the 13th amendment.

1.3 Evolution of local government

Records dating from the 3rd century B.C. provide evidence for the existence of a decentralized system of administration in Sri Lanka with a village committee or Gam Sabha as the basic unit of administration. Gam Sabha system which was highly acclaimed by the people for centuries was discontinued in 1818 under British colonial rule. During the 1861-1948 period, various other institutions such as Road Committees, Municipal Councils, Sanitary Boards, Town Sanitary Boards, Rural District Councils, Urban Councils and Town Councils were introduced by the colonial rulers. By the time of independence in 1948, four types of Local Authorities--Municipal Councils, Urban Councils, Town Councils and Village Committees --were in operation. Municipal Councils were only three in number, while the vast rural land area was covered by Village Committees.

Between 1948 and 2011, many reforms have been introduced and repealed. As of July 2011, the system of local government in Sri Lanka consists of a total of 335 authorities distributed as 23 municipal councils, 44 urban councils and 270 rural councils, and governed by Urban Councils Ordinance of 1939, Municipal Council Ordinance of 1947, Pradeshya Sabha (or Rural Councils) Act of 1988 and amendments thereafter. Control by Central and provincial authorities are exercised through clauses in the said three acts and the Provincial councils Act of 1987. A national policy on local government has been put in place through the Extraordinary Gazette number 1632/26 issued on the 19 December 2009 to broaden the scope of local authorities with adequate functions, powers and resources. The policy is yet to be satisfactorily implemented.

2. Territorial organization

Territorially, the 335 local authorities are spread among 9 provinces. With the exception of the Western Province which has an estimated population of 5.9 million in 2010, the population in the other nine provinces range from 1.2 million to 2.7 million.

Local government units by Province					
	Pop millions	Number of Local Authorities ³			
		MC	UC	PS	All
North Central	1.2	1	-	25	26
Northern	1.2	1	5	28	34
Uva	1.3	2	1	25	28
Eastern	1.6	3	5	37	45
Sabaragamuwa	1.9	1	3	25	29
North Western	2.3	1	3	29	33
Southern	2.5	3	4	42	49
Central	2.7	4	6	33	43
Western	5.9	7	14	27	48
ALL	20.7	23	41	271	335

³ <http://www.slections.gov.lk/pastElection1.html>



The local authorities in Northern and Eastern province were dysfunctional during the protracted civil war that lasted from 1983-2009. Three rounds of local elections were undertaken in March, July and October of 2011 where 322 of the 335 local administrations were renewed.

There are wide disparities in economic and social development among the provinces. These disparities are reflected in the economic and social development of local authorities, the rural councils in particular, in these provinces. In 2009, the Ministry for Local Government and Provincial Councils identified 99 rural councils or 30% of the total number of councils as being backward. North Central Province has the highest percentage of backward councils at 81% followed by Uva (50%), Eastern (47%) and Northern (35%).

Councils not meeting minimum standard (classified as backward) ⁴		
Province	No/Total	%
Western	4/48	8%
Central	6/43	14%
Sabaragamuwa	5/29	17%
Southern	9/49	18%
North Western	7/33	21%
Northern	12/34	35%
Eastern	21/45	47%
Uva	14/28	50%
North Central	21/26	81%
ALL	99/335	30%

3. Local Democracy

3.1. Local Political System

The system of local government in Sri Lanka is governed by the Urban Councils Ordinance of 1939, Municipal Council Ordinance of 1947, Pradeshya Sabha (or Rural Councils) Act of 1988 and amendments thereafter. Election of representatives to the councils is determined by the Local Authorities Elections Ordinance of 1946 and

amendments up to 2004, including a significant amendment that brought about a proportional system of representation in 1987. A bill to amend the elections system back to a first-past-the post system with some proportional representation is pending in parliament until the all the elections due in 2011 are over.

All councils are elected for a four-year term of office on the basis of a list system of proportional representation. Political parties, coalitions or independent groups submit nomination lists of candidates for the number of members specified for the council plus three or more further names as specified for each council. Voters must vote for the party or group of their choice, and indicate three preferences from the names on the list. The Commissioner of Elections determines the seats to be allocated to each party or group as per the proportion of votes received by each party. Under the provisions of the Local Authorities (Amendment) Act 1990, each voter has been able to give all three preference votes to the same candidate. The Act also requires that nomination lists must include a 40% quota of candidates between the ages of 18 and 35 in order to ensure that youth are formally represented. Both these provision has been followed in local authority elections since 1997.

Mayors, Deputy Mayors, Chairpersons and Vice-Chairpersons are nominated by Secretary General of the Political Party with the consent of the political bureau of the parties or groups securing the greatest number of seats in the election. The Commissioner of Elections confirms their appointments.

Municipal councils are led by a full-time mayor, nominated by the majority party or group, who holds office for four years. As with all councils, central government determines the level of remuneration. There are no executive committees or cabinets. The Municipal Council Ordinance stipulates that standing committees be appointed for finance and policy planning, housing and community development,

⁴ Ministry for Local Government and Provincial Councils, 2009





technical services and environment and amenities. Standing committees are compulsory and presentation of matters to the council must be directed through the standing committees. There is discretion to appoint special committees.

Urban councils are led by a full-time chairperson, nominated by the majority party or group, who holds office for a four-year term. The level of remuneration is determined by central government. There are no executive committees or cabinets. Urban councils do not have a legal requirement to establish committees: however, councils have full discretion on appointing advisory committees. Citizens and outsiders can be members of such committees.

Rural authorities or Pradeshiya Sabhas are led by a full-time chairperson, nominated by the majority party or group, who holds office for a term of four years. The level of remuneration is determined by central government. Pradeshiya Sabhas can appoint advisory committees in a similar manner. They have full discretion to establish other committees. There are no executive committees or cabinets.

Each province has a governor appointed by the president for a five-year term, responsible for executing the policies of the provincial council through a board of ministers headed by a chief minister and no more than four other ministers. The governor also appoints a chief minister, and other ministers on the advice of the chief minister. In addition each provincial council has a chairman and a vice-chairman elected from among its members by majority vote. The chief secretary, appointed by the president, is the most senior public official.

The provincial minister for local government is vested with oversight responsibility with authority being delegated to the provincial commissioner of local government. The power to dissolve a council is also exercised at the provincial level and there have been instances where councilors have been suspended due to

charges of mismanagement and malpractice.

Under the 13th Amendment to the Constitution while Local Government is a subject fully devolved to the Provincial Councils, the determination of the composition form and structure of Local Authorities is vested in the Ministry in charge of Local Government in the Central Government. Accordingly powers and responsibilities relating to the establishment, amalgamation, change, determination or revision of boundaries, upgrading of authorities and change of form, determination of the number of representatives etc., are vested in that Ministry.

Further, though not so empowered by a written law the functions such as -- Inter-Province co-ordination on Local Government, Allocation of external resources and scholarships on Local Government; Training on Local Government with the concurrence of National and Provincial levels; Representation of the Local Government Sector at National level in State or semi-state institutions and Conduct of Local Government projects at National level from time to time-- are also performed by the same Ministry:

Women's representation in politics is low in Sri Lanka compared to other countries in South Asia. In 2008/2009 representation of women in the national government was 5% in the national parliament, 3% in provincial councils and 2% in local government. Efforts to introduce a quote for women have met with strong resistance from the parliament although such an amendment has received support from at least 2 provincial councils through motions brought about by women leaders in the respective provincial councils. Mrs. Ashoka Lankatileke a councilor in the Western Provincial council and Mrs. Ariyawathie Galappaththi of the Eastern Provincial council have to be commended for their effort.



3.2 Citizen Participation

The National Policy on Local Government⁵ stipulates that every council should promote social inclusivity, civil society participation and partnerships. Each Province needs to adopt the policy and the provincial minister needs to issue an order for the local government to implement this gazette notice. However, community involvement has not been systematically implemented so far in the local government authorities, except in the case of some councils which have developed participatory budgets for the councils in the past few years successfully with the support of external agencies.

A right to information bill at the national, provincial or local level is yet to be enacted by parliament. E-government is also a long way from being realized. Ministry of Local Government and Provincial Councils with the support of Information and Communication Technology Agency (a World Bank funded project for e-Government is developing a computerized accounting system for Local Government Authorities in Sri Lanka. This program will help the citizen to be more accessible for the services provided by the Local Authorities. Some Municipal and Urban councils and Pradeshiya Sabhas are using internet and e-mail facilities but not at satisfactory levels due to non-availability of both physical and human resources, and lack of interest of the political leaderships.

⁵ Extraordinary Gazette number 1632/26 issued on the 19 December 2009, Section 4.5

4. Central-local relationship

4.1. General Issues

In an ideal world, Central-Local relationships should be governed by the principle of subsidiarity.

The constitution of Sri Lanka too is guided by the directive principle that “the government shall strengthen and broaden the structure of government and the democratic rights of people by decentralizing the administration and by affording all possible opportunities to the people to participate at level in national life and in government.

The National Policy on Local Government goes further to say that “The policy seeks maximum devolution and decentralization of authority and powers for participatory decision making in a manner that respects and upholds the principles of autonomy, subsidiarity and proximity in order to empower local authorities to regulate and manage the share of public affairs under their purview.”

In reality, some sort of supervision or control needs to be exercised by the central authority. To quote the 1999 Commission of Inquiry on Local Government Reforms:

“Generally speaking, whether the State is Federal or Unitary the Central Government and where appropriate, State Governments exercise supervisory control over Local Authorities. These supervisory authorities, Regional or Central, can control or nullify their decision on grounds of broader public interest.

4.2. Problems identified with supervision of Local Government

The 1999 Commission of Inquiry on Local Government Reforms goes onto identify problems of central control. To quote:

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"The term "Central Control" is also used in the principal Ordinances on Local Authorities. According to these enactments control powers are vested directly on the Provincial Minister in charge of the subject of Local Government, the Provincial Commissioner of Local Government (PCLG) Assistant Commissioner of Local Government (ACLG) and the Auditor General.

However, in addition to the above, there are several other institutions both statutory and conventional at the Central, Provincial and District levels which directly or indirectly wield authority over Local Authorities. Though described as Central Control, what takes place and what is expected to take place, with the institutions at these levels is not to use their powers to restrict or control the work of Local Authorities but to strengthen them in order to conduct their affairs more efficiently.

The "Control" process by these levels has proved to be an irritant to many Local Authorities for several reasons. The specified jurisdiction of Local Authorities on certain subjects is not in keeping with present day needs. The procedure of obtaining the approval of the Minister of Local Government may take a longtime."

4.3 Coordination of local units

For successful decentralization it is essential to have organizations that bring together decentralized units for concerted action where such are needed. Several such organizations or arrangements exist.

The chief ministers of the provincial councils meet in a regular conference in which the national level Minister for Local Government and Provincial Councils participates as the central government representative. Meetings are also held between representatives of the sector/line ministries, the provincial chief secretaries, and the secretaries of the Provincial Public Service Commission.

Specifically in regard to local government, the national level Ministry of Local

Government also holds monthly coordinating meetings with the provincial commissioners and other organizations working in the local government sector. The Sri Lanka Institute of Local Governance, set up under Act no. 31 of 1999, also has a facilitating role, providing professional support to both provincial councils and local authorities. It also provides research support to the national ministry for the formulation of policies on local government.

4.4. Protection of Local Self-Government Rights and Interest

Protection of Local Self-Government is enshrined in the 13th amendment of the constitution, which states that 'Local authorities will have the powers vested in them under existing law, the Municipal Councils Ordinance and the Urban Councils Ordinance. Pradeshiya Sabhas will have the powers vested in them under existing law. It will be open to the provincial council to confer additional powers on local authorities but not to take away their powers'.

5. Local responsibilities and functions

5.1 Local responsibilities

Local authorities in Sri Lanka are charged by statute with the regulation, control and all matters relating to the public health, public utility services and public thoroughfares, and generally with the protection and promotion of the comfort, convenience and welfare of the people. Given that there is a parallel national administrative structure consisting of divisional secretariats that more or less coincide with local authority jurisdictions, coordination between the two types of bodies is a critical issue which is yet to be resolved fully.

5.2 Local Government Association

The Federation of Sri Lankan Local Government Authorities (FSLGA) is an organization with membership open to



each of the 335 local authorities in Sri Lanka. FSLGA is administered by an executive committee made up representative from each of the nine provinces elected at an annual general meeting of the member local authorities, plus one member each, respectively, representing the National Chapter of Mayors, the United Urban Council Association and the Sri Lanka Pradeshiya Sabha Association, respectively. FSLGA serves as an umbrella organization representing the interests of the local government sector in Sri Lanka as a whole. FSLGA is sustained by member subscriptions and other income-generating activities.

other developing countries. For example, the share of local government expenditure of GDP for selected developing Commonwealth countries averages just 2.1 per cent, compared with the unweighted average of 21 OECD countries at 11.1 per cent (CLGF, 2006).

6.2 Revenue

At the third tier, local authorities are responsible for collection of taxes and user fees with other sources of revenue includes property rates and assessments, rents. Locally-raised taxes must be levied within the limits prescribed by central government.

Central government provides financial transfers to cover salary bills in whole or in part. In the case of Pradeshiya Sabhas grants cover personnel costs fully, whereas the coverage is about 50%- 70% in the urban authorities depending on their ability to generate revenue locally. For example, the Colombo Municipal Council it receives about 50% is personnel costs as grants from the central government while the Matara. There is no formal policy of revenue-sharing and grant decisions are made from time to time by the Finance Commission. The Local Loan and Development Fund is a statutory body providing over loan below market rates at about 100 million LKR per year to local government below for infrastructure development.

Local authorities are accountable to the Auditor General for funds transferred to them by central government through the provincial councils. This requirement is specified in section 218 of the Municipal Council Ordinance 1947, section 181 of the Urban Council Ordinance 1939, and section 172 of the Pradeshiya Sabhas Act 1987.

Although data are not available for the local authority system as a whole, data for a sample local authority show the relative dependence of and urban local authority on grants from provincial and national authorities.

6. Local finance and management

6.1. Finance Indicators

General Financial Indicators (2009)		
	National	Provincial & Local ⁶
Public Expenditure, USD Billions	10.6	0.7
Public Expenditure per capita, USD	517	33
% Public Expenditure on Investment	7%	15%
Public Expenditure as a percent of national GDP	13%	2% ⁷

The numbers above, drawn from the 2010 annual report of the Central Bank of Sri Lanka and the 2011 National Budget, compare well with those published for

⁶ Local public expenditure was calculated on the basis of transfers made by the Ministry of Local Government and Provincial Councils in the 2011 national budget;

⁷ Estimate derived from 2011 budget data and 2010 Central Bank of Sri Lanka 2010 annual report. http://www.treasury.gov.lk/BOM/nbd/nbdheads/eleven/130/Head_130E_2011.pdf; This number is an over count because it includes both local and provincial allocations but it is an under count because it does not account for local revenue sources such as property taxes, fees and rents.



Budgeted Revenue Sources for 2011/12 for Matara Municipal Council, US Dollars	
Budgeted Revenue for 2011	2,546,027
Grants (Operational and Capital)	54%
Property Taxes and Rents	14%
Other Revenue	32%

6.3 Human Resources

Provincial Councils Act 1987 established a provincial public service (PPS) into which local government officers were transferred from the national local government service. The governor of the province has powers of appointment, transfer, dismissal and disciplinary control over officers of the PPS. These powers may be delegated to the Provincial Public Service Commission, which may in turn delegate other senior officials. Central government staff is occasionally deployed to local government, but on a temporary basis.

The Mayor is the Chief Executive, and all Municipal Councils are required by law to must have a municipal Commissioner. The Commissioner is the senior public official, and all heads of divisions or departments are accountable to him or her.

Sources

1. Central Bank: www.cbsl.gov.lk
2. CLGF (2006). Municipal Finance: Innovative Resourcing for Municipal Infrastructure and Service Provision (http://www.clgf.org.uk/userfiles/1/File/Municipal_Finance_Paper.pdf)
3. Constitution of Sri Lanka: www.priu.gov.lk/Cons/1978Constitution/Introduction.htm
4. Department of Census and Statistics : www.statistics.gov.lk