



**Government of Sri Lanka
Ministry of Plan Implementation**

United Nations Development Programme

Strengthening Plan Implementation Capability

The main goal of *Strengthening Plan Implementation Capability* is to assist the newly constituted Ministry of Plan Implementation to assume its role and to quickly grow and evolve into a center of excellence. It would also serve as the nerve centre of the Government in coordination, performance and results monitoring and evaluation, trouble shooting and reporting. By doing so, it would be ensured that policies programmes and plans are implemented in a timely, efficient and effective manner.

The specific outputs of the project include:

1. **Strengthened institutional capacity of plan implementation** within the Government. Such capacity would support the effective operation of Performance Contracting (PC) arrangements to develop reporting lines and methods and make line Ministries, Provincial Councils and Local Government authorities and public sector institutions more accountable for results.
2. **Enhanced performance monitoring systems** through report card systems, results management practices, trouble shooting methods, and progress reporting arrangements and build competencies. The system would also provide support to institutionalize results-based monitoring arrangement in the government.
3. **Strengthened evaluation systems, practices, methodologies and staff capability** and an institutionalized evaluation feedback arrangement in the Government. Such systems would ensure that evaluation results and findings are linked to the planning, budgeting and policy making process.
4. **Strengthened Performance Review Unit (PRU)** with state-of-the-art modern technology to interface with all government management information systems and to provide on-line and real time development information to policy makers and planners to improve informed decision making. The PRU will ensure effective co-ordination among the line ministries and help to resolve implementation issues. The system will also help to address common man's issues through "Rapid Redress" Teams.
5. **Strengthened policy relevant analytical capacity** of the Department of Foreign Aid and Budget Monitoring so as to enable the Department to undertake sub-national analysis of the priority development policies and programmes of the Government, including the poverty and MDGs situation as reflected in the Provinces, Districts and Divisions, and to provide policy feedback to ensure balanced regional development.

March 2006



SIGNATURE PAGE
(STRENGTHENING PLAN
IMPLEMENTATION CAPABILITY)



COUNTRY: SRI LANKA

UNDAF Outcome(s)/Indicator(s): Reducing Poverty and achieving Mahinda Chintana Goals (MCGs) and Millennium Development Goals (MDGs) through (i) effective plan implementation strategies and (ii) monitoring, evaluation and feedback arrangements.

Expected Outcome(s)/Indicator (s): Achieving the MCGs and MDGs and Reducing Human Poverty. Service Line 1.2. *Pro poor policy reform and plan implementation strategy to achieve MDG targets*

CCF Outcome: Strengthened capacity of the Ministry of Plan Implementation, resulting in improved efficiency and productivity of the public sector and also the private and civil society sectors in support of achievement of the national development priorities including MCGs and MDGs

Implementing partner: Ministry of Plan Implementation
(designated institution / formerly executing entity)

Responsible parties: Ministry of Plan Implementation
(formerly implementing entities)

Programme Period	2002 - 2006
Programme Component	Achieving the MDGs and reducing human poverty
Project Title	Strengthening Plan Implementation Capability
Programme Period	2006-2008
Programme Component	Strengthen Plan Implementation Capacity
Project ID:	00043548
Project /Output Title:	00050884
Project ID:	
Project /Output Title:	
Project ID:	
Award Duration:	3 years (2006 – 2008)
Management Arrangement:	NEX

Budget	
General Management Support Fee (GMS)	
Total Budget	US \$415,000
Allocated Resources:	
• Government	
• Trac 1 & 2	US \$ 415,000
Other	
• Donor 1	
• Donor 2	
• Donor 3	
In-kind contributions	Government officers' time, office space and amenities
Unfunded Budget	--

Agreed by	Signature	Date	Name & Title
Implementing Partner/Executing Agency	<i>A. N. Cabraal</i>	3/4/06	A. N. Cabraal (Mr.) Secretary
Government	<i>Sujathia Cooray</i>	25/4/06	Sujathia Cooray (Mrs.) Director General (ERD) MINISTRY OF FINANCE & PLANNING
UNDP	<i>Abu Selim</i>	27/04/06	Abu Selim (Mr.) Country Director

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Abbreviations and Acronyms

CADREP	Capacity Development for Recovery Programme
DCS	Department of Census and Statistics
DFABM	Department of Foreign Aid and Budget Monitoring
DNB	Department of National Budget
DPS	District Planning Secretariat
ERD	External Resources Department
IRDP	Integrated Rural Development Project
M&E	Monitoring and Evaluation
MCG	Mahinda Chintana Goals
MDG	Millennium Development Goals
MF&P	Ministry of Finance and Planning
MPI	Ministry of Plan Implementation
NCED	National Council for Economic Development
NPD	Department of National Planning
PRU	Performance Review Unit
PC	Performance Contract
RBM&E	Results-Based Monitoring and Evaluation
TA	Technical Assistance
UFPA	United People's Front Alliance
UNDP	United Nations Development Programme

Part 1: Elaboration of Programme

1.1 Development Context

Government Policy: Growth with Equity

The Government of Sri Lanka is committed to accelerate economic growth with special consideration given to pro-poor growth strategies. Sri Lanka's past growth has not been adequate for significant poverty reduction. Despite an economy with an average growth rate of 4% to 5%, poverty remains an issue affecting nearly one in four in Sri Lanka. Outside of Colombo Metropolitan area, poverty is widespread with deep pockets of poverty in the Dry Zone, conflict affected areas, Estate Sector, and in several other locations. Poverty is thus a major challenge in several provinces.

Inadequate infrastructure facilities remain one of the biggest impediments for the progress in Sri Lanka. In order to fast track reduction of poverty, it is necessary to improve rural infrastructure. Delays in the implementation of many mega and rural development projects have been a challenge to accelerated growth with equity. Poor aid utilization, slow implementation of projects, inefficient use of public funds, weak service delivery arrangements and inadequate monitoring and evaluation arrangements, have been serious bottlenecks to the accelerated implementation of programmes. Excellence in the public sector is still a long way off in the absence of a good performance management culture. All Ministries and government agencies need to introduce results management practices as quickly as possible to convert themselves as people focused institutions.

This project is aimed at strengthening the plan implementation capacity of the Government to accelerate economic growth with equity with a focus on balanced regional development. The project will contribute to the achievement the priority policies and programmes of the Government. The national development policies and programmes need to be closely aligned with the development vision and agenda of the recently elected President's new Government. The new President's agenda and vision was clearly set out in the Mahinda Chintana, the Election Manifesto. It was articulated as the Governmental Policy through the President's Policy Statement to Parliament (November 2005) and the 2006 Budget Speech in December 2005. Other documents such as Ministerial "Mahinda Chintana" Action Plans and crash programmes, and those that include various sectoral plans and policies also help the articulation and implementation of the development policy and programme framework. The Millennium Development Goals (MDGs) and the Millennium Declaration are also an important and core aspect of the national development agenda, as these too have been referred to by the President in his Budget Speech 2005, as being goals that the country should aspire to achieve.

Box 1:
Mahinda Chintana
Informing and Driving the
Development Goals and Programmes of the Government

Fundamental Thrust

"The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have little."

Test

"What is important is not how rich our rich are but how rich our poor are"

The "Mahinda Chintana" sets out the Manifesto of the Government of Sri Lanka and it describes the intended development policies and programmes of the Government for the next six years.

The Mahinda Chintana Framework puts forward a major policy approach that is committed to ensuring economic growth with equity. The major policy thrust is, a pro-poor, pro-growth strategy to reduce poverty. It aims to minimize regional imbalances and to ensure that the poor and vulnerable groups are brought into the mainstream of development.

It is a policy that advocates the building of a New Sri Lanka. The New Sri Lanka integrates the positive attributes of the free market and global economy with the richness of the Island's centuries-old civilization and our aspirations as a nation in the 21st Century. In the New Lanka the public as well as the private sectors and the rest of civil society coexist in a complementary manner to move the country forward by reducing poverty, income inequality, under development, backwardness while generating employment opportunities.

The Mahinda Chintana and the policies and programmes that it espouses emphasize the achievement of Millennium Development Goals (MDGs) ahead of 2015, including the equitable development of the country's regions, and the development of the main people-rich sectors such as agriculture and small medium enterprises.

The Mahinda Chintana and the corresponding array of policies and programmes lay strong emphasis on a result-oriented, people-friendly public service with policies that ensure accountability, transparency and good governance, which complements the empowerment of the rural masses.

The main thrusts of the Development Goals of the Government are:

- (1) Implement a proper "pro-growth" development strategy to support farming community, create employment, reduce regional disparities, alleviate poverty and empower rural communities.
- (2) Achieve Millennium Development Goals not only at national level but also at sub-national level and thereby improve the quality of life of the masses.
- (3) Ensure balanced economy where fruits of development is shared by all people, in all regions and in all sectors.
- (4) Accelerate the implementation of all development policies and programmes through a results oriented Government that fulfills the aspirations of the ordinary masses.

Capacities for national plan implementation strategies

“Plan Implementation” became an integral function of the Sri Lankan Government structure in the early 1970s. It later became a Ministerial function. During this period, “Plan Implementation” became associated and was synonymous with a track record of co-ordination, monitoring, evaluation and support of inter-agency implementation of development programmes at both the national and the sub-national levels. Specific initiatives of the Ministry of Plan Implementation included: the introduction and implementation of Quarterly and Annual Performance Reports, the Population Planning Division, the Children’s Secretariat, the Nutritional Policy Planning Division and the Regional Development Division. The latter was mandated with the implementation of the Integrated Rural Development Programme (IRDP) as a vehicle for addressing regional imbalances and also had links to District Planning Units and Divisional Planning Units.

As with many other public sector initiatives, Plan Implementation began to be disparaged because of some innate institutional slowness to adjust with time and to be relevant to changing development concepts and needs. It also suffered from the overall development policy trend since the 1990s to reduce the role of government, not to fill vacancies, and to out-source to the private sector. The then Ministry of Plan Implementation was discontinued by the newly elected UNF Government in late 2002. At that time, the various units that constituted the then Ministry of Plan Implementation were distributed to a number of other Ministries. The UPFA Government that took over in early 2004 did not re-introduce the Plan Implementation functions at a Ministry level.

However, the new Government has proposed to reformulate the Ministry of Plan Implementation. The new Ministry has described its Mission to be “Directing and guiding all line Ministries and agencies at national and sub-national level to implement development programmes and projects in an efficient, effective and results-oriented manner to achieve the priority national development policies and programmes.” The Ministry’s constituent Departments and Statutory Institutions and its functions are outlined in Attachment 1. In this context, the Ministry of Plan Implementation (MPI) has a major role to play in ensuring effective implementation of the government’s national development plans, with special emphasis on the proposals in “Mahinda Chintana”.

Although there has been a plethora of ideas and plans in the past, the major challenge has been the lack of sufficient attention to translate such plans into implementable actions and to follow up on those plans to ensure realization of benefits to citizens. Even now, there are many mega development projects such as Colombo-Katunayake Expressway, Colombo-Matara Highway, South Port Development Project, Upper Kotmale Hydro Power Project etc, which have been in the project pipeline for years but are yet not being implemented. There is thus clear evidence of the weak implementation arrangements. The need, therefore, is to translate prioritized plans into action with time-based targets to ensure effective implementation. All Government Ministries and Departments should be subjected to objective measurements. Implementation is the key to success. It is in this context the Government has established the Ministry of Plan Implementation and placed it under the direct Ministerial responsibility of the President. This clearly indicates the priority the Government has given to the subject of Plan Implementation.

The Department of Foreign Aid and Budget Monitoring (DFABM) functions as the monitoring and evaluation arm of the MPI and helps to track the progress of key pro-poor policies, programmes and projects in the various sectors. However, it is vitally necessary for the Department of Foreign Aid and Budget Monitoring to move from the “monitoring” mode to “implementation” mode, whereby diagnosis and trouble shooting will become more important.

Institutional setting and linkages to on-going UNDP support

The present Government is deeply conscious that the MPI should possess strong professional and institutional capabilities, and also that its own mandate should be clear to perform similar functions. Hence it is important that the responsibilities of institutions that share similar functions (such as NCED, NPD, MPI, DNB, ERD and Finance Commission) should be very carefully mapped out.

Presently, the UNDP provides the following on-going support:

Institution	UNDP Support
NCED	MDG Support Project - Component 1 – MDG Awareness and Campaigns - Component 3 – Capacity Building of MDG Institutions
NPD/MF&P	MDG Support Project - Component 2 – Operationalisation of MDGs
DCS	MDG Support Project - Component 5 – MDG Monitoring
MPI	Strengthening Planning Implementation Capability
ERD/MF&P	Aid Coordination Project MDG Support Project - Component 2 – Operationalisation of MDGs (Harmonising Donor Coordination)
Sub-national institutions	MDG Project - Components 1-4 – sub-national operations of NCED, NPD and DCS Uva Project CADREP; Transition Program

For the effective operationalisation of priority national development policy goals, the economic growth and poverty reduction strategy and the MDG achievement, it is vital to establish an interagency mechanism for constant dialogue between the main national planning agencies. Since UNDP is providing or has been approached to provide support to many such agencies, the organization has a vital interest in the establishment and implementation of such a mechanism. A dialogue among the partners would bring about a consensus orientation that would facilitate the allocation and re-allocation of UNDP support activities among the various portfolios to bring about the desired synergy.

Within this context, the Mission of the Ministry of Plan Implementation is to direct and guide all line Ministries and agencies at national and sub-national level to implement the development policies, plans, programmes and projects in an efficient, effective and result oriented manner to

achieve the prioritized goals and objectives of the country, including the MCGs and MDGs. Thus while the Department of National Planning (DNP) draws up plans and ERD looks after the mobilization and optimal utilization of external sources of finance, the Ministry of Plan Implementation oversees the coordination and implementation of every single plan, reports back to Government the progress made and ensures effective follow-up action through appropriate intervention to achieve the desired results. A strong plan implementation capability is very fundamental to convert the vision of the government into results so as to achieve the Mahinda Chintana Goals and the Millennium Development Goals (MDGs).

Relevant Outcomes in the UNDP Country Programme

Within the UNDP Country Cooperation Framework (2002 – 2006), the objective of improving the efficiency and effectiveness of implementation of public sector policies and programmes would involve increasing economic opportunities for the poor and would also be in line with the need to support development of strategies for poverty reduction. This programme of support to MPI is part of the process of increased engagement by UNDP Sri Lanka in the area of Pro-Poor Policy Reforms to Achieve MDG targets (Multi-Year Funding Framework Service Line 1.2), within the overall goal of achieving the MDGs and reducing human poverty.

Part 2: Strategy

Goals and Objectives

The long-term development goal of the project is to accelerate economic growth, reduce poverty, ensure income equality and minimise regional disparities and achieve all prioritized national goals including Mahinda Chintana Goals and the national commitment to the Millennium Development Goals.

The immediate objective and purpose of the project is to strengthen the plan implementation capability of the government, particularly that of the Ministry of Plan Implementation, to enable it to effectively oversee and steer the development process for the achievement of the long-term goals.

The achievement of the project goals requires significant effort to strengthen the capabilities of plan implementation agencies, build results monitoring arrangements, strengthen policy information to facilitate rational decision making, institutionalize more effective sub-national analysis to provide feedback on regional disparities, and establish sound evaluation feedback arrangements. These initiatives will entail the introduction of appropriate methodologies, techniques, systems, practices, institutional structures and mandates, enhanced capabilities and skills and information systems to drive the government in a results-oriented manner.

Major outputs and deliverables

The specific outputs of the project include:

- 1. Strengthened institutional capacity of plan implementation** within the Government. Such capacity would support the effective operation of Performance Contracting (PC) arrangements to develop reporting lines and methods and make line Ministries, Provincial Councils and Local Government authorities and public sector institutions more accountable for results.

2. **Enhanced performance monitoring systems** through report card systems, results management practices, trouble shooting methods, and progress reporting arrangements and build competencies. The system would also provide support to institutionalize results-based monitoring arrangement in the government.
3. **Strengthened evaluation systems, practices, methodologies and staff capability** and an institutionalized evaluation feedback arrangement in the Government. Such systems would ensure that evaluation results and findings are linked to the planning, budgeting and policy making process.
4. **Strengthened Performance Review Unit (PRU)** with state-of-the-art modern technology to interface with all government management information systems and to provide on-line and real time development information to policy makers and planners to improve informed decision making. The PRU will ensure effective co-ordination among the line ministries and help to resolve implementation issues. The system will also help to address common man's issues through "Rapid Redress" Teams.
5. **Strengthened policy relevant analytical capacity** of the Department of Foreign Aid and Budget Monitoring so as to enable the Department to undertake sub-national analysis of the priority development policies and programmes of the Government, including the poverty and MDGs situation as reflected in the Provinces, Districts and Divisions, and to provide policy feedback to ensure balanced regional development.

Methodology and Key Activities

The project involves technical support in the areas of institutional capacity development; building systems for Results-Based Monitoring and Evaluation; the feedback and use of M&E results in further planning, implementation and management of development programmes; the design and use of interactive management information systems for policy decision-making; and development of capacities for analyzing sub-national development needs, targeting those needs and streamlining the implementation and M&E of activities at those decentralized and devolved levels.

The institutional strengthening of the plan implementation capacity of MPI is meant to introduce dynamic development and change management practices to assist the Government in its drive to achieve the priority goals of the country, including equitable, pro-poor and regionally balanced economic growth and the achievement of the MDGs. In addition, since MPI also has the responsibility of building capacity of Divisional and District level officers for plan implementation, institutional strengthening has to take into consideration this aspect as well. Technical assistance will be provided in the areas of institutional development and change management, while provision will be made to meet some of the most urgent professional services needs with contract staff. A suitably qualified National Project Coordinator will be appointed taking into account his/her potential to contribute to the development of the overall institutional capacities of the Ministry. Consultations, training and seminars, on-the-job guidance and assistance and the production of reports and working materials are some of the methods that will be adopted. The activities to effect the institutional strengthening of MPI and the plan implementation agencies will include:

- Introduction of appropriate procedures, systems, methodologies and techniques to institutionalize effective Plan Implementation Strategies at national and sub-national level.
- Introduction and operationalization of Performance Contract (PC) arrangements in the line Ministries and Agencies.
- Working with appropriate institutions in Government, the private sector and civil society to develop a common M&E framework for the MDGs.

Support to enhance results monitoring and trouble shooting capacities will involve the services of a RBME expert who will work with MPI to ensure that results-based monitoring techniques are deployed and used, key performance indicators are developed in a participatory manner, creative appreciation of the RBME approach system is in-built in MPI, in the government at large, and in the body of development partners, including the private sector, donors, NGOs, and the community at large. A variety of methodologies will be employed to put the RBME system in place and ensure its effective use; they include: seminars, workshops, training, advocacy and the production of handbooks, guidelines, circulars and other working materials. The main activities in developing and effectively deploying the RBME system will include:

- Institutionalising results based Monitoring practices including report card systems, performance indicators and results framework to achieve development effectiveness.
- Development of Training materials, manuals and circular instructions to operationalise results-monitoring.
- Establishing national monitoring mechanisms to address inter-agency coordination issues and trouble shooting

Strengthening development evaluation capacity and its use in feedback arrangements will be an integral part of and move hand-in-hand with the development of the RBME. The RBME consultant will work closely with MPI staff, and also various Ministries and agencies, to ensure that capacities, capabilities and systems are developed for linking the results of the RBM&E system with planning and policy development and also support the implementation mechanisms. Training, seminars and workshops will be conducted and combined with advocacy techniques and other methods of professional contact. Activities will include:

- Introducing and Institutionalising Development Evaluation Methodology and techniques, practices and mechanisms
- Capacity building, training and enhancing of skills and competencies in evaluation.
- Developing Evaluation Information Systems (EIS) to link evaluation lessons of finding with planning, budgeting and policy process.

A strengthened PRU will be the development management information arm of the government to track the progress of the overall developments, sectoral performance and service delivery functions of the Government Ministries, Departments and Agencies and help to monitor the development projects and programmes of the Government. ICT will be harnessed to make the information available to all, anywhere and at any time. These initiatives and change management practices will help to establish a transparent, accountable and results oriented public sector. Electronic on-line information is fundamental for good governance. The RBME technical assistance will participate in defining the PRU development needs, while the actual refurbishment, including hardware and software acquisition and installation as well as system development and deployment will be carried out with the help of an appropriate contractor. Training, seminars, workshops, in-house studies and programme system development, installation, trial and wide distribution and advocacy will be among the methods used to strengthen the PRU and its utilization. The best practices and success stories of Performance Review Units in other countries such as Malaysia, India (Andrapradesh), Estonia and New Zealand will be studied and internalized. Provision has been made to undertake some study tours of PRUs in the Asia region. Activities to create the real-time decision-making information and aids that are envisaged for the PRU will include:

- Evaluating existing management information systems and exploring compatibility.
- Assessing system development needs and recommending development plan.
- Developing, installing and launching required systems and promoting use.

The project will support the development of appropriate methodologies, tools, techniques and procedures that highlight and make use of localized sub-national development initiatives and planning systems and to conduct information sharing and gathering in general and for monitoring and evaluation purposes in particular. The Department of National Planning, Department of Census and Statistics, the Ministry of Provincial Councils and Local Government and the Ministry of Regional Livelihoods Developments are among the organizations that have staked out interests in supporting sub-national development and planning and information systems. It will be vital for MPI to coordinate its sub-national approaches and activities with those of the above agencies. The RBME consultancy will be involved in developing systems at the sub-national level. Provision has also been made for a National Consultancy in Sub-National Development and Monitoring to be engaged to assist in developing the system. Key activities for the Sub-National Component include:

- Assessment of sub-national development, planning and monitoring situation
- Development of institutional arrangements and mechanisms for sub-national monitoring and analysis.
- Advocacy on plan implementation, strategies at sub-national level.
- Establish closer links between national and sub-national planning, plan implementation, monitoring and feedback arrangements.

Lasting impact through strengthened implementation, national capacities and partnerships

The implementation of policies and programmes will be directly enhanced through support provided to MPI and indirectly through the linkages that MPI has with the line implementing Ministries and agencies. MPI will also be able to identify and highlight issues that need to be dealt with at a broad policy level, and to bring these to the attention of the Government. There is also tremendous potential for the inputs to MPI to benefit the private and civil society sectors and to influence the policies and operational activities of donors since national development goals are explained not only in terms of the public sector alone, but also in terms the gourmet of Sri Lanka's development partners. Thus the Ministry of Plan Implementation, together with its constituent units is the primary partner in this project. A secondary level of partnerships involves the clientele agencies of MPI in terms of the Government Ministries and other public bodies, as well as members of the private sector civil society, professional organizations, NGOs, and academia.

Part III: Management Arrangements

The National Executing Agency for the implementation of Technical Assistance Project is the Ministry of Plan Implementation. The Project will function under the ambit of the Secretary of MPI who will be designated as the National Project Director (NPD). Within MPI, the Project will be housed in the Department of Foreign Aid and Budget Monitoring. The Secretary of MPI will appoint a National Project Manager (NPM) from within the staff of Ministry of Plan Implementation or from the Department of Foreign Aid and Budget Monitoring to be responsible for overseeing the day-to-day implementation of the project activities and the supervision of contracted project staff including technical assistance.

A National Project Coordinator (NPC) will be appointed to the Project. The NPC will work through the NPM and closely liaise with staff of the Ministry of Plan Implementation, the Department of Foreign Aid and Budget Monitoring, technical assistants attached to the Project and the UNDP Country Office to ensure smooth and timely implementation of activities and delivery of outputs and outcomes. Provision has been made in the budget for the maintenance of a small but highly competent Project Coordination Office, including administrative / secretarial support and necessary consumables.

Upon request from the Executing Agency, UNDP will provide support services to the Project, such as the procurement of equipment and supplies, and recruitment of project personnel. UNDP will provide the support services in accordance with the standard Letter of Agreement between the Government of the Democratic Socialist Republic of Sri Lanka and the United Nations Development Programme for the provision of support services, dated 5 July 2002. This Letter is attached as Annex 2 to this document.

A Coordinating Committee will be constituted by the Secretary of MPI for purposes of reviewing and guiding the implementation of project activities. Such Committee will include representation from MPI, NCED, Department of External Resources, Department of National Planning, UNDP and other partners as deemed relevant by the Secretary, Plan Implementation.

Part IV: Monitoring and Evaluation

The project will be subjected to monitoring and reporting requirements in accordance with the UNDP rules and regulations. The project deliverables will be monitored against the agreed work plan. Evaluation will be conducted at least once in the lifetime of the Project.

Part V: Legal Context

This Project document shall be the instrument referred to as such as in Article 1 of the Standard Basic Assistance Agreement between the Government of Sri Lanka and the United Nations Development programme, signed by the parties on 20 March 1990. The host country-implementing agency shall for the purpose of the Standard Basic Assistance Agreement refer to the government cooperating agency described in that agreement. The following types of revision may be made to this Project document with the signature of the UNDP Resident Representative only, provided he or she is assured that the other signatories of the Project document have no objections to the proposed changes:

- a. Revisions in or addition of any of the annexes of the Project document.
- b. Revisions which do not involve significant changes in the immediate objectives, outputs or activities of a Project, but are caused by the rearrangement of inputs already agreed to or by cost increase due to inflation, and
- c. Mandatory annual revisions, which re-phase the delivery of agreed Project inputs or increased expert or other costs due to inflation or take into account expenditure flexibility.

Part IV: Results and Resources Framework

UNDP Goal and Service Line

Goal 1. Achieving the MDGs and Reducing Human Poverty

Service Line 1.2. Pro poor policy reform and plan implementation strategy to achieve MDG targets

Intended Outcome

Service Line 1.2: Formulation of poverty reduction strategies, including PRSPs to help countries pursue national MDG targets. This involves support to linking poverty reduction strategies to:

- (a) economic policies for pro-poor growth;
- (b) budgeting, including expenditures and taxation;
- (c) national employment strategies; and
- (d) poverty-focused social security, including safety nets.

Outputs / Indicators as stated in the Country Programme Results and Resource Framework including baseline and target

The Project aims at strengthening the capacity of the Ministry of Plan Implementation and the Department of Foreign Aid and Budget Monitoring to ensure the discharge of their mandated function of “directing and guiding all line ministries and agencies at national and sub-national level to implement development policies, plans, programmes and projects in an efficient, effective and results-oriented manner to achieve MCGs / MDGs.

The expected outputs of the project are:-

- 1. Strengthened institutional capacity of plan implementation** within the Government. Such capacity would support the effective operation of Performance Contracting (PC) arrangements to develop reporting lines and methods and make line Ministries, Provincial Councils and Local Government authorities and public sector institutions more accountable for results.
- 2. Enhanced performance monitoring systems** through report card systems, results management practices, trouble shooting methods, and progress reporting arrangements and build competencies. The system would also provide support to institutionalize results-based monitoring arrangement in the government.

- 3. Strengthened evaluation systems, practices, methodologies and staff capability** and an institutionalized evaluation feedback arrangement in the Government. Such systems would ensure that evaluation results and findings are linked to the planning, budgeting and policy making process.
- 4. Performance Review Unit (PRU)** with state-of-the-art modern technology to interface with all government management information systems and to provide on-line and real time development information to policy makers and planners to improve informed decision making. The PRU will ensure effective co-ordination among the line ministries and help to resolve implementation issues. The system will also help to address common man's issues through "Rapid Redress" Teams.
- 5. Strengthened policy relevant analytical capacity** of the Department of Foreign Aid and Budget Monitoring so as to enable the Department to undertake sub-national analysis of the priority development policies and programmes of the Government, including the poverty and MDGs situation as reflected in the Provinces, Districts and Divisions, and to provide policy feedback to ensure balanced regional development.

Programme Outcome: Strengthen the plan Implementation capacity of the government to convert a visionary government into a results oriented working government through effective policy and programme coordination, to accelerate economic growth, minimize regional disparities, ensure income equality and achieve the Millennium Development Goals.

Expected Outputs / Indicative Activities	Verifiable Indicators	Timeframe (1 st to 4 th Quarter 2006, and after 2006)					Responsible Party	Budget			
		Q1	Q2	Q3	Q4	After 2006		Inputs	Cost (\$)		
									2006	2007 – 08	Total
1. Strengthening the Plan Implementation capacity of the government and introduce change management practices to achieve the priority policy goals of the country including economic growth, equity, poverty reduction and MDGs		X	X	X	X	X			47,000	80,000	127,000
1.1 Introduce procedures, systems, methodologies and techniques to institutionalize effective plan implement strategies	<ul style="list-style-type: none"> - MPI organizational and responsibility structures and introduce change management practices and methods - Mapping exercise to identify and link all agencies related to plan implementation 	X	X	X	X		MPI, FABM, UNDP	Consultancy – Change Management Practices and mapping	15,000	15,000	30,000
	- Coordination Secretariat		X	X	X	X		National Project Coordinator	15,000	15,000	30,000
								Secretarial Assistance	4,000	10,000	14,000
								-Miscellaneous	1,000	6,000	7,000
1.2 Operationalise Performance Contract Arrangements and introduce change management practices in Line Ministries and agencies and guide to effectively translate development policies into monitorable action plan	<ul style="list-style-type: none"> - Training of Trainers, and capacity building in plan implementation and develop manuals, guidelines and circulars. - Training of Divisional and District level project implementing personnel 		X	X	X	X	MPI, FABM UNDP	On the Job-training (Seminars / TOT)	4,000	22,000	26,000
	- Professional Staff capacities in MPI		X	X	X		MPI FABM UNDP	Contract positions (National UNV / Professionals)	8,000	12,000	20,000
	- Guidelines, Manuals Circulars Instructions and performance contracts in place for all line Ministries.		X	X	X		MPI FABM UNDP	Consultancies (as above) MPI / other Gov. Staff	--	--	--

Expected Outputs / Indicative Activities	Verifiable Indicators	Timeframe (1 st to 4 th Quarter 2006, and after 2006)					Responsible Party	Inputs	Budget		
		Q1	Q2	Q3	Q4	After 2006			Cost (\$)		
									2006	2007- 08	Total
2. Support to institutionalize results-based monitoring system in the government to ensure efficient and effective implementation of policies and programmes.									45,000	59,000	104,000
2.1 Inculcate results based, people focused implementation management and monitoring culture in the public Service	- RBM system developed deployed and in-use	X	X	X	X		MPI FABM UNDP	Consultancy	30,000	30,000	60,000
	- Key Performance Indicators for national development policies and results framework for line Ministries and Projects		X	X	X	X	MPI FABM UNDP	Consultancy (same as above)	--	--	--
	- Advocacy, awareness creation workshops	X	X	X			MPI FABM /UNDP	Seminars, Workshops and advocacy	3,000	9,000	12,000
2.2 Develop RBM Training Manuals, Operational Procedures and Circular Instructions	- Handbooks on RBM, Guidelines and Circulars on RBM	X	X	X	X	X	MPI FABM UNDP	Training and Expertise	2,000	10,000	12,000
2.3 Operationalise an RBM mechanism	- RBM mechanism in place	X	X	X	X		MPI FABM UNDP	Training Material and Expertise	10,000	10,000	20,000

Expected Outputs / Indicative Activities	Verifiable Indicators	Timeframe (1 st to 4 th Quarter 2006, and after 2006)					Responsible Party	Inputs	Budget		
		Q1	Q2	Q3	Q4	After 2006			Cost (\$)		
									2006	2007- 08	Total
3. Institutionalize Evaluation feedback arrangements to improve policy formulation, programme management, project quality and resource allocation									4,000	19,000	23,000
3.1 Institutionalize development evaluation methodology and practices	- Introduce Evaluations methods and techniques - Conduct ex-ante and ex-post evaluations of major policy instruments.	X	X	X	X		MPI FABM UNDP	Consultancy	--	3,000	3,000
	- Staff Capacity building on evaluation	X	X	X	X	X	MPI FABM UNDP	Training, Seminars and Studies	2,000	8,000	10,000
3.2 Strengthening Evaluation feedback arrangements	- Establishment of Web-based Evaluation Information System (EIS)	X	X	X	X	X	MPI FABM UNDP	Contract System Development	2,000	8,000	10,000
4. Strengthen the Performance Review Unit (PRU) with state-of-the-art modern technology to provide on-line and real-time development information to policy makers to facilitate informed decision making									52,000	40,000	92,000
4.1 Conceptualization and design of PRU	- Review and Modify Concept, design architecture of PRU	X	X	X			MPI FABM UNDP	Consultancy	--	--	--
	- Study , visits, tours for learning best practices	X	X	X	X	X	MPI FABM UNDP	Study tour, Seminar, Workshop	15,000	--	15,000
4.2 PRU System development and effective usage	- System Development with hardware and Software and reporting formats (Upgrading the existing system and linking with other databases for project implementation)		X	X	X		MPI FABM UNDP	Contracting ()	20,000	10,000	30,000
	- System support							System cum Data Base administrator	5,000	15,000	20,000
	- PRU System in use by policy makers and planners		X	X	X	X	MPI FABM UNDP	Advocacy and awareness	12,000	15,000	27,000

Expected Outputs / Indicative Activities	Verifiable Indicators	Timeframe (1 st to 4 th Quarter 2006, and after 2006)					Responsible Party	Inputs	Budget		
		Q1	Q2	Q3	Q4	After 2006			Cost (\$)		
									2006	2007 – 08	Total
5. Strengthening the analytical capability in policy relevant areas, to undertake sub-national analysis to identify regional disparities to target public expenditure more effectively								62,000	7,000	69,000	
5.1. Strengthen Institutional arrangements and mechanisms for sub-National monitoring	- Monitoring System at decentralized level	X	X	X	X	X	MPI FABM UNDP	Consultancy (RBM) National sub-national dev. consultancy	2,000	7,000	9,000
5.2. More effective links between centre and periphery on planning, implementation and monitoring arrangements to facilitate informed decision making and better resource allocation	- Out-reach dissemination advocacy strategy developed and used - Strong link with centre and periphery (mechanisms in place) - Key Performance indicators at decentralise level						MPI FABM UNDP	Vehicle, Logistics, Supplies and equipment	60,000	--	60,000
GRAND TOTAL	-							210,000	205,000	415,000	

ATTACHMENT 1

Departments and Institutions and Functions of the Ministry of Plan Implementation (as per Gazette notification dated 08.12.2005 and Budget Speech for 2006)

<u>Departments and Statutory Institutions</u>	<u>Key Functions</u>
<ul style="list-style-type: none">▪ Department of Foreign Aid and Budget Monitoring▪ Institute of Policy Studies▪ Performance Review Unit▪ National Secretariat for Non-Governmental organizations▪ Strategic Enterprises Management Agency▪ National Procurement Agency	<ul style="list-style-type: none">▪ Formulation and appraisal of Plan implementation strategies▪ Co-ordination of public, private and non-govt. sector activities for economic development▪ Co-ordination of economic policy in relation to international economic agencies▪ Liaison with Donor agencies and international financial institutions in implementation and development of projects▪ Monitoring and the Review of Progress of all Plans programmes and projects of government Monitoring progress of public and private sector▪ Investment Programmes▪ The evaluation of the performance of institutions and enterprises engaged in economic activities▪ Policies pertaining to decentralized Budget▪ Co-ordination and Monitoring of priority national development policies and programmes▪ Supervision, registration and assistance to Non-governmental organizations▪ Supervision, registration and assistance to Social Welfare Voluntary Agencies

ANNEX 2

**LETTER OF AGREEMENT BETWEEN THE GOVERNMENT OF THE
DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA AND THE
UNITED NATIONS DEVELOPMENT PROGRAMME FOR THE
PROVISION OF SUPPORT SERVICES (5 July 2002)**