Assessment of the Sri Lanka Sub-National Governance Program (SNGP)
Draft Report

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1. Introduction

The Sri Lanka Sub-National Governance Program (SNGP), launched by the Asia Foundation (TAF) in November 2015, seeks to advance equitable growth and participatory, inclusive sub-national governance in Sri Lanka. To this end, the SNGP aims to institutionalize tested models for *resilience*, *redress* and *representation* in the local government authorities of nine secondary cities and 18 replication sites. Designated as 'dynamic economic centres', these sites were identified through a competitive selection process deployed across all 335 local authorities (LAs) in the country. The SNGP seeks to adopt a 'learning and iterative approach' that involves continuous experimentation with identified sub-national actors on models for resilience, representation and redress. The SNGP's expected outcome is the institutionalization of these tested models in the governance of partner LAs.

The SNGP involves a yearly review and calibration cycle. In October 2016, TAF commissioned Verité Research (VR) to carry out an independent assessment of the SNGP, upon completion of one year of the program's duration. This report presents VR's initial findings in relation to activities carried out in the programme's first year. The information utilised is primarily drawn from project documents provided by TAF, documents provided by partner LAs, key informant interviews (KIIs) and group interviews with TAF staff, partner LA and provincial council officials, and other stakeholders conducted on site and in Colombo.

2. Background and operating context

The SNGP was conceptualised and launched during a period of substantial political transformation in Sri Lanka. The presidential and parliamentary elections of 2015 instituted Sri Lanka's first post-war political transition, bringing into power an unprecedented coalition government on a campaign of good governance and anti-corruption. The coalition included both the country's two largest, and historically rival, political parties: the SLFP, led by President Maithripala Sirisena, and the UNP, led by Prime Minister Ranil Wickremesinghe. The coalition thus represents a combination of broadly divergent ideological leanings, and in turn, divergent policy preferences. Meanwhile, a dissident group within the SLFP has remained loyal to former president (and current Member of Parliament) Mahinda Rajapaksa. In this context, the Sirisena-Wickremesinghe government's two years in power have been marked by increasing intra-coalition competition and continued policy instability.

The government has committed to an expansive programme of economic and political reform including in relation to the constitution, governance and transitional justice. As part of Sirisena's post-election 100-Day Programme of reforms, the 19th Amendment to the Constitution was passed by Parliament in April 2015. The 19th Amendment restored checks on executive presidential power and introduced a degree of power sharing between the President and Prime Minister. As such, it helped stem the active centralisation of political power - particularly under the office of the president - that marked the Rajapaksa presidency. The government has also embarked on a fresh constitutional reform initiative, the latest in Sri Lanka's long history of such efforts and the first since the end of the secessionist war in 2009.

Local governance

The ongoing constitutional reform efforts have presented an opportunity for renegotiation of power-sharing arrangements with minority parties that have advocated greater devolution from the centre. The Sri Lankan state currently comprises three levels of government: central, provincial and local. The 13th Amendment to the Constitution passed in 1987 introduced the provincial councils that form the second tier of devolved government. Subjects and functions assigned to provincial councils include internal law and order, education, agriculture and land. The establishment of local authorities (LAs): municipal councils, urban councils and Pradeshiya Sabhas, predate that of the provincial councils. LAs are responsible for delivery of several services, such as utilities, waste management and maintenance of roads. The Constitution provides that supervision and administration of LAs are devolved to the provincial councils.[1] Provincial councils are also empowered to confer additional powers to LAs, and are restricted from taking away powers already vested in LAs through pre-existing laws.[2] Sri Lanka's devolved government structures currently comprise nine provincial councils and 335 LAs: 23 municipal councils, 41 urban councils and 271 Pradeshiya Sabhas.

Despite the lapse of almost three decades since its passage, the central government continues to exercise key powers and functions devolved to the provinces, such as over

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[1] List 1 (Provincial Council List), Ninth Schedule to the Constitution of the Democratic Socialist Republic of Sri Lanka.
[2] *Ibid.*

land and policing, in contravention of the Constitution. Furthermore, the 13th Amendment provides for significant central government control over the functioning of provincial councils; for instance, through the office of the provincial Governor appointed by the president, that yields substantial discretionary power to review or veto provincial legislation. Successive governments have also maintained a decentralised administrative system answerable directly to the centre, alongside the existing devolved system. The state's decentralised structure comprises district and divisional secretariats that are autonomous from devolved local government structures. This decentralised administrative system has enabled the central government actors to either circumvent local government, or intervene unduly in local spheres of government. Moreover, there exists a culture of centralisation within local government and administration that undermines effective power devolution in practice.[3]

However, there have been signs of potential rifts between provincial councils and the central government. In January 2017, the provincial councils rejected the Development (Special Provisions) Bill proposed by the Prime Minister, ostensibly because it sought to over-centralise power over policy-making - thus undermining second-tier devolution. With the exception of minority-controlled ones, provincial councils have not typically sought to check central government overreach into the provincial sphere. As such, the open resistance of provincial councils to a key national development initiative presented a major political setback for the governing coalition. Yet, the rejection of the Bill has mirrored - rather than challenged - national-level political dynamics. The councils' existing compositions are the outcomes of elections held in 2012, 2013 and 2014; thus, several remain controlled by the UPFA, which includes both current SLFP dissidents as well as pro-Rajapaksa members. The trajectory of the Development (Special Provisions) Bill has thus reflected continued intra-coalition competition at the national level, and is unlikely to signal a break from the norm of weak provincial resistance to central overreach.

In this context, there is limited value attached to devolution as an instrument of strengthening local-level democracy and accountability. Local government bodies in Sri Lanka have come to operate largely on the basis of patronage relationships between elected members and local constituencies. LAs thus provide an important site through which political parties consolidate their popular support bases. The most recent LA elections were held in 2011, and fresh elections due in 2016 have been subject to a prolonged delay. With their respective terms having lapsed, LAs across the country currently operate sans their elected representatives. The government has attributed the delay to the pending completion of the delimitation process.

The question of LA elections has been a key point of political contention under the Sirisena-Wickremesinghe government. Parties in power nationally typically possess an incumbency advantage in LA elections, and election outcomes often signal public sentiment on the government's performance. However, given the continued intra-coalition competition at the national level, fresh elections to LAs island-wide would pose certain risks to key coalition parties - particularly the divided SLFP. Yet, the prolonged delay of elections has thus far not aided the consolidation of the SLFP, whose

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[3] Centre for Policy Alternatives, 'Devolution in the Northern Province: September 2013-February 2015' (March 2015).

intra-party tensions have only intensified rather than diminished over time. Furthermore, the dissolution of LAs has eroded parties' political patronage structures, thus undermining their ability to organise local-level electoral support. As such, the political logic of further delaying LA elections has diminished over time, as public dissatisfaction over the same has grown.

Economic development

Sri Lanka has experienced rapid urbanization, characterized by an expansion of urban areas around the city of Colombo and along major transport routes.[4] Official estimates are considered to overlook 'hidden urbanisation': independent estimates have placed the share of the population living in urban areas between 43% and 47%, compared to official estimates of less than 20%.[5] Sri Lanka's immediate post-war years witnessed a heavily infrastructure-centric urban development drive.[6] The current government has placed its Western Region Megapolis Development project at the centre of its economic development agenda, alongside development of secondary cities around the island. The Megapolis project envisages re-development of Colombo and its neighbouring districts into a commercial hub. The government anticipates that the proposed Western Megapolis will attract investment, create employment and boost economic growth. However, critics of the government's ambitious plan have questioned the potential for large scale, stand-alone projects to substantially enhance investment, in the absence of more integrated planning and other measures to boost investment confidence in the long term.[7]

Furthermore, Sri Lanka has also experienced the phenomenon of 'jobless growth'. Outside the North and East, the number of jobs in the country grew by less than 1% from 2006 to 2012, despite real GDP growth of over 40% during the same period.[8] Economic growth rates of approximately 7.5% in the immediate post-war years were driven mainly by expansion of a few sectors, mainly construction, import trade and transport. Meanwhile, the decrease in unemployment levels from 5.8% in 2009 to 4.3% in 2013 has been attributed mainly to public sector recruitment and migrant employment. In addition, there remains a large gap between male and female labour force participation, at 35.1% for women compared to 74.9% of men.[9]

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[4] The World Bank, 'Leveraging urbanization in Sri Lanka', 24 September 2015, at http://www.worldbank.org/en/country/srilanka/brief/leveraging-urbanization-sri-lanka [*accessed on:* 15 January 2017].

[5] Bilesha Weeraratne, 'Can we produce better estimates of urbanisation in Sri Lanka?' *DailyFT*, 6 April 2016, at http://www.ft.lk/article/535134/Can-we-produce-better-estimates-of-urbanisation-in-Sri-Lanka [*accessed on:* 15 January 2017].

[6] Regional and village-level infrastructure development initiatives included 'Uthuru Wasanthaya' ('Northern Spring'), 'Nagenahira Navodaya' ('Eastern Revival'), 'Maga Neguma' (road development), 'Gama Neguma' (village development) and 'Gemidiriya' (village strengthening).

[7] Munza Mushtaq, 'Sri Lanka's $40bn 'megapolis' plan is bold - but achievable?', *Nikkei Asian Review,* 10 March 2016, at http://asia.nikkei.com/Politics-Economy/Policy-Politics/Sri-Lanka-s-40bn-megapolis-plan-is-bold-but-achievable?page=2 [*accessed on:* 15 January 2017].

[8] Verité Research, 'Sri Lanka Budget 2013: Increasing Assistance, and Vulnerability' (December 2012).

[9] Sri Lanka Labour Force Survey, 1st Quarter 2016.

Critics of the Megapolis plan have also cautioned against heavy investment in development of the western region at the expense of other growing urban centres. While Sri Lanka has made progress in connectivity to urban centres, significant challenges to further development of these areas remain, including in relation to local government. Urban planning, local infrastructure development and service delivery by LAs are often undermined by their weak institutional and financial capacity. As such, in the absence of further investments in strengthening local governance, LAs could remain poorly equipped to meet the growing demands of rapid urbanization.

3. Research design and methodology

VR's assessment of the SNGP has focused on two broad, inter-related areas of inquiry. First, VR tested the SNGP's overall program strategy and design. Second, VR evaluated the execution of the SNGP's strategy in program activities and outcomes during the program's first year. Based on these assessments, VR will develop forward-looking recommendations to inform the SNGP's overall strategy and execution.

Assessment of the SNGP's strategy and design

The SNGP's theory of change is as follows:[10]

> *By developing effective models for resilience, representation, and redress through iterative learning and experimentation with subnational actors, it will be possible to improve the evidence base and institutionalize effective practices in these good governance areas, thereby contributing to future investments in equitable growth and participatory, inclusive subnational governance in Sri Lanka.*

Testing the SNGP's overall strategy necessitates (i) an assessment of its theory of change, including its flexible, iterative approach to program execution; and (ii) an assessment of the SNGP's key delivery strategies. As such, VR sought to answer the following key inter-related questions under this component:

1. To what extent are the SNGP's theory of change and delivery strategies relevant to Sri Lanka's sub-national context?
2. To what extent do the SNGP's delivery strategies advance resilience, representation and redress?

Assessment of the SNGP's execution

Under this component, VR assessed the performance of the SNGP over the past year in terms of two inter-related areas: (i) flexibility of the SNGP, and (ii) the delivery of SNGP activities and outcomes. The following questions were considered under each sub-component:

Flexibility

1. How effective is the SNGP's monitoring, evaluation and learning (MEL) and knowledge management?
2. Does the SNGP provide for effective feedback and interaction between learning and program adjustments?
3. How has the SNGP's execution adapted to new learning and information?
4. To what extent was innovation instrumental to the design of program activities?

Delivery

1. To what extent have the SNGP's activities advanced resilience, representation and redress in partner LAs?

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[10] The Asia Foundation (2015*). Sri Lanka Subnational Governance Program (SLSNGP) Revised Technical Proposal: Submitted to the Australian Government Department of Foreign Affairs and Trade (DFAT).*

2. To what extent have the SNGP's tools, models and approaches been institutionalized in partner LAs?
3. How effective is the SNGP's governance and oversight?
4. How effectively have the SNGP's activities and outcomes been communicated to stakeholders?
5. How effectively has technology been used in the roll-out of the SNGPs' activities?
6. To what extent have Gender Equality and Social Inclusion (GESI) principles been incorporated into the SNGP's delivery?

Forward-looking recommendations

VR aims to draw on the findings of its assessment under the two components above to provide TAF with forward-looking recommendations on the SNGP's strategy and execution. In designing these recommendations, VR will seek to answer the following questions:

1. What adjustments, if any, need to be made to the SNGP's overall strategy and theory of change considering contextual developments and other new information?
2. How can the effectiveness of SNGP's execution in Sri Lanka's sub-national context be enhanced?

Sources of information

VR's assessment relied on three main sources of information:

1. Relevant framework documents including the SNGP Inception Report, Bi-Annual Report (2016), GESI framework, and Year 1 Activity Implementation Plan.

2. Key informant interviews (KIIs) with a range of the SNGP's personnel including its program director, technical advisors, GESI focal point and others.

3. Site visits to the SNGP's primary sites, during which VR carried out KIIs and focus group discussions (FGDs) with LA representatives, officials representing the Office of the Commissioner for Local Government (CLG), and SNGP personnel. VR has thus far undertaken visits to the following sites:
   - Office of the Commissioner for Local Government (Central Province)
   - Office of the Commissioner for Local Government (Southern Province)
   - Matara Municipal Council (Southern Province)
   - Kataragama Pradeshiya Sabha (Uva Province)
   - Peliyagoda Urban Council (Western Province)
   - Chilaw Urban Council (North Western Province)
   - Balangoda Urban Council (Sabaragamuwa Province)

Annex 1 of this report contains a detailed list of KIIs and site visits undertaken. At the time of drafting this assessment, VR had not undertaken site visits to the remaining Good Governance Resource Centres (GGRCs) SNGP replication sites. Furthermore, VR has yet to interview representatives of the Ministry of Local Government and Provincial Councils, and the Department of Foreign Affairs and Trade (DFAT) Australia.

4. Assessment of the SNGP

The SNGP is a 42-month program that seeks to advance equitable growth and participatory, inclusive sub-national governance in Sri Lanka. To this end, the SNGP aims to institutionalize tested models for resilience, redress and representation in the local government authorities of nine secondary cities and 18 replication sites. Designated as 'dynamic economic centres', these sites were identified through a competitive selection process deployed across all 335 local authorities (LAs) in the country.

This program's overall outcome is to be realized through the achievement of the following intermediate outcomes:

1. Strengthened economic resilience of secondary cities through enhanced revenue streams and improved public financial management and regulatory systems;
2. Effective, equitable, and inclusive representation of citizens in local governance processes and mechanisms that yield citizen-responsive services and outcomes; and
3. Improved redress and responsiveness of local government to grievances for citizens and businesses.

The program aims to deploy the following key delivery strategies in order to advance resilience, representation and redress:

i. Maintaining flexibility to a fluid political environment;
ii. Aligning interventions with the LA Participatory Development Planning process and LA annual budget cycle;
iii. Focusing on sub-national public and regulatory service improvements;
iv. Promoting co-creation and ownership through stakeholder involvement;
v. Conducting experimentation in inclusive growth of secondary cities; and
vi. Promoting value for money.

The SNGP integrates a cross-cutting GESI component into program interventions, to advance equitable participation, representation, and access to information and resources to women and other marginalized groups. The program also features a central role for MEL and knowledge management. SNGP interventions in Year 1 focused on strengthening LAs' financial management practices, improving citizen-friendly service delivery and enhancing LAs' capacity for long-term financial planning.

Section 4.1 is considered primarily in relation to the first central question examined through this assessment. 'To what extent are the SNGP's theory of change and delivery strategies relevant to Sri Lanka's sub-national context?'

Section 4.2 is considered primarily in relation to the second central question 'To what extent do the SNGP's delivery strategies advance resilience, representation and redress?'

4.1 Assessment of the SNGP strategy

A defining feature of the SNGP is that it has been designed with the aim of remaining flexible throughout its duration. The program seeks to adopt a 'learning and iterative approach' that involves continuous experimentation with sub-national actors on developing models for resilience, representation and redress. This approach entails continuous adaption following contextual developments and new learning gained during program execution. It emphasizes flexibility, relationship building and tight feedback between learning and action. Such an approach is especially suited to politically fluid contexts, where programs need to consider political-economy dynamics and incentives that influence the reform trajectory.[11]

The SNGP was hence designed with a view to maximise TAF's ability to advance local governance reforms in Sri Lanka's complex operating environment. Two key observations can be noted in this regard. First, the SNGP has benefited from the high degree of trust among partner LAs that TAF enjoys. TAF's prior work in local governance has helped it build relationships and secure buy-in for the SNGP among key actors in government, thus providing a sound foundation on which reforms can be advanced. Furthermore, TAF's prior interventions in local government have provided avenues for learning and experimentation that the SNGP could build on. Second, LAs have placed a high value on the 'form' of SNGP interventions, i.e. its focus on improving systems and processes, along with technical support to strengthen service delivery. For instance, partner LAs welcomed the SNGP's introduction of financial management tools and technical assistance in relation to by-laws.[12] Taken together, these factors have helped to position TAF among LAs as a non-threatening, credible, and valuable partner in the local government sphere. This identification is particularly useful in the SNGP's operating context, where government responsiveness and interest are often prerequisites for effectively advancing systemic reforms. Moreover, governance reforms -particularly in relation to financial management - have been a key priority area of the Sirisena-Wickremesinghe government. In this context, the SNGP has also benefited from a generally non-threatening political space to advance reforms.

This assessment found the SNGP's overall theory of change and delivery strategies relevant and responsive to the demands of Sri Lanka's sub-national context. Institutional deficiencies are pervasive in Sri Lanka's governance. The effects of these deficiencies are felt not only among the public, but also among government actors and bodies unable to effectively carry out their functions due to a lack of resources, capacity, and motivation. In this context, the SNGP's institution-strengthening interventions could potentially combine LAs' own interests in improving their ability to deliver services with the broader public interest in advancing participatory, inclusive and accountable sub-national governance. However, the SNGP's balancing of these interests has involved certain trade-offs between maintaining LAs' own commitment to learning and experimentation in SNGP interventions on the one hand, and advancing the broader

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[11] Ladner D., (2015). *Strategy Testing: An Innovative Approach to Monitoring Highly Flexible Aid Programs.* The Asia Foundation. Retrieved from:
https://asiafoundation.org/resources/pdfs/AnInnovativeApproachtoMonitoringHighlyFlexibleAidPrograms.pdf.
[12] Site visits to Kataragama PS, office of the Southern Province CLG.

public interest reforms that are likely to draw LA resistance. This trade-off has been further analysed below.

The roll-out of SNGP activities began in early 2016. VR's assessment has identified **three key features of the SNGP that reflect strategic consideration** by TAF in response to the prevailing context. These are: (1) the selection of primary sites; (2) the sequencing of SNGP components; and (3) the SNGP's identified model for sustainability. The following sub-sections assess the extent to which each responds to the demands of the SNGP's operating context and advances the program's overall reform goals within the same.

Selection of SNGP sites

The SNGP deployed a relatively innovative approach to the selection of implementation partners. The nine primary sites and 18 replication sites were identified through a competitive selection process that scored LAs in terms of their population density, urban character, entrepreneurial base, economic linkages, and revenue generation capacity. These criteria sought to ensure that characteristics of the identified partner LAs justified program investments. The proposal 'write shops' gave LAs the opportunity to demonstrate their interest in the program, with a view to ensuring that the SNGP was rooted in local demand and ownership. The process could thus be expected to minimise the risk of poor uptake by partner LAs, which would undermine achievement of SNGP outcomes.

KIIs with key LA personnel indicated that the selection process also served a relationship-building function that benefited the SNGP during the implementation phase. The competitive nature of the process created incentives for LAs to demonstrate commitment to reforms and keenness to improve service-delivery. Partner LAs often recalled their selection for the SNGP as a key accomplishment, and a vote of confidence in their commitment to better serve their constituencies.[13] The selection process accordingly generated high interest in the program and momentum for its implementation within partner LAs.

However, SNGP partner LAs have demonstrated varying levels of commitment and interest in the program, despite the built-in buffers against poor uptake offered by this selection process. Weak ownership in certain sites can be attributed in part to the SNGP's dependence on individual 'champions' within partner LAs - who have had substantial involvement in SNGP activities, including in the selection 'write-shops' – for sustaining interest in the program. As detailed in section 3.2 below, partner LAs that experienced turnover of staff or lacked staff participation in SNGP activities beyond a few individuals often saw diminished interest in the program, and in turn slower progress in implementation.

An additional consideration is the likelihood of LA elections in the near future, which could introduce a number of new actors and incentives to the SNGP's operating context. Currently, the continued absence of elected LA members presents a key challenge to the achievement of the SNGP's goals of local governance reform, particularly in relation to citizen representation. Meanwhile, the reconstitution of elected councils could present

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[13] Site visits to Chilaw UC, Balangoda UC, Kataragama PS.

certain operational risks to SNGP implementation in partner LAs. For instance, partisan political competition within elected councils could introduce high levels of volatility in decision-making that impedes program implementation; or the reintroduction of patronage structures could impede efforts to deliver inclusive, equitable and effective services The SNGP has sought to mitigate these risks by securing the buy-in of key actors at the central and provincial level, including provincial chief minsters and commissioners for local government. LA staff expressed a degree of confidence in the program's ability to manage potential post-election operational challenges.[14] For instance, a senior official of the Chilaw Urban Council expressed '100%' confidence that incoming UC representatives would not pose a risk to the reforms introduced by the SNGP, due to officials' efforts to secure the support of all main political parties for the program.[15]   Both partner LA officials and SNGP personnel noted that some investment in relationship-building with incoming councillors would be necessary to ensure smooth program implementation in future.

Sequencing of SNGP components

A key strategic shift resulting from program learning was the SNGP's prioritisation of its resilience component over the representation and redress components during Year 1. The resilience component focused primarily on the strengthening the financial viability of LAs. In addition to its broader value in strengthening local governance, this shift was attributed to at least two considerations. First, LAs placed a high value on interventions that strengthened their financial position, including in relation to revenue collection and resource allocation. Investments in stronger financial management practices also corresponded to national policy priorities, thus helping to secure support for the program at sufficiently high levels in government. As such, prioritisation of the resilience component helped the SNGP to secure buy-in through a perceived 'non-threatening' area of intervention that corresponded to partner LA priorities. Second, investment in financial resilience of partner LAs was perceived to better position the SNGP to advance reforms relating to representation and redress as the program progressed.[16] Accordingly, SNGP staff understood the prioritisation of the resilience component during Year 1 in terms of both its instrumental and inherent value to achievement of the SNGP's broad reform objectives.

Partner LAs welcomed the SNGP's focus on strengthening financial resilience.[17] SNGP prioritisation was thus perceived as complementing LAs' own interest in improved financial management and associated improvements in service delivery. Partner LAs also valued the SNGP's responsiveness to their needs, as enabled by the program's flexible design. As such, the strategic prioritisation of resilience has proved effective in consolidating partner LAs' ownership of the SNGP, and reinforced perceptions of TAF as a valuable source of technical expertise. However, it was noted that LAs' interest and cooperation drew primarily on the ability of SNGP interventions to enhance the efficiency of workflows within the authority, for instance through the budget monitoring tool (BMT) that eased the LA budgeting process. Partner LAs have valued

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[14] KIIs – Balangoda, Chilaw, Kataragama, Peliyagoda, Central Province CLG.
[15] Site visits to Chilaw UC.
[16] KII – Subakaran, Gopa, Dhammika.
[17] KIIs.

the tools and approaches introduced by the SNGP mainly in terms of their ability to ease the administrative burdens associated with LAs' work. TAF's recognition of this limitation has been reflected in the design of SNGP tools; for instance, it was reported that the e-Citizen Report Card (eCRC) discarded its original accountability-related features by design, for the purposes of its operation in Sri Lanka's sub-national context. As a result, neither LAs nor their constituencies associate the eCRC with serving a public accountability function. LAs have valued the eCRC as an important tool to identify citizen priorities; however in its current form, the eCRC has a limited ability to convert information on citizen priorities to specific service delivery outcomes.

Partner enthusiasm for SNGP tools has thus not necessarily correlated with interest in the SNGP's goals of better representation, inclusiveness and public accountability. Hence, the prioritisation of resilience interventions has entailed a trade-off between maintaining partner cooperation and advancing public interest reforms. In Year 1, achievement of the former has entailed dilution of the public accountability measures that SNGP interventions could potentially have advanced.

While the emphasis on resilience interventions has aided buy-in and cooperation, it could likely set LA expectations of future SNGP activities as efficiency-driven rather than accountability-driven. These expectations could pose challenges for the SNGP in upcoming years as the program's representation and redress components are rolled out, especially given that partner LAs are unlikely to naturally identify with these components to the extent they did with the resilience component. Moreover, LA interests and public interest are more likely to be at odds in relation to representation and redress interventions that in resilience interventions, Hence, progress of the SNGP in upcoming years could require substantial investments in securing and maintaining interest in the SNGP's remaining components, while taking cognizance of the trade-offs likely to be involved.

The SNGP's sustainability model

The SNGP's strategy for replication, scaling and sustainability of tested models for resilience, representation and redress is centred on the establishment of Good Governance Resource Centres (GGRCs) within the offices of the CLGs in each province. The CLG is housed within the Department for Local Government in the respective provincial council. Each GGRC is expected to function as the exclusive repository of information and knowledge pertaining to local governance. GGRCs are also expected to carry out training programmes for LAs within their jurisdictions, through which the models for resilience, representation and redress tested in the SNGP's primary sites can be replicated in other LAs. Accordingly, the SNGP's current design relies on the success of the GGRCs to achieve its expected overall outcome: the institutionalization of these tested models in LAs islandwide.

TAF enjoys strong relationships with CLG offices built over its prior work in the local governance sphere, through the Local Economic Governance (LEG) program for instance. GGRCs in the Northern, Eastern and Southern Provinces were set up prior to the SNGP, as part of the LEG program. As such, these GGRCs have been functional for a longer period of time than the remaining GGCRs set up under the SNGP. Representatives of the CLG offices interviewed during the course of this assessment demonstrated high

levels of enthusiasm for the SNGP and the program's envisaged role for the CLG office. Both CLG offices and partner LAs valued the training programmes for officials delivered through the SNGP during Year 1.[18] In the Southern Province, it was reported that the GGRC has been providing certain categories of LA personnel, such as Investigative Officers (IOs), with specialised training that was considered unlikely to be offered elsewhere.[19] Notably, the SNGP sought to protect against the risk of personnel transfer out of the GGRCs by negotiating with the provincial government to ensure that it was staffed with personnel who would not be expected to transfer within the next two to three years.

However, the extent to which the GGRCs provide a vehicle for institutionalisation of SNGP-tested models deserves some scrutiny.[20] Several key factors for consideration emerged in discussions with LAs regarding the role of the CLG's office as facilitator for SNGP interventions:

1. Partner LAs are likely to have benefited strongly from their direct access to technical expertise and assistance, and close operational relationships between LAs' and SNGP personnel. Given that the GGRCs are yet to become fully functional in all nine sites, the extent to which the uptake and application of these models can be replicated in other sites through GGRC-delivered training and resources alone is currently unclear. However, this success likely draws on at least two unique characteristics of the eCRC. First, the eCRC is primarily a data collection intervention that does not rely heavily on direct LA involvement in its administration. Second, the eCRC is a tried and tested model that has built on previous learning and experience, unlike other SNGP tools. Moreover, Southern and Northern Province GGRCs, created prior to the SNGP through the LEG project, have had some success in directing the use of the BMT in LAs in their respective provinces (see section 4.2 below). These experiences signal that full transfer of skills gained through SNGP could require further testing and iterative learning as a precondition to greater sustainability.

2. LAs currently do not perceive the CLG's office, including the GGRCs, as a key resource for strengthening local governance and service delivery. The successful uptake of key SNGP tools in partner LAs during Year 1 was seen to have relied significantly on the strength of their own relationships with TAF.[21]

3. Some LAs expressed reservations on relying closely on the CLG's office due to viewing the latter as playing a constraining, rather than enabling role in relation to LAs. However, a key strength of the CLG's office as the site for the establishment of the GGRC's is its power to convene LAs. The CLG's convening power potentially affords some space for the CLG's to function better as an 'enabler' of cross-LA learning, rather than in direct delivery of training programmes.

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[18] Site visits to CLG offices of the Central and Southern Provinces; and Balangoda UC, Kataragama PS, Chilaw UC.

[19] Site visit to CLG office of the Southern Province.

[20] A limitation of this assessment is that only one of the KIIs interviewed on field visits had experience working as an official in an SNGP secondary site. Therefore, the views of secondary sites on the functioning of GGRCs are not included.

[21] KIIs with SNGP personnel.

4.2 Assessment of SNGP implementation

The roll-out of SNGP activities began in early 2016. Key activities carried out include consultations with national and sub-national government actors, selection of SNGP sites, development of MEL and GESI frameworks, establishment of GGRCs in SNGP sites, and delivery of technical support to partner LAs. Given the prioritisation of the resilience component for Year 1, SNGP tools and other assistance focused primarily on strengthening partner LAs' financial management. Program rollout and implementation has fared well overall in Year 1. The SNGP's flexible design has lent itself to effective implementation. Measures to enhance resilience were welcomed by partner LAs, enabling TAF to strengthen its implementation partnerships. The prioritisation of the program's resilience component for Year 1 was also seen to have allowed TAF to capitalise on the opportunity to link program activities to the 2017 budget cycle.

A key operational risk faced by the SNGP during Year 1 has been high turnover of LA personnel, resulting from the routine transfers of staff within the government bureaucracy. Hence, while the SNGP's selection process helped TAF match its planned interventions to partner LAs' demand and interest, the program has faced challenges sustaining initial levels of ownership. Turnover of personnel involved in the early stages of the SNGP was typically associated with low levels of ownership in partner LAs, which was reflected in program implementation. For instance, limited LA interest and ownership in the Matara Municipal Council can be attributed to transfers of the specific personnel that participated in initial SNGP activities. Meanwhile, other LAs demonstrated more broad-based ownership for the SNGP that extended to senior officials and other staff members of the LA bureaucracy.[22] For instance, staff of the Balangoda UC demonstrated sufficiently high ownership and interest in the SNGP for the program to continue unimpeded by a change in council's secretary.

LAs that enjoy such broad-based ownership could be expected to be less vulnerable to program slowdown or stagnation resulting from periodic staffing changes. To minimise the risks of over-reliance on individual 'champions', the SNGP would benefit from efforts to strengthen broader institutional ownership for the program and its activities; for instance, through active efforts to broaden LA engagement beyond a single 'champion' to relevant department heads for each intervention, or efforts to strengthen internal knowledge-sharing and institutional memory in relation to lessons learned through the SNGP.

The SNGP's technical support to partner LAs during Year 1 centred on the following tools deployed in all nine primary sites: the e-Citizen Report Card (eCRC), the budget monitoring tool (BMT), and the revenue management tool (RMT). The BMT includes a range of tools geared towards assisting LAs in the budgeting process, such as the budget estimation tool (BET) and the budget preparatory tool (BPT). A partial compliance audit in relation to the 2017 budget formulation process by partner LAs has also been carried out during Year 1.

Table 1 below outlines progress in implementation of the tools during Year 1, as reported by KIIs and LA officials in site visits. The information contained in this table will be completed once remaining KIIs and site visits have been undertaken.

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[22] Site visits to Chilaw UC and Kataragama PS.

Table 1

Site	eCRC status	BMT use	RMT progress
Primary sites			
Matara UC	• Surveys completed • Had not received eCRC findings at the time of budgeting, hence eCRC data not incorporated to 2017 budget		• Poor progress with new revenue sources. • Problems with tax collection
Kataragama PS	• Surveys completed • eCRC data Incorporated into the 2017 budget	• Used in 2017 budget cycle	• New revenue sources identified e.g. imposing a 1% tax on hotels. • Tax collection methods improved
Balangoda UC	• Surveys completed • eCRC data incorporated into the 2017 budget	• Identified lack of sub-categories in itemised data entry for BMT as a weakness	• Have identified new revenue sources, but expressed desire for further assistance in revenue generation
Peliyagoda UC	• Surveys completed • eCRC data incorporated into the 2017 budget	• Used in 2017 budget cycle	• Have identified potential revenue sources e.g. parking fees, but have found implementation challenging
Chilaw UC	• Surveys completed • eCRC data Incorporated into the 2017 budget	• Used in 2017 budget cycle	• Identified potential revenue sources e.g. new shops near the central market,
Jaffna MC	• Surveys completed • Incorporated into the 2017 budget	• Used in 2017 budget cycle	• Identified the potential revenue sources and management strategies of expenditure for increasing allocation for recurrent expenditure

Anuradhapura UC	• Surveys completed	• Used in 2017 budget cycle	
Batticaloa UC	• Surveys completed • Incorporated into the 2017 budget	• Used in 2017 budget cycle	• Identified critical revenue sources for 2017
Nawalapitya UC	• Surveys completed • Incorporated into the 2017 budget	• Used in 2017 budget cycle	
GGRCs			
Central Province	• Surveys completed for the 3 main locations	• BMT introduced to the all 43 LAs in the province	• Have conducted workshops for replication sites
Southern Province	• Surveys completed for the 3 main locations	• BMT introduced to the 3 main sites in the province	• Have initiated plans train the incoming councillors on sustainable revenue generation
Northern Province	• Survey completed for primary site and one replication site	• BMT was used to assess the 2017 budgets of 34 LAs	
Uva Province	• Survey completed for primary site		
Sabaragamuwa Province	• Survey completed for primary site		
Western Province	• Survey completed for primary site		
North Western Province	• Survey completed for primary site		
North Central Province	• Survey completed for primary site		
Eastern Province	• Survey completed for primary site		

Partner LAs perceived these tools to have substantially strengthened their budgeting and revenue management capabilities. The eCRC has been viewed as particularly valuable in enabling LAs to ascertain service delivery requirements perceived by their constituencies, and inform investment of resources accordingly. Several partner LAs have reported that findings of the eCRC surveys have been considered in budget formulation of the 2017 budget cycle. For partner LAs, a major value addition of the SNGP has been in relation to information management. For instance, eCRC data has helped LAs identify citizen demands, and inform budgetary allocations and planning; and information generated by the BMT has helped LAs rationalise allocations.

Partner LAs also valued the BMT as a means to enhance the efficiency of the budget formulation process.[23] For instance, LA officials noted that budget formulation processes that previously spanned over weeks could now be completed within days.[24] Some also recalled pre-SNGP practices of budgeting by simply increasing allocations year-on-year by approximately 5-10%,[25] with no systematic assessment of prior spending or citizen priorities. In this context, the BMT was seen as offering a major improvement in LAs' financial management and planning capacities. Compared to the eCRC, use of the BMT is a relatively newer exercise within partner LAs; as such, it is anticipated that the BMT will be further refined as the SNGP progresses. However, budget formulation and LA decision-making relating to resource allocation are areas where LA members wield substantial discretionary power. In this context, the extent to which the BMT advances resilience as the program progresses is likely to be conditioned by variations in LA member preferences within each site.

Incorporation of GESI principles into SNGP activities

When compared with overall progress, the implementation of the SNGP's cross-cutting GESI component has not kept pace with program developments during Year 1. GESI activities in Year 1 included internal sensitisation and training programs for TAF staff, and the commencement of a baseline assessment of GESI integration in local governance. The GESI Baseline Assessment involves two phases, with phase 1 surveying sensitivity to GESI concerns in the nine SNGP sites, while phase does the same for the 18 replication sites. Phase 1 of the GESI Baseline Assessment was completed in January 2017.[26]

KIIs and site visits by the SNGP assessment team corroborated the main findings of the GESI Baseline Assessment, i.e. that LAs lack understanding of GESI concerns in relation to their work, and lack the capacity address this gap in understanding. All partner LAs noted an absence of reliable census data in relation to their LA areas on vulnerable groups. Many KIIs with partner LA representatives indicated that most lack a strong understanding of GESI as it relates to representation and service delivery. LAs associated vulnerability primarily with poverty, and typically did not extend their understanding of marginalised groups to include women, ethnic minorities or linguistic minorities. With the exception of Chilaw UC officials, LA officials interviewed did not

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[23] Site visits to Kataragama PS, Balangoda UC.
[24] Site visits to Kataragama PS, Balangoda UC, Peliyagoda UC.
[25] Site visits to Balangoda UC and Chilaw UC.
[26] Gender Equality and Social Inclusion (GESI) Baseline Assessment, Sub National Governance Program (SNGP) of The Asia Foundation (January 2017).

identify women as a distinct vulnerable group whose interests are often underrepresented in local governance.[27] In this context, roll-out of the SNGP's GESI strategy could face challenges in securing partner interest and uptake. TAF's planned activities for 2017 include specific GESI-related interventions within activities dealing with inclusive planning.[28]

Monitoring, Evaluation and Learning

The SNGP envisages a strong role for MEL to inform program adjustments. However, the program has made limited progress overall in giving effect to its planned MEL systems. Progress on the MEL front in Year 1 included the development of MEL tracking templates and work plans, and development of internal knowledge-sharing processes.[29] Templates have been devised to document major program events, decisions and accomplishments; adjustments to the program's theory of change; and overall implementation progress. Annex 2 below provides the template through which the SNGP team documents adjustments to the program's theory of change, their justification and implications.

However, these tools and processes are yet to be routinized in SNGP implementation.
In making its strategic shift to resilience for Year 1, the SNGP did not rely on traditional forms of MEL. Rather, this key program adjustment was based on feedback from partner LAs and SNGP staff on site, and a largely informal, consensus-based decision-making process among program personnel.[30] There are at least two possible interpretations of this model of course correction within the SNGP's flexible, learning-based design: (1) course correction was proactive and deliberate in light of new developments and learning; or (2) course correction was *ad hoc* and reactive to new developments and learning. The lack of specific, definitive criteria identified by program personnel for evaluating the SNGP's decision to prioritise its resilience component currently suggests that it resembled the latter rather than the former. The SNGP's high flexibility could serve as both a strength and a liability: it has permitted relatively greater leeway for course correction considering new learning, while also presenting few identifiable checks on course deviation from core program goals in the long term. While the SNGP sets limits on long-term activity planning by design, the program could benefit from the identification of core criteria against which future decisions to modify program direction can be evaluated. These criteria for course correction could serve as strategic 'filters' that refine decision-making processes by specifying the parameters within which program adjustments are warranted.

Given their limited application thus far in the program, a more comprehensive assessment of the SNGP's MEL systems in practice is currently premature. A strong MEL process would enable efficient and effective documentation of program adjustments, their rationale and anticipated impacts, and accordingly facilitate proactive course-correction where justified. Routine collection of MEL data would also enable TAF to understand drivers and processes of SNGP-induced reforms over the program's

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[27] Site visits to Peliyagoda UC, Balangoda UC, Matara UC, Chilaw UC, Kataragama PS.
[28] KII with SNGP personnel.
[29] KII with SNGP personnel.
[30] KIIs with SNGP personnel.

duration - hence strengthening learning more broadly from the program on advancing reforms in relation to operating context.

5. Recommendations

This section provides forward-looking recommendations for the SNGP in light of learning from Year 1 of the program. They aim to advance the SNGP's broad goals of greater resilience, representation and redress by maximising the program's relevance, flexibility to Sri Lanka's operating context.

Relevance

1. Invest in building buy-in and consensus among partner LAs for the SNGP's representation and redress components. The impending rollout of the right to information (RTI) laws in Sri Lanka presents an important opportunity in this regard. The RTI Act was passed in June 2016. It is due to come into effect in February 2017, by which time all public authorities falling under the scope of the RTI Act, including LAs, are expected to become RTI-compliant. There are two main ways in which the RTI Act seeks to enhance public access to information: (i) through periodic, proactive disclosure of information by public authorities, and (ii) on the basis of RTI requests submitted by the public. However, LAs are likely to face substantial challenges in both aspects of RTI-compliance. KIIs carried out during this assessment found that LAs had not given RTI-compliance significant consideration in planning for 2017, and most lack systems for storing, organising and managing information.[31] In this context, the RTI rollout provides an avenue for SNGP interventions that combine: (i) LA interests in enhancing efficiency of managing RTI requests, and (ii) public interests in greater transparency and accountability from LAs enabled through the RTI.

2. Integrate GESI into specific SNGP activities. GESI integration into SNGP activities has been limited to the conduct of phase 1 of the GESI Baseline Assessment in Year 1. Parallel to the completion of the remaining phases of the Baseline Assessment, the SNGP can integrate GESI into ongoing and future program activities; for instance, by incorporating GESI-sensitive budgeting via the BMT, and representation of women and marginalised groups in the information collected via the eCRC.

3. Strengthen program stability and sustainability, by consciously cultivating a critical mass of SNGP-trained staff in partner LAs to protect against personnel transfers.

Flexibility

1. Strengthen the SNGP's mechanism for program adjustments. To protect against potentially *ad hoc* program adjustments, TAF can consider specifying thresholds or criteria for adjustments. For instance, criterion for justifiable adjustment to the program's overall direction can be that it responds to developments affecting a majority of sites. Another could be a radical change in political context; for example, the introduction of a new constitution that alters the functioning of local government. TAF can also consider engaging in periodic scenario-planning for anticipated political developments, such as impending local government elections.

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[31] For instance the Peliyagoda UC reported their lack of facilities for maintaining up-to-date asset registers.

2. Institute a simple, efficient MEL structure. Heavy monitoring and reporting requirements, if instituted, could introduce new inefficiencies and administrative burdens that did not strongly feature in Year 1 of the SNGP. Hence, it is important that routine MEL practices introduced are efficient and minimally cumbersome by design, while building in 'triggers' for more comprehensive information-gathering, such as when the SNGP faces major implementation problems or is considering a shift in strategy.

Annex 1: Key informant interviews and site visits

Date	Key Informant Interviewees
15 November 2016	KIIs: Dr. Gopa Thampi, Mr. Dhammika Mahendre and Ms. Vathsala Dayananda (The Asia Foundation)
5 December 2016	Site visit: Commissioner for Local Government and GGRC Resource Person, Southern Province
5 December 2016	Site visit: Commissioner and Accountant, Matara Urban Council
6 December 2016	Site visit: Secretary and team, Kataragama Pradeshiya Sabha
6 December 2016	Site visit: Secretary and Accountant, Balangoda Urban Council
16 December 2016	KIIs: SNGP team, The Asia Foundation
21 December 2016	KII: Mr. Dilshan Mohammad, MEL point person, The Asia Foundation
6 January 2017	Site visit: Secretary and Accountant, Peliyagoda Urban Council
6 January 2017	KIIs: Mr. Cyril Jayatissa and Mr. Sumanadasa, The Asia Foundation
10 January 2017	Site visit: Secretary and team, Chilaw Urban Council
11 January 2017	Site visit: Commissioner, Deputy Commissioner and GGRC Resource Person, Central Province
16 January 2017	KII: Mr. Arumathurai Subhakaran, The Asia Foundation

Annex 2: TOC adjustment template

Summerize Changes to ToC	Degree of Change	Justification/Explanation	Implication
Problem Statement			
Analysis of Key Dynamics			
Interventions/Strategies			
Intermediate Outcomes			
Ultimate Outcomes			