

ANNEX III : Necessary measures to be taken by the Government of Sri Lanka

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2. To ensure prompt unloading, tax exemption, customs clearance of the goods for the Project at the port of disembarkation in Sri Lanka and prompt internal transportation therein of the products purchased under the Grant Aid.
3. To exempt Japanese nationals engaged in the Project from customs duties, internal taxes and other fiscal levies which may be imposed in Sri Lanka with respect to the supply of the products and services under the verified contracts.
4. To provide necessary permissions, licences and other authorization for carrying out the Project.
5. To bear two kinds of commissions to the Japanese foreign exchange bank for the banking services based on the Banking Arrangement as follows;
(1) Advising commission to the Authorization to Pay
(2) Payment commission
6. To bear all the expenses, other than those to be borne by the Grant Aid.
7. To ensure the necessary budget and personnel for the proper and effective use of the equipment, including operation and maintenance of the equipment provided under the Grant Aid.

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ANNEX IV : Strengthening Plan for the Divisional Secretaries' Divisions

Government has decided to strengthen Divisional Secretary(DS) Division in every respect. Under this government has provided following facilities and authorities to each DS -

1. Financial authority
2. Additional technical administrative and development staff
3. Co-ordination and programming for development activities and Janasavia Program

1. FINANCIAL AUTHORITY

Divisional Secretaries have been empowered to operate a separate Bank Account under new regulations. They can receive imprests from different organization for different programs. They also have been authorised to decide on all matters related to tenders up to Rs.500,000/-. With this extended authority, the Divisional Secretaries can decide on bulk of the development activities undertaken in his Division. Also the Divisional Secretary was a Class II Grade II SLAS Officers but now is a Class II Grade I post. He is enjoying the status of a Head of the Department.

2. ADDITIONAL STAFF

Divisional Secretaries have now been given an additional administrative, technical, accounting and planning staff. Earlier he was the only officer in the executive grade available in the Division. He was supported by a small administrative staff and PIO. Now the Govt. is planning to provide additional executive grade officers, a fully equipped Planning Unit, Accounting Unit and a Construction and Maintenance Unit. The approved cadre for Divisional Secretary in terms of public sector restructuring project funded by the World Bank is indicated in cadre report of the Ministry of Public Administration, Provincial Councils & Home Affairs. In the past DS was simply carrying out administrative matters such as issue of licences, permits, food stamps etc. With the above facilities and authorities DS will be the focal point in the entire development activities in the country. To make this role meaningful government has decided to strengthen the DS Division with the provision of basic equipment and machinery required for construction and maintenance work. There are a host of activities to be undertaken in the field of buildings, construction of

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irrigation schemes, road and maintenance of such assets. Government also emphasises that these work should be more labour intensive to provide employment opportunities to unemployed poor people in the Division. DS is co-ordinating this activities. The machinery and equipment will strengthen this role.

Government is recruiting 300 Assistant Directors for planning and monitoring activities from 1st January 1992. The examination will be held on the 7th of September 1991 to select these officers. One Assistant Director will be attached to each DS Division. These officers will be working directly under the DS but also be responsible to Secretary/Policy Planning and Implementation. In fact these officers will attend all matters related to development programs within DS Division on behalf of DS in consultation with the Regional Development Division.

At present there are Plan Implementation Offices attached to each DS Division carrying out these functions. They are also employees of the Ministry of Policy Planning and Implementation. Since construction and maintenance work of irrigation schemes, road, buildings etc. are directly related to development and Janasavia activities, the co-ordination at national level is kept with the Ministry of Policy Planning and Implementation. The Regional Development Division will perform this function on behalf of the Ministry.

At the next level the Provincial Council will co-ordinate. The Deputy Secretary (Monitoring & Planning) and his staff will perform this function on behalf of the Provincial Council in close consultation with the Regional Development Division. In fact these officers are trained and loaned by the Regional Development Division. They are still a part of the Regional Development Division. At the DS level the planning staff headed by the Asst. Director will co-ordinate. He will consult both the Provincial Council and the Regional Development Division. Although construction, maintenance work are of a technical nature, the government has decided that it should be co-ordinated by an apex Ministry such as the Ministry of Policy Planning and Implementation which is functioning directly under H.E. the President as such work

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is directly related to all activities, employment generation, Janasavia porgram etc.

Further the staff at every level and every type has to be trained. This will be done by the Ministry of Policy Planning & Implementaion with the assistance of ICTAD. It is also an institution under the Ministry. This is the apex organization at the centre which co-ordinates all training and development work related to construction and training.

The highest executive body to discuss all activities is the Secretaries Committee. This Committee meets once a week under the chairmanship of Secretary, Ministry of Policy Planning and Implementation. In his capacity as the Chairman of this Committee he is in a better position to supervise and monitor the activities related to this project.

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ANNEX V : Criteria for Selection of Equipment

In preparation and finalisation of the equipment procurement plan the following creteria will be applied:

1. The financial and technical viability of the work programs which are examined by the team.
2. The maximum utilization of man-power to absorb unemployed people in the division.
3. Grass-roots' needs by each division to ensure the alleviation of the rural poor in the division.
4. The capability of each Divisional Secretaries' Office.
5. The strengthening plan described in ANNEX IV.
6. The availability of equipment at each local authority.
7. Such equipment which may not be fully utilized at the divisional level program will be kept in the province and will be utilized accroding to the demands by the target divisions.
8. Equipment for each province and division will be identified within the scope of supporting the work programs of the Divisional Secretaries' Offices.

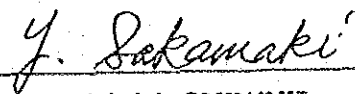
MINUTES OF DISCUSSION
ON THE BASIC DESIGN STUDY
ON THE PROJECT FOR ACQUISITION OF EQUIPMENT
TO STRENGTHEN THE DIVISIONAL SECRETARIES' DIVISIONS
(EXPLANATION OF DRAFT FINAL REPORT)

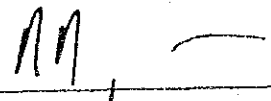
In August 1991, the Japan International Cooperation Agency (herein after referred to as JICA) dispatched the Basic Design Study Team on the Project for Acquisition of Equipment to Strengthen the Divisional Secretaries' Divisions (hereinafter referred to as the Project), and through a series of discussions, field survey in Sri Lanka, and technical examination of the results in Japan, has designed the appropriate plan for the Project and prepared the Draft Report of the Basic Design Study.

In order to explain and to consult on the components of the Draft Report, JICA sent a team, from December 14th to 22nd, 1991.

As a result of the discussions, both parties confirmed the main items described on the attached document.

Colombo, February 28th, 1992


Mr. Yoshiaki SAKAMAKI
Resident Representative,
Sri Lanka Office,
JICA


Mr. R. Paskaralingam
Secretary,
Ministry of Policy
Planning & Implementation

ATTACHED DOCUMENT

1. Components of Draft Report

The Government of Sri Lanka has agreed and accepted in principle the components of the Draft Report proposed by the team.

2. Japan's Grant Aid System

- (1) The Government of Sri Lanka has understood the system of Japan's Grant Aid explained by the team.
- (2) The Government of Sri Lanka will take the necessary measures, described in Annex I, for smooth implementation of the Project on condition that the Grant Aid Assistance by the Government of Japan is extended to the Project.

3. Internal Transportation and installation of the Equipment

- (1) Both parties have confirmed that the Sri Lankan side shall bear all expenses for internal transportation and installation of the equipment purchased under the Grant Aid, in case that the Grant Aid Assistance by the Government of Japan is extended to the Project.

4. Operation and Maintenance of Equipment

The Government of Sri Lanka has agreed to carry out the following recommendation on the operation and maintenance of equipment which is expressed at the Chapter 5 [5.2 Conclusions] in the Draft Report.

- 1) At the divisional level, assignment of engineers, securing of appropriate storage for equipment and parts prior to the Project implementation and allocation of operation and maintenance budget for deployed equipment.
- 2) Establishment of a monitoring system. The monitoring program would comprise the nature of use of equipment for public works, operational works, operational hours, operation and maintenance conditions (including funding), personnel deployment, etc.

5. Further schedule

JICA will complete the Final Report in accordance with the confirmed items, and send it to the Government of Sri Lanka by the end of March, 1992.

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ANNEX I : Necessary measures to be taken by the Government of Sri Lanka

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