

Sri Lanka

The Development Challenge: Sri Lanka is grappling with not only one peace process but two. Until recently, peace negotiations between the Government of Sri Lanka (GSL) and the separatist Liberation Tigers of Tamil Eelam (LTTE), parties to a 20-year war waged mostly in the North and East, were at center stage. In November 2003, however, the GSL-LTTE talks were eclipsed by the President's move to reassert control over three key ministries, including defense, leading the Norwegian government to put a hold on its mediation role in the peace process. The move precipitated high-stakes discussions between the President and Prime Minister, rivals from the two major political parties, to establish a more unified approach to key peace-related issues. Historically, the political opposition from either party has been unwilling to compromise with the ruling party on peace proposals and related constitutional revisions, while the ruling party has not always felt compelled to put forward broadly acceptable proposals. In the uneasy cohabitation government that resulted from elections in 2001, the task of generating and maintaining political support for the peace process has been difficult and delicate. Complicating the situation is the President's power to force elections at any time by exercising her power to dissolve the government. This cohabitation crisis postponed serious dialogue and debate on the LTTE's counterproposal to the Government's suggested plan for an interim administration in the North and East, the basis for resumption of formal peace talks. Negotiations have been on hold since the LTTE announced its temporary withdrawal from talks in April 2003. This standoff between the two most powerful figures in the Sri Lankan state highlighted the urgent necessity of building a more transparent and inclusive peace process in which a broad range of stakeholders not only have the opportunity to participate but recognize the importance of doing so constructively. That the 2002 ceasefire agreement between the GSL and LTTE has remained intact bodes well, and neither side seems eager to pursue a military solution to the conflict.

During 2003, the international community pledged \$4.5 billion to support the GSL's efforts to address the immediate and longer-term needs of the war-affected North and East. Disbursement of these funds was made contingent upon the resumption of negotiations, along with satisfactory progress against benchmarks related to human rights, security, and democracy. While humanitarian assistance programs continue, implementation of development projects for the North and East remains at a standstill pending resumption of the talks. Meanwhile, there is urgent need to identify and fund durable solutions for more than 500,000 internally displaced persons (IDPs) and an estimated 85,000 refugees from India. Reintegrating IDPs into their communities of origin and resettlement villages will require significant human and material resources, as well as resolution of thorny issues such as expropriation, compensation, and displacement. Other priority tasks include eliminating the danger of landmines, rebuilding homes, schools, hospitals, and water sanitation facilities, and providing sustainable livelihoods.

Long-term priorities focus on development to help sustain and consolidate the ongoing reconciliation process. Recognizing the links between unemployment, political exclusion, and social unrest, the government seeks to develop a workforce that will meet the demands of a modernizing and increasingly outward-looking employment market, while envisioning a future in which decision making is decentralized and shared with citizens and other stakeholders. Greater capacity to meet the physical, social, psychosocial and economic needs of the burgeoning population of conflict-affected and vulnerable Sri Lankans is required. The services must include improved, appropriate technology devices and employment training for the mobility disabled, interventions that improve function for torture affected individuals and communities, programs addressing threats to children's security and well being, and targeted interventions to assist Sri Lanka's response to the HIV/AIDS epidemic.

Sri Lanka is endowed with generous human and natural resources, and is well placed as a regional hub for trade and investment. Provided the political-security situation remains stable, the economy is well-positioned to take advantage of international economic opportunities. Energized by a year of peace, the trade-based economy grew by 4.4 % in 2002 after the 1.4 % contraction in 2001. GDP is expected to grow by 5.5 % in 2003. However, spending is required to renovate and construct essential infrastructure, create two million jobs, and provide social services to address poverty. The GSL's ability to respond is severely constrained by the continued high cost of maintaining its security forces and the burden of

servicing its debt through interest payments that account for more than 30 percent of government expenditures. Key economic reforms will address the debt burden, privatization of key industries, revenue enhancing fiscal measures, downsizing of the central government, e-governance, the reduction of trade barriers, and job creation.

The USAID Program: USAID/Sri Lanka's portfolio consists of four programs that concentrate on: 1) laying the foundations for economic growth; 2) promoting inclusive and peaceful approaches to politics and governance; 3) improving the social and economic status of disadvantaged groups; and 4) supporting the peace process. These programs were developed and approved in 2003 in response to new opportunities to support the peace process while laying the foundations for long-term development. In addition, Congressionally earmarked funds support activities implemented under the humanitarian assistance program (383-007) through Leahy War Victims, Displaced Children and Orphans, and Victims of Torture funding.

Other Program Elements: USAID's Bureau for Asia and the Near East manages three regional programs with activities that benefit Sri Lankans. The U.S Asia Environmental Partnership Program focuses on policy and technology transfer related to urban air and water quality and solid waste management. The South Asia Regional Initiative for Energy Cooperation and Development is helping the Government of Sri Lanka to broaden participation and improve management of the energy sector, providing a cleaner, less expensive, and higher quality energy supply to business and industry. The South Asia Regional Initiative for Women and Children's Equity promotes the rights of women and children. USAID's Office of Transition Initiatives (OTI) bolsters public support for a negotiated peace settlement through fast, flexible, small-grants support for community-based activities that: deliver visible peace dividends, including infrastructure improvement and livelihoods development; reduction of violence in targeted communities; and enhancement of the quality and exchange of peace-related information to increase public ownership of the peace process.

Other Donors: Overall donor assistance to Sri Lanka was \$330 million in 2001. Japan is Sri Lanka's largest donor, followed by the Asian Development Bank, the World Bank, Germany and the United States. Donor coordination in Sri Lanka has improved although there is need for better information sharing in this dynamic, high-stakes environment. Almost all donors provide assistance related to peace building and humanitarian assistance, though the level of resources and focus varies. The World Bank and the International Monetary Fund provide multi-year loans to support the Government of Sri Lanka's poverty reduction strategy and macroeconomic reforms. Japan and the Asian Development Bank provide loans and grants in the areas of infrastructure, reconstruction and rehabilitation, industrial development, agriculture, health, human resources, transportation, and power sector reform. In the area of democracy and good governance, the World Bank has a project supporting legal reform, while the United Kingdom, Germany, Sweden and Norway have programs related to conflict, human rights, civil society and media development. USAID has a comparative advantage in a number of areas, including private sector development, trade capacity building, participatory governance, and providing a quick and flexible response for immediate reconstruction and rehabilitation needs. In humanitarian assistance, USAID will continue the lead role it has occupied since the early 1990s in support for the civilian disabled.

Sri Lanka PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	300	300	300	300
Development Assistance	5,150	6,150	4,750	6,624
Economic Support Fund	3,000	3,950	11,929	12,000
PL 480 Title II	1,325	596	2,578	0
Total Program Funds	9,775	10,996	19,557	18,924

STRATEGIC OBJECTIVE SUMMARY

383-003 Humanitarian Assistance				
CSH	300	300	0	0
DA	1,900	400	0	0
ESF	200	0	0	0
383-004 Competitiveness				
DA	3,250	4,000	0	0
ESF	0	2,000	0	0
383-005 Democracy and Governance				
DA	0	1,500	0	0
ESF	2,800	0	0	0
383-006 Supporting the Benefits of Peace				
ESF	0	0	5,429	2,750
383-007 Humanitarian Assistance				
CSH	0	0	300	300
DA	0	0	500	350
ESF	0	0	1,000	750
383-008 Economic Growth				
DA	0	0	4,250	5,500
ESF	0	0	1,500	4,250
383-009 Democracy and Governance				
DA	0	0	0	774
ESF	0	0	4,000	4,250
383-XXX ANE Regional US-AEP				
DA	0	250	0	0
383-YYY Transition Initiatives				
ESF	0	1,950	0	0

Mission Director,
Carol Becker

Data Sheet

USAID Mission:	Sri Lanka
Program Title:	Supporting the Benefits of Peace
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	383-006
Proposed FY 2004 Obligation:	\$5,429,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$2,750,000 ESF
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2007

Summary: Under this Special Objective, USAID's Office of Transition Initiatives (OTI) program bolsters public support for a negotiated peace settlement through fast, flexible, small-grants support for community-based activities that: deliver visible peace dividends, including small-scale infrastructure improvement and livelihoods development; decrease the level of violent incidents in targeted communities; and enhance quality and exchange of peace-related information to increase public ownership of the peace building process. The Special Objective leverages regular USAID program funds with OTI Transition Initiative (TI) funds to maximize impact at a critical juncture in the peace process.

Inputs, Outputs, Activities:

FY 2004 Program:

Improve Livelihoods and Skills Training (\$1,815,000 ESF). Cognizant of the strong correlation between un- and underemployment among youth and outbreaks of social unrest in Sri Lanka, USAID will seek to support short-term initiatives that provide targeted groups with demand-driven skills and training or the facilities through which these skills can be obtained. Such a peace dividend has obvious relevance to war-affected areas in the North and East, where the economy has been severely depressed for two decades. This area of assistance resonates equally well in the South, however, particularly in areas where poverty has pushed large numbers into military service and where apprehension about a negotiated settlement is high. Training and livelihood development will target families engaged in farming and fishing, female-headed households, and youth. USAID will seek to identify opportunities to bring together disparate or conflicting groups through such support.

Construct and Repair Small-Scale Infrastructure (\$1,814,000 ESF). Throughout the island, feeder roads, small bridges, minor irrigation works, schools, clinics, and private housing have been destroyed, damaged or neglected due to the war. Investment not made in new projects is the opportunity cost of war that affects all communities, often to the detriment of youth. USAID will assist activities through which participatory planning mobilizes multi-ethnic community support and cooperation to restore small-scale infrastructure that represents shared benefits. OTI will coordinate with other donors to jump start larger initiatives in communities where expectations of a peace dividend have not been met, possibly threatening to result in social unrest and impatience with the peace process.

Build Constituencies and Strengthen Institutions for Peace (\$1,800,000 ESF). USAID assistance will increase the availability and exchange of information and diverse viewpoints on peace-related issues. Small-grant support to a wide range of community-based groups, local NGOs and media institutions will prepare the public for a settlement and create the sense of ownership required for a durable peace, while at the same time filling a critical information gap at the policymaking level. Illustrative activities will include media and advocacy campaigns, cross-border exchanges, grassroots dialogues and information dissemination, field-based conflict-sensitive journalism training for reporters, and use of IT as a peace building tool. Technical assistance for strengthening advocacy skills, through a centrally funded program, could generate spin-off activities eligible for support under this area.

Development Alternatives, Inc. (DAI), based in Bethesda, MD, is the primary contractor for the entire OTI program. Sub-grantees are numerous and vary over time.

FY 2005 Program:

Improve Livelihoods and Skills Training (\$1,000,000 ESF). Informed by results from earlier activities, USAID plans to use funds to continue supporting groups through demand-driven skills training and livelihoods development, or by establishing or restoring the facilities through which these can be obtained. Assistance may target an increasingly narrow range of beneficiaries in an effort to deepen the impact of the OTI program in high-priority regions and sectors.

Construct and Repair Small-Scale Infrastructure (\$750,000 ESF). Funds may continue to be used to support "peace-dividend" projects through which participatory planning mobilizes multi-ethnic communities in particular to restore small-scale infrastructure representing shared benefits. Donor coordination to target this assistance, particularly in the North and East, will remain a priority.

Build Constituencies and Strengthen Institutions for Peace (\$1,000,000 ESF). USAID will continue to identify critical information gaps in the peace process and support activities to address these. Illustrative activities may include media and advocacy campaigns, information dissemination through alternative means, inter-ethnic and -regional exchanges, and use of IT as a tool for peace building and reconciliation.

Development Alternatives, Inc. (DAI), based in Bethesda, MD, is the primary contractor for the entire OTI program. Sub-grantees are numerous and vary over time.

Performance and Results: This Special Objective has helped establish USAID as one of the most operational donors in efforts to create a blueprint for sustainable peace with widespread support and broad ownership. The OTI program's geographic reach has facilitated better targeting of support and provided greater insight for the USG into the fluid political, social, economic and security environment outside Colombo. The speed and flexibility of the SWIFT small-grants mechanism, implemented by Development Alternatives, Inc., has enabled USAID to resume a prominent role after years of downsizing. The first six months of the OTI program, during the latter half of FY 2003 and funded exclusively with FY2003 Transition Initiative money, were focused on hiring staff, obtaining and equipping field offices, and demonstrating its utility by implementing 66 grants totaling more than \$1.63 million in the three focus areas listed above. The OTI program's activities continue to complement and inform other strategic objectives - in particular the peace support component of the Democracy and Governance program - in the Mission's newly revised country development strategy.

Activities under this Special Objective will be managed by OTI through 2005, and thereafter through a small-grants mechanism managed by the Mission. By the end of FY 2006, this Special Objective will have helped maintain (at a critical juncture) the political space for dialogue and debate required to achieve a durable, negotiated solution to the conflict. It will also have jump-started innovative initiatives and established new partnerships for a Mission that is itself in a transition phase.

US Financing in Thousands of Dollars

Sri Lanka

383-006 Supporting the Benefits of Peace	ESF
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	5,429
Total Planned Fiscal Year 2004	
Obligations	5,429
Proposed Fiscal Year 2005 NOA	
Obligations	2,750
Future Obligations	11,000
Est. Total Cost	19,179

Data Sheet

USAID Mission:	Sri Lanka
Program Title:	Humanitarian Assistance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	383-007
Proposed FY 2004 Obligation:	\$300,000 CSH; \$500,000 DA; \$1,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$300,000 CSH; \$350,000 DA; \$750,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2007

Summary: This program focuses on the human costs of two decades of armed conflict in Sri Lanka - disabled civilians, children and young people affected by conflict, victims of torture and systematic violence, as well as populations that are made vulnerable by phenomena associated with conflict and the transition to sustainable peace. These disadvantaged groups require services and support to facilitate their return and integration into social, civic, economic and community life. Though essentially humanitarian in nature, this program strengthens the abilities of Sri Lankan institutions to meet the social service needs of those vulnerable and disadvantaged populations.

Inputs, Outputs, Activities:

FY 2004 Program:

Disability Support (\$500,000 DA, \$300,000 ESF). Five Sri Lankan nationals will continue to train as internationally certified prosthetists/orthotists at the Cambodia School for Prosthetics and Orthotics (CSPO) in Cambodia. Four additional Sri Lankans will receive USAID-funded training as internationally certified prosthetists/orthotists at VietCot, the Vietnamese Training Center for Orthopedic Technologists in Hanoi. The program will also provide training in India for three Sri Lankan nationals in rehabilitative therapy and physiotherapy. The program will also finance the production of improved technology, polypropylene prosthetics, and orthotics in four assisted rehabilitation centers. USAID will also fund the nation-wide distribution of appropriate technology wheelchairs that have been field tested in Sri Lanka and produced by local manufacturers to international standards of quality.

The Disability Support Program will train physical therapy assistants how to assess, prescribe, and fit civilians with mobility disabilities with an appropriate technology wheelchair that corresponds to the nature of their injury and ability. The training program will enable the participating distribution centers to provide the most appropriate wheeled mobility device to civilians who require them.

This program will maintain a continued focus on advocacy and employment activities, and most importantly, on providing training and technical assistance to establish and maintain quality standards for production of prosthetics, orthotics, and wheeled mobility devices. USAID will also continue to emphasize the assessment, prescription, fit, and post fit care needed by users in order to achieve comprehensive rehabilitation.

Activities will be implemented by Motivation Charitable Trust in collaboration with local partner organizations in Galle, Kandy, Tangalle, Jaffna and Colombo.

Support for Displaced Children and Orphans (\$300,000 CSH, \$250,000 ESF). USAID will award a 3-year grant to fund psychosocial services to young children traumatized by war, conflict, and other threats to children and young people including sexual abuse and recruitment. The grant will build and expand upon activities currently being funded through CARE. USAID will sponsor child-centered play activities, preschools, and weekend camps that will help children come to terms with the pressures and traumas associated with the conflict. USAID and its partner will also implement advocacy and awareness

measures related to child recruitment and sexual abuse, and train children in skills that encourage school participation and vocational opportunities.

Support for Victims of Torture (no FY 2004 funding requested from ANE Bureau). USAID/Sri Lanka will award and manage a DCHA-funded grant to a qualified international non-governmental organization to fund community-based services to improve the functioning of individuals and groups affected by systematic violence. USAID funding will enable three Sri Lankan nationals to complete a distance learning/training course for psychosocial practitioners in post-conflict settings offered by the School for International Training in Vermont.

HIV/AIDS (\$450,000 ESF). During the first quarter of FY 2004, USAID conducted an assessment of the HIV/AIDS situation in Sri Lanka, and identified appropriate areas for targeting the program. USAID anticipates providing technical assistance and training in those areas and funding a consortium of non-governmental organizations to address critical HIV/AIDS issues, including educational awareness, and reduction of stigma and discrimination towards those affected by HIV/AIDS.

FY 2005 Program:

Disability Support (\$350,000 DA, \$250,000 ESF). USAID will continue in-country training and mentorship for newly-trained Sri Lankan professionals in prosthetics, orthotics, rehabilitative therapy, and physiotherapy, and develop a comprehensive rehabilitation services program. USAID will also provide training and technical assistance to maintain and improve quality of care standards in assisted rehabilitation centers. The program will place increased emphasis on employment training and job placements, working with the private sector to develop initiatives and partnerships to create better opportunities for people with disabilities. These activities will be implemented by Motivation Charitable Trust in collaboration with local partner organizations in Galle, Kandy, Tangalle, and Jaffna.

Support for Displaced Children and Orphans (\$300,000 CSH, \$250,000 ESF). This program will continue to fund activities that help children come to terms with the pressures and traumas associated with the conflict. USAID and its partner will also implement advocacy and awareness measures related to child recruitment, sexual abuse, and trafficking, and train children in skills to encourage school participation and vocational opportunities.

Support for Victims of Torture (no FY 2005 funding requested from ANE Bureau). Community-based services to improve the functioning of individuals and groups affected by systematic violence will be continued with DCHA funding and USAID/Sri Lanka management.

HIV/AIDS (\$250,000 ESF). Technical assistance to build the HIV/AIDS non-governmental organization network and to conduct surveillance to monitor the epidemic will be continued.

Performance and Results: This is a new program. USAID anticipates that at the end of the program, USAID will have improved the quality and increased access to critical services for targeted disadvantaged groups in Sri Lanka, including those disabled or affected by conflict and violence, and HIV/AIDS.

US Financing in Thousands of Dollars

Sri Lanka

383-007 Humanitarian Assistance	CSH	DA	ESF
Through September 30, 2002			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
Fiscal Year 2003			
Obligations	0	0	0
Expenditures	0	0	0
Through September 30, 2003			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	300	500	1,000
Total Planned Fiscal Year 2004			
Obligations	300	500	1,000
Proposed Fiscal Year 2005 NOA			
Obligations	300	350	750
Future Obligations	1,200	3,800	600
Est. Total Cost	1,800	4,650	2,350

Data Sheet

USAID Mission:	Sri Lanka
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	383-008
Proposed FY 2004 Obligation:	\$4,250,000 DA; \$1,500,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$5,500,000 DA; \$4,250,000 ESF
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY2007

Summary: Under its revised Strategy (FY 2003-2007), USAID will 1) assist the Government of Sri Lanka with the implementation of sound economic policies 2) improve Sri Lanka's competitiveness in world markets and enhance its capacity to address trade related issues, 3) enhance private sector workforce skills, and 4) foster public-private partnerships that protect the environment.

Inputs, Outputs, Activities:

FY 2004 Program:

Policy Reform (\$750,000 DA, \$250,000 ESF). Consistent with the Government of Sri Lanka's roadmap for economic reform and recovery, this program will fund technical assistance and training to implement targeted policy and institutional reforms. USAID will promote policy dialogue aimed at eliminating the export tax and taking advantage of increased trade opportunities. The program will also fund technical assistance and training to bolster the technical and management skills of energy regulators and attract foreign investment in the energy sector. Activities will be implemented by Nathan Associates (prime) and J.E. Austin Associates (sub) for an interim period. USAID will issue a new contract for a continuation of these activities in mid-FY 2004. USAID will also fund a resident advisor to the Ministry of Finance to help rationalize the Government of Sri Lanka's debt portfolio. The US Treasury will implement this activity.

Competitiveness (\$1,650,000 DA). USAID will consolidate its technical assistance programs to the eight export clusters and the Government of Sri Lanka under The Competitiveness Initiative (TCI). The program will fund five key activities: (1) legal and organizational advice to the newly formed apex bodies and other successor organizations; (2) assistance to cluster member firms with selected joint venture proposals and other promising initiatives; (3) elimination of policy obstacles to improving competitiveness and productivity; (4) development of a strategy to address the problem of workforce skill deficiencies; (5) and expansion of awareness of globalization and the role of competitiveness. These activities will be implemented by Nathan Associates (prime) and J.E. Austin Associates (sub) for an interim period. USAID will issue a new contract for a continuation of these activities in mid-FY 2004.

Trade Capacity Building (\$850,000 DA, \$500,000 ESF). USAID will fund technical assistance to advance the Sri Lankan trade agenda, including policy analysis, advice on drafting legislation and implementing trade standards in such areas as customs, intellectual property rights, sanitary and phytosanitary standards, and government procurement. These activities will be implemented by Nathan Associates (prime) and J.E. Austin Associates (sub) for an interim period. USAID will issue a new contract for a continuation of these activities in mid-FY 2004.

Workforce Development (\$750,000 DA, \$500,000 ESF). Under this program, the Junior Achievement program will continue to be expanded in rural areas and government held areas in the North and East. USAID will initiate short term skills training pilots to increase the employability of recent graduates who pass the entrance exams but are unable to pursue university education. Training will focus on skills demanded by the private sector such as English and information technology. The program will also promote public-private partnerships to create industry-led demand for employment, and training to job-

seekers in sectors relevant to USAID's industry partners. This will begin to address the gap between the skills of current job-seekers and the demands of the private sector. USAID will also fund technical assistance to engage in a policy dialogue with the Government of Sri Lanka and the private sector on reform of the vocational education system. USAID will issue a new contract for these activities in mid-FY 2004.

Environmental Partnerships (\$250,000 DA, \$250,000 ESF). USAID will fund partnerships under the US-Asia Environmental Partnership program to ensure the environmental sustainability of selected cluster initiatives. Initial efforts will be to promote the adoption of environmental best practices in the eco-tourism sector. USAID will utilize incentive fund resources, in partnership with the U.S.-Asia Environmental Partnership, to complete development of the proposed Ecolodge public-private partnership in ecotourism. Other possible partnerships will be in improving environmental sustainability in cluster activities through promotion of pollution abatement measures, environmental mitigation and management best practices, and product labeling and standards. The U.S.-Asia Environmental Partnership implements these activities.

FY 2005 Program:

Policy Reform (\$750,000 DA, \$750,000 ESF). Technical assistance will continue to be provided to the Government of Sri Lanka to reform financial and energy sectors, labor codes, regulations on mining and extraction, and possibly agriculture. USAID will also conduct outreach and awareness of policy reform issues and sponsor public participation in policy reform dialogue. USAID will issue a new contract for the implementation of these activities in mid-FY 2004.

Trade Capacity Building (\$1,250,000 DA, \$1,100,000 ESF). Under this program there will be continued technical assistance to advance the Sri Lankan trade agenda, including conducting policy analysis, drafting legislation, and implementing trade standards in such areas as customs, intellectual property rights, sanitary and phytosanitary standards, and government procurement. USAID will issue a new contract for the implementation of these activities in mid-FY 2004. Under the SARI/Energy regional program, USAID will continue to fund technical assistance, training, and partnerships to promote cross-border trade and foreign investment in energy.

Competitiveness (\$1,500,000 DA, \$1,000,000 ESF). USAID will provide technical assistance to increase value-added and productivity in eight industrial sectors, to strengthen quality and labeling standards, and to strengthen the private sector's ability to advocate for good policies, laws, and regulations that affect them. USAID will issue a new contract for the implementation of these activities in mid-FY 2004.

Workforce Development (\$1,750,000 DA, \$1,400,000 ESF). The program will build its support to the Junior Achievement Program and expand partnerships between the public and private sectors in selected industries to implement innovative and promising workforce training and employment program models. Pilot skills and training activities in English and information technology-enabled learning to improve youth employability will be expanded and assessed for scale-up and additional donor funding. These activities will complement and be supported by USAID's efforts to revise and improve the labor codes.

Environmental Partnerships (\$250,000 DA). USAID will continue to fund partnerships under the US-Asia Environmental Partnership program to ensure the environmental sustainability of selected cluster initiatives. Possible partnerships will address improving environmental sustainability in cluster activities through promotion of pollution abatement measures, environmental mitigation and management best practices, and product labeling and standards. The U.S.-Asia Environmental Partnership implements these activities.

Performance and Results: This is a new program. USAID anticipates that by its conclusion, it will have helped Sri Lanka improve its international competitiveness, created a better policy environment for private sector growth, and reduced youth unemployment.

US Financing in Thousands of Dollars

Sri Lanka

383-008 Economic Growth	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	0
Expenditures	0	0
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	4,250	1,500
Total Planned Fiscal Year 2004		
Obligations	4,250	1,500
Proposed Fiscal Year 2005 NOA		
Obligations	5,500	4,250
Future Obligations	10,600	11,600
Est. Total Cost	20,350	17,350

Data Sheet

USAID Mission:	Sri Lanka
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	383-009
Proposed FY 2004 Obligation:	\$4,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$774,000 DA; \$4,250,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2007

Summary: The ceasefire agreement between the Government of Sri Lanka and the Liberation Tigers of Tamil Eelan (LTTE), and discussions about an interim administration have provided the opportunity for USAID to design a broader, longer-term Democracy and Governance program that will strengthen the foundations for lasting peace, make key political institutions more democratic, and protect and advance the rights of vulnerable groups. The program, which currently supports the peace process with technical assistance to civil society organizations, the media, and political stakeholders, will broaden its scope and reach to address root causes of the conflict related to participation and inclusion. New activities will include targeted support for constitutional commissions, political party strengthening, civic education, local governance, and the rule of law.

Inputs, Outputs, Activities:

FY 2004 Program:

Peace Support (\$1,000,000 ESF). USAID will continue to provide grants, technical assistance, and training activities which build support for peace and group cooperation on peace issues. This will include supporting the Government of Sri Lanka and non-governmental organizations' peace-building efforts, networks, and dialogues. The program will fund national and regional media training and collaboration efforts, sponsor activities that broaden and deepen representation in Track One and Track Two peace processes, and continue to create opportunities and mechanisms for multi-stakeholder participation and dialogue. The program will use the recently completed, USAID-funded national survey on attitudes on peace as a mechanism for developing the abilities of indigenous organizations to monitor, report on, and analyze public sentiment on peace issues. USAID will implement this survey every six months to obtain current information that can inform the peace process. The Peace Support Program will fund informal civic education programs. The programs will be tailored to address the needs of youth groups in strategic areas where they are vulnerable to exploitation by extremist groups. Targeted areas will be identified through the Knowledge Attitude and Practices Survey implemented in FY 2003. These activities will be implemented by the Academy for Educational Development.

Responsive Political Institutions (\$2,250,000 ESF). Constitutional political reform at the national level will be consolidated through technical assistance, research, surveys, and mechanisms to broadly disseminate facts on key governance issues and to contribute to public debate. USAID will encourage the smooth transition to more decentralized governance by implementing activities that provide more transparent, participatory, and professional resource allocation and public service delivery in selected localities. USAID will also help national and provincial legislatures improve the effectiveness of their administrative functions through multi-party training. The program will provide technical assistance to key constitutional commissions by strengthening their capacity to support reforms that result from the peace process. USAID will fund civic education activities that promote citizen participation in local government. USAID will award a contract/grant to implement these activities in early FY 2004.

Protection and Empowerment for Vulnerable Groups (\$750,000 ESF). USAID will provide technical assistance, training, and resources to develop a legal aid program for vulnerable groups, including

Internally Displaced Persons, ethnic minorities, and disadvantaged women workers. USAID will also provide technical assistance and training in order to develop mediation boards to promote non-violent dispute resolution. USAID will award a contract/grant to implement these activities in early FY 2004.

FY 2005 Program:

Peace Support (\$774,000 DA, \$1,250,000 ESF). The program will continue to provide technical assistance to the Track One and Track Two elements of the peace process. The program will link support for civil society peace advocacy initiatives as well as CSO networks. Media training activities at the national and regional level will continue. As part of the civil society initiatives, further national surveys will be implemented to inform the design of activities and to ensure the beneficiaries will be targeted through civic education programs.

Responsive Political Institutions (\$2,000,000 ESF). The FY 2005 program will continue to implement activities that provide more transparent, participatory, and professional resource allocation and public service delivery in selected localities. USAID will also further help national and provincial legislatures improve the effectiveness of their administrative functions through multi-party training. The program will provide technical assistance to key constitutional commissions by strengthening their capacity to support reforms that result from the peace process.

Protection and Empowerment for Vulnerable Groups (\$1,000,000 ESF). USAID will continue technical assistance, training, and resources to develop a legal aid program for vulnerable groups, including Internally Displaced Persons, ethnic minorities, and disadvantaged women workers. USAID will also provide additional technical assistance and training in order to develop mediation boards to promote non-violent dispute resolution. The program will begin the design and implementation of activities to strengthen the Judicial Training Institute, the Legal Aid Commission, and the Judicial Services Commission.

Performance and Results: This is a new program. Results of activities implemented under the predecessor program are reported under 383-005.

By the end of the program, USAID will have: (1) built a nation-wide network of organizations that are active in coalitions supportive of the peace process; (2) improved the responsiveness of local governments in selected areas to citizen needs; and (3) strengthened the functioning of the network of mediation boards that provide non-violent solutions to disputes, and expanded coverage into underserved areas in the North and East

US Financing in Thousands of Dollars

Sri Lanka

383-009 Democracy and Governance	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	0
Expenditures	0	0
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	0	4,000
Total Planned Fiscal Year 2004		
Obligations	0	4,000
Proposed Fiscal Year 2005 NOA		
Obligations	774	4,250
Future Obligations	9,100	7,800
Est. Total Cost	9,874	16,050