



# POLICY STATEMENT OF HON. GOVERNOR

## BUDGET YEAR – 2012

**Northern Provincial Council  
Jaffna.**

# **Policy Statement for the year 2012**

## **Northern Provincial Council**

### **1. Background**

I am pleased to release the Annual Financial Statement and Policy Statement of the Northern Provincial Council (NPC) for the year 2012. This statement is made when the Government has almost completed more than 98% of the resettlement activities in the Northern Province and the re-settlers have re-established their normal life. The Government has already implemented a programme to rehabilitate the Northern Province under the "Vadakkini Vasantham". Hence, the policy statement of the year 2012 is largely influenced by the central Government's strategy towards rehabilitation of the Northern Province.

The Annual Financial Statement sets out the various limits and provisions available for the Provincial Departments and other Institutions for various service deliveries and functions, while the Policy Statement briefly narrates the frame conditions for various sectoral activities, performance, and sets out priorities and targets for various service programmes for the year 2012.

Though year 2012 will be the 6th year of operations since the creation of the Northern Provincial administration, it continues to maintain consistency, continuity & smooth transition of the development efforts in the province. During the past 5 years, it managed to introduce various operational manuals, guidelines, procedures and systems to pave the way for a better footing for NPC administration. The Northern Provincial council has been shifted to the Jaffna District in February 2011 to facilitate better administrative environment for the province. However, the master plan has been already prepared to locate the NPC in Mankulam City Plan by the Urban Development Authority.

### **2. Methodology**

The NPC continued to abide by the budgeting principles promoted during the last 2 decades and adopted a more rigorous path of following practices and

concepts relating to Planning, Financial Management, Budgeting & Good Governance. During the preparation of the current years financial statement, more rigorous practices were followed in the estimation process, which involved validation steps; re- scrutinization & detail background work. Thus the financial statement has been prepared and presented institution wise. For budgetary purpose development sectors have been grouped under the following 5 ministries.

**1) Ministry of Local Government, Relief and Rehabilitation, Co-operatives, Rural Development, Industries, Social welfare and Probation and Child Care Services.**

- Local Government.
- Rural Development.
- Co-operatives.
- Industries.
- Social Service.
- Probation and Child Care Services.
- Relief and Rehabilitation.

**2) Ministry of Agriculture, Livestock Development, Lands, Irrigation and Fisheries**

- Inland Fishing.
- Agriculture.
- Animal Production & Health.
- Land Administration.
- Irrigation.

**3) Ministry of Health and Indigenous Medicine**

- Health.
- Indigenous Medicine.

**4) Ministry of Education, , Cultural Affairs and Sports**

- Education.
- Sports.
- Cultural Affairs.

## **5) Ministry of Infrastructure Development and Reconstruction**

- Road Development
- Buildings
- Reconstruction

### **3. Socio Economic Condition**

The Northern Province covers about 13.2% of the land mass of Sri Lanka. Its total extent, around 8,846.83 sq. km consists of five districts namely Jaffna and its isles, Kilinochchi, Mannar, Mullaitivu and Vavuniya have an estimated population of 1.193 mn in 2010. It is still pre- dominantly an agricultural region having crop, livestock & fisheries as pivot sub sectors. However, its contributions to the GDP by agriculture and fisheries sectors have declined during the conflict period. Contribution of these sectors has been gradually increasing from the year 2010 and this trend has to be strengthened.

Prior to the conflict, i.e. in 1980s, the contribution to GDP by the Northern Province was around 7%. Later this suffered a negative trend. However, reflecting the rapid expansion in income generation activities in the Province, the GDP growth rate was highest in the province at 22.9 % in 2010 and in 2010 it is share 3.4% to the national GDP and there is an improvement when compared to 3.2% recorded in 2009. This shows that there are potentials in the Northern Province and that should be tapped. The structure of the provincial economy has not changed over the period. However, Agriculture, including Fisheries and Animal husbandry which is the mainstay of the economy has shown positive growth after 2002. The growth rate has now reached a slight positive phenomena resulting in a per capita Income of US\$ 1,185 in 2010 and as it was US\$ 1,166 in 2009. The province struggled to sustain its literacy rate at 92.5%.

Resettlement activities are taking place in the all 5 Districts in the Northern Province of Jaffna, Kilinochchi, Mannar, Mullaitivu and Vavuniya. Total number of displaced people are estimated at 353,272 and out of this displaced people in the North 346,622 Nos. have been re-settled up to mid of December 2011.

The poverty index recorded 3<sup>rd</sup> highest poverty prevalence among the province as 12.8% in 2010. In terms of productivity in paddy sector, Northern Province in certain years in the past had recorded highest yield in the country. It made the highest contribution in the fish production (30%) during pre conflict time while dominating significantly in crop sector (red onion 60%, Chili 30%). Since end of the war, due to the proper support by the Government in the Northern Province, the production of the crop sectors also has been gradually increasing and the market for agriculture products has expanded. Therefore, the agricultural sector contributed 16% of GDP composition to the national economy in 2010. This trend also has to be further strengthened. The province nearly has 1/3 of the coastal sea and around 250,000 ha. of cultivable land, most of these resources are now accessible to the people to engage in economic activities.

#### **4. Natural resources and Development in the Northern Province**

The Northern Province is rich in natural resources in its extensive coastal area, in its dense forests and its mineral deposits. Forests resources are largely intact despite many decades of conflict and form a considerable percentage of the total forest cover in the country. From extensive sand dunes in Jaffna peninsula, to quarry metal and clay for bricks the Province is especially rich in mineral resources needed for construction. The land is generally flat and undulating with no significant elevation, however the highly diverse coastal belt more than compensates. Lagoons, bays, salt flats, wetlands, coral reefs, islands and islets, and estuaries are some of the prominent coastal features that are important both ecologically and economically.

##### **Water Resources**

The Northern Province does not have a single perennial river, and very limited seasonal streams and rivers. Traditional water storage was through built irrigation tanks. The area belongs to the Dry Zone of Sri Lanka with low annual rainfall. The ground water surveys done prior to the conflict indicate that intensive agriculture, especially paddy, cannot be supported without

adequate replenishment of surface water storage. Water scarcity is a main constraint in many parts of the province, even for drinking and domestic use. The major tank cascade systems and existing major irrigation schemes (Iranamadu, Giant's Tank, Pavakkulam, Kalmadu) should be closely examined to determine the productive capacity of agriculture and irrigation, plus quality of drinking water available in the northern districts.

### **Marine and Coastal**

With 40% of the country's coastline, the province has immense potential for fisheries, aquaculture and tourism. While the existing marine and lagoon-based fishery industry need to be modernized and reequipped to enable the population to benefit from the rich and under-tapped fishing grounds, new aquaculture-based industries could be established to elevate productivity and offer more livelihood options for young people. The main fishery areas are in Jaffna, Mullaitivu and Mannar Districts.

For this purpose the fishery potential, looming threats and important conservation areas (such as sea grass beds and coral reefs) should be surveyed and mapped so that exploitation of the resource is done within the limits of sustainability with adequate emphasis on conservation and protection for future use.

### **Mineral Resources**

One of the greatest issues of current importance is construction materials. Out of the construction materials the required sand and quarry melt are considerably available in the Province. In addition the province has limestone deposits, clay for bricks and tiles and beach mineral sand. Some scientific option of possible oil deposit off the Gulf of Mannar has not been fully explored yet.

A survey of the quantity and quality of building materials available in the north and their extraction capacity is necessary because of the huge demand brought on by reconstruction and development projects that involve large-scale construction.

### **Forests and Wildlife**

The North has by far the most extent of dry monsoon forests in any province. The forest cover has remained intact largely despite the conflict and due to

lack of development of the province. Kilinochchi, Mullaitivu and Mannar districts are extensively forested, while Vavuniya is partially in forest. Jaffna has no significant forest areas.

The important wildlife areas (already gazetted) are Wilpattu north, Madhu road, Giant's Tank, Chundikulam and Kokilai. But this does not take in to consideration new biodiversity hotspots and other ecologically important areas (river catchments, salt marshes, lagoons and estuaries, islands, arid zones of Mannar etc).The forest and wildlife reproduce is important as an economic resource for forest products (non – timber) and tourism.

### **History and Culture**

There are many areas in Jaffna and Mannar of exceptional archaeological value. These include ancient temples and sites mentioned in chronicles, sites of pre-historic significance and old churches and temples of high cultural value to the northern people.

Many of these sites have been recorded in documentation of the Archaeological Department, but there could be many that are unrecorded and undiscovered. The value addition prospects to local tourism is immense, especially sites such as Thiruketheeswaram (Mannar), Nallur (Jaffna) and Madhu Church (Mannar).

## **5. “Vadakkinn Vasantham” Programme**

The “Vadakkinn Vasantham” programme commenced in mid 2009 which included a 180 day accelerated programme to expedite the resettlement and rehabilitation process and a concurrent two year programme for the rehabilitation and development activities in the Province. A total investment of Rs. 295 Bn has been allocated for the planned investment programme for the period 2010-2012 and the programme's medium term development strategy will include the following:

- Restoration of socio economic and personal stability and safety.
- Reconciliation across ethnic borders.
- Revitalization of livelihoods and productive sector.
- Infrastructures – Roads – Electricity – Ports – Transport – Housing – communication Water supply and sanitation.

- Rural economy through technological transformation.
- Pro poor growth and reduction of disparities.
- Exploitation of marine resources and mineral resources.
- Information Technology and vocational education.
- Institutional reforms and performance improvement.
- Industrial estates, economic centers and private investment.

The generation of productive and sustainable livelihoods and employment opportunities for the people in the Northern Province will be pursued through the following interventions:

- Provision of the necessary resources and amenities such as machineries, tools, equipment and skills training for basic livelihood restoration.
- Provision of microfinance services such as credit facilities and insurance for the poor who lack access to traditional / formal financial institutions.
- Reconstruction of damaged community service facilities such as marketing centers, etc.
- Revitalization of productive sectors such as agriculture, fisheries, industry, tourism and trade by providing the necessary infrastructure facilities.

## **6. Sectoral Achievements and Requirements**

For the year 2012 budget exercise sectoral development and service needs have been analyzed. National Policy objectives articulated into provincial objective and priorities into provincial development framework. This exercise is based on updating of provincial development framework. For the budgetary purpose, development sectors have been grouped under the 5 Ministries consisting of 24 departments.

### **Agriculture**

Agriculture is the main sector in the Northern Province. Total allocation of Rs. 146 Mn. (including Line Ministry funds) has been allocated for the year 2011 to the sector. However, under the PSDG Rs. 63.0 Mn only allocated for the year 2011 out of which 47.34 Mn spent up to November 2011. 193,202 Acres achieved on paddy cultivation for 2010 within the province. Anyway it has been



scheduled to cultivate 30,000 Acres abandoned land for the paddy cultivation in the year 2011. Around Rs. 78.7 Mn. has been requested from the Finance Commission for the year 2012 under the PSDG. However Rs 66 mn. only has been allocated by the finance commission for this sector.

### **Inland Fisheries**

Inland Fisheries is also one of the key sectors in the Province. Especially in Kilinochchi / Mullaitivu Districts establishments of ponds for ornamental fish culture should be developed. Infrastructure facilities and capacity development to be provided for this sector. Rs.7.0 Mn was allocated under PSDG for 2011. However, for the future development Rs. 17.0 Mn has been allocated for the sector in 2012 by the finance commission.

### **Irrigation**

Irrigation is also one of the prominent sectors in this Province. 54 Irrigation schemes come under the Province and 9 schemes come under central irrigation for maintaining by the Province. There are 2066 tanks and ponds also under the minor irrigation. Nearly 189,000 acres irrigable area are used for cultivation. Rs. 36.66 Mn has been allocated for the year 2011. However, sum of Rs 24.91 mn has been spent up to November 2011. Furthermore, NECORD II supplementary loan, PEACE, RAP, ENReP, CAREP etc also have been involved in the irrigation activity in the Province. Needs identified for the sector and proposals were submitted to finance commission for Rs. 500 mn for the year 2012. However the finance commission has allocated Rs 33 mn for 2012 for the development of irrigation sector.

### **Livestock**

Strengthening of breeding and upgrading, Increasing the production and productivity of livestock, poultry, improvement of milk marketing system etc are the main thrust areas in the livestock development in the Province. Only Rs.30 Mn has been allocated for the year 2011. Out of which really Rs. 19.66 Mn has been expended up to November 2011. Rs. 61.09 Mn has been requested by the province from the Finance Commission for the year 2012 budget. However, Rs 34 mn. has been approved by the finance commission for 2012.

## **Education**

The Education sector also takes part vital role in the Province. Out of 1029 schools , 904 schools are functioning in the Province. In addition to this, under "1000 schools programme", 125 schools have been identified in the Northern Province. At least 40 schools will be targeted for the year 2012. Sports and cultural affairs also are included as sub sectors. In this sector nearly Rs. 234.5 Mn was allocated for 2011 and Rs. 105 mn has been spent up to December 2011. Rs. 870 Mn worth of needs have been identified for 2012 for this sector to fulfill all educational needs but the finance commission allocated Rs 272 mn for educational sector development in 2012. In addition to this, various donor funded projects also are involving in the educational development.

## **Health**

Health sector also plays a major role in providing health care for the people in the Province. Northern Province is equipped with extensive health care institutions. Primary, Secondary health care institutions, curative as well as preventive institutions are mainly managed by the Provincial Health Department. Indigenous Medicine is also functioning with this sector. Total allocations of Rs. 276 Mn. have been allocated under PSDG in 2011. Out of which Rs. 164.5 mn worth of the works have been completed. Eventhough Rs. 826.2 Mn. have been requested from the Finance Commission for this Sectoral needs for the year 2012, the finance commission has allocated Rs 283 mn for the year 2012. Several Donor funded projects also support the sector.

## **Local Government**

The Ministry of Local Government consists of 6 Departments. Such as; Local Government, Co-operative, Industries, Social services, Rural Development and Probation & Child Care to execute the functions to full fill the basic needs of the people and to uplift their day to day livelihood activities. The total amounts of Rs. 149 Mn have been allocated for the sectors in 2011. Out of this Rs 56.26 mn have been spent up to November 2011. Many infrastructure facilities are to be established for these sectors. Local Authorities and Rural Development Societies are to be strengthened. Co-operative outlets and Industrial Development are to be promoted. Social and Probation & Child Care services are to be catered to the

betterment of vulnerable groups. A sum of Rs 140 mn has been allocated by finance commission for the year of 2012.

### **Roads**

Provincial Roads are coming under the Ministry of Infrastructure Development. Northern Province has about 1,960 Km Provincial Roads and 7,600 Km of Rural Roads. Road Development Department, Northern Province is responsible for the construction and maintenance of 1,960 Km C & D class roads. Out of this 1,115 Km C & D class roads were metal laid and balance were gravel roads. Under the PSDG Rs. 249.5 Mn. has been allocated in 2011 and Rs. 182 Mn has been spent for this sector up to November 2011. However donor funded projects also are contributing to the sector. They are CARE, NRCP, PRP projects. Nearly 250 Km roads will be reconstructed under these donor funded projects. In addition to this Rs. 640 Mn worth of Provincial Roads and Rs. 170 Mn worth of Local Authority Roads are to be rehabilitated in the year 2012. Therefore, under the PSDG Rs. 810 Mn have been requested from the Finance Commission for the year 2012. The finance commission has allocated Rs 147 mn for the year of 2012 under PSDG.

### **Tourism**

Tourism is also one of the prominent sectors in this Province. The Government is very keen in promoting Provincial tourism. However enough potential is available to develop the sector. Rs. 15 Mn has been allocated for this sector in 2011. More development expected in the tourism sector in the Northern Province. Therefore, Rs. 33 Mn has been allocated by the Finance Commission for the year 2012.

### **Others**

A sum of Rs. 52 Mn has been allocated for service sectors and Rs. 225 Mn allocated for urgent priority work for the Northern Province.

## **7. Priority Issues and Need**

The following issues encountered by the NPC in the year 2011, will continue in future unless an effort is made for the improvement in the immediate future.

1. Inadequate capacities of implementing and executing agencies, particularly due to lack of technically qualified personnel and high calibre management in the province.
2. More housing and Basic Infrastructure Facilities
3. Strengthening & stabilizing the nutritional status of people
4. Need of more employment facilities
5. Growth Rate to be increased more
6. Vulnerable - children, widows, women & Disabled require more attention
7. Finance – Developing further the Institutional / individual capacity
8. More enhancement of Marketing facilities
9. Rehabilitation of more production Infrastructure
10. Technology to be further increased
11. More inputs to be made available in production sector

Therefore, with the full knowledge of these conditions and based on the review of the current socio – economic situation the Northern Provincial administration has identified its Strategic Result Areas for priority actions. Similarly each sector has identified its Key Result Areas which will contribute to the achievement of goals in the Strategic Result Area of the Provincial Administration.

## **8. Provincial Development Priorities (future needs)**

Following are the development priorities identified for directing its investment during 2012

1. Restoring the livelihood continuously
2. Reactivating more Services and Facilities
3. Further rehabilitation of Infrastructure Facilities
4. Further development of Human Capacity
5. Paying continuous attention on Vulnerable Groups
6. Strengthening the Good Governance further

## **9. Past Investments**

There had been several interventions with the assistance of donor agencies during the recent past. These investments came in through the Central

Government mechanism, Provincial Council mechanism and through combined mechanism of both Central and Provincial. As a result it is difficult to assess the quantum of investments that went in to the Province during the past. These interventions were mainly meant to resettle people and, rehabilitate the service deliveries in the Province. The Government mostly supported relief and rehabilitation programmes and the reconstruction activities.

The focal areas of Provincial initiatives and efforts were generally aimed at the following.

1. Resettlement of displaced people in the Northern Province.
2. Re- activating or improving provisions of services such as Health facilities and Education Facilities.
3. Supporting livelihood activities of IDPP and addressing their basic needs.
4. Rehabilitating infrastructure facilities
5. Improving implementation capacities of implementing agencies, partner organizations and communities.
6. Providing the present level of services and expanding them.

The following amounts were invested through the Provincial Council institutions working in the Northern Province.

<b><u>Past Investment of Capital &amp; Recurrent funds</u></b>				<b>Rs. Mn</b>
<b>Year</b>	<b>Capital Allocation</b>	<b>Expenditure</b>	<b>Recurrent Allocation</b>	<b>Expenditure</b>
2008	1,470.00	989.00	8,100.00	7,168.00
2009	2,600.08	2,255.94	8,348.66	7,820.80
2010	3,057.17	2,845.27	8,700.00	8,676.22
*2011	1,989.50	1,060.26	9,317.74	8,586.27

\* Up to November 2010

## 10. Investment – 2012

The following investments are envisaged in different sectors during 2012. The purposes of the investment are elaborated sub sectors wise below.

### Investment for the year 2012

Rs. Mn

Sectors	Recurrent	Capital		
		CBG	PSDG	Others
Administration	964.02	233.5	225.0	-
Agriculture	109.20	2.25	83.0	
Animal Production & Health	94.89	1.75	34.0	
Irrigation	187.36	1.75	33.0	
Land	55.00	0.5	-	
Education	5152.40	5.25	255.0	194.0
Sports	29.17	0.5	17.0	
Health	2183.65	2.25	250.0	45.0
Indigenous Medicine	74.36	1.5	33.0	
Infrastructure Development	9.02	0.5	50.0	
Building	56.71	1.75	-	
Road	83.38	1.75	130.0	
Local Government	852.57	29.25	140.0	
Co-operative	96.10	2.75	-	
Industries	48.12	3.0	12.0	
Social Service	238.50	1.75	20.0	
Probation & child care	39.50	1.75	20.0	
Rural Development	54.30	1.75	-	
UNICEF	-	-	-	219.0
<b>Grand Total</b>	<b>10,328.25</b>	<b>294.0</b>	<b>1,302.0</b>	<b>458.0</b>

The details of the Key Result Areas of the sectors and the services to be provided under these sectors using the above resources is given in the Service Performance Plan and Financing Plan for the year 2012.

**Thank you!**