



USAID | **SRI LANKA**
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**Country Development
Cooperation Strategy (CDCS)**

FY 2011-2013



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ACRONYMS

CCF	Complex Crises Fund
CMSE	Civil Military Support Element
DGP	Development Grants Program
DO	Development Objective
DOD	Department of Defense
DOJ	Department of Justice
IOM	International Organization for Migration
OTI	Office of Transition Initiatives
PACOM	United States Pacific Command
PMP	Performance Management Plan
PPA	Public Private Alliances
SPANS	Special Programs to Address the Needs of Survivors Office
USAID	United States Agency for International Development

EXECUTIVE SUMMARY - Sri Lanka Country Development Cooperation Strategy

Background: USAID/Sri Lanka's CDCS addresses U.S. foreign policy goals of building and sustaining democratic, well governed states that respond to the needs of their people and reduce widespread poverty. USAID's strategic framework as summarized on the following pages focuses on two Development Objectives (DOs) to support its overall Development Goal to accelerate reconciliation and economic growth equitably and sustainably.

Development Challenge: Sri Lanka is a country in transition. Its key challenge is to bring about social integration between the diverse ethnic groups in the North and East while protecting citizens' rights and restoring effective and trusted governance in those parts of the country emerging from the conflict. Accelerated economic growth will increase livelihood opportunities, support productive local enterprises, and eliminate the need for humanitarian assistance to the most vulnerable populations..

Many economic and social development challenges remain unsolved or only partially addressed. USAID programs attempt to address the more pressing of these issues. This document outlines what USAID proposes to do to impact the more important enablers of social integration as identified in various assessments and interviews. These include justice, rule of law, and local governance and investment that encourages sustainable employment and creation of a skilled workforce in target areas. It is expected that USAID humanitarian assistance will phase down gradually, based upon on-the-ground realities.

USAID intends to advance the Development Goal through the following development objectives:

DO1: Strengthened Partnership between the State and its Citizens to Establish a Foundation for Reconciliation.

In support of efforts to create a unified and reconciled nation, USAID will, first, seek to improve the delivery of legal services and enhance the rule of law. Second, USAID will attempt to promote citizen participation in enhancing the delivery of public services. Third, USAID will support the stabilization of conflict-affected communities and the effective reintegration for victims of war.

DO2: Increased and More Equitable Economic Growth in Conflict Affected Areas.

To advance this goal, USAID will, first create public private alliances (PPAs) in order to attract investment to conflict-affected areas, thereby creating livelihood opportunities for vulnerable populations, These PPAs will be trained to advocate for regulatory reforms to improve the business environment. Second, USAID will enhance the workforce skills and productivity of enterprises will support regional economic development and improve economic opportunity.

The CDCS takes a balanced and integrated approach. The strategy supports short- and medium-term activities to assist families and communities to restore and rebuild in the North and East, while concurrently targeting longer-term initiatives to strengthen partnerships with the local government to give all communities a greater voice in Sri Lanka's government and society.

To optimize foreign assistance funding, the CDCS contemplates an integrated approach that draws on intra-agency and interagency partnerships. USAID partners with the Department of Defense (DOD) (Pacific Command humanitarian assistance, Section 1207 funds, and Foreign Military Financing); Department of Justice (DOJ) (International Criminal Investigative Training Assistance Program); Department of State (DOS) (Bureau of Population, Refugees and Migration (PRM), International Narcotics and Law Enforcement Bureau, Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement, Coordinator for Reconstruction and Stabilization, and U.S. Embassy); and USAID (Office of Transition Initiatives (OTI), Office of Foreign Disaster Assistance (OFDA), Special Programs to Address Needs of Survivors (SPANS), Development Grants Program (DGP), and Complex Crises Fund (CCF)).

1. DEVELOPMENT OBJECTIVE 1

Strengthened Partnership between the State and its Citizens to Establish a Foundation for Reconciliation

Sri Lanka now has a unique opportunity to lay a strong foundation for a just and lasting peace. To establish this foundation, Sri Lanka requires frameworks and processes to build the capacity of government institutions to enforce the rule of law; ensure the equitable provision of services to all communities; and work in partnership with civic leaders and organizations. The USG will support the GOSL and community based organizations in the delivery of legal services and increase the capacity of the country's legal system. Second, the USG will assist the GOSL in establishing participatory processes between citizens and their government representatives to improve municipal service delivery. The third component of the USG strategy promotes greater social integration among all segments of the society. Activities will capitalize on improved government service delivery, supporting former combatants and vulnerable members of the community, and broadening the range of partnerships between civic actors and government institutions across regions.

Although long-term social integration is outside the manageable interest of the USG, this DO is specific: working with government and civic actors to establish a foundation for longer term social integration. In the immediate term, this DO will implement activities in targeted regions, but throughout this strategic period, the USG will address policy reforms required for sustainable social integration in Sri Lanka. The design of this DO also envisions the phase out of stabilization activities supported primarily through the Office of Transition Initiatives.

This DO first addresses two important aspects of the problem – access to justice for all citizens and the capacity of the legal system to enforce the rule of law and deliver judicial services. USAID will support regional legal service providers to represent citizens and build their capacity to meet the needs of citizens in the future. The country's current operational practices and procedural and legal frameworks encumber the courts and prevent the delivery of timely and effective justice.

In partnership with a broad range of government and civil society stakeholders, USAID will support the delivery of legal services to vulnerable groups and build the technical and implementation capacity of host country systems by working with the Judges Training Institute

(JTI), the Government Analyst's Department, and the Children's Court in Colombo. USAID will support a comprehensive and integrated set of activities implemented to provide citizens with legal representation and address the skills gap to strengthen host country systems. This work includes assisting the JTI in the design and implementation of a formal curriculum for judicial education; developing a referral system for law enforcement officials to prevent the unnecessary institutionalization of children; and increasing the availability of objective forensic evidence for use in criminal investigations by the Government Analyst's Department. Gender issues will be addressed in the design of training programs by developing the capacity of Judicial Medical Officers and forensic scientists to gather and analyze forensic evidence and promoting the increased use of forensic evidence by the courts.

Under the current Supporting Regional Governance (SuRG) program, USAID assists local governments, civil society organizations, and community stabilization initiatives to promote social integration and citizen partnership. USAID supports and strengthens the capacity of civil society organizations headquartered in the North and East to advocate on behalf of their communities and to engage with government and the private sector to promote development and social integration.

As the conflict affected communities stabilize and returnees pursue new livelihood opportunities and become active participants in their communities, USAID has an historic opportunity to assist Sri Lanka not just in reintegrating communities, but also in putting in place new economic and political arrangements to meet community aspirations. The ways in which inter-ethnic relations, citizen and minority rights and the development needs are handled will be the true test of whether the pluralism can be achieved. The primary beneficiaries will be the recently resettled, former combatants, and vulnerable populations.

The strength of the inter-agency process is further reflected in the work of the United States Pacific Command's (PACOM) Civil Military Support Element (CMSE). CMSE conducts a variety of infrastructure, humanitarian assistance, demining, and training activities in the North and East. Their activities will support the stabilization efforts by enhancing public engagement between civil society, local government, private sector, and the citizenry. In addition, CMSE serves as a key facilitator for the U.S. Embassy on humanitarian mine action issues.

Activities in this DO facilitate a stable and secure environment conducive for enterprise development under DO2, 'Increased and More Equitable Economic Growth in Conflict Affected Areas.'

2. DEVELOPMENT OBJECTIVE 2

Increased and More Equitable Economic Growth in Conflict Affected Areas

Sri Lanka's economic gains have been marked by a sharp regional imbalance. The Western province accounted for 45% of GDP in 2009 while Eastern, North Central, and Uva provinces contributed less than six percent each; the Northern Province's contribution was only three percent. Without addressing regional imbalances, Sri Lanka's overall economic growth will be

limited. Creating more economic opportunities for the North and East may also mitigate or alleviate some of the causes of conflict.

To address these economic inequities, Sri Lanka needs to increase investment from both international and domestic sources to maintain a strategy for economic growth, which is sensitive to social integration needs. Purely market-driven economic growth has historically marginalized these regions and may not be a sufficient solution in and of itself. The level of poverty outside of the Western Province, especially in the Northern, Eastern, North Central and Uva provinces, has remained relatively high. USAID seeks to engage these marginalized populations in sustainable economic development in two main ways.

First, USAID aims to bolster private sector investment to encourage and promote the regional indigenous private sector. To attract this investment, the GOSL seeks to improve its business environment, infrastructure, financial and tax systems, and stimulate private investment. USAID will support these efforts through Public Private Alliances in these provinces. These alliances can help to create sustainable livelihoods for vulnerable populations, increase productivity, improve management practices, enhance workforce skills and expand market access.

Second, USAID will help develop enterprises in lagging areas by enhancing enterprise productivity and business investments and promotion, and by increasing livelihood opportunities for vulnerable and marginalized groups. These programs will strive to create an inclusive economic system through support for microenterprises, access to information and livelihoods. USAID's Special Programs to Address the Needs of Survivors Office (SPANS) will pay particular attention to addressing livelihood development for disabled persons and other marginalized groups, such as families of children who are at risk of institutionalization.

USAID currently supports numerous projects that aimed at spurring investment in Sri Lanka. This support includes performing value chain analyses that identify business opportunities in a range of business types and sizes and includes working on production, processing, marketing, communications and information. They also cover promotion and facilitation of business partnering arrangements, building financial sector capacity and improving the investment environment. USAID also aims to maximize interest in advocating for reform of the business environment, by conducting studies, assessments and consultations with private businesses and organizations to identify needed business enabling reforms and actionable policy recommendations and, in so doing, gradually build pressure for reform. Public Private Alliances allow the USG to work in collaboration with the private sector to create sustainable livelihood opportunities, jump-start economic growth and foster stability. The Mission is unique in its approach to leveraging private sector funding for post-conflict stabilization and works according to this model: USAID provides funding, development expertise, long-term in-country presence, networks of local and global partners, and economic policy analysis while private sector partners supply market access, capital, sustainability, technical expertise, and livelihood opportunities.

Lastly, increased enterprise development is influenced positively by business investments and promotion and is tracked by indicators that reflect the magnitude of USG assistance overall to private enterprise. USAID will provide firms with a combination of technical assistance and training geared towards improved management practices and production processes, including

value chain analysis to identify points along the chain where productivity and profitability can be increased in various sectors including horticulture, dairy, aquaculture, logistics services, and construction.

Increased enterprise development is augmented by DO1 activities that facilitate a stable and secure post-conflict environment for enterprise development, including community reintegration programs under OTI, International Organization for Migration (IOM), and DGP, and humanitarian demining assistance under the DOD.

3. MONITORING AND EVALUATION

Each of the Mission's programs have a Monitoring and Evaluation (M&E) plan to assess progress and identify issues that may impact implementation. Project-level monitoring flows up to the Mission's Performance Management Plan (PMP). The PMP contains detailed baselines, indicators, indicator definitions, data sources, collection methods and frequency, and Data Quality Assessment data. The Mission PMP will be revised upon approval of the CDCS and continually evaluated and updated. In addition, evaluations and assessments will determine program impact, effectiveness, and sustainability. USAID/Sri Lanka promotes interoffice cross-visits to facilitate mission-wide collaboration and mutual understanding. The Mission also assesses procurement plans on at least a quarterly basis to inform the planning of new programs or to realign budget items.

DO1 and DO2 will have indicators that will be tracked over the life of the strategic period. Teams developing the DOs have drawn on a wide variety of special studies and assessments to further define and focus interventions. Recent assessments of ongoing activities have identified lessons learned that have informed the development of the CDCS.

Monitoring activity is not confined to USAID. Implementing partners are also required to regularly monitor target populations to determine if the intended results are being achieved. In the economic growth portfolio, the commercial enterprises that receive matching grants to leverage investment, must track the progress of their activities and regularly adjust inputs to assure achievement of targets. One example of this is the grant to a commercial food undertaking in which beneficiaries were tracked by gender and location and crop yield growth is measured by year. The Mission will engage with its local partners to increase their capacity for monitoring and evaluation.

After approval of the CDCS, the Mission will work with an M&E specialist from the Asia Bureau to strengthen the Mission's M&E plan. The M&E plan will reflect the structure and hierarchy of the Results Framework and will use indicators to track results. To the extent possible, the Mission will strengthen its M&E process through the systematic use of Geographic Information System (GIS) tools. Specifically, USAID plans to expand the use of GIS for collecting and analyzing geographic, socioeconomic, and ethnicity data. It will also promote the collaborative use of GIS with its partners.