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SRI LANKA TRANSITION INITIATIVES PROGRAM

QUARTERLY REPORT

JULY TO SEPTEMBER 2008

JULY 2008 – SEPTEMBER 2008

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PROJECT OVERVIEW

The genesis of the OTI program in Sri Lanka dates back to late 2002 when an assessment mission concluded that the peace initiative taking shape at that time had the best chance of any to date in bringing sustainable peace to the country: after 20 years of civil war, the Government of Sri Lanka (GoSL) and the Liberation Tigers of Tamil Eelam (LTTE) signed a ceasefire agreement in February of 2002. Formal peace talks began seven months later, facilitated by the Government of Norway. In the weeks that followed the commencement of the talks, the parties demonstrated willingness to compromise on controversial issues in an effort to make tangible progress towards a negotiated settlement. OTI concurred with the assessment and the Sri Lanka program was opened in February of 2003.

On 29 July 2004, Development Alternatives, Inc. (DAI) signed contract number OTI-D-00-04-00023-00 with USAID's Office of Transition Initiatives (OTI) to continue implementation of the OTI Sri Lanka program. The contract replaced Contract No. AOT-I-03-98-00199-00 executed under the SWIFT I IQC.

OTI's overall objective in Sri Lanka was to generate greater support for a negotiated settlement of the conflict. The program planned to achieve this objective through the funding of activities under two sub-objectives. The first sub-objective was to increase awareness and/or understanding of key transition issues; illustrative activities included workshops on federalism, peace-themed arts performances and interactive dialogue. The second sub-objective was to increase collaboration and participation among diverse groups to set and/or address priorities; activities funded under this sub-objective include rehabilitation of community infrastructure with active local stakeholder participation, community dialogues and advocacy campaigns.

The December 26, 2004 tsunami created unprecedented destruction to over two-thirds of the coastline of Sri Lanka including many of the conflict-affected and conflict-vulnerable communities targeted by SLTI's grant-funded activities prior to December 2004. SLTI responded in the immediate aftermath of the tragedy, and extended its tsunami-related activities --first with funds from OFDA and then with supplemental funding earmarked by Congress-- incorporating its peace-building mandate into the programs that were designed for tsunami-affected communities.

After the initial thirty-two months of contract OTI-D-00-04-00023-00 (from August 1, 2004 to March 15, 2007), OTI handed over the management of the program to the USAID Sri Lanka Mission from March 15, 2007 onwards.

In July 2008, USAID, with funding from the U.S. Department of Defense's Overseas Humanitarian Disaster and Civic Aid (OHDACA) appropriation, through the U.S. Pacific Command (PACOM), directed the Sri Lanka Transition Initiatives (SLTI) program to support the return of displaced persons to their Eastern Province communities of origin after armed hostilities in 2006 and 2007 between the LTTE and the GoSL. The aforementioned funds will

support rehabilitation of schools and health facilities that directly or indirectly meet critical humanitarian needs – including the restoration of livelihoods -- of affected populations in these areas, which are now under GoSL control. SLTI contract was extended until July 31, 2009 to meet this objective.

The initial tranche of \$2.42 million from PACOM is intended to cover the cost of designing, building or rehabilitating, and providing quality assurance for projects within seven divisions of the Batticaloa and Trincomalee districts. Projects have been identified in collaboration with the U.S. Army Corps of Engineers, which also provided preliminary cost estimates. Projects were chosen based on needs identified by relevant government authorities and international agencies, coupled with OHDACA funding criteria. The CTO, in consultation with PACOM, decided the final allocation of resources among the proposed projects for PACOM funding FY08-09 based on the recommendations supplied by DAI.

The primary objective of this particular funding is to ensure the timely completion of high-quality infrastructure projects that have a humanitarian impact. The process to ensure positive results include fostering community participation and ownership, and engaging the local and regional government authorities responsible for serving these communities.

PROGRAMMING

COUNTRY SITUATION DURING THE PERIOD

The political and security situation continued the volatile trend as experienced in the months preceding this reporting period. The return to Sri Lanka of TMVP founder Karuna in July further added to tensions. Significant events within the political arena included the hosting of the 15th Annual SAARC Summit in Colombo during July 29th – August 3rd 2008.

Intensified military operations are ongoing to try and recapture areas of the LTTE in the northern region. High-level security checks prevalent throughout the main cities and within the newly cleared areas of the entire Eastern province. Given the on-gong military operations in the northern regions there is anticipation of possible retaliatory/diversionary incidents that could occur within the cleared areas of the east. As the operations intensified the Ministry of Defense ordered the immediate withdrawal of all NGOs and INGOs operating within LTTE controlled areas, and decreed that they move operations out into Vavuniya by September 29, 2008. After negotiations with the GoSL, the ICRC was permitted to continue operations within the Vanni, and the UN was permitted to undertake supply of food and essential items to the remaining civilian populations in the area. The situation does not pose a direct and immediate danger to SLTI's work in the East, although LTTE efforts to de-stabilize the region with small-scale attacks on police and security forces are likely to continue.

OVERALL PROGRAMMING

During the reporting period, preparatory activities for the program's new scope of work continued towards finalizing the list of projects proposed for PACOM funding. Efforts to identify projects that meet PACOM's criteria and requirements started in early 2008 when DAI conducted initial meetings with relevant authorities and field visits. Since then, DAI program and technical staff have been engaging in frequent field visits and further discussions to obtain the latest and most up-to-date information, verify priorities and submit these to USAID for consideration. This work was carried out not only to identify projects for the first batch of PACOM funding (FY08) obligated to SLTI in July, but also for the potential second batch of PACOM funding (FY09). USAID staff participated in some of these visits:

- Mr. Auff and Mr. Kalupahana of USAID joined DAI field programming staff at meetings held with Provincial Education and Health Departments regarding identification of priority projects. Both Departments submitted priority lists for consideration
- Mike Hess, Assistant Administrator of the Bureau for Democracy, Conflict and Humanitarian Assistance (USAID), Sheila Young, acting Mission Director (USAID), and Mike Desisti, USAID's Office Director for Humanitarian Assistance & Transition Initiatives and CTO for SLTI, visited proposed projects in May 18-22

- USAID officials' Kristin Joplin and Janet Orozco, also visited some of the proposed projects in August
- CTO Mike Desisti and USAID Senior Engineer Auff Magbool, visited the project sites again on September 24-25 and met with the Education and Health sector officials responsible for oversight and management of the schools and hospitals under consideration for funding

From July 24 to July 30, DAI staff held end-user meetings to prioritize the needs on each of the proposed projects. The relevant authorities, community members, and professionals (doctors, Hospital staff, school principals, teachers) endorsed the priority lists generated during these meetings.

Upon signature of contract modification number 13, DAI commissioned and completed a Pre-feasibility study of all projects identified for PACOM's first tranche of funding. The Pre-feasibility report contained recommendations, timelines, and costs estimates for each of the projects.

During the month of August, DAI staff together with Mr. Uthayakumar and his assistant from the Ministry of Education, visited proposed projects. The team organized and chaired meetings at each site to present the project's initial concept, level expectations, and conduct participatory consultation meetings to identify community priorities and gather additional input from authorities, end-users and other stakeholders. DAI staff filled in a comprehensive checklist to capture key information and needs at each site.

Throughout the reporting period, the team continued its fact-finding and verification process regarding other concurrent and upcoming activities funded by various donors. The team obtained confirmation from the Trincomalee director of NECORD and members of his engineering team about their commitment to reconstruct the Agrarian Services Center in Eachchalampattu. DAI also confirmed RDA's commitment to undertake the Uppural bridge as part of a comprehensive project to improve roads and bridges in the area.

Based on all the above, DAI presented the most up-to-date situation in the field together with the key programmatic and financial issues to inform PACOM/USAID's final decision on how to allocate the existing funding.

On September 2, USAID approved the list of projects to be implemented with PACOM funding. Based on this decision, DAI chaired ensuing meetings at project sites engaging the relevant authorities to further define the scope of the intervention and address outstanding issues.

After obtaining clearance from USAID, DAI signed four grant agreements with local authorities to engage them from the onset in the validation process for the infrastructure rehabilitation projects. It also aimed to foster and encourage an increase in the communication flow between government and community groups by facilitating inter-group meetings that enable building confidence among the general public towards their local authorities.

Despite certain degrees of decentralization in diverse areas and based on previous experience working with authorities at provincial and district level, DAI advised that, in order to garner greater support and buy-in at the regional level, a Memorandum of Understanding signed at the central government level would be beneficial for the effective implementation of the program. Based on this recommendation, USAID engaged in discussions with the Ministry of Education and the Department of Health respectively. By the end of the reporting period, MoUs were ready and expected to be signed in October.

Upon subcontract signature in September, MMGS --the firm subcontracted by DAI to provide A&E support services-- immediately engaged with DAI staff to schedule stakeholder meetings to present the initial drawings and gather input from end-users and authorities.

The DAI team continued its efforts to resolve the land issues affecting most of projects, obtain mine clearance certification and secure the whole set of approvals required before construction work can begin.

The technical and management teams from DAI and MMGS also agreed on the clustering of projects based on effectiveness, management considerations and economies of scale. Parallel to this, MMGS began the process for the pre-qualification of suitable construction contractors who will be invited to bid for the infrastructure projects.

IMPLEMENTATION

All grant activities implemented prior to contract modification number 13 were successfully completed and closed out. The construction of the Trincomalee bus stand was the final grant activity completed. No further grant implementation activities were carried out beyond 31 July 2008.

During the reporting period, the internal audit of all SLTI grant files was completed after months of detailed verification. Grant files were then shipped to the US where DAI Home Office will keep them in store.

OPERATIONS

CONTRACTS

One contract modification was executed during the reporting period. Modification number 13 to the contract was signed on 25 July 2008. It contained an obligation of \$2,422,000 and an extension to the contract performance period until 31 July 2009 to carry out infrastructure development activities in newly resettled areas in the Trincomalee and Batticaloa districts.

PROCUREMENT

In August, DAI advertised and sent out a Request for Proposals (RfP) for engineering consulting services in preparation for the new round of projects to be implemented under the PACOM funding. Twenty Three firms collected the RfP from the Colombo office prior to the submission deadline. A total of eight firms submitted their proposals for consideration. Chaired by the Senior Infrastructure Manager, a technical evaluation committee convened to review and evaluate all eight proposals. Consent to subcontract to MMGS Architects was received from USAID on 23 September, and the subcontract was executed with MMGS Architects on 25 September 2008. The Initial batch of four Task Orders was issued after subcontract signature.

ADMINISTRATION

The project received an updated valued-added tax exemption letter for the period October 9, 2008 through April 8, 2009 following submission of sponsor letters and program materials to the Ministry of Finance. One quarterly VAT report was submitted to USAID during the reporting period covering the months of June, July and August 2008. The issue of value-added tax liability for cash grantees and implementing contractor partners on infrastructure grants was successfully resolved by obtaining direct VAT exemption letters for each of the cash grantees.

USAID Sri Lanka issued a Mission Order on August 13, 2008 which subject was: USAID contractor office signs and vehicle marking. DAI modified the branding of office name boards and vehicles to comply with the new branding policies set forth by the aforementioned Mission Order.

The process initiated in early 2008 to scale down operations continued throughout the reporting period, all project office teams were downsized and preparations made for the relocation of the Colombo & Ampara offices. On 25th June 2008, the Ampara office was closed down and operations began in Batticaloa. On 1 July 2008, the Colombo office relocated to smaller premises in Colombo 5.

In order to respond to PACOM projects needs exclusively, further downsizing in staffing levels and the close down of on one of DAI field offices followed. More specifically these changes involved:

- Demobilization of Deputy Chief of Party, 31 July 2008
- Close down of the Trincomalee Regional office, 15 August 2008
- Demobilization of the Trincomalee Regional Program Manager, 15 August 2008
- Demobilization of the Batticaloa Regional Program Manager, 15 September 2008

The project support team in Colombo together with the Trincomalee Regional Program Manager and Finance Specialist carried out the complete close down of the Trincomalee office in August 2008. As per USAID's request, on August 15, 2008 all furniture and office equipment from the Trincomalee office's inventory was disposed of to ARD, USAID/SuRG program implementing contractor. The team was able to successfully complete all closeout targets by the planned closure date of August 15, 2008.

STAFFING

The reporting period was characterized by a concerted effort to restructure resources and staff to respond to the new program needs.

A total of fourteen staff departed the project on May 15, and seven more did on June 30. Six members departed on July 31 and, with the close down of the Trincomalee regional office, its remaining nine members departed the program on August 15. Nilusha Amarasinghe and Chandima Kulathunge from Colombo were the last members of the team departed during this reporting period, at the end of September.

Other staffing changes during the reporting period are summarized below.

- Dr. Joseph Thanarajah Senior Infrastructure Manager was recruited, mobilized to Sri Lanka, trained on project policies, systems and processes and deployed to Batticaloa in August
- Engineer candidates to work under his supervision as part of the infrastructure team were interviewed and short-listed, with a final decision made on September 4 to staff the Infrastructure Officer and Technical Officer positions with Anton Thambimuttu and Richard Welington respectively
- With the demobilization of Janelle Kempel, Deputy Chief of Party, and after a period of on-the-job training, Sudharshini Dharmawardane transitioned into the role of Operations Manager and, in August, took on the duties and responsibilities required of the position

SECURITY

This reporting period saw the occurrence of several security incidents across the country including the capital city. However, to-date, these incidents of continued violence, abductions and killings within the eastern province, have not impeded DAI's staff regular travel to and from the project sites. Successful meetings with the office of the Government Agent in Batticaloa and the 23 Division of the Sri Lanka Army, enabled DAI to obtain security travel passes for a three month period, and a system by which these permits could be renewed. DAI is working with the local authorities in Trincomalee to obtain further permits that maybe required for travel to project sites within the district.

Security was at a maximum alert in the city and suburbs from July 26 – August 5 as a result of the 15th Annual SAARC Summit being held in Colombo, Sri Lanka. The summit brought to Sri Lanka the nine leaders of the SAARC countries and their ministerial delegations for the conference. Severe traffic restrictions were imposed in the city and suburbs while certain areas of the city were completely closed to the general public.

The month of September has seen an increase in security incidents and more stringent security checks in the areas bordering the eastern province, with an increased number of check points being established and more intensified checking and searching of vehicles reported.

A brief chronological record of the incidents within the period is summarized as follows:

- A claymore mine explosion in Anamala, south Batticaloa, on the morning of August 11 was reported. In the afternoon, there were reports of another claymore explosion in Kanchikudycharu, in the interior of the Ampara district
- On the night of August 26, light aircraft operated by the Liberation Tigers of Tamil Eelam (LTTE) bombed the government Navy Camp in Trincomalee town. At least four Navy were killed and ten Navy were injured by the attack, according to reliable government sources
- An explosion in public transport bus was reported in Colombo on September 16. Two other incidents pertaining to minor explosions in Central Colombo were reported in September.
- Claymore mine explosions were reported near two of SLTI's PACOM-funded infrastructure projects in western Batticaloa. Following the blast in Pulipanchikel where SLTI plans to rebuild a conflict-damaged school, a 29-year-old man from the adjacent village was shot and killed by Government Security Forces, according to villagers. The explosion and shooting occurred on the day when displaced populations were returning to their homes from a government-maintained camp for displaced persons
- An intense military operation is in effect to try and recapture areas of the LTTE, in particular, the northern region. High-level security checks are prevalent throughout the main cities and within the newly cleared areas of the entire Eastern Province. Given the on-going military operations in the northern regions, there is anticipation of possible retaliatory/diversionary incidents that could occur within the cleared areas of the east.
- Non-governmental organizations and international agencies complied with the Ministry of Defense order for all expatriate staff to vacate LTTE-controlled territory by September 29. The UN negotiated with the government permission for international staff to escort convoys of emergency food supplies into LTTE-controlled territory for distribution to the estimated 400,000 civilians who remain in the area.

ANNEX A

SLTI EXPENDITURE ANALYSIS

AUGUST 2007 – JULY 2008

ANNEX B

SLTI EXPENDITURE ANALYSIS

AUGUST – SEPTEMBER 2008

Annex A

SRI LANKA TRANSITION INITIATIVES EXPENDITURE ANALYSIS (US\$)
As of July 31, 2008

I. Vouchered Expenditures vs. Contract Funds

CLIN	SLTI Contract Amount	1st Quarter Year 4 Aug-Oct 07	2nd Quarter Year 4 Nov 07-Jan 08	3rd Quarter Year 4 Feb-Apr08	4th Quarter Year 4 May-Jul08	Cumulative Amount	Remaining Amount	% of Budget Expended
CLIN 001 Operational Costs	\$ 10,928,038	\$ 611,915	\$ 585,361	\$ 510,141	\$ 560,628	\$ 9,278,020	\$ 1,650,018	84.90%
CLIN 002 Fixed Fee	\$ 764,963	\$ 42,767	\$ 40,975	\$ 35,710	\$ 39,244	\$ 649,461	\$ 115,501	84.90%
Subtotal Ops & Fee	\$ 11,693,001	\$ 654,682	\$ 626,336	\$ 545,851	\$ 599,871	\$ 9,927,482	\$ 1,765,519	84.90%
CLIN 003 Grants	\$ 32,653,921	\$ 2,822,693	\$ 2,845,187	\$ 2,776,216	\$ 1,479,025	\$ 28,348,161	\$ 4,305,760	86.81%
CLIN 004 Grant Fee	\$ 653,078	\$ 56,454	\$ 56,904	\$ 55,524	\$ 29,580	\$ 566,963	\$ 86,115	86.81%
Subtotal Grants & Fee	\$ 33,306,999	\$ 2,879,147	\$ 2,902,090	\$ 2,831,740	\$ 1,508,605	\$ 28,915,124	\$ 4,391,876	86.81%
GRAND TOTAL	\$ 45,000,000	\$ 3,533,829	\$ 3,528,427	\$ 3,377,591	\$ 2,108,477	\$ 38,842,605	\$ 6,157,395	86.32%

* This table represents expenditures invoiced by DAI to USAID versus funds budgeted in the contract.

II. Vouchered Expenditures vs. Contract Obligated Funds

CLIN	SLTI Obligated Amount	1st Quarter Year 4 Aug-Oct 07	2nd Quarter Year 4 Nov 07-Jan 08	3rd Quarter Year 4 Feb-Apr08	4th Quarter Year 4 May-Jul08	Cumulative Amount	Remaining Amount	% of Budget Expended
CLIN 001 Operational Costs	\$ 10,509,877	\$ 611,915	\$ 585,361	\$ 510,141	\$ 560,628	\$ 9,278,020	\$ 1,231,857	88.28%
CLIN 002 Fixed Fee	\$ 735,691	\$ 42,767	\$ 40,975	\$ 35,710	\$ 39,244	\$ 649,461	\$ 86,230	88.28%
Subtotal Ops & Fee	\$ 11,245,568	\$ 654,682	\$ 626,336	\$ 545,851	\$ 599,871	\$ 9,927,482	\$ 1,318,087	88.28%
CLIN 003 Grants	\$ 30,152,054	\$ 2,822,693	\$ 2,845,187	\$ 2,776,216	\$ 1,479,025	\$ 28,348,161	\$ 1,803,893	94.02%
CLIN 004 Grant Fee	\$ 603,041	\$ 56,454	\$ 56,904	\$ 55,524	\$ 29,580	\$ 566,963	\$ 36,078	94.02%
Subtotal Grants & Fee	\$ 30,755,095	\$ 2,879,147	\$ 2,902,090	\$ 2,831,740	\$ 1,508,605	\$ 28,915,124	\$ 1,839,971	94.02%
GRAND TOTAL	\$ 42,000,663	\$ 3,533,829	\$ 3,528,427	\$ 3,377,591	\$ 2,108,477	\$ 38,842,605	\$ 3,158,058	92.48%

* This table represents expenditures invoiced by DAI to USAID versus funds obligated to the contract.

SRI LANKA TRANSITION INITIATIVES EXPENDITURE ANALYSIS (US\$)
As of July 31, 2008

III. Operations Expenditures & Grant Obligations vs. Contract Funds

CLIN	SLTI Contract Amount	1st Quarter Year 4 Aug-Oct 07	2nd Quarter Year 4 Nov 07-Jan 08	3rd Quarter Year 4 Feb-Apr08	4th Quarter Year 4 May-Jul08	Cumulative Amount	Remaining Amount	% of Budget Expended
CLIN 001 Operational Costs	\$ 10,928,038	\$ 611,915	\$ 585,361	\$ 510,141	\$ 560,628	\$ 9,278,020	\$ 1,650,018	84.90%
CLIN 002 Fixed Fee	\$ 764,963	\$ 42,767	\$ 40,975	\$ 35,710	\$ 39,244	\$ 649,461	\$ 115,501	84.90%
Subtotal Ops & Fee	\$ 11,693,001	\$ 654,682	\$ 626,336	\$ 545,851	\$ 599,871	\$ 9,927,482	\$ 1,765,519	84.90%
Obligated Grants								
CLIN 003 Grants	\$ 32,653,921	\$ 613,723	\$ 933,607	\$ 651,658	\$ -	\$ 28,291,434	\$ 4,362,487	86.64%
CLIN 004 Grant Fee	\$ 653,078	\$ 12,274	\$ 18,672	\$ 55,524	\$ -	\$ 565,829	\$ 87,250	86.64%
Subtotal Grants & Fee	\$ 33,306,999	\$ 625,997	\$ 952,279	\$ 707,182	\$ -	\$ 28,857,263	\$ 4,449,737	86.64%
GRAND TOTAL	\$ 45,000,000	\$ 1,280,680	\$ 1,578,615	\$ 1,253,033	\$ 599,871	\$ 38,784,744	\$ 6,215,256	86.19%

* This table represents expenditures invoiced by DAI for operations costs and money obligated by DAI for grant activities versus funds budgeted in the contract.

IV. Operations Expenditures & Grant Obligations vs. Contract Obligated Funds

CLIN	SLTI Obligated Amount	1st Quarter Year 4 Aug-Oct 07	2nd Quarter Year 4 Nov 07-Jan 08	3rd Quarter Year 4 Feb-Apr08	4th Quarter Year 4 May-Jul08	Cumulative Amount	Remaining Amount	% of Budget Expended
CLIN 001 Operational Costs	\$ 10,509,877	\$ 611,915	\$ 585,361	\$ 510,141	\$ 560,628	\$ 9,278,020	\$ 1,231,857	88.28%
CLIN 002 Fixed Fee	\$ 735,691	\$ 42,767	\$ 40,975	\$ 35,710	\$ 39,244	\$ 649,461	\$ 86,230	88.28%
Subtotal Ops & Fee	\$ 11,245,568	\$ 654,682	\$ 626,336	\$ 545,851	\$ 599,871	\$ 9,927,482	\$ 1,318,087	88.28%
Obligated Grants								
CLIN 003 Grants	\$ 30,152,054	\$ 613,723	\$ 933,607	\$ 651,658	\$ -	\$ 28,291,434	\$ 1,860,620	93.83%
CLIN 004 Grant Fee	\$ 603,041	\$ 12,274	\$ 18,672	\$ 55,524	\$ -	\$ 565,829	\$ 37,212	93.83%
Subtotal Grants & Fee	\$ 30,755,095	\$ 625,997	\$ 952,279	\$ 707,182	\$ -	\$ 28,857,263	\$ 1,897,832	93.83%
GRAND TOTAL	\$ 42,000,663	\$ 1,280,680	\$ 1,578,615	\$ 1,253,033	\$ 599,871	\$ 38,784,744	\$ 3,215,919	92.34%

* This table represents expenditures invoiced by DAI for operations costs and money obligated by DAI for grant activities versus funds obligated by USAID.

Annex B

SRI LANKA TRANSITION INITIATIVES EXPENDITURE ANALYSIS (US\$)

As of September 30, 2008

I. Vouchered Expenditures vs. Contract Funds

CLIN	SLTI Contract Amount	1st Quarter Year 5 Aug-Sep08	Cumulative Amount	Remaining Amount	% of Budget Expended
CLIN 001 Operational Costs	\$ 10,928,038	\$ 244,910	\$ 9,522,930	\$ 1,405,108	87.14%
CLIN 002 Fixed Fee	\$ 764,963	\$ 17,144	\$ 666,605	\$ 98,358	87.14%
Subtotal Ops & Fee	\$ 11,693,001	\$ 262,053	\$ 10,189,535	\$ 1,503,466	87.14%
CLIN 003 Grants	\$ 32,653,921	\$ 122,731	\$ 28,470,892	\$ 4,183,029	87.19%
CLIN 004 Grant Fee	\$ 653,078	\$ 2,455	\$ 569,418	\$ 83,661	87.19%
Subtotal Grants & Fee	\$ 33,306,999	\$ 125,186	\$ 29,040,310	\$ 4,266,690	87.19%
GRAND TOTAL	\$ 45,000,000	\$ 387,239	\$ 39,229,845	\$ 5,770,155	87.18%

* This table represents expenditures invoiced by DAI to USAID versus funds budgeted in the contract.

II. Vouchered Expenditures vs. Contract Obligated Funds

CLIN	SLTI Obligated Amount	1st Quarter Year 5 Aug-Sep08	Cumulative Amount	Remaining Amount	% of Budget Expended
CLIN 001 Operational Costs	\$ 10,509,877	\$ 244,910	\$ 9,522,930	\$ 986,947	90.61%
CLIN 002 Fixed Fee	\$ 735,691	\$ 17,144	\$ 666,605	\$ 69,086	90.61%
Subtotal Ops & Fee	\$ 11,245,568	\$ 262,053	\$ 10,189,535	\$ 1,056,034	90.61%
CLIN 003 Grants	\$ 30,152,054	\$ 122,731	\$ 28,470,892	\$ 1,681,162	94.42%
CLIN 004 Grant Fee	\$ 603,041	\$ 2,455	\$ 569,418	\$ 33,623	94.42%
Subtotal Grants & Fee	\$ 30,755,095	\$ 125,186	\$ 29,040,310	\$ 1,714,785	94.42%
GRAND TOTAL	\$ 42,000,663	\$ 387,239	\$ 39,229,845	\$ 2,770,819	93.40%

* This table represents expenditures invoiced by DAI to USAID versus funds obligated to the contract.

SRI LANKA TRANSITION INITIATIVES EXPENDITURE ANALYSIS (US\$)

As of September 30, 2008

III. Operations Expenditures & Grant Obligations vs. Contract Funds

CLIN	SLTI Contract Amount	1st Quarter Year 5 Aug-Sep08	Cumulative Amount	Remaining Amount	% of Budget Expended
CLIN 001 Operational Costs	\$ 10,928,038	\$ 244,910	\$ 9,522,930	\$ 1,405,108	87.14%
CLIN 002 Fixed Fee	\$ 764,963	\$ 17,144	\$ 666,605	\$ 98,358	87.14%
Subtotal Ops & Fee	\$ 11,693,001	\$ 262,053	\$ 10,189,535	\$ 1,503,466	87.14%
Obligated Grants					
CLIN 003 Grants	\$ 32,653,921	\$ 36,828	\$ 28,328,262	\$ 4,325,659	86.75%
CLIN 004 Grant Fee	\$ 653,078	\$ 737	\$ 566,565	\$ 86,513	86.75%
Subtotal Grants & Fee	\$ 33,306,999	\$ 37,565	\$ 28,894,827	\$ 4,412,172	86.75%
GRAND TOTAL	\$ 45,000,000	\$ 299,618	\$ 39,084,362	\$ 5,915,638	86.85%

* This table represents expenditures invoiced by DAI for operations costs and money obligated by DAI for grant activities versus funds budgeted in the contract.

IV. Operations Expenditures & Grant Obligations vs. Contract Obligated Funds

CLIN	SLTI Obligated Amount	1st Quarter Year 5 Aug-Sep08	Cumulative Amount	Remaining Amount	% of Budget Expended
CLIN 001 Operational Costs	\$ 10,509,877	\$ 244,910	\$ 9,522,930	\$ 986,947	90.61%
CLIN 002 Fixed Fee	\$ 735,691	\$ 17,144	\$ 666,605	\$ 69,086	90.61%
Subtotal Ops & Fee	\$ 11,245,568	\$ 262,053	\$ 10,189,535	\$ 1,056,034	90.61%
Obligated Grants					
CLIN 003 Grants	\$ 30,152,054	\$ 36,828	\$ 28,328,262	\$ 1,823,792	93.95%
CLIN 004 Grant Fee	\$ 603,041	\$ 737	\$ 566,565	\$ 36,476	93.95%
Subtotal Grants & Fee	\$ 30,755,095	\$ 37,565	\$ 28,894,827	\$ 1,860,268	93.95%
GRAND TOTAL	\$ 42,000,663	\$ 299,618	\$ 39,084,362	\$ 2,916,301	93.06%

* This table represents expenditures invoiced by DAI for operations costs and money obligated by DAI for grant activities versus funds obligated by USAID.