
RESULTS BASED MANAGEMENT

An Approach for Reducing Regional Disparities

Ariyaratne Hewage¹

ABSTRACT

At present, Sri Lanka is classified as a middle income country with a considerably high degree of achievements in macro socio-economic development. Regional development has been introduced as far back as 1970s and several models were experimented with, since then. Provincial councils established under the provisions of the 13th Amendment to the Constitution are meant to exercise devolved power with regard to socio-economic development. Provinces are recognized as units of regional development and specific priorities have been assigned to the nine provinces.

Although macro level indicators of socio-economic development seem impressive, there are inter and intra disparities in regional development. The Finance Commission established under Article 154R of the 13th Amendment to the Constitution is mandated to develop principles and ensure a balanced regional development in the country. Consequent to this mandate, the Finance Commission introduced the Results Based Management (RBM) approach to the provincial planning and monitoring processes since 2011.

The provincial planning processes which existed prior 2011 paid attention to the inputs and outputs and thus monitoring was confined to reviewing the financial and physical progress. There was no formal system to look beyond outputs to the results which were the purpose for which the outputs were produced. The main objective of introducing RBM approach was to shift the mindset of policy makers and development planners at provincial level from input-output based approach to results / outcome based approach.

However, it is observed that the new approach of RBM cannot be made fully operational due to various practical problems. Since the provincial authorities have been given instructions by the Finance Commission to use the prescribed formats for preparing medium-term and annual plans and for monitoring at implementation and policy levels, they will be compelled to practice the RBM approach. It is hoped that the planning and monitoring system and practices will be transformed to a result over time.

Key words: Regional Development, Regional Disparities, Results Based Management, Managing for Development Results, Agency Results Framework.

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1. Introduction

The purpose of this article is to present the status of regional disparities in Sri Lanka and to discuss the effectiveness of the Results Based Management approach in reducing the disparities, particularly with regard to the development programmes undertaken by the provincial authorities.

1.1 Background

The island of Sri Lanka has an area of 65,610 sq. km with a population of 20.3 million. It has a forest coverage of 1.05 million ha and the area under inland waters is 2,905 sq. km. Sri Lanka's territorial sea extends to a distance of 12 nautical miles and it has coastline of about 1,790Km (Department of Census and Statistics, 2011).

Sri Lanka has a long history of over 2,500 years in relation to hydro-agricultural civilization in the dry zone. This well developed irrigation network was the main base for its early settlements, architecture and socio-economic system. (Paranavithana, 1959)

Western powers landed in the country in the early 16th century and thus, colonization gradually began. The Portuguese and the Dutch ruled the coastal areas mainly in the South and West zones during this period. The British who took over power from the Dutch captured the Kandyan Kingdom in 1815 and made the whole country a colony of the British Empire. The European powers abandoned the traditional irrigation based agriculture and introduced the plantation of export-oriented crops thus changing the socio-economic structure which had prevailed in the country. At present, Sri Lanka is recognized as a middle income economy with a per capita income of US\$ 2,920 and an economic growth rate of 6.4%. The socio-economic indicators of the country record satisfactory levels such as 4% unemployment, 8.9% poverty ratio, and 92.2% literacy (Annual Report, CBSL, 2012). Sri Lanka has achieved many of the Millennium Development Goals ahead of the target year of 2015 and has recorded substantial progress in human development when compared with other countries in the region. This is evident from the fact that compared with neighboring countries, people in Sri Lanka are healthier, live longer, are more educated and have access to goods and services required for a comfortable life. Being a welfare state, the Human Development Index (HDI) of the country as given in the Human Development Report is 0.691 and in position 97 out of 187 countries in 2011. This achievement is attributed to universal free education and free health and various subsidies provided by the government focusing on low income families (UNDP Sri Lanka, 2012).

1.2 System of Government

Sri Lanka gained its independence in 1948 and was ruled by the elected local representatives with the Governor-General as the agent of the British King. Sri Lanka became a republic in 1972 and today it is a republic and a unitary state with an executive presidency, legislative parliament and a judiciary with a courts system under the Constitution which was introduced in 1978.

The main sub-national level unit of administration is the province. The members of a provincial council are elected by the people. There are five provincial ministries and the Board of Ministers which is headed by the Chief Minister. The Chief Secretary is the administrative head of the province and other officers function in provincial ministries and agencies under them.

The system of government at national and sub-national level is depicted in the Figure1 below.

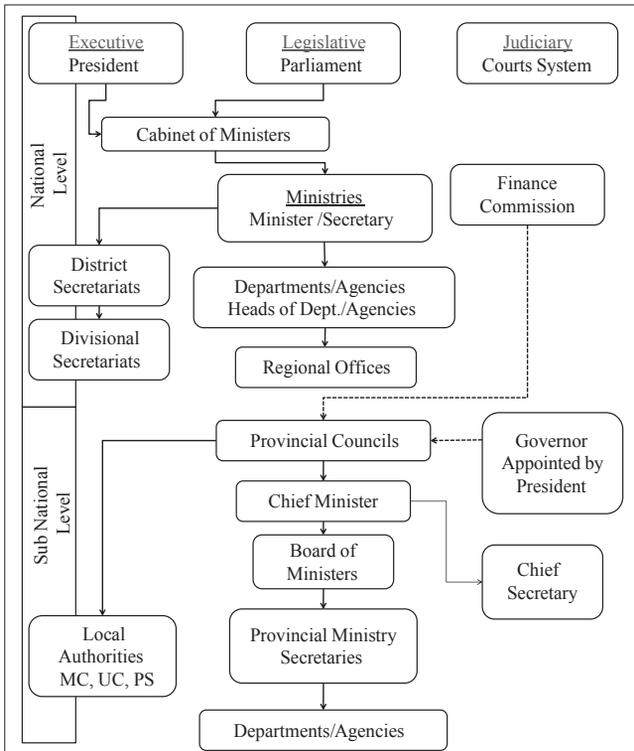


Figure 1: System of Government

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2. Transferring of Power from the National to the Sub-National Level

Although the power was concentrated at the national level in principle, it was delegated to sub national levels in actual practice for the convenience of administration.

2.1 Decentralization Efforts

Initially some functions of the national level administration were delegated to the Government Agent (GA) who represented the national government at the district. Divisional Revenue Officers functioned under the government agents and the Headman worked under him covering several villages. This system of administration existed even after gaining independence until the District Political Authority system was introduced in 1973. After 1973, administrative power was not only gradually decentralized to the district level but also the political authority. The District Political Authority was established above the Government Agent and a Member of Parliament of the District was appointed to this new position. A new practice of the decentralized budget was introduced and some amount was allocated to it from the national budget.

Under the provisions of Development Council Act of 1980 District Development Councils (DDCs) were setup to ensure people's involvement in the development process. The Decentralized Budget (DCBs) system continued enabling district authorities to allocate funds for local level development. In 1978 the District Ministry System (DMS) was introduced to stimulate people's participation in district development administration and for effective coordination of development activities at district level.

2.2 Devolution of Power

The Thirteenth Amendment to the Constitution introduced in 1987 created the provincial council system by devolving power from the national level to the provinces as a result of the ethnic strife in 1980s. The division of powers between the national level and the provinces is specified in the three lists given in the 13th Amendment as the Reserved List (powers retained at the national level), the Provincial List (powers devolved to the provinces) and the Concurrent List (area of shared responsibilities). A vast array of subjects has been devolved to the provinces and they include Education and Educational Services, Local Government, Provincial Housing and Construction, Roads and Bridges and Ferries, Social Services and Rehabilitation, Agriculture and Agrarian Services, Rural Development, Health, Indigenous Medicine, Food Supply and Distribution, Cooperatives, Land, Irrigation, Animal Husbandry, Entertainment and Sports etc (Government Publication Bureau, 1987).

2.2.1 Constitutional Provisions for Balanced Regional Development

According to the mandate of the Finance Commission as indicated in the 13th Amendment to the Constitution, provision has been made for the Commission to formulate principles with the objective of achieving balanced regional development in the country taking into account the following;

- I. Population of each province;
- II. Per capita income of each province;
- III. Need, progressively, to reduce social and economic disparities; and the need, progressively, to reduce the differences between the per capita income of each Province and the highest per capita income among the Provinces.

According to Article 154R (5) of the 13th Amendment to the Constitution, the Finance Commission is responsible for the formulation of principles to achieve balanced regional development. The Finance Commission gives directions, policy guidelines and technical inputs on formulation of development strategies and implementation of such initiatives in all provinces. In the regional development strategy, all provinces have been identified as “planning/ functional regions” and such strategy focuses on ensuring the minimum wellbeing of the people. The Finance Commission as a key facilitator plays a vital role in achieving the macro objective of regionally balanced development while all provinces are expected to be front-line leaders in the process.

2.2.2 Establishment of the Provincial Council System

The devolved power also empowers the provinces to collect revenue from the sources included in the provincial list by way of taxes, fees and levies. The government allocates, from its annual budget, the required additional funds to bridge the gaps to meet the needs of the provinces. The Provincial Councils Act No. 42 of 1987 provides the procedures to be followed by provincial councils in relation to membership, meetings and conduct of business, financial procedures and establishment of a Provincial Public Service Commission. The subject of local government is also devolved to the provincial councils and they perform a variety of functions including roads, sanitation, drains, housing, libraries, public parks and recreational facilities. Local authorities operate under three legal entities namely Municipal Councils, Urban Councils and Pradeshiya Sabhas. Currently

there are 23 Municipal Councils, 41 Urban Councils and 271 Pradeshiya Sabhas in Sri Lanka.

2.3 Provincial Planning and Monitoring as It Existed

Before introducing the Results Based Management (RBM) Approach for planning and monitoring at provincial level in 2011, the provinces used to prepare their development plans on the basis of sectors/ subject areas. Annual implementation plans were prepared based on the budgetary allocations taking into account sector targets identified in the development plans. Under each of the identified sectors, a common set of components and sub components were used in the plans.

The earlier provincial planning and monitoring system focused mainly on physical and financial inputs and outputs with little attention on the anticipated results and outcomes. In the process of monitoring, only the amount of money spent and the level of physical progress achieved were reviewed. The other lapses observed in this process were unplanned expenditure, unutilized and underutilized assets, overlapping of activities and lack of focus on results that would affect the quality of life of people at large.

3. Regional Development in Sri Lanka

Sri Lanka as a unitary state continued to maintain power at the national level mainly with regard to policy making and public finance. However, the decision making authority on socio-economic development has been assigned to the regional authorities by way of decentralization and devolution at different points of time.

3.1 Past Experience in Regional Development

After independence in 1948 Sri Lanka has made some efforts to promote the socio – economic conditions of the rural people which had been neglected by the colonial rulers. Governments which came to power after independence paid attention mainly to national planning as a major instrument of development.

The government which came to power during 1940s and 1950s pursued a transformational policy in agriculture and an interventionist policy in

industry and the service sectors. With these initiatives, peasant colonization schemes focusing on dry zone areas were implemented.

The National Planning Council which was set up in 1956 introduced a “Ten Year Plan” giving more attention to sectoral and balanced regional development and land development, irrigation and peasant colonization development continued as dry zone development programmes. (Sumanapala, 1987)

A “Five Year Plan” (1972-1976) was introduced with a view to introducing import substitution in industrialization and self sufficiency in food and comprehensive regional and local development programmes focusing on growth and equity. In 1977, major economic policy changes were introduced based on economic liberalization converting the prevailing inward-looking economic policy of the government to an outward-looking policy.

Integrated Rural Development Programs (IRDPs since 1978) were introduced on a district basis to reduce regional disparities by using the full development potential of districts. (Fernando and Perera, 1980).

3.2 Recent Initiatives in Regional Development

The Mahinda Chinthana–Vision for the Future: Development Policy Framework (2010-2016) focuses exclusively on balanced and sustainable development in the country based on revitalization of villages and development of areas with specific needs. The government strongly believes that the growth in GDP alone would not bring economic prosperity to the people and does not trust the “trickle-down effect” or pure market mechanism for the achievement of regionally balanced development. Therefore, the government intervention by way of infrastructure development, private sector promotion and empowerment of people would be given high priority in the regional development policy (Department of National Planning, 2010).

The Development Policy Framework of the Government has identified different development initiatives to be undertaken by the provinces which are based on uniqueness, diversified resources, potential and comparative advantages of each province. All provinces are expected to plan and implement their development programmes in line with these regional development initiatives with the ultimate objective of accelerating provincial and rural development throughout the country. By 2016, the

provinces are expected to achieve the given targets under the following provincial development themes. (Department of Foreign Aid and Budget Monitoring - 2011)

- a. North Central - **Rajarata Udanaya**: Long standing irrigation system and cultural tourism are in the front
- b. Central - **Kandurata Udanaya**: Development is predominantly based on plantation, cultural tourism and traditional industries
- c. Uva - **Pubudamu Wellassa**: Revival of the ancient ‘‘Rice Bowl’’ through improved agriculture, eco tourism and improved infrastructure
- d. Sabaragamuwa - **Sabaragamuwa Arunalokaya**: Improved income in the province mainly through expanded mineral based industries, plantation agriculture and eco tourism
- e. Northern - **Uthuru Wasanthaya**: New initiatives to regain missed opportunities through economic take-offs based on untapped resources
- f. Eastern - **Negenahira Navodaya**: Being the highest contributor to the national paddy production, the province is to develop through tapping the potential in agriculture and lucrative agri-business
- g. North Western - **Wayamba Pubuduwa**: Being one of the major emerging business incubators, priority is given to establish SMEs and other supportive services like banking, insurance, trading and township development
- h. Southern - **Ruhunu Udawa**: Considering the endowment with rich natural and human resources, the province is to develop as an attractive region with seaport, airport, express ways and a convention centre
- i. Western - **Ran Aruna**: Initiatives are being taken to develop the province as a metropolitan region through providing modern facilities. Developing lagging locations in the province will be given high priority.

3.3 Regional Variations in Development

Macro indicators of development relating to Sri Lanka have displayed an impressive improvement during the post-conflict era. This can be seen in the recent publication of the Central Bank of Sri Lanka. ‘‘Sri Lanka’s macro economic performance during the post conflict period has been impressive. By end 2011, the strong growth momentum across all key sectors of the economy resulted in two consecutive years of over 8 per cent economic growth for the first time in Sri Lanka’s post-independence history. Inflation was at single digit levels for almost three years. Comparatively low interest rates and stable exchange rates were observed over a considerable period. Fiscal indicators such as the debt to GDP ratio and the budget deficit to

GDP ratio continued to improve” (Central Bank of Sri Lanka, 2011, P.5).

Although, the picture of macro development seems positive, some variations can be identified when analyzing regional performance of socio-economic development. In the key note address at the launch of the Sri Lanka Human Development Report - 2012, Dr. Ajay Chhibber, UN Assistant Secretary General said “if Sri Lanka is to achieve its full potential moving forward, it is necessary to look at the dynamics of growth and development across the country and across different segments of the population. Bridging regional disparities for human development and addressing inequities at this point in Sri Lanka’s history, is extremely timely” (Chhibber, 2013).

It is therefore necessary that policy makers and development planners pay the highest attention to bridging the regional disparities in designing and implementing development projects and programmes in the country.

Table 1 given below exhibits the population and land area by province.

Table 1: Population and Land Area

Province	Population	Land Area (km²)	Population Density
Western	5,837,294	3,684	1584
Central	2,556,774	5,674	451
Southern	2,465,626	5,544	445
Northern	1,060,023	8,884	119
Eastern	1,547,377	9,996	155
North Western	2,372,185	7,888	301
North Central	1,259,421	10,472	120
Uva	1,259,419	8,500	148
Sabaragamuwa	1,919,478	4,968	386
Total	20,277,597	65,610	309

*Source: Population of Sri Lanka by District 2012, Department of Census and Statistics
Statistical Abstract 2010, Department of Census and Statistics*

According to the above table, the Western Province is the region with the highest population density. Of total population, the Western Province accounts for 28%. The lowest population can be observed in the Northern Province, although the province is the third in the rank, in relation to land

area. Therefore, the lowest population density is obvious in the Northern Province. In an overall sense, highly populated regions are in the wet zone and vice-versa.

Table 2 provides details on provincial GDP share in 2011.

Table 2: Provincial GDP Share – 2011

Province	GDP Share (%)
Western	44.4
Central	9.8
Southern	11.1
Northern	3.7
Eastern	5.7
North Western	10
North Central	4.6
Uva	4.5
Sabaragamuwa	6.2
Total	100

Source: Central Bank Annual Report 2012

As shown in the above table, the Western Province contributes nearly 45% of the country's GDP, the reason being the agglomeration of economic activities in this region where the capital city is located. In other words, while other provinces produce raw materials and inputs required for the whole production process, the value added activities are mainly concentrated in and around Colombo and suburbs. However, when considering the situation during the last five years, a tendency can be observed in relation to reducing this concentration of economic activities in the Western Province. The share of GDP of Western Province which was 50% in 2006 has fallen to 45% by 2011. On the other hand, the Northern Province, which experienced a long standing conflict, records the lowest share of GDP. As a whole, this trend can be viewed as centrifugal effects or spread effects from the outside regions to the western region which causes it to be fast growing and more attractive.

Table 3 gives details of the contribution of main economic sectors to the provincial GDP.

Table 3: Province-wise Sector Contribution - 2011

Province	Agriculture	%	Industry	%	Services	%	GDP
Western	93,308	12	948,994	48.5	1,862,858	49.1	2,905,159
Southern	112,346	14	254,228	13.0	360,422	9.5	726,996
Sabaragamuwa	85,675	11	103,327	5.3	217,564	5.7	406,566
Central	113,245	14	170,503	8.7	360,412	9.5	644,159
Uva	88,073	11	57,167	2.9	147,223	3.9	292,463
Eastern	60,670	8	118,608	6.1	196,011	5.2	375,288
North Western	110,615	14	193,791	9.9	347,729	9.2	652,136
North Central	70,062	9	65,036	3.3	164,945	4.3	300,042
Northern	58,464	7	45,005	2.3	137,730	3.6	241,200
Sri Lanka	792,458	100	1,956,658	100	3,794,893	100	6,544,009

Source: Central Bank Annual Report 2012

In the above table, three major sectors namely agriculture, industry and services are taken into account. These sectors are classified as primary, secondary and tertiary sectors of an economy. The Western Province contributes 49% of the country's service sector output showing a strong concentration of service related activities, mainly in the province. The contribution of other provinces to the country's service sector is below 10%. As far as the country's industry output is concerned, almost 49% is from the Western Province and the lowest contribution is from the Northern Province. Except the Western Province, the Southern Province contributes 13% to the nation's industries while the contribution of other provinces is below 10%. The Southern, Central and North Western Provinces exhibit higher percentages with regard to contribution to agriculture, each having 14%. A notable factor is that in the provinces where contribution to industry and service sectors is relatively high, the possibility of generating employment opportunities and income avenues are also equally high. Since the agriculture sector is considered as low productive, the agriculture dominated regions have fewer opportunities for creating income generating and employment creating opportunities.

Table 4 provides details of changes in relation to the incidence of poverty during the last 20 year period.

Table 4: Incidence of Poverty Province-wise

Province	Poverty Head Count Index					2015 Millenium Development Goal Target 1(as per the PHC)
	Survey Period					
	1990/91	1995/96	2002	2006/07	2009/10	
Western	19.1	16.3	10.8	8.2	4.2	9.55
Central	30.7	36.2	25.1	22.3	9.7	15.35
Southern	30.2	32.6	27.8	13.8	9.8	15.1
Northern	*	*	*	*	12.8	
North Western	25.8	27.7	27.3	14.6	11.3	12.9
North Central	24.5	24.7	21.5	14.2	5.7	12.25
Uva	31.9	46.7	37.2	27.6	13.7	15.95
Sabaragamuwa	31.0	41.7	33.6	24.2	10.6	15.5
Eastern	*	*	*	10.8	14.8	*
Sri Lanka	26.1	28.8	22.7	15.2	8.9	13.05

Note: *Data not available

Source: Household Income & Expenditure Survey Reports of the Department of Census and Statistics 1990/91, 1995/96, 2002, 2006/07, 2009/10

As far as the MDGs are concerned the Poverty Headcount Ratio (PHR) is used to measure the achievement of MDG 1 which means halving poverty. Sri Lanka has achieved the target of poverty reduction in a fast track manner and by 2010 it has been able to reduce it two-fold when compared with the base year of 1990. However, province-wise disparities in poverty incidence are obviously visible as shown in the above table. The Western Province shows the lowest poverty ratio recording a speedy reduction during the period concerned. When the national level poverty index is compared with that of the Western Province it is observed to be almost half. However, in the Eastern, Sabaragamuwa, North Western and Northern provinces, a poverty index which is higher than 10% can be seen in 2009/2010. As a whole, regional differences in poverty show a declining trend even though few provinces are endowed with a relatively high incidence of poverty. Among them the Northern, Uva, Sabaragamuwa and Eastern Provinces are notable.

District-wise poverty headcount ratios are given in the Table 5 below.

Table 5: District-wise Poverty Incidence

Province	District	2006/07	2009/10
Western	Colombo	5.4	3.6
	Gampaha	8.7	3.9
	Kalutara	13.0	6.0
Central	Kandy	17.0	10.3
	Matale	18.9	11.4
	Nuwara -Eliya	33.8	7.6
Southern	Galle	13.7	10.3
	Matara	14.7	11.2
	Hambantota	12.7	6.9
Northern	Jaffna		16.1
	Vavuniya		2.3
Eastern	Batticaloa	10.7	20.3
	Ampara	10.9	11.8
	Trincomalee		11.7
North Western	Kurunegala	15.4	11.7
	Puttalam	13.1	10.5
North Central	Anuradhapura	14.9	5.7
	Polonnaruwa	12.7	5.8
Uva	Badulla	23.7	13.3
	Mone ragala	33.2	14.5
Sabaragamuwa	Ratnapura	26.6	10.4
	Kegalle	21.0	10.8
Sri Lanka		15.2	8.9

Source: Household Income & Expenditure Survey Reports of the Department of Census and Statistics 2006/07, 2009/10

According to recent data, the lowest incidence of poverty has been recorded in the District of Colombo while the highest incidence of poverty has recorded in the District of Batticaloa. Of 25 districts, 14 districts have recorded PHRs which are higher than the national level. This shows that intra regional disparities within a province are somewhat different from inter regional disparities.

Table 6 provides some selected district-wise socio-economic indicators which are strongly related to living conditions of the people.

Table 6: Some Selected Socio-Economic Indicators

Province/ District	Mean Per Capita Income (2009/10) (Rs.)	Child Mortality Rate (2008)	Infant Mortality Rate (2008)	Neo -Natal Mortality Rate (2008)	Literacy Rate (2012)	Unempl oyment Rate (2012)
Colombo	12202	17.7	14.3	8.5	95.8	2.9
Gampaha	12300	4.4	3.7	3.1	96.9	3.7
Kalutara	8790	5.1	3.4	2.6	94.2	4.0
Western	11,561					
Kandy	8,285	12.3	9.6	6.8	92.4	7.2
Matale	7,930	7.8	6.8	4.4	88.9	2.8
Nuwara -Eliya	7,667	17.0	14.0	9.7	84.5	1.8
Central	8,040					
Galle	7,923	13.3	11.9	7.9	96.6	2.3
Matara	7,533	10.9	9.5	7.4	90.7	7.0
Hambantota	8,950	7.2	5.6	3.5	88.8	5.3
Southern	8,035					
Jaffna	4,434	5.9	3.4	1.3	95.5	5.1
Vavuniya	8,988	17.6	13.7	11.2	93.3	4.0
Killinochchi					91.5	7.2
Mannar		3.4	0.9	0.9	98.7	5.1
Mullativu					97.1	6.8
Northern	5,515					
Batticaloa	5,642	16.7	13.0	9.3	82.6	5.1
Ampara	5,722	5.4	3.7	1.8	90.1	5.2
Trincomalee	5,590	8.0	5.6	3.8	89.9	4.4
Eastern	5,663					
Kurunegala	9,866	15.4	14.2	12.0	94.4	4.4
Puttalam	8,375	7.8	6.4	4.2	91.1	2.6
North Western	9,280					
Anuradhapura	9,836	13.0	10.8	7.5	94.0	3.0
Polonnaruwa	8,170	14.5	11.8	10.7	89.1	4.3
North Central	9,132					
Badulla	8,313	8.5	6.9	4.0	85.0	3.7
Moneragala	5,605	4.3	2.1	0.7	90.3	1.8
Uva	7,343					
Ratnapura	10,378	7.5	5.8	4.5	90.0	4.4
Kegalle	7,457	5.0	4.1	2.5	95.0	2.9
Sabaragamuwa	9,132					
Sri Lanka	9,104	11.1	9.0	6.2	92.7	3.9

Source: Household Income & Expenditure Survey Report 2009/10 and Labour Force Survey Report 2012 of the Department of Census and Statistics 2009/10 & Medical Statistics Unit of Ministry of Health 2008

district, showing a remarkable disparity in the day to day life of the people. The mean Per Capita Income shows sharp regional variations ranging from Rs. 4,434 to Rs.12,300 in the Districts of Jaffna and Gampaha respectively.

Very few districts namely Colombo, Gampaha, Kurunegala, Anuradhapura and Ratnapura have recorded a mean Per Capita Income which is higher than the national average. Similarly, child mortality, infant mortality and neo-natal mortality rates show remarkable variations at district level. However, the literacy rate and unemployment rate do not show such sharp variations at district level.

4. Conceptual Framework

A plethora of research and publications is available on regional development and Results Based Management and some key concepts are presented below;

4.1 Regional Dimension of Development

Region is defined as a large area of land that is different from other areas of land because of some geographical, cultural or economic characteristics. (United Nations, 2001)

Regional development can be seen as the process of development in a particular area or a region. It is often used in a relative context, comparing problem regions with the prosperous regions or in the national context, on the basis of socio-economic indicators. It can be used in an absolute context also as “the development within a particular region” (Glasson, 1974).

Another definition on regional development can be presented as the incidence of economic growth. Regional development involves a number of interrelated processes including economic, social and political process within the spatial framework and “economic growth” is the fundamental phenomenon which leads regional development (Friedman, 1970).

The role of regional development changed over the past few decades. “Towards the end of the 20th century, regional development became far more multi-disciplinary in its approach. Political science, public policy and sociology became critical disciplines alongside economics focusing more on the notion of what a region might be and how a range of factors- not just economic – shaped the idea of a region. In the 21st century economic geography has joined the disciplines and the focus of regional development is more on the spatial dynamics of regions – as places to live work and invest” (Mc Call, 2008, P.1).

It can be understood that regional development covers a much broader

spectrum of disciplines rather than mere spatial development and adherence to basic principles related to it.

4.2 Regional Disparities

The level of socio-economic development between and within the regions varies and this situation called as “inter” and “intra” regional disparities.

If there are major differences in the quality of life between different people or groups within a single society, one can speak of disparities. Disparities exist everywhere: between countries, between regions, within a country, between urban and rural areas, between population groups, between people within a group, even between members of a single family. Disparities are the result of three sets of factors: natural differences, socio-cultural conditions and policy decisions (United Nations, 2001).

4.3 Results Based Management (RBM)

This is an internationally adopted development planning and management approach which emphasizes outcomes or results to ensure development effectiveness. It is a management approach of strategic planning, implementation and monitoring of outputs delivered, as planned, to beneficiaries, to achieve outcome and impact.

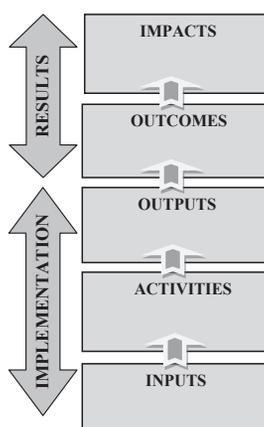
As pointed out by Professors Jody Zall Kusek and Ray C. Rist of Johns Hopkins University, “An effective state is essential to achieving sustainable socioeconomic development. With the advent of globalization, there are growing pressures on governments and organizations around the world to be more responsive to the demands of internal and external stakeholders for good governance, accountability and transparency, greater development effectiveness, and delivery of tangible results. Governments, parliaments, citizens, the private sector, nongovernmental organizations (NGO’s), civil society, international organizations, and donors are among the stakeholders interested in better performance. As demands for greater accountability and real results have increased, there is an attendant need for enhanced results-based monitoring and evaluation of policies, and projects” (Kusek and Rist, 2004, P.xi).

As stated in a UN publication, “RBM is a management strategy by which all actors, contributing directly or indirectly to achieving a set of results, ensure that their processes, products and services contribute to the achievement of desired results (outputs, outcomes and higher level goals or impact). The actors in turn use information and evidence on actual results to inform decision making on the design, resourcing and delivery of programmes

and activities as well as for accountability and reporting” (United Nations Development Group, 2011, P.2).

Some experts have observed strong linkages between the elements of the RBM process and thus have identified such linkages as a results chain. They consider that inputs, outputs, outcomes and impact have a logical correlation with one another in a cause-effect relationship. “Results Chain is a depiction of the causal or logical relationships between inputs, activities, outputs, and outcomes of a given policy, program, or initiative” (retrieved from <http://www.acdi-cida.gc.ca>).

Results are at different levels such as impact, outcome, and output levels. Output, outcomes, and impacts are logically linked in cause and effect relationship and they constitute a results framework which is the backbone of a project. This relationship is depicted in the Figure 2 below.



(Jayasekera, 2012)

- **Inputs** : Factors of production (Financial, human, and material resources).
- **Activities** : Actions to transform inputs into outputs.
- **Outputs** : Outputs are the tangible deliverables that are produced when a series of activities is completed. Operational level results are outputs of completed work plans or products (Products and services produced).
- **Outcome** : Related to institutional change, quality or coverage of a service or behavioral change (Intermediate effects of outputs on clients).
- **Impacts** : Changes in the lives of people addressing key development challenges in the lives of people (Long-term, wide spread improvement in society) (Jayasekera, 2012).

The results chain can be used as an effective tool when undertaking monitoring and evaluation of policies, programmes and projects. This is an important and powerful tool in public management, thus,

“Results based monitoring and evaluation (M&E) is a powerful public management tool that can be used to help policy makers and decision makers track progress and demonstrate the impact of a given project, programme or policy. Results based M&E differs from traditional implementation-focused M&E in that it moves beyond an emphasis on inputs and outputs to a greater focus on outcomes and impacts” (Kusek and Rist, 2004, P.11).

Jayasekera has presented this concept of the results chain in a practical situation related to irrigation tank rehabilitation as given in the Figure 3 below.

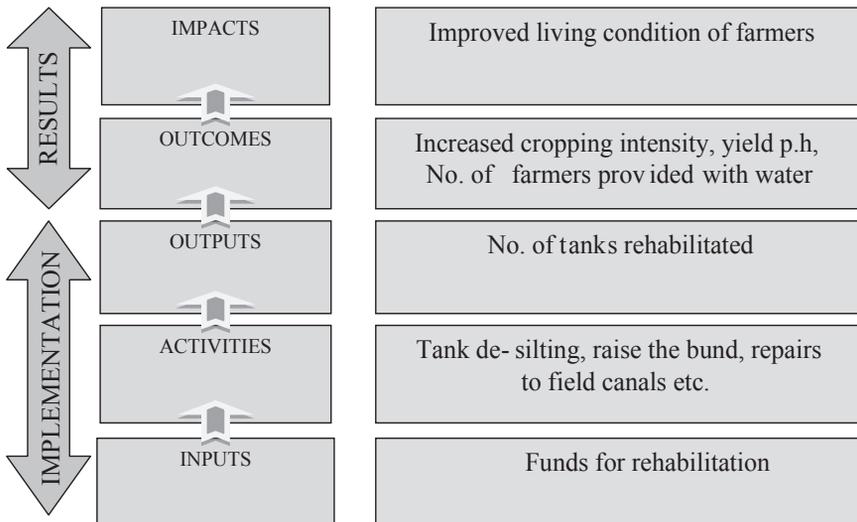


Figure 3: Example of a Results Chain
(Tank Rehabilitation)

(Jayasekera, T.M., 2012)

4.3.1 Managing for Development Results (MfDR)

The concept of RBM is practiced in real situations through the Managing for Development Results (MfDR). ‘MfDR is a management approach with a focus upon performance management and effective and efficient results delivery. It is linked to all phases of the management cycle, from planning to reporting and feedback for future planning and re-planning and

focuses on achievement of outputs, outcomes and impacts” (Managing for Development Results, Organizational Manual, Department of Foreign Aid and Budget Monitoring, 2011, P.7).

Sri Lanka has committed itself to adopt the MfDR in its planning and monitoring process after signing the Paris Declaration of 2005 where over 100 developed and developing countries agreed to change the way they do their development planning and monitoring.

In a time of global economic downturn, governments are increasingly looking for ways to ensure that their resources are used effectively. Managing for Development Results (MfDR) has emerged as a centerpiece of global efforts to improve the effectiveness of public resources and achieve the Millennium Development Goals (MDGs). This approach has major implications for national leaders, public sector officials, donors and citizens. At its most fundamental level, it calls for an emphasis on results in all aspects of the development process (OECD,2009).

5. Introducing Results Based Management (RBM) Approach at Provincial Level

The Finance Commission with the assistance of the former Ministry of Plan Implementation initiated an institutional capacity development programme in 2010 to introduce the Results Based Management Approach for provincial planning and monitoring.

For the purpose of implementing the RBM process at provincial level, two formats were introduced by the Finance Commission to prepare sector based Medium-Term Development Plans and Annual Development Plans. Subsequently, It was observed that provincial authorities had some practical difficulties in adopting this approach mainly due to the issues relating to identification of the indicators and measuring the performance accordingly. Having realized this situation, the Finance Commission shifted from a Sector Based Approach to an Agency Based Approach introducing the Agency Results Framework (ARF) which is a pragmatic tool of RBM. In order to improve the institutional capacity of provincial officers, the Finance Commission organized several training workshops on ARF at provincial level with the technical assistance of UNICEF.

The provinces were instructed to prepare Medium-Term Development Plans based on the ARF from 2013 using a new set of formats as described below;

- Form 1 : Agency Results Framework – For the purpose of preparing Provincial Medium-Term Development Programme including provincial resource profile, vision, mission, thrust areas, goals and outcome indicators.
- Form 2 : Annual Provincial Needs (PSDG) – To prepare the agency based need assessment for the relevant fiscal year.
- Form 3 : Annual Implementation Plan – To submit the annual provincial implementation plan prepared in terms of the available budget under PSDG.
- Form 4 : Amounts required for Continuation Work and Bills in Hand

All provincial agencies are required to identify results (output and outcome) in relation to each Thrust Area with Key Performance Indicators and Targets in their Medium-Term Plans. It is expected that all provincial agencies will utilize their resources in a more productive manner with good returns from each investment package.

The main purpose of preparing plans based on ARF is to move away from the traditional practice of making officers accountable only for inputs, activities and outputs and to make them accountable for results (outcomes and impacts). For example, it was observed that in some provinces, irrigation tanks have been constructed without taking into account the actual need for providing water for agriculture. Some of these irrigation tanks lie still unutilized even after several years, making the investment a sunk cost.

By adopting the Agency Results Framework (ARF) Approach, provinces were introduced to a system of results culture. Through this, provincial authorities have begun to think about the need to go beyond outputs to results (outcome, impact) for the achievement of improving the quality of life of people. This will help to ensure optimal utilization of scarce resources while linking development activities to intended results measured by way of output and outcome and to reduce regional socio-economic disparities and to improve inter-agency coordination within the province.

5.1 Provincial Medium Term Plans

All provinces successfully completed their Medium -Term Development Plans in accordance with the formats described above. An example of the ARF prepared by a provincial agency depicts the key elements included in a Medium -Term Development Plan.

Eastern Province Department of Agriculture Agency Results Framework (2012-2017)

Vision -

Major contribution by Eastern Province towards national agricultural growth whilst supporting rural livelihoods, ensuring food

Mission-

Provide quality agricultural inputs and services for improved agricultural practices adopted by the farmer community through financial, physical and technical assistance to improve living standards in a fair and equitable manner in Eastern Province

Thrust Areas-

- Food security at household level
- Production and productivity enhancement
- Post harvest technology and agro based industry
- Environmental conservation and protection
- Institutional capacity development
- Good governance

Goals/ KPIs and Targets

Thrust Area 2 : Production and productivity enhancement

Goals	Key Performance Indicators (KPIs)	Baseline	Targets	
		2011	2013	2017
2.3 Increased OFC production (Maize, cowpea, ground nut, green gram, chillie and red onion)	Outcome			
	i. Increased farmer income (%)	-	10	50
	ii. Quantity of OFC produced (mt)	37,500	41,250	52,500
	Output			
	i. No of training programs conducted	21	35	100
	ii. Extent cultivated (ha)	25,000	27,500	35,000
	iii. Cropping intensity (%)	130		150
2.4 Increased vegetable production, off - season cultivation	Outcome			
	i. Quantity of Vegetable produced (mt)	45,000	52,500	90,000
	Output			
	i. No of training progrms conducted	10	30	70
	ii. Extent cultivated (ha)	3,000	4,000	6,000
	iii. No of items of equipment issued	500	750	2,500
	iv. No of Tube wells for off season cultivation	-	10	200
	v. No of Poly tunnels for off season cultivation	3	10	50

Source: Eastern Province, Medium-Term Development Plan – 2012

Authorities of all nine provinces have developed their ARF in relation to every agency in the province. The key agencies include Provincial

Departments of Health, Education, Roads, Agriculture, Livestock, Irrigation and Social Services.

5.2 Allocation of Funds for the Provinces

It is expected that the apportionment of funds allocated from the annual budget will meet the needs of provinces in order to achieve balanced inter and intra regional development. The apportionment of funds between the provinces is the responsibility of the Finance Commission. The Finance Commission is expected to make recommendations to the government and formulate principles, policies and guidelines on the apportionment of such funds.

The Finance Commission, in addition to considering reducing disparities between the provinces pays special attention to reducing intra-regional disparities in socio-economic development with particular attention to isolated backward geographical pockets.

Allocation and apportionment of funds to the provinces is performed through the following grants;

- The Block Grant is to meet the recurrent expenditure needs of provinces for the purpose of sustaining and improving the service delivery system.
- The Criteria Based Grant (CBG) is to meet the capital expenditure for improving the socio-economic conditions of the people aiming at reducing regional disparities according to the discretion of the provincial councils.
- The Province Specific Development Grant (PSDG) is allocated mainly for financing capital nature development projects for infrastructure development.
- Foreign and locally funded projects designed and agreed at national level (The Finance Commission, 2012).

Table 7: Allocations for Provinces (2011-2013)

	Rs.billion			
Year	Block Grant	CBG	PSDG	Development Projects
2011	90	2.835	11.365	12.1
2012	95	3.025	12.875	11.8
2013	102.8	2.39	10.18	14.38

Source: Finance Commission Recommendation to the President, 2013 (unpublished)

6. Effectiveness of RBM in Reducing Regional Disparities

RBM can be considered as an improved version of earlier models such as Logical Framework. The main focus of this approach is the emphasis given to results beyond outputs. Immediate results are called “outcome” while long term results are identified as “impact”. However, RBM should not be considered as a panacea for all planning and monitoring needs and also evaluating its effectiveness cannot be done over a period of a few years.

6.1 Anticipated Changes by Using RBM

The most important change expected is the shift of the mindset of planners and other development administrators from input-output based approach to a result based approach. It has been observed that many public officers were used to maintaining the status quo and to adhering to procedural requirements rather than looking beyond the achievement of results.

Results are an integral part of investment and therefore it is a mandatory responsibility of public officers to measure the achievement of results. Public investments are made with a view to help improving the quality of life of people. Hence, identifying criteria for measuring quality of life and developing measurable indicators become an essential part of the process. The quality of life of people cannot be measured in absolute terms as various aspects of quality of life differ from person to person and family to family. Although quality of life is a relative concept, it is necessary to ensure that the majority of people who are below the poverty line enjoy at least the minimum well-being. This may include the access to basic needs such as food, shelter, clothes, education, health etc. As pointed out by Hyun Hwa Son, minimum well-being is a more comprehensive concept including different aspects of living quality. “Several approaches have been used to describe well-being in the socio-economic literature, important among them are basic needs, economic growth, quality of life, and welfare. The possession of commodities, including services, provide people with means to lead a better life; thus, the possession of commodities or opulence is closely related to the quality of life of people enjoy”. (Son, 2011, P.9)

However, as Sen points out, “well-being must be seen as individual achievements and not as means that individual possess. Well-being or standard of living is not about the possession of commodities; rather, it is about living”. (Sen, 1989, P.41)

If the policy makers and development planners could use the public investment to provide basic facilities to all in a fair manner, it may be possible to ensure the minimum well-being of people particularly those

below the poverty line. RBM as an approach of planning could certainly help the policy makers and development planners to utilize investment in an optimum manner towards improving quality of life of people.

6.2 Isolated Geographical Pockets

There are “isolated pockets” in many parts of the country which did not receive attention of policy makers and development planners. It is observed that large proportion of public funds have been invested mainly on large projects including buildings, main roads and other infrastructure in urban centers and close to main roads. There are many isolated villages with human habitation without basic facilities to live. Some villages do not have proper access, schooling and health facilities in close proximity. The people who live in such isolated villages sometimes walk several miles in search of basic facilities. They may have to climb hills, cross water ways without facilities of accessibility. If the funds are utilized to provide basic facilities for such villages, it may help reducing regional disparities.

6.3 Impediments for RBM Approach

It is not an easy task to change the practices familiar to officers over several decades, in a short time period. It has taken over 16 years to fully incorporate the RBM in their development planning process even in developed countries like the United States.

6.3.1 Time Taking Exercise

Although, Sri Lanka had agreed to use MfDR in its development planning process at the Development Forum held in Paris, 2005 it has not taken root in all the national level agencies. RBM was introduced in selected key ministries in 2007. However, it can be observed that many ministries have abandoned it and gone back to the same old practices. A major reason for this failure is due to the change of officers and inadequate institutionalization of the process.

It is encouraging to note that all provinces are following the MfDR approach in their planning and monitoring efforts. The Finance Commission as an apex body follows up with the provinces with regard to their preparation of annual plans, approval of projects and continues interactions in practicing MfDR with provincial authorities. It is hoped that the provincial level officers involved in planning, implementing and monitoring would get used to the practice of MfDR and change their mind set over the years.

Since the provincial officers are expected to use the ARF formats for planning and monitoring, they will have no other option, but to fall in line with the RBM approach.

6.3.2 Difficulties in Developing Indicators

It has been observed that provincial officers, particularly those who are involved in implementation at field level have not still comprehended fully the key concepts of RBM approach. Provincial Officers particularly find it difficult to develop indicators for outcomes and often get confused with different connotations of output and outcome.

A major reason for this situation is the difficulty in obtaining relevant data to measure outcome indicators. For example, if the officers consider family income as an indicator, it is not easy to obtain data with regard to income of the family as individuals usually do not give their accurate income for various reasons. Taking this practical difficulty into consideration, the Finance Commission has instructed the provincial officers to develop only a few indicators which are measurable and achievable.

6.3.3 Priorities of Political Authorities

The provincial political authorities include all provincial council members, chief minister and other provincial ministers. Their main concern is to increase their vote base in the next election. Instead of trying to improve the physical and socio-economic infrastructure in the province that would help improve quality of life of the people, they concentrate on extending services to their supporters. They also like to invest public funds on large building complexes without considering their effectiveness and benefit to the people. A large portion of PSDG funds have been utilized for the construction of office and other buildings and facilities mainly concentrated in urban areas.

The funds allocated under CBG for discretionary spending according to the Finance Commission's guidelines are also used for distributing various household and other items among a few members of public, and to providing equipment for rural societies.

Although, the officers prepare the plans in line with RBM approach, the political authorities have their own priorities. Unless the mindset of political authorities is changed towards achievement of development results, it may be difficult to practice the RBM fully in provincial planning and monitoring.

7. Conclusion

As the RBM approach is still at the experimental stage in the provinces, there are some difficulties in practicing it in a fully-fledged manner. It may take some more time to inculcate this new thinking of results based planning and monitoring within the provinces. It cannot be expected to bring about a rapid change overnight in the way of practicing a new concept in the provinces. It is observed that some provincial authorities have encountered difficulties in developing indicators for outcomes and collecting data. In these circumstances, it is expected that provincial authorities will monitor the progress with regard to achievement of outputs and outcomes with the objective of reducing regional disparities in an effective manner in future.

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