



Gap Analysis Study to Improve Local Economic Development in Sri Lanka

In March 2014, in order to support the improvement of local economic development in Sri Lanka, ICMA conducted a gap analysis of the regulatory and legal framework of the local councils in the Valikamam West and Karachchi districts in the country's northern region, a former conflict zone. The goal of the gap analysis was to assess and understand what needed to be improved in the districts to help stimulate local economic development activities.

The work was undertaken as part of the Facilitating Economic Growth project awarded to the Volunteers for Economic Growth Alliance by the U.S. Agency for International Development. ICMA was a member of a team headed by the International Executive Service Corps. To conduct the gap analysis, the team worked with the Federation of Sri Lankan Local Government Authorities.



The following gaps were identified.

Gaps in the Legal Environment

- Inability to enforce legal actions against defaulters.
- Lack of understanding by both councils and trader association members of the legal framework within which they have to operate. For example, restaurants did not understand the requirements for maintaining proper hygiene in serving foods.
- Lack of proper tender procedures, which could have negative impacts on expansion of economic activities in council areas by enabling corruption, nepotism, and other irregularities.
- Limitations on generating own-source revenues. Because of this limitation, councils could not provide improved services to the business communities, such as regular waste collection, maintenance services (including roads and drainage systems), or construction and maintenance of markets and trade stalls.

Gaps in the Regulatory Environment

- Due to lack of written systems and procedures, service provision in the councils tended to be irregular.
- Citizens did not have a clear picture of procedures, and there were few safeguards against bribery and corruption. For example, a council employee could approve unauthorized construction in return for a bribe rather than taking corrective action.

- Citizens/business communities did not have an understanding of corrective procedures in case of issues associated with disapprovals.
- New employees appointed to the councils were not aware of the systems followed by the council in the absence of written procedures; hence there could be irregularities and inconsistent application of the system that were loosely followed.



The gap analysis was also reviewed by a pro-bono group of five U.S. experts on local economic development, who provided feedback on improving on the overall report. The Urban Management Centre, ICMA's anchor organization in South Asia, based in India, brought a regional perspective and suggested practices successfully implemented in India.

The gap analysis was an important step for the councils of both districts to start creating the required regulatory and legal environment to accelerate economic activities. Furthermore, the gap analysis provided an important foundation and starting point for conducting local economic development training for the two councils in May 2014 and for activities the councils will take in the future.

ABOUT ICMA

ICMA (International City/County Management Association) is the premier local government leadership and management organization worldwide. Its mission is to create excellence in local governance by developing and advancing the professional management of local government. ICMA has been doing this since 1914 by providing technical and management assistance, training, and information resources to its members and the local government community. ICMA International was created in 1989 to further the ICMA mission worldwide. Since then it has successfully designed, implemented, and evaluated hundreds of international projects, establishing a solid reputation for its practical, hands-on approach to meeting global challenges.