

USAID/SRI LANKA

COUNTRY PROGRAM STRATEGY

FY 1996 - FY 2000



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LIST OF ACRONYMS

ADB	Asian Development Bank
Ag-Ent	Agro-Enterprise Project
AIDSCAP	AIDS Control And Prevention Project
ANE	Asia Near East Bureau
BOI	Board of Investment
BOO/BOT	Build, Own and Operate/Build, Operate and Transfer
BPD	Budget Planning Document
CG	Consultative Group
CIPART	Citizens Participation Project
CPS	Country Program Strategy
CSE	Colombo Stock Exchange
DCOF	Displaced Children and Orphans Fund
EIA	Environmental Impact Assessment
ERRP	Emergency Reconstruction and Rehabilitation Program
EU	European Union
FSN	Foreign Service National
GDP	Gross Domestic Product
GNP	Gross National Product
GSL	Government of Sri Lanka
HDI	Human Development Index
HIG	Housing Investment Guarantee
IBRD	World Bank (International Bank for Reconstruction & Development)
IMF	International Monetary Fund
LTTE	Liberation Tigers of Tamil Eelam
MSED	Micro & Small Enterprise Development Program
MTP	Medium Term Plan
NAD	New Activity Description
NAREP	Natural Resources & Environmental Policy Project
NEAP	National Environmental Action Plan
NGO	Non-Governmental Organization
NIC	Newly Industrialized Country
OE	Operating Expense
OYB	Operational Year Budget
PA	Peoples Alliance
PFP	Policy Framework Paper
PO	Program Outcome
PSC	Personal Service Contractor
PVO	Private Voluntary Organization
SEC	Securities and Exchange Commission
SEGP	Sustainable Economic Growth Program
SO	Strategic Objective
SOE	State Owned Enterprise
STD	Sexually Transmitted Disease
TIPS	Technology Initiative for the Private Sector Project

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INTRODUCTION AND OVERVIEW

Sri Lanka is an island country just off the south-east tip of India. It has an ethnically diverse population of 17.6 million persons residing in an area the size of West Virginia. Population growth is low at about 1.4 percent, but population per unit of arable land is high. The country has made significant progress in evolving from a socialist, centralist economy to one that is largely open and free. The economy has grown steadily since liberalization began in 1978 with growth averaging 5 percent in the 1990s. Despite economic progress, poverty persists and per capita income is only \$588. Economic growth has been concentrated in urban areas, and in the industrial and service sectors, but has not been sufficiently broad-based to absorb labor throughout the country. Income distribution patterns disfavor the poor. Although it is the dominant economic activity, agriculture's growth has been slow. Poverty is concentrated in rural areas where 80 percent of the population resides.

Sri Lanka has good human and natural resources with comparatively impressive social indicators. Life expectancy is high for a developing country (68-73 years), and about 88 percent of the population is literate. However, wide disparities exist in socio-economic status and access to employment. Poor maternal and child nutrition is a serious social problem. The Government of Sri Lanka has placed a high priority on poverty alleviation.

Since before independence in 1948, politics have maintained a democratic character. Local and national elections in 1994 resulted in a smooth transition to power of a new government, the Peoples Alliance, ending 17 years of United National Party domination. In early 1995, peace negotiations to end the twelve year civil war centered in the Northern and Eastern provinces were underway, bringing renewed hopes for peace and economic development. In addition to humanitarian concerns, the war is a drain on the country's budget and a major deterrent to sustainable economic growth.

U.S. interests in Sri Lanka include promoting peace in the country and region, supporting democratic institutions and the rule of law, supporting an open market economy, and strengthening the economic relationship between the U.S. and Sri Lanka. USAID's program goal is to help create a Green, Democratic Sri Lanka with Broad-Based Sustainable Development. This Country Program Strategy for FY 1996 - FY 2000 builds on the prior Strategic Framework, FY 1992 - FY 1996 in three policy areas: Economic Growth, Environment, and Democracy.

Sri Lanka is a responsive, sustainable U.S. development partner. However, its track record as a high level performer in development is short. While progress has been good, it is also fragile. Sustainability will depend in large part on social and political stability, continued economic liberalization, and progress in the three strategic areas now targeted by USAID assistance.

THE DEVELOPMENT SETTING: TRENDS AND PROSPECTS

ECONOMIC GROWTH

After a decade of uneven progress, Sri Lanka's macroeconomic performance has improved since 1989 as a result of renewed stabilization and adjustment efforts. The Government of Sri Lanka (GSL) succeeded in reducing the budget deficit from a high of 15.7 per cent of GDP in 1988 to 7.3 percent in 1992; however, it rose to an estimated 9 to 10 percent in 1994. Much of the reduction came at the expense of public investment, particularly in infrastructure. The recent tendency for deficit increase has come in part from the new government's policies on increasing subsidies and unsustainable welfare expenditures. The GSL has had little success in trimming recurrent expenditures. There are substantial inflows of remittances from Sri Lankans employed overseas. Private foreign capital flows (both direct and portfolio investment) have increased substantially because of steps taken by the GSL to liberalize the economy and relax foreign exchange controls. As a result, foreign exchange reserves grew from 1.5 months of imports in 1988 to an estimated 4 months in 1993. The GSL's performance in controlling the money supply and inflation has been less satisfactory. As a result, annual inflation is currently about 11.7 percent, about the same level as in the past two years.

The economy has grown steadily since liberalization commenced in 1978. Growth has averaged five percent annually since 1990 and reached an estimated 5 to 6 percent in 1994. In recent years, private sector manufacturing has been the leading growth sector followed by services. Growth in the agriculture sector has been disappointing. Although the GSL invested heavily during the 1980s in agriculture, returns to date from these investments have been low.

Income Distribution and Unemployment

Per capita income is a low \$588 per year and income distribution patterns disfavor the poor. Much of this poverty is concentrated in the rural areas, where some 80 percent of the population resides. There is also severe urban poverty. The top 10 percent of households received 28 percent of total national income in 1973 versus 39 percent in 1987; the bottom 40 percent dropped from 19 percent to 14 percent over the same period. However, some recent studies show that the trends in skewing of income distribution may be easing.

Unemployment is officially estimated around 14 percent, but may be as high as 35 - 40 percent if underemployment is included. Most of the unemployed are young, relatively well-educated and mainly in the South. Economic growth has been concentrated in a few urban areas and in the industrial and service sectors, and has not been sufficiently broad-based to absorb labor throughout the country.

Social Welfare

Compared to most other developing countries, Sri Lanka has a good human resources record in terms of health and education. Life expectancy is 68.7 years for males and 73.1 years for females; infant mortality is at 17.6 per thousand births; and about 88 per cent of the population is literate. Sri Lanka also has a high school enrollment rate and a rising female labor participation rate. The 1994 UNDP Human Development Report's Human Development Index (HDI) ranks Sri Lanka 90th in terms of purchasing power equity, compared to its ranking of 128th according to per capita GNP.

However, there are wide disparities in socio-economic status and access to employment opportunities and welfare services among sub-groups of both urban and rural population. Poverty, youth unemployment, malnutrition and a number of child-related problems are major concerns to policy makers. For example, despite Sri Lanka's relatively good health indicators, close to one in five new born infants has a low birth weight, reflecting poor maternal nutrition. Infant and child feeding practices are also far from optimal. Childhood malnutrition, a chronic problem in Sri Lanka, is a significant indicator of poverty. (The UN Human Development Index ranks Sri Lanka 92nd of 97 countries in child malnutrition.) The poverty issue is being addressed by the Government through extensive "safety net" programs. However, these programs frequently suffer from poor targeting and resource leakages to unintended beneficiaries.

Sri Lankans are better educated than people in other South Asian countries. But there is a paradox: Sri Lanka's good human development record has netted only mediocre results for economic growth. Human resource development has been haphazard, and the national economy has proven unable to employ large numbers of literate and educated citizens. The education system, formal and non-formal, is not producing the managerial and technical talent required to function in an increasingly private sector dominated economy.

Private Sector

Sri Lanka's private sector is the principal source of economic growth and investment, accounting for nearly 80 percent of GDP and over 60 percent of aggregate investment. Comparative data with other Asian economies show that the role of private investment in Sri Lanka is higher than other South Asian economies, but below better performing economies, such as Thailand and Malaysia. Private sector growth has been particularly strong in the manufacturing, financial and service sectors, which have benefitted from economic reforms designed to create a market friendly business environment.

The new government has reaffirmed its commitment to an economy based on private sector growth. The GSL continues to recognize that the majority of new employment and income opportunities will be created by private enterprises and that the creation of a favorable environment for private investment is a critical pre-condition for economic growth. The GSL's privatization program was initiated in mid-1989 in order to restructure public enterprises, make them more efficient and reduce the burden on the government budget. Approximately 42 state-owned enterprises have since been privatized out of 62 targeted for privatization.

The GSL has traditionally played a major role in providing infrastructure facilities such as transport, power, telecommunications, solid waste management, sewerage, water supply and sanitation. However, the GSL has embraced a strategy for greater private sector involvement in the development of infrastructure through the use of BOO/BOT (Build, Own and Operate/Build, Operate and Transfer). There are some BOO/BOT projects in various stages of implementation; but, to date, inadequate use has been made of this important measure. The GSL has taken steps to encourage the establishment of a Private Sector Infrastructure Development Fund to encourage private investment in infrastructure.

Prospects for private sector growth in Sri Lanka are good. Sri Lanka has one of the most open investment climates in South Asia. Financial markets, although still developing, are mobilizing more funds for productive investment. Furthermore, Sri Lanka's enterprises are becoming increasingly competitive in a number of key sectors. Notwithstanding the already commendable progress in this

area, obstacles to private sector development remain: the ongoing civil war; inconsistent GSL economic policies; the high cost of finance; and access to markets and new technologies.

Agriculture

Agriculture (broadly defined) is the dominant economic activity in Sri Lanka, and the focus of most of its rural citizenry. It accounts for 23 percent of GDP, 42.6 percent of direct employment and 23 percent of exports. Yet, agricultural growth has been slow over the past five years due in part to a decline in the plantation sector, lack of growth in rice production and the disruption of cultivation in the North and East. Overall growth has been at 3.4 - 5.3 percent in recent years and is improving, but still is far short of the 8 - 10 percent that the sector needs to produce rural employment opportunities and increased agricultural exports.

Though agriculture recorded encouraging gains in the late 1970s and early 1980s (largely a result of the lifting of food price controls, improved irrigation and the introduction of high-yielding varieties), it remains dominated by traditional cultivation patterns and a dualistic system of smallholder subsistence farming and large cash crop plantations. There remains the need to diversify production, better link small holders with sustainable markets and sources of technology for increased production, and to reduce government controls. At the macro level, the agricultural sector is highly protected, suffers from inconsistent government policy and pervasive governmental controls. Furthermore, limits in the size of private landholding and the lack of a true land market limit investment opportunities and economies of scale in agriculture.

However, there has been some progress. At the macro-level, the realignment of exchange rates, the reduction of taxation on tree crops, and a move to private management of state-owned tea plantations have begun to rectify the long-standing discrimination against higher-income export crops. The performance of other agricultural products and non-traditional crops and products has been good. Reduction in some agricultural subsidies and governmental controls has started and represents a step towards introducing market efficiencies. The number of agro-enterprises has also risen in recent years and there is a growing realization of the vital role of the private sector in agriculture.

ENVIRONMENT

If economic growth is to be sustainable, close attention must be given to the management of Sri Lanka's natural resources and protection of environmental quality. The country's high population density and the reliance of the rural majority on natural resources for their livelihood, make sound management of resource endowments imperative. Because of inadequate environmental policies and institutions, there exist only weak market and other incentives for wise environmental management and compliance with environmental laws.

The results of this situation are: encroachment into parks and protected areas; unsustainable agricultural patterns; conflicts over irrigation water; uncontrolled urban and industrial pollution; and inefficient energy use. These social costs include adverse impacts on health from declining air and water quality, loss of bio-diversity in forest and coastal ecosystems, soil depletion and erosion, energy shortages, and other long-term detrimental environmental impacts.

Environmental awareness is well ingrained in a culture which has relied on sophisticated systems of irrigated and rainfed agriculture for centuries. This is evidenced most recently by the adoption of a comprehensive National Environmental Action Plan (NEAP) and new regulations requiring Environmental Impact Assessments (EIA). The NEAP recognizes that a piecemeal project-based approach to environmental problems is unlikely to succeed in the absence of sound environmental policies and institutions which provide proper incentives and increasingly rely on the self-interest of resource users.

Some promising avenues are apparent for improved environmental management in the country's economic development. As industrialization accelerates, special attention must be paid to pollution prevention and control and to energy efficiency. As the agriculture sector moves from the dual base of state plantations and subsistence production to a more diversified range of agribusiness outputs, new tenurial patterns based on shared control of land and water resources offer rich rewards from greater efficiency and sustainable production. As the services sector expands, and, particularly, as nature-based tourism increases foreign exchange earnings, there will be added incentives for the wise conservation of Sri Lanka's unique and increasingly threatened biological resources.

DEMOCRACY

Sri Lanka was a functioning democracy even before gaining independence from Britain in 1948. Periodic parliamentary and presidential elections have been largely free and fair with a voter turnout rate of 70 percent in the most recent presidential election. With an educated population and high literacy rate, freedom of information has been an important ideal. Sri Lanka's constitution guarantees a wide range of fundamental rights, comparable to rights guaranteed in many western democracies. A well-established legal system exists to enforce the rule of law. A system of provincial and lower level councils was established to devolve greater power to provincial and local governments. The GSL has become more responsive to citizens' concerns in sectors such as natural resource management and the promotion of private infrastructure.

Nevertheless, the weaknesses of basic democratic institutions (e.g. local government, the judicial system) constitute a major constraint to sustainable development. Sri Lanka still faces challenges in its efforts to develop a more broadly based democracy. The GSL's post-independence social welfare strategy led to impressive social indicators, but low GDP growth and a high level of underlying poverty. Long-standing ethnic tensions, meanwhile, were exacerbated by low growth and lack of employment opportunities and, as the political process failed to produce a solution, resulted in a costly ethnic conflict. This social unrest has challenged the foundations of Sri Lanka's democratic processes and institutions. The country's legal system reports backlogs in excess of 10 years, resulting in an overall sense of legal insecurity. Devolution of power to local government has made little progress, leaving most citizens few means of expressing their needs and interests, thus reducing their level of participation and limiting the means available to them for addressing their problems and improving their lives. The newly elected government is working to restore peace and improve democratic and legal institutions.

ETHNIC WAR

Resolution of the twelve year ethnic war in the North and East is essential to the ultimate achievement of sustainable economic growth in Sri Lanka. War costs are estimated to amount to

4.5 percent of GDP per year, an unquestionably heavy drag on the development of the economy. Moreover, hostilities have cost the country even more in lost growth over the past decade. For example, the city of Trincomalee on the northeastern coast has the finest natural deep water harbor in Asia. Yet, Trincomalee remains a town in disrepair whose citizens have lived in a near constant state of fear and have been unable to take the necessary economic initiatives to improve their lives. Similarly, the northern town of Jaffna has enormous economic potential as Sri Lanka's gateway to India. Instead, Jaffna's citizens live with severe economic hardships at ground zero of the war.

On a more national scale, it is equally clear that the war has slowed development. Perhaps the best example is the labor-intensive tourism industry. The number of tourists arriving in Sri Lanka are only now beginning to approach what they were in the mid-1980s. Many domestic and foreign investors have also avoided Sri Lanka because of war-related concerns regarding the country's political stability and its suitability for doing business.

OTHER DONORS

On the average, Sri Lanka receives about \$800 million per year in outside assistance from all donors. This total assistance averages about 9 percent of the GNP, or about \$45 per capita. In recent years, the U.S. has been the second largest (behind Japan) bilateral donor and the fourth or fifth largest overall. The U.S. "ranking" has been heavily influenced by the amount of its PL-480 food assistance, rather than development assistance funding levels. The leading donors are the Asian Development Bank (ADB), the World Bank (IBRD), the International Monetary Fund (IMF), Japan and the United States. There are 17 bilateral and 6 multi-lateral donors to Sri Lanka.

Together with the GSL, the World Bank chairs an annual Consultative Group (CG) meeting of aid donors in Paris. The CG facilitates overall coordination of aid policy and implementation, and is supplemented by periodic, less formal meetings in Colombo. (See Annex 4 for detailed description of USAID's coordination with other donors at the activity level.)

POLICY REFORM

In 1994, Sri Lanka began implementing the sixth year of a structural adjustment program aimed at moving the country to higher growth through a more open and competitive economy. The World Bank and the IMF actively advise and assist with the structural adjustment process. The GSL's policy reform objectives, as expressed in its Policy Framework Paper (PFP), are to reduce the size and increase the efficiency of the public sector and to remove constraints on the private sector. The GSL's PFP includes budget restructuring, public enterprise reform, regulatory reform, and financial sector reform, as well as sectoral policy reforms in agriculture, infrastructure, transport, water supply and sanitation, energy, and environment. USAID technical assistance and PL-480 Title III assistance facilitate several of these reforms (see Annex 5). Although momentum has sometimes been slow, the GSL's progress on its PFP has been satisfactory. The GSL maintains a healthy, candid, working relationship with the World Bank and the IMF.

TRANSITION TO SUSTAINABLE DEVELOPMENT

Sri Lanka is a responsible and accountable development partner. The chances of development sustainability within the next decade are high. The GSL's policies and overall directions are independently articulated, and are generally consistent with those promoted by the U.S. The GSL is committed to improving the lives of its citizens, and therefore has taken on many economic and social reforms, and institutional restructuring. In fact, the GSL has displayed some evidence of "transition" capability. Recognizing Sri Lanka's progress, there is a lower relative need for donor assistance in health and population (including assistance from USAID in prior years), and in basic education. Consequently, USAID assistance is not proposed for these purposes.

Sri Lanka has made good development progress, but this progress and its current record are short lived. Without significant additional progress in economic growth and the development of better functioning democratic institutions, Sri Lanka will not be able to bring more of its people into the economic mainstream and sustain gains to date.

Sri Lanka justifiably has "Newly Industrialized Country" aspirations, but hopes and claims that it is on the threshold of achieving NIC status are premature. However, positive momentum is building, and, if outside assistance can stay the course through the next decade, perhaps Sri Lanka may become a bona fide candidate for graduation -- a clear cut aid success story.

In summary, Sri Lanka's main constraints for transition to equitable, sustainable development are:

- Persistent poverty, including high levels of childhood malnutrition
- Ongoing ethnic war in the Northern and Eastern Provinces
- Fragile economic growth, insufficiently broad-based
- Inadequate economic infrastructure
- Weak democratic institutions
- Insecure land tenure and environmental degradation

A STRATEGIC FRAMEWORK: THE NEXT FIVE YEARS

THE GOAL: A GREEN, DEMOCRATIC SRI LANKA WITH BROAD-BASED SUSTAINABLE DEVELOPMENT

The Program Objective Tree for achieving the Mission goal is shown in Figure 1. Three strategic objectives will contribute to achievement of the USAID Sri Lanka goal.

STRATEGIC OBJECTIVE ONE: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Most Sri Lankans have limited economic opportunities. Average income is less than \$50 a month. At least one in six people is unemployed. The best way to increase employment and income opportunities for poor people is through an expanding private sector. USAID assistance will address the major constraints to access and opportunity in the private sector: inconsistent government policies and regulations; insufficiently developed financial markets; inadequate economic infrastructure; limited access to new markets and technologies; government interference in the agricultural sector; and a shortage of adequately trained private sector managers. USAID will help strengthen both the rural and urban economies through small and microenterprise development, financial markets development, promoting economic liberalization and privatization, transferring new technology and skills, finding new and expanded markets, strengthening formal market institutions and mechanisms, and encouraging free market agricultural reforms.

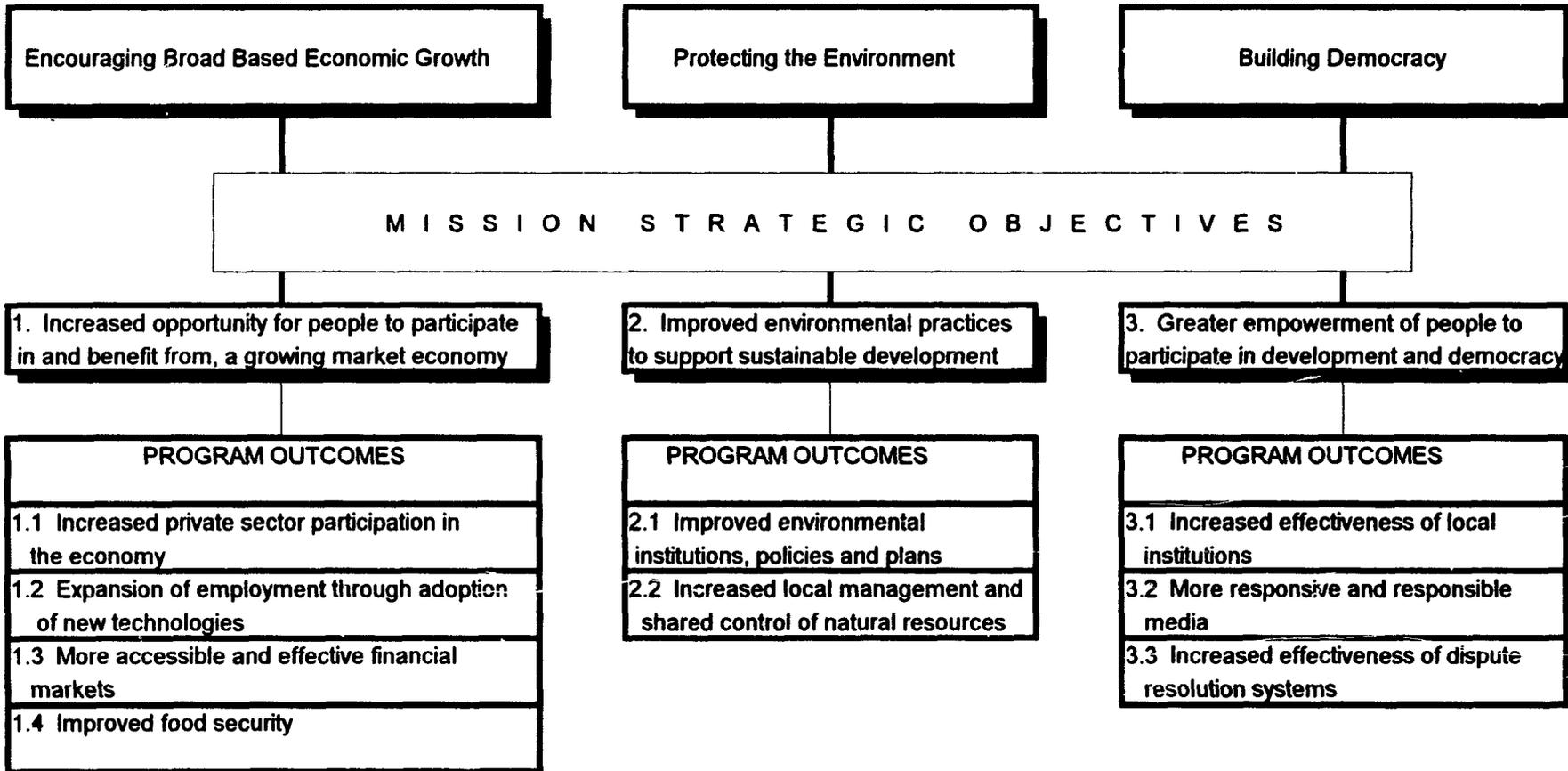
Indicators of Success:

- ▶ Private investment as a percentage of GDP to increase from 15.2 percent in 1994 to 17.2 percent in 2000.
- ▶ Increase in Board of Investment (BOI) approved investment by 65 percent from \$800 million in 1994 to \$1,320 million by 2000.
- ▶ Prevalence of stunting and wasting among pre-school children will decline from 60 percent in 1994 to 40 percent in 2000.

Figure 1

**USAID / SRI LANKA
PROGRAM OBJECTIVE TREE**

AGENCY GOALS



8A

Program Outcomes, Indicators and Targets:

Program Outcome	Performance Indicator
<p>1. Increased Private Sector participation in the economy</p>	<p>1. Increase in value of private sector investment in economic infrastructure from \$0 million in 1994 to \$350 million in 1999.</p> <p>2. Total of \$754 million of targeted government assets transferred to private control by 2000.</p> <p>3. Increase in percentage share of targeted staple food trade by the private sector from 75% in 1995 to 100% by 1998.</p>
<p>2. Expansion of employment through adoption of new technologies</p>	<p>1. Cumulative increase in total employment in targeted enterprises from 14,646 in 1994 to 55,446 in 2000.</p> <p>2. Cumulative increase in total value of investments in new technologies in targeted enterprises from \$6.14 million in 1994 to \$51.44 million by 2000.</p>
<p>3. More Accessible and Effective Financial Markets</p>	<p>1. Cumulative # of below median income households receiving housing loans from 45,000 households in 1994 to 162,000 households in 2000.</p> <p>2. Cumulative increase in employment by companies raising new capital on the Stock Exchange from 24,019 in 1994 to 92,019 in 2000.</p> <p>3. Increase in # of shareholders of publicly traded equity from 127,500 in 1994 to 250,000 in 2000.</p> <p>4. Cumulative value of capital raised through private equity and debt issues from \$480.7 million in 1994 to \$1,938.7 million by 2000.</p> <p>5. Cumulative increase in value of loans to targeted micro and small enterprises including small farmers from \$7.1 million in 1994 to \$29.7 million by 2000.</p>
<p>4. Improved food security.</p>	<p>1. Increase in per capita caloric food availability from 2,328 calories in 1995 to 2,475 calories in 2000.</p> <p>2. Decrease in percent of women with iron deficiencies from 67% in 1995 to 52% in 2000.</p>

Key Problem Areas to be Addressed: Expanding employment opportunities is critical and, for those people at the poverty level, micro and small scale enterprises are an important path to increased incomes and employment. Further up the economic ladder, more Sri Lankans must participate in private productive economic activities as owners, employees, or shareholders. In this regard, developing the capacity of private entrepreneurs and enterprises, privatizing state-owned enterprises, mobilizing savings and investment, and increasing private participation in infrastructure development are especially critical. Sri Lanka needs improved policy and institutional structures, and major investments in technology, training and export infrastructure. USAID will address the following:

- Unclear and restrictive public policies and procedures related to excessive government control and interference, which limit new investment and competition in key economic sectors;
- Lack of viable, self-sustaining, medium and long-term financing for the private sector in general and access to credit for micro-enterprises and agriculture in particular;
- Insufficient knowledge about, and limited access to, new production technologies and export markets, especially for small and medium scale businesses, micro-enterprises and small farmer associations;
- Insufficient government funds available to invest in economic infrastructure and services (power, telecommunications, ports, roads, water and sanitation);
- Low levels of labor productivity in both the public and private sectors exacerbated by a mismatch of available business training and the management skill needs of the private sector; and
- A widespread malnutrition problem, especially among women and children.

Programmatic and Policy Approaches: Under a consolidated Sustainable Economic Growth Program (SEGP), USAID will fund economic growth activities to address the above stated problems. SEGP will consolidate existing, as well as new activities under SO1 by bringing them together under one overarching program. (See Annex 3)

- ◆ Assistance to small to medium sized manufacturing firms, agro-enterprises, and micro-enterprises. These activities will be particularly important for expanding access to new technologies, markets and employment, but will also help people to participate in the economy. These activities build on the Mission's successful Technology Initiative for the Private Sector (TIPS) and Agro-Enterprise (AgEnt) projects. Expanded activities will continue technical assistance, training and other support for small and medium businesses with an increased emphasis on outreach to women entrepreneurs and rural businesses, establishment of commercial farmer organizations and promotion of contract grower schemes for high value crops. A new human resource development activity will help improve business management and technical skills.
- ◆ Assistance to support improved economic policies, including more effective food policies, technologies and distribution systems. Policy analyses and specialized short-term technical

assistance, combined with longer term assistance for policy reform and institutional development, will achieve more efficient financial markets, provide more sustainable and better paying jobs and facilitate business expansion. USAID will also explore options to increase non-government participation in policy design and implementation through a small grants activity with local economic policy institutes, firms and/or business chambers. Limited direct support to private sector financial market institutions will be continued.

- ◆ The Mission's Housing Investment Guarantee (HIG) program will continue to provide below median income families (less than \$95 per month) with market rate, long term credit for housing, as well as support private investment in the development of urban environmental infrastructure such as water supply and distribution, solid waste and waste water treatment systems. The Mission plans to start up a new loan guarantee program in partnership with the Global Bureau's Micro and Small Enterprise Development (MSED) Project. Finally, if the PL-480 Title III program remains viable, it could effectively help address the malnutrition and food security problems and would help leverage free market agricultural reforms, while making U.S. wheat available to support humanitarian resettlement programs and feeding programs for the rural and urban poor. If PL-480 Title III is not viable, then PO number four ("Improved Food Security") becomes vulnerable and less feasible to attain.

Key Assumptions:

- GSL remains committed to open markets through economic reform, deregulation, privatization, and trade liberalization.
- Private sector investment will increase in response to GSL open market measures, and this new investment will produce more, better paying, sustainable jobs.
- Sri Lanka's major export products remain competitive and access to international markets is maintained.
- Progress toward social and political stability will be maintained.
- Sri Lanka will receive adequate Development Assistance Funding, at least 50-60 percent of which can be utilized for economic growth activities.

STRATEGIC OBJECTIVE TWO: IMPROVED ENVIRONMENTAL PRACTICES TO SUPPORT SUSTAINABLE DEVELOPMENT

Insecure land tenure, lack of water rights, and predominant public ownership of land are root causes of poor land and water management. These patterns distort incentives to land-use and water resource planning and investment, and encourage subsistence production systems, inefficient use of water and destruction of bio-resources. Current patterns of land and water use are the result of administrative fiat, consequent rent-seeking and highly distorted markets. In many coastal areas, coral reefs and estuaries also suffer from the disposal of untreated waste, coral mining and over-fishing, and the effects of urban and industrial problems.

Sri Lanka is depleting its natural resource base at an accelerated pace. Its population density is one of the highest in the world. It is therefore imperative that its natural resources be wisely managed to ensure that the gains from economic growth are not undermined by declining environmental quality or resource degradation. Although economic growth is primarily to be generated by industrial development, agriculture and tourism will play an important role in job creation. USAID assistance helps to build institutions capable of formulating and implementing policies and programs to ensure full attention to environmental management.

Indicators of Success:

- ▶ Number of people engaged in or benefitting from adoption of environmentally sound practices will increase from 100,030 in 1994 to over 170,000 by 2000.
- ▶ The percentage of high polluting industries which are implementing pollution prevention/control measures will increase from 10 percent in 1994 to 60 percent in 2000.
- ▶ The number of targeted hectares of land with agricultural conservation practices will increase from 3,360 hectares in 1994 to 37,460 by 2000.
- ▶ The percentage of targeted municipal solid waste disposed through environmentally sound systems will increase from 0 percent in 1994 to 60 percent in 2000.

Program Outcomes, Indicators, and Targets:

PROGRAM OUTCOME	PERFORMANCE INDICATORS
1. Improved Environmental Institutions, Policies, and Plans	1. Increase in implementation of the National Environmental Action Plan from 10% in 1994 to 80% in 2000.
2. Increased Local Management and Shared Control of Natural Resources	1. Increase in the number of households with secure land tenure/natural resources rights from 5,161 households in 1994 to over 220,000 households in 2000. 2. Increase in the number of user groups with joint responsibility for management of water rights from a total of 445 in 1994 to a total of 2,690 by 2000.

Key Problem Areas to be Addressed: Sri Lanka's ability to accelerate and sustain its economic growth is dependent upon steps it takes over the next five years to establish sound practices for environmental and natural resources management. Conservation of its globally significant biodiversity is also of both local and international importance.

Sri Lanka's 1995-1998 National Environmental Action Plan (NEAP) provides a thorough and well conceived analysis of the environmental constraints affecting the country's growth, necessary policy and institutional reforms, and recommended investments to establish environmentally sound

practices. The USAID program will address the following five areas, all of which are identified in the NEAP:

- **Policy Reform and Institutional Strengthening.** Significant strides have been made with USAID support. Further work is needed, however, to ensure that environmental considerations are routinely incorporated into the work of national and sectoral agencies as well as provincial economic development programs. Increased competition for water resources for irrigation, industry, power and urban uses will require improved planning systems.
- **Land and Water Resources Management.** A number of land and water tenure reforms are needed relating to both plantation and smallholder agriculture. The absence of good cropping and cultivation systems has led to severe land degradation. For example, soil erosion caused an estimated annual loss to the economy of \$85 million due to reduced tea production. Further policy and field interventions are needed to establish new institutional arrangements for land and water tenure, largely based on public-private partnerships and to introduce technologies for better conservation and sustainable use of resources.
- **Biodiversity Conservation and Sustainable Use.** Sri Lanka has many unique and globally significant ecosystems and species. Its tropical forests, which covered 80 percent of the country in 1900, stand at only 19 percent today. The wide-scale deforestation has led to a major decline in the country's biodiversity, and causes soil erosion, flash floods and other forms of environmental damage. In addition to forest loss, inland and coastal wetlands have been filled in by land developers. Biologically rich coral reefs are being mined, and their loss is leading to accelerated beach erosion adversely affecting coastal and marine ecosystems. All biodiversity loss has major negative impacts on the country's employment and foreign exchange producing tourism industry and the medicinal plants industry. The best opportunities for intervention lie in further strengthening of public institutions responsible for parks and protected areas as well as encouraging community approaches to the conservation and use of resources.
- **Urban and Industrial Environmental Management.** USAID has assisted in the development of a policy package for clean industrialization based, in part, on promotion of pollution prevention and waste minimization. Further strengthening of key institutions is needed to ensure full pay-off from this investment.
- **Energy Conservation and Efficiency.** The largest single energy source in the country continues to be fuelwood, underlying obvious links between forest management and energy issues. However, electric power--90 percent of which is currently supplied by hydro resources--is central to the country's industrially-based economic growth strategy. There is very little further potential for hydropower expansion, and fossil fuels are expected to become increasingly important as the country strives to meet growing electricity demand--projected at 9 percent annually. If this path is followed, the electricity sector will compete with transport as a principal source of air pollution. Strong incentives for energy efficiency in industry, commerce, and residential consumption must be created, with a special emphasis on influencing the behavior of new consumers.

Programmatic and Policy Approaches: The three elements of USAID's environmental assistance are: (1) strengthening public policies and leveraging donor resources; (2) strengthening key environmental institutions, both public and private; and (3) participatory pilot demonstration programs. These elements are mutually reinforcing. USAID interventions will include:

- ◆ **Public Policies and Donor Leveraging.** USAID has established a leadership position in providing support for the formulation of a national policy agenda. In collaboration with other donors and the NGO community, support will be provided to the Ministry of Transport, Environment and Women's Affairs, the Central Environmental Authority, and the National Planning Department. Technical assistance will address the following high priority policy issues: land and water tenure; market-based incentives for industrial pollution control and energy efficiency; and implementation of the national Biodiversity Action Plan.
- ◆ **Institution Strengthening.** USAID will target its interventions in: further support for university environmental education programs and environmental non-governmental organizations; restructuring of organizations responsible for biodiversity conservation and wildlife management; strengthening environmental cells in select GSL line agencies; and assistance to financial institutions and industry associations in meeting environmentally-related demands.
- ◆ **Participatory Field Demonstrations.** Field activities provide evidence of environmental improvements linked to policy changes and institutional reforms. Expanded demonstrations are anticipated in each of the major program areas, including: land and water resources management; biodiversity conservation; urban and industrial environmental management; and energy conservation and efficiency. USAID will encourage approaches which emphasize the immediate financial benefits of waste minimization for the private sector in its pollution abatement and energy conservation efforts. It will also support women's active role in the management of community natural resources.

Key Assumptions:

- The GSL remains committed to implementation of its 1995-98 National Environmental Action Plan (NEAP), and will produce a high quality update sometime in 1997.
- Greater GSL attention to environmental considerations in national and sectoral economic policies will continue.
- GSL, private sector, and NGO communities will remain highly receptive to USAID environmental activities.
- USAEP resources will be available to support selected activities related to industrial environmental management and energy efficiency and conservation.

STRATEGIC OBJECTIVE THREE: GREATER EMPOWERMENT OF PEOPLE TO PARTICIPATE IN DEVELOPMENT AND DEMOCRACY

Other than elections, ordinary citizens have limited opportunities to participate in decision making that affects their political, social, and economic well-being. This results in people feeling powerless, thus reducing incentives to resolve needs and problems on their own and to invest, in a broad sense, in their economic improvement. Broader participation, improved public information, and more responsive and capable democratic institutions are essential for broad-based citizen empowerment.

Indicators of Success:

- ▶ Increased devolution of authority and resources to local government units.
- ▶ Increase in # of people with access to legal services and information.

Program Outcomes, Indicators, and Targets:

PROGRAM OUTCOME	PERFORMANCE INDICATORS
1. Increased Effectiveness of Local Institutions	1. Increase in # of targeted NGOs and local governments achieving a defined rating from 0 in 1994 to a total of 53 by 2000. (Ratings will be derived from surveys which assess, among other things, accountability, transparency, and advocacy effectiveness) 2. Increase in # of community groups achieving a defined rating from 0 in 1994 to a total of 905 by 2000. 3. Increase in # of development projects jointly implemented by targeted local government and NGOs from 0 in 1994 to 25 in 2000.
2. More Responsive and Responsible Media	1. Increase in # of targeted electronic media and publications with multi-source reporting from 0 in 1994 to a total of 8 by 2000. 2. Increase in the percentage of citizens with information on national and local issues.

PROGRAM OUTCOME	PERFORMANCE INDICATORS
3. Increased Effectiveness of Dispute Resolution Systems	1. Decrease in the # of backlog cases in the Court of Appeals from 14,000 in 1994 to 8,000 in 2000. 2. Increase in the # of people using mediation boards from 184,000 in 1994 to 275,000 in 2000. 3. Increase in percentage of mediation board cases resolved from 59% in 1994 to 70% in 2000.

The Mission has established baselines and targets for all indicators under SO3 (Democracy) with the exception of the two SO indicators and one indicator under PO2. Extensive survey work will be carried out in FY 1995 by implementing organizations under CIPART cooperative agreements to establish baselines and targets for these three remaining indicators. All SO 3 baselines and performance targets will be established by September 30, 1995. USAID Sri Lanka's democracy initiative is critical for reaching the Mission's overall goal of broad-based sustainable development.

Key Problem Areas to be Addressed: The GSL's post-independence social welfare strategy did not lead to sustainable economic growth. Competition for political power led to policies in the 1950s which alienated minority groups. Unemployment reached high levels in the 1970s, especially among rural youth. Many felt they had inadequate access to legal or political avenues of redress for their grievances. The 1980s were marred by communal rioting, insurrection, and armed conflict in reaction to these social, economic, and political conditions. Concepts of individual freedoms, tolerance for other points of view, and the protection of minorities' rights need to be reinforced. The lives of people living in the North and East have been profoundly affected by the war. It is time-consuming and costly to redress grievances within the legal system. There is still a relative paucity of fora and institutions that can present the voice of ordinary people in discussions with local and national decision-makers. Decentralization of government authority to the local level has made little progress. Weak democratic institutions serve to increase risk and retard economic investment and broad-based growth. As a result of all of this, many citizens feel powerless and are left unmotivated to pursue better economic lives.

The following constraints are the most important barriers to greater citizens' participation:

- A predominance of top-down, centralized approaches to problem-solving leading to a dependency on government to solve problems and a lack of awareness concerning alternative development processes;
- Lack of a fiscally decentralized and devolved local government;
- Limited ability and means to articulate issues in an organized and productive way to policy and decision makers;

- Inadequate information regarding constitutionally-guaranteed fundamental rights and means of redress;
- A legal system that is inadequate to resolve the wide range and large numbers of pending civil, criminal, and commercial cases; and
- Controls on the free flow of information, which inhibit people from making informed decisions concerning their own development.

Programmatic and Policy Approaches: The key to addressing many of the constraints is active participation of ordinary people in public decision-making processes. USAID activities will help to equip citizens with knowledge and skills to articulate their development needs, redress their grievances legally, encourage self-initiative, and provide the means to follow up with a plan of action. In this context, USAID will work through organized intermediary organizations such as citizens' groups, professional associations, universities, NGOs and government organizations such as local government and the judiciary as important means to forging partnerships between citizens and their government.

Specifically, USAID's democracy efforts will include the following interventions:

- ◆ Strengthening of local citizen groups and NGOs as a means to empower people and encourage broader participation in the identification and implementation of development activities. USAID will: 1) support groups that are poised to be effective agents of economic advocacy, such as NGOs, farmers, micro-enterprises, and labor groups, as well as those addressing the special problems of women, youth, and victims of the North and East conflict; and 2) provide technical assistance that targets lead or umbrella NGO groups that can consolidate citizens groups' input, amplify their concerns, facilitate resource transfers, provide training programs, and disseminate information.
- ◆ Strengthening of local governments, especially the "pradeshiya sabhas" or village level elected councils, to work with citizens' groups and their representatives on development issues. USAID will: 1) provide technical assistance and training to local government officials in public administration and financial management, the identification of development priorities, and project planning and implementation; and 2) establish a jointly administered development fund to finance development activities that respond to local needs such as land and water use, resource management concerns, water and wastewater systems, and roads.
- ◆ Assistance to institutions, both formal and informal, which will improve citizens' access to legal services, dispute resolution and protection of fundamental rights. USAID will address human rights issues by providing institutional and program support to NGOs to: 1) expand legal aid services and legal literacy; 2) improve civic education programs in schools and universities; 3) provide assistance to detainees; 4) assist women and child victims of violence; and 5) research and document violations of human rights. USAID will assist in the modernization of the judicial

system by: 1) providing an automated case tracking system for the Court of Appeals to address the problems of case delay, expand and improve the professionalism of the Mediation Boards program, and develop alternative dispute resolution in new areas of the law; and 2) providing training to upgrade the skills of judges and lawyers to provide better representation to clients and improve case management.

- ◆ Improving the access of ordinary people to information on their rights as citizens to participate in decisions that affect their lives. USAID will: 1) provide technical assistance and training to Sri Lankan journalists and editors to improve professionalism in the media; 2) support university journalism degree programs through faculty and curricula development; 3) assist media associations in promoting professional media standards; and 4) broaden the network of sources of information to include community organizations and NGOs.

Key Assumptions

- GSL's policies will foster broad-based growth and socio-political stability.
- There will be continuing efforts to resolve the conflict in the North and East to restore functioning communities, peoples' faith in dispute resolution, and a sense of normalcy in an atmosphere that respects fundamental rights.
- GSL will demonstrate increasing commitment to devolution of centralized authorities and resources and support strengthening the role of local government, including access to adequate resources to address citizens' development needs.
- GSL will increasingly support an independent judicial system and media for transparent governance and accountability.

TARGETS OF OPPORTUNITY

In addition to its three strategic objectives and related program outcomes, USAID Sri Lanka will pursue two "Targets of Opportunity" as specific initiatives under the existing SO's. These initiatives have begun with limited Mission funding. However, they are priority candidates for increased effort and "partnerships" between central bureau programming and the Mission. These two targets of opportunity are:

1. Northern-Eastern Provinces Humanitarian Crisis

Sri Lanka's 12-year, ethnic-based internal conflict persists in the Northern and Eastern provinces. It has cost the lives of 30,000 Sri Lankans. The "Tamil Tigers" (LTTE) lead a secessionist movement against the country's majority Sinhalese population. The Northern and Eastern provinces comprise 15 percent (2.5 million persons) of Sri Lanka's total population and 30 percent of its land area. There are about 535,000 internally displaced persons in Sri Lanka, and about 64,000 Sri Lankan Tamil refugees in southern India, awaiting resettlement.

In addition to humanitarian concerns, the conflict is a drain on the country's budget (currently demanding about 4.5 percent of annual GDP) and a major deterrent to national stability and sustainable economic growth. Both shorter-term relief and resettlement assistance, and longer-term infrastructure reconstruction and rehabilitation, are urgent needs. USAID assistance to these needs will be consistent with the Agency's strategy for "Humanitarian Assistance and Aiding Post-Crisis Transitions."

The new Peoples Alliance government, popularly elected to power in the second half of 1994, successfully negotiated a January 1995 Cessation of Hostilities with the LTTE. Under the Cessation of Hostilities, the GSL and the LTTE are seeking a formula under which they might begin peace negotiations. The GSL, with World Bank and UNDP assistance, is formulating a multi-year Emergency Reconstruction and Rehabilitation Program (ERRP) during 1995 for the Northern and Eastern provinces. The total estimated ERRP package will cost \$1.3 billion. It is clear that the GSL will depend heavily on donor assistance for the ERRP. USAID estimates that approximately \$10 million in additional USAID assistance would support peace-related development initiatives.

2. HIV/AIDS Prevention

Sri Lanka is at an opportune position in the worldwide AIDS epidemic. At present, AIDS incidence in Sri Lanka is low (about 6,000 persons are HIV positive). However, several factors will contribute to rapid HIV transmission (12,000 HIV positives are anticipated by 1997/98). STD rates are relatively high, with an estimated 200,000 cases in a total population of 17.6 million. General knowledge about HIV/AIDS is low, and there are widespread misperceptions regarding HIV transmission. A commercial sex industry caters to both foreigners and Sri Lankans. There is significant contact between Sri Lankans and high HIV/AIDS prevalence areas in southern India. Through a National AIDS Committee, the GSL has formulated a 5-year Medium Term Plan (MTP) for addressing HIV/AIDS issues. NGOs have key roles in the MTP. A timely AIDS education and prevention effort can reduce the impact of the inevitable epidemic.

The AIDSCAP/Asia Regional Office in Bangkok and the ANE Bureau's HIV/AIDS Coordinator made assessment visits to Sri Lanka during 1994. Based on these assessments, USAID is moving forward with public education assistance and plans to support the establishment of a local office of the International HIV/AIDS Alliance. The Alliance is an international NGO dedicated to coordination and networking of HIV/AIDS activities among NGOs and with the public sector.

Emphasis will be on NGO capacity building, coordination with the GSL, networking among organizations, and behavioral research. Modest USAID assistance is in place to support individual NGOs. However, to have a meaningful impact, this assistance should be increased considerably through partnerships with the Global Bureau and ANE regional funding and services.

POLICY REFORM AGENDA

The Mission recognizes the importance of the broader policy framework to the accomplishment of the strategic objectives. It has instituted procedures to identify policy constraints, and a common agenda to provide analysis and leverage to resolve these constraints. The Mission's PL-480 Title

III program leverage, technical competence, tightly-focused program, field presence, and high regard from the GSL and donor community have enabled it to perform a key policy leadership role. This role will continue. Each of the Mission's three strategic objectives has a policy agenda which is maintained and monitored in the Mission's Policy Reform Agenda (see Annex 5).

CORE COUNTRY PROGRAM AGREEMENTS

The Mission has taken the initiative to organize and manage itself in the letter and spirit of reinvention as the new CPS period begins. The Mission has formed Strategic Objective Teams composed of USDH and FSN professional staff to conceptualize and compile its strategic framework. These teams will be used to manage implementation and monitoring of the Mission's subsequent activities to achieve its SOs and POs. The Mission has consolidated its portfolio into three SO-based core programs, both to manage activities and to obligate funds. They are:

1. The **Sustainable Economic Growth Program (SEGP)** agreement will provide a new coherent structure for ongoing and new activities under the first strategic objective, economic growth. The NAD for SEGP is Annex 3. Two supplemental programs are integral components of the overall strategic objective for economic growth:

a) **Loan Guarantee Program** agreements will cover 1) low income housing and urban environmental infrastructure activities under authorization from USAID's Housing Investment Guarantee (HIG) Program; and 2) micro and small business credits under the Global Bureau's Micro and Small Enterprise Development (MSED) Project.

b) The **PL-480 Title III Program** is currently authorized under the February 1994 Agreement between the GSL and the U.S. Government. This, or a similar agreement, would cover any available PL-480 assistance.

2. The **Natural Resources and Environmental Policy (NAREP)** Program agreement houses all activities for SO number two, improved environmental practices.

3. The **Citizens Participation (CIPART)** program agreement houses all activities for SO number three, greater empowerment of people to participate in development and democracy.

STRATEGY CONSULTATIONS

This strategy was influenced by consultations with USAID staff, NGOs, academia, other donors, contractors, and most importantly private sector and host country counterparts. In addition to discussions with people, the strategy's authors consulted GSL official papers, plans, and speeches as well as USAID project papers, project agreements, and evaluations.

The CPS substance reflects the GSL's concurrence in, and partnership with, USAID's basic program directions. As this CPS was being written, Sri Lanka had a change in government. Initial policy statements and actions of the new government, and USAID's consultations with them, have

confirmed the new government's commitment to democratic and free market economic principles, as well as its sensitivity to maintaining the natural resource base of their island country.

There is regular cooperation between USAID and the American Embassy on program and policy strategy, and project design. For example, the Embassy and USIS were, and remain, regularly involved in the design and implementation of the Citizens Participation (CIPART) program, as well as agriculture activities related to economic growth and the promotion of U.S. trade and investment opportunities. USAID is an active participant in the Embassy's Mission Program Plan and new Strategic Commercial Plan.

USAID SRI LANKA: THE NEXT THREE YEARS

THE ACTION PLAN (FY 1995 - FY 1997)

Sri Lanka is a responsive sustainable development partner. Its prospects for sustained development are perhaps the best in South Asia. USAID has close partnerships with public and private Sri Lankans to support the goal of a green democratic Sri Lanka with broad-based sustainable development. Sri Lanka's progress has been good, but it is also fragile. Sustainability will depend significantly on social and political stability, continued policy reform, and progress in the three strategic areas now targeted by USAID assistance.

The Mission plans to allocate approximately 67 percent of its funds for economic growth activities, 19 percent for environment activities, and 14 percent for democracy activities. Over the next three years, the USAID program will enable greater participation by people of all economic classes to define their own needs and achieve their own solutions. It will also help to facilitate a wide range of environmental actions and policies that are compatible with the long-term sustainable development interests of the country. Finally, the program will support broadly-based economic empowerment through economic liberalization, the facilitation and expansion of micro and small scale enterprises (both urban and rural), and related financial market and credit instruments and infrastructure development.

The Mission is able to implement its three strategic objectives (and component program outcomes) within the FY 1995 - FY 1997 Action Plan control numbers for funding, and its existing straight lined staffing and OE levels (see Program Resource Requirements on page 29). Implementation of the strategy to achieve the strategic objectives would be enhanced with increased central funding partnerships. Implementation of the two Targets of Opportunity is only possible with central funding partnerships.

The Mission's Program Objective and Activity Tree is shown in Figure 2; the Mission's Portfolio Timeline is shown in Figure 3.

STRATEGIC OBJECTIVE ONE: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Sri Lanka's economy must be broader-based and more firmly rooted to sustain economic growth and to improve living standards for all. Mobilizing new private investment funds and developing mechanisms to finance a wider range of economic activities are imperative to producing more and better paying jobs for the poor. Emphasis will, therefore, be on enterprise development, increasing the efficiency of financial and capital markets, economic liberalization, and technology transfer.

Performance: The availability of technical and support services to micro-enterprises and small businesses has improved, and has led to measurable effects on productivity, job creation and profitability. 16,500 people have increased their incomes through promotion of non-farm micro and small businesses and agribusinesses. Employment opportunities have been enhanced at the grassroots level by setting up micro-enterprise/income generation activities through Private

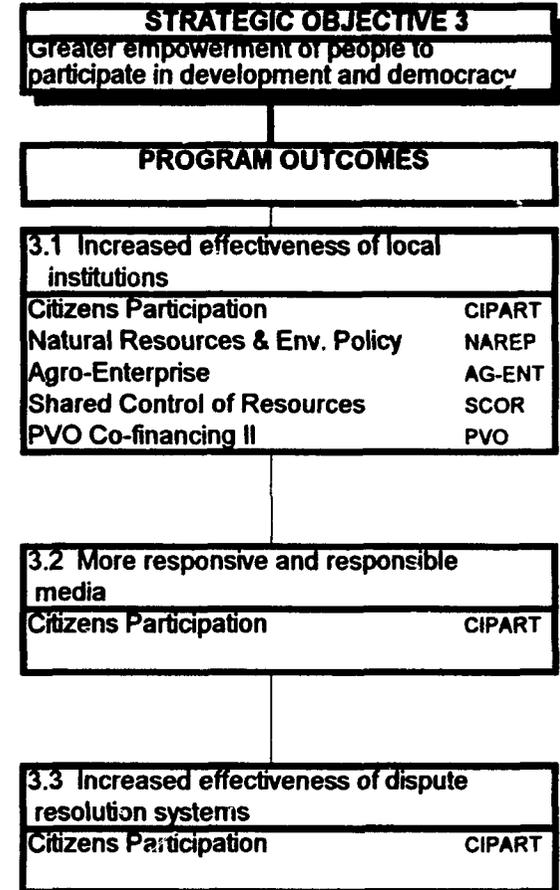
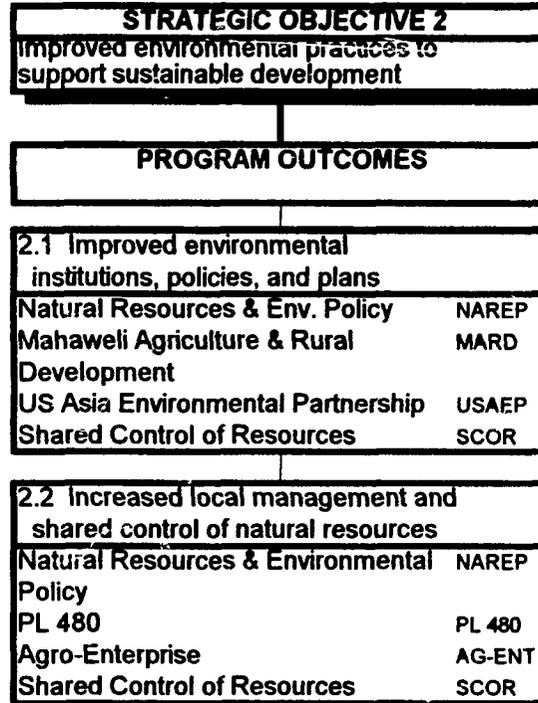
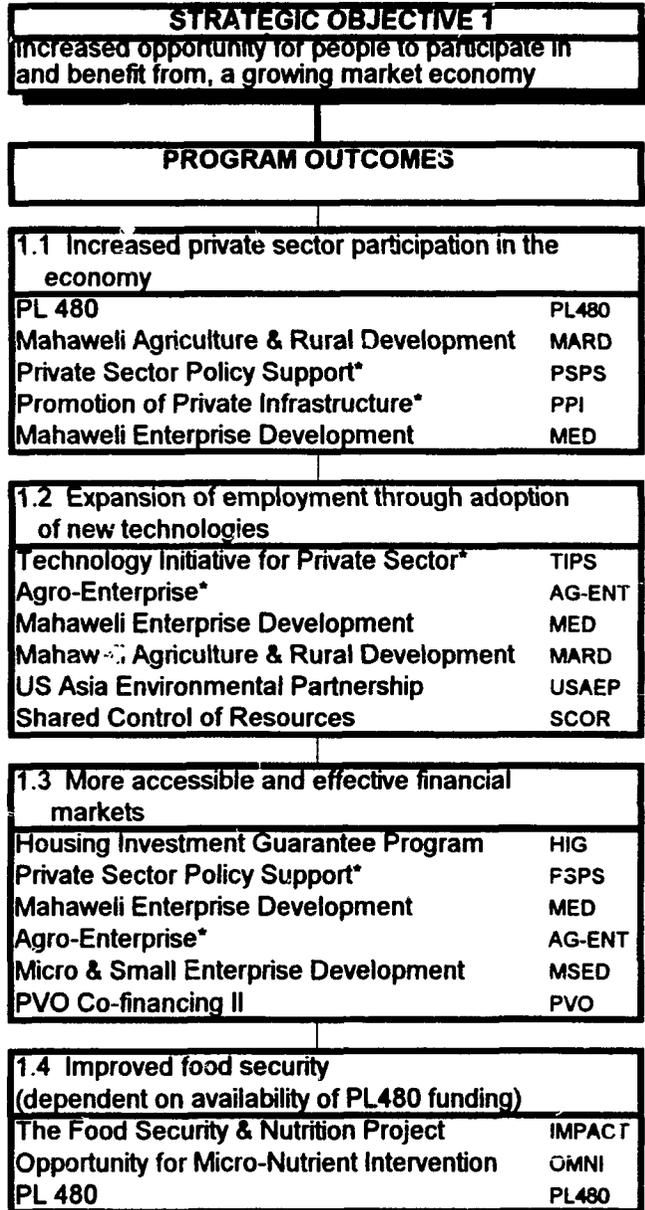
Figure 3

USAID SRI LANKA PORTFOLIO TIMELINE

Number	Strategic Objective/ Project Name	FY 1994				FY 1995				FY 1996				FY 1997			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
	Strategic Objective 1: Economic Growth Increased opportunity for people to participate in, and benefit from, a growing market economy.																
383-0090	Mahaweli Enterprise Development (MED)									12/95							
383-0100	Private Sector Policy Support (PSPS)									To SEGP	7/96						
383-0118	Promotion of Private Infrastructure (PPI)									To SEGP	9/96						
383-0108	Technology Initiative for the Private Sector (TIPS)									To SEGP		12/96					
383-0111	Agro-Enterprise (Ag-Ent)									To SEGP						9/98	
383-0120	Sustainable Economic Growth Program (SEGP)									10/95						9/01	
PL480-III	PL-480 Title III Program											12/96					
383-HG004/6	Housing Investment Guarantees																
936-4216	Micro & Small Enterprise Development Program (MSED)									8/95							
	Strategic Objective 2: Environment Improved environmental practices to support sustainable development.																
383-0086	Mahaweli Agriculture & Rural Development (MARD)									8/95							
383-0109	Natural Resources & Environmental Policy (NAREP)															9/98	
383-0109	Shared Control of Resources (SCOR) (Sub-project)															9/98	
	Strategic Objective 3: Democracy Greater empowerment of people to participate in development and democracy.																
383-0101	PVO Co-Financing II (PVO II)													8/96			
383-0119	Citizens Participation (CIPART)															5/94	5/00

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Figure 2
USAID / SRI LANKA
PROGRAM OBJECTIVE & ACTIVITY TREE



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* projects will be subsumed in SEGP

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new and more productive farming techniques, and vocational skills training for 27,500 people in urban and rural areas. Through the Agromart Outreach Foundation, an NGO created by the Women's Chamber of Commerce and Industry, USAID has assisted over 3,000 poor women have increased their incomes through agriculture-related microenterprise development.

New enterprise creation and expansion of existing enterprises, made possible by assistance to Sri Lanka's capital market, created over 14,000 jobs by 1993 and an estimated 10,000 jobs in 1994, bringing the total jobs created to approximately 24,000. In 1994, the capital market raised \$182.3 million through initial public offerings and rights issues, compared to just over \$20 million three years ago.

Dissemination of new technology has enabled farmers to realize additional income over their traditional crop paddy from irrigated plots. Improved farming techniques and diversification into high value crops have increased income of participating farmers from \$578 per year in 1987 to \$1,042 per year in 1992/93. Nearly 39,800 farmers, including 8,171 women farmers, have been trained in different disciplines.

Through 1994, TIPS provided matching technology grants and general business assistance to 1,000 firms; 375 of them have purchased over \$15 million in goods and services from the U.S., producing nearly a fivefold return on USAID's investment. With USAID assistance, over forty of sixty-two companies identified by the GSL have been privatized, and \$310 million in assets transferred to private control.

Local currency generated through the PL-480 Title III program supported GSL's feeding programs, benefitting approximately 1.19 million poor people in 1994 alone (many of whom are in displaced persons camps), and leveraged a full range of policy reforms. Over 700,000 rural poor, of which 300,000 were women, have received loans due to the strengthening of community-based Thrift and Cooperative Societies. The current USAID Housing Investment Guarantee program has provided approximately 45,000 below median income families (less than \$95 per month) with long term credit for housing. Thirty-one percent of these loans were made to female-headed households.

Tactics: USAID will consolidate its economic growth activities under a new overarching, SO-defined program called the "Sustainable Economic Growth Program" (SEGP) which will obligate economic growth funding in a Program Agreement between the USG and the GSL. The SEGP Program

SUCCESS STORY

Pushpakanthi Raygama is a 20 year old woman working for Esjay Electronics in a low income neighborhood outside of Colombo. Under contract from U.S. firms, Esjay assembles small, electronic components.

Pushpakanthi works at home assembling electronic devices for Esjay. She is also studying to qualify for a local university. Now, with an income to help her family, she is optimistic about her future.

Esjay Electronics received assistance from the TIPS project and was then able to hire an additional 600 people. Since 1992, Esjay's production has grown by 400% and the local community benefits from the infusion of about \$50,000 per month - helping to improved quality of lives.

Agreement will subsume ongoing activities, create a policy reform agenda, and accommodate new activities which the Mission will initiate over the CPS period. See Annex 3 for the SEGP NAD.

Activities will support enterprise development and job creation via direct grants for technology, technical assistance on financial management and marketing (particularly for small-farm agriculture and export marketing), farmer organizations, and microenterprise lending. USAID will complement these activities by assisting the GSL to identify and implement policy reforms that promote openness to trade and investment, support agriculture and rural enterprise, develop incentives for exports, rationalize foreign investment incentives and reduce GSL involvement in infrastructure, production, marketing and food pricing. A new effort to enhance business skills training will also be undertaken to better meet the growing demands of the increasingly export-oriented private sector.

In order to expand employment, activities will improve business skills, promote new technologies and expand small to medium sized manufacturing firms, agro-enterprises, farmer associations and micro-enterprises. This activity builds on the successful Technology Initiative for the Private Sector (TIPS) and Agro-Enterprises (AgEnt) projects. The AgEnt activity will continue its outreach to women entrepreneurs through its Women's Unit which provides hands on business assistance in marketing, financial management and product development. The TIPS activity will continue its outreach through promotional presentations to women's groups, its collaboration with the Women's Chamber of Commerce, and sponsorship of women for overseas technical training. Technical assistance, training and other support through a volunteer executive program for the small and medium businesses will be fully integrated with the technology grants program. TIPS will establish operational linkages with development finance institutions, and work closely with the Export Development Board and the Ceylon Institute of Scientific and Industrial Research (CISIR) to transfer its institutional role at the end of project.

The Mission will also assist microenterprises and small businesses, and thereby the poorest men and women, to become economic participants by enhancing their access to capital through development banks and self-sustaining financial institutions, including credit unions that service small savers and borrowers.

Technical assistance will help the GSL to increase private sector participation by expanding its privatization program for state owned enterprises and encouraging foreign and local private investment in infrastructure on a BOO-BOT basis. Such projects represent significant opportunities for U.S. companies. Specific emphasis will be focused on power, ports and urban environmental infrastructure. Activities include sectoral analyses to identify policy and regulatory constraints, assistance with tendering and evaluation of proposals, legal and financial advisory services and training.

The Mission will conclude its activities to make financial markets more accessible and effective, including the installation and implementation of a modernized post trade automation system for the Colombo Stock Exchange (CSE) in FY 1995. Technical assistance and training in FY 1996 will facilitate this transition. The Institute of Chartered Accountants of Sri Lanka and the CSE will be assisted in improving market information. USAID will also provide assistance to the Securities Exchange Commission (SEC) to strengthen regulation and supervision. As a complementary activity, the Mission will address policy and regulatory impediments to the development of capital

markets by working with the Ministry of Finance, the Central Bank, and the SEC. By providing the means for business expansion, these activities have already resulted in new and better paying jobs and a broader socio-economic base of shareholders.

The Mission's Housing Investment Guarantee (HIG) program will support the development of a sustainable private housing finance system, while continuing to provide below median income families with housing loans. The HIG Program will also support private investment in urban environmental infrastructure. The Mission will help the GSL address food security concerns through increased efficiencies in the food trade, more effective agricultural policies, increasing purchasing power of the poor, targeted micro-nutrient programs, and better planning for nutritional interventions. A continued PL-480 program could address the issues of malnutrition and food availability for humanitarian resettlement programs and feeding schemes for the rural and urban poor. PL-480 Title III assistance has been a powerful development tool. If Title III does not continue, the Mission will explore options for use of Title I and Title II for furthering food security objectives.

Expected Impact: The Mission expects an increase in value of loans to micro and small enterprises from \$2.2 million in FY 1995 to \$3.3 million in FY 1997 as a result of USAID loan guarantees and technical assistance to various lending institutions. The number of below median income households receiving housing loans is also expected to increase from 52,000 in FY 1995 to 90,000 by FY 1997, as a result of the Mission's Housing Investment Guarantee program.

The Mission's efforts in assisting the GSL to increase private sector participation and reduce the government budget burden is expected to increase the transfer of SOEs, land and other assets from \$157.5 million in FY 1995 to \$460.9 million by FY 1997. Private investments in economic infrastructure are expected to result in investments of at least \$50 million in FY 1995 and increase to \$300 million in FY 1997. Targeted staple food trade by the private sector is expected to increase to 75 percent in FY 1995 and to 95 percent by FY 1997.

The introduction of new technologies, defined broadly as production, processing, marketing, and management technology, to targeted enterprises in the manufacturing and agricultural sectors is expected to increase by \$17 million during FY 1995 - FY 1997. Adoption of new technologies will increase both domestic value added and export competitiveness. The ultimate impact of these new technologies will be a rise in income and employment for key groups of poor small farmers and the informal sector. A significant number of microenterprises will expand their scale of operations or make the transition to the formal sector. It is expected that a total of 21,400 jobs will be created during the period 1995-1997, as a result of USAID assistance. Work with farmer organizations will help established groups to develop commercial income generation activities. This, combined with other activities, will result in income increases for approximately 30,000 small farmers.

The number of client accounts in the Colombo Stock Exchange (CSE), Central Depository System is expected to increase from 160,000 in FY 1995 to 200,000 in FY 1997 thus resulting in increased access and broader participation in the financial markets. The value of new listings on the CSE and new private debt instruments is expected to increase from \$180 million in FY 1995 to \$248 million in FY 1997, resulting in new, longer-term investment capital, employment and income opportunities for tens of thousands of Sri Lankans.

Donor Coordination: USAID's programs complement World Bank and Asian Development Bank (ADB) programs, especially those related to sectoral policy reforms. The ADB's Financial Sector Program is assisting with a wide range of financial sector reforms, including banking, leasing and insurance supervision and private debt market development. The World Bank also has a major private finance development project, which is aimed at improving macro-economic management by the Central Bank and the Ministry of Finance. USAID is now working closely with the World Bank in formulating a joint program to assist the GSL's privatization program. USAID projects complement the World Bank and ADB's lending programs for small and medium manufacturing enterprises. USAID collaborated closely with ADB agriculture sector projects to establish and monitor performance on institutional reforms and policy changes.

PL-480 supported PVOs which supplemented World Bank, Norwegian, Canadian, and Swedish aid program assistance to improve food security, poverty alleviation and employment creation.

Resource Needs for SO 1: The Mission will need \$6.158 million in FY 1995, \$13.05 million in FY 1996, and \$13.05 million in FY 1997 (including bilateral, global, and ANE regional funds) in order to carry out the CPS. (See Figures 4 and 5)

STRATEGIC OBJECTIVE TWO: IMPROVED ENVIRONMENTAL PRACTICES TO SUPPORT SUSTAINABLE DEVELOPMENT

Sri Lanka's economic development strategy is heavily dependent on the sound management of its environment. USAID's planned interventions center on policy, institutional strengthening, and increased citizen participation in environmental resource management combined with judicious use of field demonstrations.

Performance: As a direct result of USAID assistance, Sri Lanka now has a national framework for environmental policies and programs within its overall economic development strategy. Evidence of this may be seen in the development and revision of the National Environmental Action Plan (NEAP), adjustment of government pricing policies in appreciation of their potential environmental impacts, and the 1993 passage of strict Environmental Impact Assessment (EIA) regulations. EIA methodology has been institutionalized, with over 500 individuals trained. A strong foundation for current and future environmental institutions has also been established. Since it was set up in 1991, the Ministry of Environment has grown to its current stature as national environmental policy and program coordinator. Four Masters Degree programs--including Asia's first in environmental economics--are now producing in excess of 100 graduates each year.

The environmental NGO movement has benefited substantially from USAID assistance, and is playing an increasingly important role in setting the national environmental agenda and seeing it implemented at the grass roots level. Pollution prevention and waste minimization approaches have now been accepted as essential elements of a national industrialization program. Four hundred eighty-three user groups involving 67,400 members were formed to share control of various natural resources with their local governments in two pilot watersheds. In addition, training and awareness

programs encouraged these farmers to utilize conservation concepts, including conservation farming, soil conservation measures, and tree planting. Since 1993, a total of 50,000 low income people participating in community-based resources management activities have benefitted from such interventions as improved sanitation and income generating schemes. In the communities of Obeysekerapura and Deniyawatte, women, as designers and beneficiaries, have been at the forefront of resource management. These communities, under the leadership of women, are successfully addressing such problems as sanitation, health, and incomes.

SUCCESS STORY

School children living near Ritigala, a strict nature reserve, are learning more than how to read and write. They are learning about the benefits of good management of natural resources.

Through USAID's NAREP program, environmental clubs are functioning in eight village schools. The clubs work together with other community based organizations to protect the flora and fauna in the nature reserve.

Through this effort, community members also learn how to identify and cultivate medicinal plants. Small enterprises are now making herbal medicine from these plants and increasing household incomes.

Tactics: Assistance will continue to develop institutional and policy capacity within the GSL to achieve national level impact on citizens' health, well being, and livelihood. USAID will provide technical assistance, training, limited commodities support, and pilot demonstrations in five key areas:

- **Policy Reform and Institutional Strengthening.** USAID's principal aim is to strengthen public policies and institutions for improved management of the country's environment in the context of rapid economic development. In this regard, USAID will assist the GSL, universities, private sector, and NGOs in participating in the environmental policy formulation.

USAID will provide technical assistance and training for the Ministry of Environment and the National Planning Department to institute environmental economic analysis as a tool in national economic planning. Policy studies will include: introduction of an environmental screening procedure at the concept stage of public investment planning; development of a national water resources planning system; economic valuation of the costs from industrial pollution of urban surface water bodies; environmental implications of transport fuel pricing; and the feasibility of using performance bonds to promote environmentally sound mining. Technical assistance and training to support ministry restructuring and capacity building will be carried out in FY 1995 and FY 1996. To insure the sustainability of its investments, USAID will explore the feasibility of creating a "think tank" which would carry out policy analyses at the national level on environment-development linkages.

NGOs play a crucial role in organizing democratic participation, and USAID will continue to provide grant support at least through FY 1996 to ten national level environmental NGOs.

Participants in this program will build their capacities and in the process demonstrate NGO-led, community-based approaches to environmental management.

- **Biodiversity Conservation.** USAID, in collaboration with the World Bank/Global Environment Facility, will support the development and implementation of a National Biodiversity Action Plan. Restructuring of key conservation institutions such as the Department of Wildlife Conservation and the Sri Lanka Wildlife Trust will be pursued during FY 1995-1996. A portion of the environmental NGO grants program will be earmarked for demonstrations of participatory approaches to parks and protected areas management. Improved management of coastal and marine resources will be advanced through completion of two pilot demonstrations and the Coastal Zone Management Plan.
- **Urban and Industrial Environmental Management.** Activities will center on development of policies and programs for pollution prevention and control, partially supported by the U.S.-Asia Environmental Partnership. During FY 1995-1996, USAID will provide technical assistance to local financial institutions and responsible GSL agencies to establish a national waste minimization program linked to a German-financed revolving \$5 million Pollution Control and Abatement Fund. During FY 1995, a network of local industries showcasing pollution prevention approaches will be initiated with NAREP and US-AEP assistance. Also during FY 1995, technical assistance will be provided to the Ministry of Industrial Development to ensure that environmental considerations are included in the design and implementation of the National Industrial Estates Development Program. In FY 1996-1997, USAID will shift the focus of its assistance to building environmental capacity within private sector trade and industrial associations.
- **Land and Water Resources Management.** Through the Shared Control of Resources (SCOR) activity, USAID will continue to empower local people to increase their control over natural resources in selected watersheds. This activity will provide for field testing and development of models for sustainable use of natural resources. It operates on a watershed basis and with community participation to introduce conservation technologies for land, water and forest resources. The activity cooperates closely with agricultural, lands, forestry and irrigation authorities to identify and implement policy reforms. During FY 1995 - FY 1997, SCOR will continue using a field-based approach to test new land and water tenure arrangements in pilot watersheds, and in 1997 will begin to extend these production/conservation models to other areas.
- **Energy Conservation and Efficiency.** In recognition of the growing importance of wise sound energy management to Sri Lanka, USAID will support development of policies and programs for more efficient energy use through work with the Ceylon Electricity Board and other key government and private sector organizations. Energy conservation will be addressed by providing technical assistance and access to new technology for the private sector.

Expected Impact: Assistance provided by USAID will help to achieve 30 percent implementation of the NEAP in 1995 and 50 percent implementation by 1997, resulting in significant progress on the management of natural resources, improvement of environmental quality, and associated human health and welfare benefits.

The university-based environmental education programs, technical training and increased funding for regulatory agencies, and enhanced public participation will result in improved management and coordination of environmental cells at key agencies and thereby improve enforcement of environmental laws and regulations. The increased number of environmental economic analyses will assist USAID in promoting policy reforms.

Improved land and water management will be evident through an increase in the number of households with secure land tenure/natural resources rights, and an increase in number of user groups sharing responsibility with local and national authorities for land and water management. Technical assistance and training through participatory demonstrations of agricultural conservation practices will result in an increase in 25,600 hectares of improved soil management and reduced soil erosion during 1995 to 1997. Integrated pest management techniques adopted by farmers will result in a reduction in the use of harmful pesticides.

The national Biodiversity Action Plan (BAP) should be well underway by the end of FY 1997, with significant donor resources committed to its implementation. USAID further anticipates that NGO led community based management approaches for parks and protected area management will be firmly established and supported to ensure maintenance over time. Development of the BAP will result in better coordination and efficient management of biodiversity funds and manpower resources. The revision of the national Coastal Zone Management Plan should be completed, with adequate financial and institutional commitments to see it implemented. Activities under this plan will address prevention of coral reef degradation, better land use to prevent pollution of coastal belts and greater employment opportunities through eco-friendly enterprises such as nature-based tourism.

USAID expects that by early FY 1996, the Pollution Control and Abatement Fund will be operational and linked to a national Waste Minimization Program, and that the high and medium polluting industries will utilize this funding facility. In addition, the Mission also expects an increase in the percentage of solid waste collection and disposal. The market for environmental goods and services, including those from the U.S., will expand to meet industry demand in light of enhanced enforcement of and compliance with environmental standards and laws.

Donor Coordination. USAID works closely with the World Bank on the development and implementation of the NEAP and development of the Bank's two major planned investments in Sri Lanka's environmental sector: the Colombo Environmental Improvement Project, and the Environmental Action 1 Project. This will result in a leveraging of over \$100 million of World Bank-financed resources by the end of FY 1997. USAID also works with the ADB to support development of a national water resources management planning system. USAID plays a leadership role in the donor community on environmental matters, sponsoring donor coordination meetings and supporting such efforts within the Environment Ministry.

Resource Needs for SO 2: The environment program will require \$2.759 million in FY 1995, \$3.31 million in FY 1996, and \$3.31 million in 1997 (including bilateral, global and regional funds) to carry out the CPS. (See Figures 4 and 5)

STRATEGIC OBJECTIVE THREE: GREATER EMPOWERMENT OF PEOPLE TO PARTICIPATE IN DEVELOPMENT AND DEMOCRACY

Ordinary citizens have limited opportunities to participate in decision making that affects their political, social, and economic well being. This is a fundamental constraint to sustainable development. Broader participation, improved public information, and more responsive and capable democratic institutions are essential.

Performance: USAID's democracy activities focus on empowering ordinary citizens to participate in the development and political decisions which affect their lives. In doing so, USAID will strengthen the role of NGOs by increasing their ability to advocate for policies and programs that enhance the quality of life for all citizens, especially vulnerable populations. USAID has worked closely with U.S. and Sri Lankan NGOs on human rights issues, rule of law and justice through training programs and seminars for 5,400 people including judicial and legal professionals. USAID has also strengthened institutional capabilities and activities of 230 farmer groups, 23 business chambers and 33 environment and human rights advocacy groups. During 1993-1994, USAID partner institutions have made significant strides in providing access to democratic processes for ordinary Sri Lankans.

SUCCESS STORY

Pradeep Weerasinghe, a 25 year old graduate from Colombo University is pioneering a radio program that's making a difference. His talk show is a program about human rights targeted to the 80% of non-English speaking rural population.

Pradeep receives close to thirty letters a week requesting information and guidance pertaining to various human rights issues. In order to popularize the concept of human rights, Pradeep plans to produce jingles, like commercials, that introduce certain fundamental precepts of human rights.

Mr. Weerasinghe was assisted by the USAID-funded Center for the Study of Human Rights at Colombo University.

Humanitarian assistance (e.g. health services, counseling, employment training) has been provided to 13,296 people, primarily women and children, affected by ethnic conflict in the Northern and Eastern provinces. Public awareness on prevention and control of drug abuse, sexually transmitted diseases and HIV/AIDS has been provided to NGOs, citizen group leaders and GSL decision makers, through seminars, workshops and training.

Tactics: USAID will sign two cooperative agreements in FY 1995 to begin implementation of CIPART activities.

USAID will work directly with local NGOs at the community level and assist them to promote, protect and refine participatory democracy, encourage more responsive government activities and

educate and enable citizens regarding their rights and responsibilities. Programs will incorporate training components, technical assistance, and grants to strengthen organizations in advocacy, needs assessments, financial management, and project design and implementation. USAID will also strengthen local governments, especially the "pradeshiya sabhas" or village level elected councils, by assisting them to assess local needs and set development priorities and to respond to citizen interests. Local government training will also include gender sensitization to increase understanding of the issues which affect women. Local government officials will work with NGOs to address such issues as land and water use, other resource management concerns, and provision of infrastructure.

In FY 1995, CIPART will provide technical assistance and training to senior journalists and editors to expose them to international practices and improved management techniques; upgrade university journalism programs by funding a faculty position and/or production of local language classroom texts and curriculum reform; establish a press ombudsman program; and develop a public polling capacity in the media. CIPART will also expand the flow of information by strengthening journalist media associations so they can effectively represent the interests of their members with government and other organizations. USAID expects that this will result in people having better access to local news and information which affects their lives.

In FY 1995, USAID will also contribute to more efficient formal and informal dispute resolution mechanisms. This includes improving the court administration system by introducing statistical and database systems which will monitor and analyze court bottlenecks and delays and backlogs in the court system. Technical assistance and training will upgrade the skills of judges and lawyers in timely case management and facilitate new legal approaches related to development issues. Support to legal aid clinics established by citizens' groups by assisting lawyers' associations will allow provision of free legal counsel. USAID will support community legal awareness programs, the development and implementation of curricula on fundamental rights issues, and expansion and upgrading of mediation boards.

Expected Impact: There will be an increase in expenditures by local government units indicating increased devolution of fiscal authority and more equitable distribution of power. At least five NGOs and fifteen Local Governments will have achieved a defined rating in being democratic, accountable, transparent and accessible. The number of targeted NGO/Local Government development projects will increase from zero in FY 1995 to 8 in FY 1997.

CIPART will begin legal and media components in mid-FY 1995. These components will increase the professionalism of the media and expand the flow of information via strengthening of journalist associations, implementation of in-service training and improved university education through curriculum reform. CIPART will facilitate better access to justice by creating a more efficient court administration system, expanding and professionalizing mediation boards, and developing alternative dispute resolution systems. This will be accomplished in part by improving legal education and research. Improved protection of citizen rights will be achieved through strengthening legal aid organizations and fundamental rights groups and through expansion of civic education programs.

The number of people with access to legal services and information will increase. The number of people using mediation boards will increase from 200,000 in FY 1995 to 230,000 in FY 1997. The percentage of mediation cases resolved will improve from 60 percent in FY 1995 to 64 percent in

FY 1997. Low cost measures for settling grievances will relieve some of the usual burdens on the regular court system. The number of backlog cases in the Court of Appeals is expected to decrease from 13,000 in FY 1995 to 11,000 in FY 1997. There will be an increase in the number of members of media groups and trained journalists and editors. Professional coverage of development issues will improve and at least two media units will adopt greater accuracy in reporting through multi-sourcing by FY 1997.

Donor Coordination: USAID works closely with various bilateral donors through the UNDP sponsored forum for international donors and non-governmental organizations. Most of these organizations and donors are involved in community-based participation activities. USAID has also collaborated with the Dutch and Norwegian aid agencies on human rights activities.

Resource Needs for SO 3: The Mission will need a total \$1.874 million in FY 1995, \$2.477 million in FY 1996, and \$2.477 million in FY 1997 (including bilateral, global, and regional funds) in order to carry out the CPS. (See Figures 4 and 5)

TARGETS OF OPPORTUNITY

1. Northern-Eastern Provinces Humanitarian Crisis

Ending the 12-year ethnic conflict in Sri Lanka is essential to the establishment of the necessary conditions for sustainable development in the country. Peace negotiations, which began in early 1995, present a unique opportunity to resolve the ethnic conflict and to release national resources for immediate humanitarian relief and longer run equitable national development. The political and social stability created by a successful peace would be the best signal that Sri Lanka could send to the outside world, and to its own citizens, that it is moving into a new era of broad based, sustainable national prosperity.

The U.S. will assist in the context of the GSL's multi-year Emergency Reconstruction and Rehabilitation Program (ERRP). The UNDP and the World Bank will provide overall coordinating and technical assistance roles to the GSL's ERRP team. The ADB and Japan, and the IBRD, are expected to provide financing for larger infrastructure needs. Other donors, e.g. the EU, Canada, Norway and the United States, also would provide pre-resolution, "catalytic" and humanitarian assistance as a means of facilitating the peace negotiation process and providing the beginnings of the longer run efforts in which they would also play an important role. NGO's would have a major role in implementing ERRP.

USAID's best means of assisting is via its current program agreements, enhanced for expanded ERRP assistance. For example, the USAID Citizens' Participation (CIPART) project, signed May 1994, emphasizes NGOs and could assist communities in the North and East to undertake basic relief and rehabilitation activities. The PL-480 Title III program generates local currency, half of which is already going to nationwide resettlement and feeding programs.

Effective U.S. assistance to ERRP and the long-term sustainability of the peace solution, however, demands increased funding beyond the Mission's limited, bilateral OYB and central funding within Action Plan control numbers. USAID believes that a \$10 million "peace amendment" to the CIPART program would provide a constructive contribution to support for the resolution of the ethnic war. These resources would enable NGO and GSL collaborative efforts to undertake labor intensive community works to rehabilitate essential economic and social infrastructure such as roads, irrigation, potable water systems, and schools. Funding could also be used to enable an effort to mobilize micro and small scale enterprises fundamental to employment generation and economic reactivation and reintegration of the region.

Additional grants and partnerships from and with central sources are also needed. The Mission has requested \$350,000 annually from the War Victims Fund (WVF) and \$300,000 annually from the Displaced Children and Orphans Fund (DCOF). Additional HIG authorizations are a possibility, pending assessment of housing rehabilitation and construction needs. Widows, orphans and the disabled present special emergency resettlement and development needs, and would be the primary beneficiaries of U.S. assistance.

2. HIV/AIDS Prevention

An active education and prevention campaign carried out immediately could significantly avoid the onset of a large HIV/AIDS epidemic in Sri Lanka. While Sri Lanka is categorized as a low prevalence country, an increasing threat is apparent. It can be mitigated by focused assistance to the NGO community. Approximately 85 percent of the NGOs involved in HIV/AIDS are implementing general education and awareness activities. Moreover, coordination between the NGOs and the GSL has been insufficient. A linking organization is needed to provide NGOs with technical assistance to broaden and coordinate a range of activities--among themselves and between them and the GSL. USAID plans a combination of Global, regional and bilateral USAID resources to support policy advocacy, capacity building and public education by NGOs, and the work of the International HIV/AIDS Alliance in Sri Lanka.

USAID currently supports HIV/AIDS activities with four grants to NGOs totaling \$550,000. Collaboration is taking place with the UNDP, WHO and UNICEF. The UNDP chairs a local, informal HIV/AIDS donors forum. A total of \$500,000 annually in USAID Global and ANE Regional support funds is needed to fund an expanded Mission effort to mitigate the serious threat of HIV/AIDS in Sri Lanka.

PROGRAM RESOURCE REQUIREMENTS

Sustainable Development: The accompanying Figures 4 and 5 detail a three-year country program level of \$48.5 million of sustainable development assistance funding over FY 95 - FY 97, or about \$16.2 million per year. These totals are derived from the control numbers provided to the Mission by the ANE Bureau for this Action Plan. The totals are the sum of the Mission bilateral OYB and estimated Global and ANE Regional funds attributable to Sri Lanka. The totals do not include the Mission's proposed funding for its two targets of opportunity. Figures 4 and 5 assume a pattern of soft earmarks or directives, and non-discretionary funding, which increase Economic Growth's

Figure 4
USAID / SRI LANKA
ALL RESOURCES TABLE
(\$000)

Funding Category		FY 1995	FY1996	FY1997
Sustainable Development:				
Economic Growth	BILATERAL	6,038	11,830	11,830
	GLOBAL		1,200	1,200
	ANE REG.	100	-	-
Population		150	-	-
Environment	BILATERAL	2,700	2,545	2,545
	ANE REG.	300	-	-
Democracy	BILATERAL	1,353	3,112	3,112
	GLOBAL	150	150	150
	ANE REG.	-	-	-
PL 480	Title III	-	-	-
Total		<u>10,791</u>	<u>18,837</u>	<u>18,837</u>
Other: Loan Guarantees:				
	HIG	15,000	-	-
	MSED	6,000	-	-
Targets of Opportunity:				
	N-E Provinces - Humanitarian Crisis	-	5,000	5,000
	HIV/AIDS Prevention	500	500	500

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Figure 5
USAID / SRI LANKA
FUNDING BREAKOUT BY STRATEGIC OBJECTIVE
(\$000)

Funding Category	Strategic Objective 1			Strategic Objective 2			Strategic Objective 3		
	FY 1995	FY1996	FY1997	FY 1995	FY1996	FY1997	FY 1995	FY1996	FY1997
Sustainable Development:									
Economic Growth	5,158	11,847 **	11,847 **	704	1,183	1,183	176	-	-
Population	-	-	-	-	-	-	150	-	-
Environment	775 *	886	886	2,055 *	1,127	1,127	270	532	532
Democracy	225	317	317	-	1,000	1,000	1,278 **	1,945 **	1,945 **
PL 480									
Title III	-	-	-	-	-	-	-	-	-
Total	<u>6,158</u>	<u>13,050</u>	<u>13,050</u>	<u>2,759</u>	<u>3,310</u>	<u>3,310</u>	<u>1,874</u>	<u>2,477</u>	<u>2,477</u>
Other: Loan Guarantees:									
HIG	15,000	-	-	-	-	-	-	-	-
MSED	6,000	-	-	-	-	-	-	-	-
Targets of Opportunity:									
N-E Provinces Humanitarian Crisis	-	-	-	-	-	-	-	5,000	5,000
HIV/AIDS Prevention	-	-	-	-	-	-	500	500	500

Note : * includes ANE regional support
 ** includes Global field support

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relative share of funding about 13 percent from FY 1995 levels and correspondingly, decrease Environment's relative share by about the same percentage.

The above scenario assumes that the Mission will be able to develop and maintain partnerships with central funding sources. As stated in Section V. (and Attachment 4) of its July 1994 BPD, the Mission strongly endorses the renewed emphasis on field/central collaboration. The Mission must emphasize that this collaboration with central programs needs to be in the form of reliable partnerships which are sustainable over time for the achievement of specified outcomes. The Mission has one such partnership in place, with USAEP. It needs to develop several more.

Currently, Mission pipeline represents about nine months of forward funding. The three-year funding scenario discussed above will enable the Mission to maintain forward funding at this minimal, but responsible, level.

In addition to bilateral sustainable development assistance funds, and central partnerships, the Sri Lanka CPS relies on PL-480 Title III, Housing Investment Guarantees (HIG), Loan Portfolio Guarantees (LPG), and the Micro and Small Enterprise Development (MSED) Project.

PL-480 Title III: The Mission signed a \$118 million FY 94 - FY 96 Agreement with the GSL in February 1994. Just 13 months later, only \$25 million (21 percent) has been obligated and the Mission understands that there will be no Title III in FY 95, nor most likely in FY 96. Consequently, Title III funding is not shown in Figures 4 and 5; and the Mission's heretofore successful economic policy reform agenda is seriously compromised, its food security outcomes are unattainable, and the participatory democracy aims of all three Mission strategic objectives-- primarily via support to NGOs -- receive a critical blow. In addition, Sri Lanka loses an excellent resource for providing humanitarian assistance to its resettlement and rehabilitation program in the Northern and Eastern provinces.

Although the end of the PL-480 Title III program now must be viewed as virtual fact, the PL 480 Title I program is still operational in Sri Lanka. Title I is provided as a highly concessional, low interest, long-term loan. Before the last legislative iteration of Title III, Title I was yielding similar significant development results. However, since the change in the food aid aspects of USAID and Farm Bill legislation several years ago, Title I has been provided in a way that yields virtually nothing in terms of development impact.

The Title I program should significantly enhance its development role. Budgetarily, the provision of such highly concessional assistance with demonstrable development results would enhance Title I's rationale and overall impact. Accordingly, the Mission has proposed to Washington agencies that they reassess Title I and authorize interested participating posts to build ex-Title III development objectives, policy conditionality and local currency generation programming back into Title I. USAID and the American Embassy in Sri Lanka are willing to do so. Other possibilities for replacing Title III are a "food for progress" program under Title I, or a Title II emergency program with the GSL or NGOs to replace that portion of Sri Lanka's Title III program currently going to refugee, displaced persons and resettlement programs.

Other Funding (Loan Guarantees): During this Action Plan period, the Mission will sign and the GSL will conclude an additional \$15 million Program Agreement under the extant \$25 million HG-004

Housing Investment Guarantee (HIG) authorization (a first \$10 million Program Agreement was concluded during FY 94). The Program Agreement is being conceptualized and drafted for signing in FY 95. The agreement will support the development of a sustainable private finance system for housing and make available market rate housing mortgage finance for below-median income households.

The \$5 million in current authorization under the HG-006 program should be utilized over FY 95 - FY 97 by the participating Sri Lankan credit institutions. The loans will be used to finance private or private/public environmental infrastructure projects such as solid waste collection, water systems and waste water treatment. Depending on progress achieved under the Program, the Mission may request additional HG-006 authorizations during this Action Plan period.

Finally, the Mission anticipates starting new term lending and microenterprise loan guarantee facilities during FY 95 in collaboration with the G Bureau's Micro and Small Enterprise Development (MSED) Project. Four million dollars in USAID guarantees will leverage \$8 million in commercial bank term lending to small business clients. An additional \$2 million facility will leverage \$4 million in microenterprise lending.

1997 Scenarios: Additional, or decreased, funding would take place within the context of the CPS as defined herein: the Mission would not add or drop SOs or POs, although at minus 20 percent the strategy begins to become vulnerable. The principal implications are in regard to the pace of strategy implementation, and responsible pipeline/forward funding management.

Plus 10 Percent: At \$20.7 million of sustainable development assistance funding, the Mission would be able to launch a full SEGP; continuing enterprise development activities being subsumed within SEGP would be enhanced, a full business development skills component would be initiated, and most importantly (especially with the demise of PL-480 Title III), a full policy reform component would be fundable. Too, the Mission could move confidently into a new phase of programming for its SO2, protecting the environment (the current NAREP program ends in 1997). Finally, at plus 10 percent the Mission would have a reasonable pipeline/forward funding level of about 12 months.

Minus 20 Percent: At \$15.1 million of sustainable development assistance funding, the Mission would be able to continue with the full CPS. However, the Mission would have to consider whether a) some SEGP elements (e.g. policy reform and business skills training) would have delayed starts, or b) the new phase of programming for SO2 (environment) would be delayed. The pipeline/forward funding would drop to about 9 months.

At sustainable development assistance levels below \$13.0 million (a 30 percent drop from the \$18.8 million control level), the Mission begins to face more serious considerations between carrying the full CPS agenda of SOs and POs, and maintaining responsible pipeline levels. Below \$13.0 million, the SO2 (Environment) objective becomes the most vulnerable to reduction or, as likely, to elimination. Alternatively, below \$13.0 million and retaining three SOs, some POs would become most vulnerable, primarily within SO1 (Economic Growth) but potentially in the other two SOs also. Pipelines would drop to precarious levels of about 6-7 months.

PROGRAM MANAGEMENT REQUIREMENTS

The CPS, and its initial three-year Action Plan, can be implemented at existing, straight-lined, workforce and operating expense (OE) levels. These levels are substantiated by renewed USG emphasis on managing for results and performance monitoring; building partnerships and maintaining strong, consultative relationships with beneficiaries; and sustained systems of adequate internal management control. Retaining these levels becomes even more imperative if USAID becomes involved in a significant humanitarian assistance effort for the Northern and Eastern Provinces.

The staffing figures are 12 USDHs, 34 Foreign Service National (FSN) professional staff, 3 U.S. PSCs on USAID staff, and 15 long term U.S. contractors working directly on the USAID field activities. The Mission will complete some internal reorganization as three USDH staff changeover in FY 95. The Mission has already organized "Strategic Objective Teams" for discussing and managing for successful attainment of POs and SOs. However, these actions do not otherwise have implication for altering the skills mix of the existing USDH and FSN professional staff.

The Mission's OE budget is at \$2,461,900 for FY 1995. Sri Lanka does not have a local currency generated Trust Fund to help pay for Mission operating expenses.

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PERFORMANCE MONITORING PLAN FOR SO 1

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

PERFORMANCE INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
1) PRIVATE INVESTMENT AS A PERCENTAGE OF GDP	<p><u>Private Investment:</u> Private investment in fixed assets plus private inventories</p> <p><u>Percentage of GDP:</u> Total private investment expressed as a % of total GDP per annum</p> <p>UNIT: Percentage</p>	Central Bank and World Bank	Review of data from Central Bank and World Bank Annual Reports	12/31 Annually	Nil	USAID PSD/H
2) PREVALENCE OF STUNTING AND WASTING AMONGST PRE-SCHOOL CHILDREN	<p><u>Prevalence of stunting and wasting:</u> Percentage of population that is affected by a failure to grow adequately in height and weight, in relation to age</p> <p><u>Among pre-school children:</u> children aged 3-60 months</p> <p>Unit: percentage</p>	Min. of Finance, Planning, Ethnic Affairs & National Integration	Sample survey	Bi-Annual	Nil	USAID/ANR
Comments/Notes:						

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PERFORMANCE MONITORING PLAN FOR SO 1

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

PERFORMANCE INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
3) PERCENTAGE CHANGE IN BOI INVESTMENT	<p><u>BOI Investment:</u> Actual private direct investment in Board of Investment (BOI) approved enterprises.</p> <p>UNIT: Rupees converted to current Dollars</p>	BOI Investment News Digest	Review of BOI data	12/31 Annually	Nil	USAID PSD/H
Comments/Notes:						

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PERFORMANCE MONITORING PLAN FOR PO1.1

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Program Outcome 1.1: INCREASED PRIVATE SECTOR PARTICIPATION IN THE ECONOMY

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
<p>1) VALUE OF TARGETED GOVERNMENT ASSETS TRANSFERRED TO LONG-TERM PRIVATE CONTROL</p>	<p>A. STATE-OWNED ENTERPRISES <u>Value:</u> Market value at time of sale, converted to dollars at time of sale. <u>Targeted government assets (types):</u> 62 small & medium SOEs slated for privatization by GSL. Any sales exceeding the 62 will still be counted. <u>Transferred to long term private control:</u> Private ownership exceeds 50%.</p> <p>B. GOVERNMENT LAND <u>Value:</u> Standard value per acre in dollars, converted from rupees at current exchange rate. <u>Targeted government assets (types):</u> GSL land listed in PL-480 agreements, MED Commercialization Program, SCOR natural resources rights <u>Transferred to long term private control:</u> Private control exceeds 15 yrs.</p> <p>C. OTHER GOVERNMENT ASSETS <u>Value:</u> Standard value per sq.ft (for bldgs), per linear unit (for irrigation canals). <u>Targeted government assets (types):</u> Mahaweli bldgs, irrigation canals, PL480 <u>Transferred to long term private control:</u> Private ownership exceeds 50% and/or private control exceeds 15 years.</p>	<p>A. STATE-OWNED ENTERPRISES: Commercialization Of Private Enterprise Division (COPEd) Ministry of Finance</p> <p>B. GOVERNMENT LAND: PL-480 Title III documentation MED quarterly reports SCOR quarterly reports</p> <p>C. OTHER GOVERNMENT ASSETS: PL-480 Title III documentation MARD Quarterly Reports SCOR Quarterly Reports MED Quarterly Reports</p>	<p>A. STATE-OWNED ENTERPRISES: Periodic meetings with COPEd director</p> <p>B. GOVERNMENT LAND: Land Registry records and USAID project contractor reports</p> <p>C. OTHER GOVERNMENT ASSETS: USAID Contractor monitoring of asset transfer</p>	<p>A. STATE-OWNED ENTERPRISES: Available at any time; collect as needed.</p> <p>B. GOVT. LAND: Quarterly for MED, SCOR and PL-480 Title III</p> <p>C. OTHER GOVT. ASSETS: Quarterly</p>	<p>A. STATE-OWNED ENTERPRISES: Cost: No additional cost</p> <p>B. GOVERNMENT LAND: Cost: No additional cost</p> <p>C. OTHER GOVERNMENT ASSETS: Cost: Built into contractor reporting</p>	<p>A. STATE-OWNED ENTERPRISES: USAID PSD/H</p> <p>B. GOVERNMENT LAND: USAID Project Officers of PL-480 Title III MED SCOR</p> <p>C. OTHER GOVERNMENT ASSETS: USAID/ANR: Project Officers of MED MARD</p>
<p>Comments/Notes:</p>						

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PERFORMANCE MONITORING PLAN FOR PO1.1

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Program Outcome 1.1: INCREASED PRIVATE SECTOR PARTICIPATION IN THE ECONOMY

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
2) VALUE OF PRIVATE SECTOR INVESTMENT IN ECONOMIC INFRASTRUCTURE	<p><u>Value:</u> Estimated project cost at the time of signing the implementation agreement in Mn. U.S.\$</p> <p><u>Private sector investment:</u> Both local and foreign private sector investment</p> <p><u>Economic Infrastructure:</u> Power, roads and transportation, telecommunications, real estate, waste water treatment and solid waste disposal</p> <p>UNIT: U.S.\$Mn</p>	SIDI and respective line agencies	SIDI Project files	Annually	Not significant	PSD/H PPI Project Manager
3) PERCENTAGE SHARE OF STAPLE FOOD TRADE BY THE PRIVATE SECTOR	<p><u>Percentage share:</u> percent share of the private sector in local distribution and import of rice and wheat</p> <p><u>of staple food trade:</u> marketable surplus of rice (50% of paddy production) + rice and wheat imports</p> <p><u>by the private sector:</u> this is determined by reducing the quantum of trade by the Food dept. C.W.E. and P.M.B. from total trade</p> <p>UNIT: percentage</p>	Paddy rice production statistics from Dept. of Agriculture; Wheat & rice imports from C.W.E. C.W.E. Annual Report PMB Annual Report Food Dept. Annual Report Census & Statistics	Through relevant statistical offices	Annually	Nil	USAID/ANR Development Officer
Comments/Notes:						

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PERFORMANCE MONITORING PLAN FOR PO 1.2

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Program Outcome 1.2: EXPANSION OF EMPLOYMENT THROUGH ADOPTION OF NEW TECHNOLOGIES

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
1) CHANGE IN TOTAL EMPLOYMENT IN TARGETED ENTERPRISES*	<p><u>Change in total employment</u>: change in jobs created</p> <p><u>Targeted enterprises</u>: client firms of USAID projects</p> <p>UNIT: # and % change</p>	<p>1. Project contractor/grantee M&E Systems and quarterly reports</p> <p>2. Mission funded M&E effort to collect and analyze data</p>	<p>Review of contractor/grantee reports. Genderwise data disaggregation</p>	<p>Annually</p>	<p>1. Built into project level M&E systems</p> <p>2. PD&S or project funded contract with local firm to collect and analyze data \$10,000 - 20,000 per year</p>	<p>USAID PSD/H, ANR, CIPART</p>
2) VALUE OF INVESTMENTS IN NEW TECHNOLOGIES	<p><u>Value</u>: Cost incurred, in dollars, at the exchange rate prevailing at the time the investment is made.</p> <p><u>Investments</u>: Company expenditure on fixed and working capital.</p> <p><u>New Technologies</u>: Any initiative by a firm that represents to <u>that firm</u> use of new technical or managerial knowledge, skills, equipment or processes used to develop, produce and/or market goods or services.</p> <p><u>Targeted Groups</u>: Client companies of TIPS, AGENT, MED, MARD and SCOR</p> <p>UNIT: Dollars</p>	<p>USAID Project contractor or grantee quarterly reports</p>	<p>Review of project quarterly reports of TIPS AGENT MED MARD SCOR</p>	<p>Annually</p>	<p>Cost: Built into project-level M&E systems of USAID projects.</p> <p>Source: TIPS, AGENT, MED, SCOR, MARD</p>	<p>USAID Project Officers of TIPS AGENT SCOR MED MARD</p>

Comments/Notes: *Gender disaggregated data

PERFORMANCE MONITORING PLAN FOR PO 1.3

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Program Outcome 1.3: MORE ACCESSIBLE AND EFFECTIVE FINANCIAL MARKETS

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
1) NUMBER OF BELOW MEDIAN INCOME HOUSEHOLDS RECEIVING HOUSING LOANS*	<p><u>Below median income:</u> Households whose income falls below the 50th percentile of household income as defined by the Central Bank</p> <p><u>Housing Loans:</u> # of home improvement loans and shelter related activities such as infrastructure and land</p> <p>UNIT: # of Households</p>	Apex lender - Central Bank (Institution which provides refinancing facility to other financial institutions)	Monthly progress reports of Apex lender. Data will be Gender disaggregated	Annually	No additional cost	USAID HIG 4 Project Officer
2) EMPLOYMENT GENERATED BY COMPANIES RAISING NEW CAPITAL ON THE STOCK EXCHANGE*	<p><u>Employment generated.</u> direct new jobs created</p> <p><u>new capital:</u> from new capital raised thru initial public offerings, subsequent offerings, and rights issues</p> <p>UNIT: # of jobs</p>	Colombo Stock Exchange and companies	Survey of companies. Genderwise data disaggregation	Annually		USAID/PSD/H FMP Project Officer
Comments/Notes: * Gender Disaggregated data						

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PERFORMANCE MONITORING PLAN FOR PO 1.3

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Program Outcome 1.3: MORE ACCESSIBLE AND EFFECTIVE FINANCIAL MARKETS

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
3) NUMBER OF SHAREHOLDERS OF PUBLICLY TRADED EQUITY*	<p><u>Shareholders:</u> Number of client accounts with the Colombo Stock Exchange (CSE) Central Depository System (CDS)</p> <p><u>Publicly traded equity:</u> Equity shares in companies listed on the CSE</p> <p>UNIT: # of shareholders</p>	CSE	Data from CDS. Genderwise data disaggregation	Annually	No additional Cost	USAID PSD/H PSPS (FMP) Project Officer
4) VALUE OF CAPITAL RAISED THROUGH PRIVATE EQUITY AND DEBT ISSUES	<p><u>Value:</u> Current Dollar value at time of initial issue</p> <p><u>Private Equity:</u> New listings on Colombo Stock Exchange</p> <p><u>Private Debt:</u> Corporate bonds, debentures, secondary market mortgages, etc.</p> <p>UNIT: Value of Equity in current dollars Value of Debt in current dollars</p>	CSE and CDS Quarterly Reports and PSPS Project Quarterly Reports	Review of PSPS Project Quarterly Reports	Annually	No additional cost	USAID PSD/H PSPS (FMP) Project Officer
Comments/Notes: *Gender Dissagregated data						

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PERFORMANCE MONITORING PLAN FOR PO 1.3

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Program Outcome 1.3: MORE ACCESSIBLE AND EFFECTIVE FINANCIAL MARKETS

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
<p>5) VALUE OF LOANS TO MICRO AND SMALL ENTERPRISES INCLUDING SMALL FARMERS*</p>	<p><u>Value:</u> Rupee value converted to Dollars at current rates</p> <p><u>Micro Enterprise loans:</u> loans of < \$5000 and micro-enterprises which have the capability of moving towards becoming a small enterprise</p> <p><u>Small Enterprise loans:</u> loans of < \$25,000</p> <p>(Lending: at market rates in the form of loans, formal leases, overdrafts, commercial letters of credit and lines of credit to targeted private financial institutions)</p> <p><u>UNIT:</u> Dollars # of Loans</p>	<p>Reports from participating Financial Institutions</p>	<p>Quarterly Reports of participating Financial Institutions. Genderwise data disaggregation</p>	<p>Annually</p>	<p>No additional cost</p>	<p>USAID PSD/H, ANR Project Officers of MED AGENT and USAID/W MSED Program</p>
<p>Comments/Notes: *Gender Dissaggregated data</p>						

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PERFORMANCE MONITORING PLAN FOR PO 1.4

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Program Outcome 1.4: IMPROVED FOOD SECURITY

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
1) PER CAPITA CALORIC FOOD AVAILABILITY	<p><u>Caloric food availability:</u> Food production + Imports - Exports divided by total population</p> <p>UNIT: Calories per day</p>	<p>Annual Food Balance Sheet from GSL Census & Statistics Department - Ministry of Finance, Policy, Ethnic Affairs and National Integration</p>	<p>Food production and Trade Statistics results in Food Balance Sheet</p>	<p>Annually</p>	<p>No additional cost</p>	<p>USAID ANR: PL 480 Title III Program Officer</p>
2) PERCENTAGE OF WOMEN WITH IRON DEFICIENCY	<p><u>Percentage of women:</u> % of women with Anemia</p> <p><u>Iron deficiency:</u> Iron is one of the three important micro nutrients necessary for overall health and high productivity. Deficiency of iron causes Anemia. Measured by haemoglobin level in blood.</p> <p>UNIT: % of women</p>	<p>Report, "Nutrition and Health Status of Children", a Semi Annual Nutrition and Health Survey. Ministry of Finance, Policy, Ethnic Affairs and National Integration</p>	<p>Review Report</p>	<p>Semi-annually</p>	<p>USAID pays under PL480 Policy Reform. GSL will fund it thereafter</p>	<p>USAID ANR: PL 480 Title III Program Officer</p>
Comments/Notes:						

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PERFORMANCE MONITORING PLAN FOR SO 2

Strategic Objective 2: IMPROVED ENVIRONMENTAL PRACTICES TO SUPPORT SUSTAINABLE DEVELOPMENT

PERFORMANCE INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
1) EXPANDED HECTARES OF TARGETED LAND WITH AGRICULTURAL CONSERVATION PRACTICES	<p><u>Targeted Land:</u> land on which project assisted (AGENT, SCOR and MARD) agricultural activities are undertaken for production purposes</p> <p><u>Agricultural Conservation Practices:</u> any new conservation or environmentally sound practice, including use of integrated pest management, contour planting, permanent cropping, alley cropping, mulching etc.</p> <p>Unit: # of hectares</p>	<p>USAID Contractor quarterly project reports.</p> <p>SCOR/International Irrigation Management Institute MARD/Development Alternatives Inc. AgENT/Oregon State University</p>	<p>Data will be collected as part of project level M&E systems of AGENT, SCOR & MARD. Contractors will provide results in their quarterly reports.</p>	<p>Annually</p>	<p>Cost: Built into project level M&E systems.</p>	<p>USAID ANR Project Officers AGENT, SCOR/MARD</p>
2) PERCENTAGE OF INDUSTRIES IMPLEMENTING POLLUTION PREVENTION/CONTROL MEASURES	<p><u>Industries:</u> High and medium polluting industries as established by the GSL's Central Environment Authorities' (CEA) industrial classification</p> <p><u>Pollution Prevention/Control Measures -</u> issuance and renewal of Environmental Protection Licenses (EPL) indicates implementation of control measures</p> <p>UNIT: % of Industries</p>	<p>GSL Central Environmental Authority's (CEA) Records: Environmental Protection License Database.</p>	<p>Monthly collection of data by CEA; USAID will examine annually for reporting purposes.</p>	<p>Annually</p>	<p>No additional costs</p>	<p>USAID PRJ/ENV Office</p>
Comments/Notes:						

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PERFORMANCE MONITORING PLAN FOR SO 2

Strategic Objective 2: IMPROVED ENVIRONMENTAL PRACTICES TO SUPPORT SUSTAINABLE DEVELOPMENT

PERFORMANCE INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
3) PERCENTAGE OF MUNICIPAL SOLID WASTE DISPOSED THROUGH ENVIRONMENTALLY SOUND SYSTEMS	<p><u>Percentage of municipal solid waste:</u> % of total amount of refuse delivered to the municipal disposal sites of Colombo, Kandy, and Galle</p> <p><u>Disposed through:</u> Final disposition of collected solid waste</p> <p><u>Environmentally sound systems:</u> Safe and hygienic disposal technique which minimize adverse environmental impact to the area surrounding the disposal site, including the air, land and surface water resources</p> <p>UNIT: % of disposed solid waste (tonnage)</p>	Chief Engineer's Annual Report to Municipal Councils; Municipal Records of Colombo, Kandy and Galle municipalities	Review Annual Chief Engineers' Report from Municipal councils	Annually	No additional Cost	USAID/PRJ/ENV Office
4) NUMBER OF PEOPLE BENEFITTED BY ADOPTION OF ENVIRONMENTALLY SOUND PRACTICES	<p><u>People benefitted by adoption:</u> individuals whose livelihood or health is protected due to implementation of a new or improved practice by individuals, families, communities and organizations in areas targeted by USAID projects or programs</p> <p><u>of environmentally sound practices:</u> any environmental practice in agricultural production, industry, or resource conservation that is promoted by USAID funded projects or programs</p> <p>UNIT: # of people</p>	NAREP, SCOR, TIPS, MARD and Agent Project Reports	USAID Project Reports	Quarterly	No additional cost	USAID/PRJ/ENV & USAID/ANR Offices
Comments/Notes:						

PERFORMANCE MONITORING PLAN FOR SO 2

Strategic Objective 2: IMPROVED ENVIRONMENTAL PRACTICES TO SUPPORT SUSTAINABLE DEVELOPMENT

Program Outcome 2.1: IMPROVED ENVIRONMENTAL INSTITUTIONS, POLICIES AND PLANS

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
<p>1) PERCENTAGE IMPLEMENTATION OF THE NATIONAL ENVIRONMENTAL ACTION PLAN (NEAP)</p>	<p><u>Implementation:</u> % of NEAP recommendations implemented</p> <p><u>National Environment Action Plan:</u> A comprehensive statement of the country's priorities for environmental policies and programs covering the period 1995-1998. Consists of recommendations for 6 program areas (1. land and water 2. urban industrial pollution 3. institutional, legal and policy 4. bio diversity 5. minerals and energy 6. coastal resources)</p> <p>UNIT: % of Implementation</p>	<p>NEAP Secretariat NEAP Update Report</p>	<p>Review of NEAP Update Report</p>	<p>Annually</p>	<p>Initially built into NAREP and later funded by GSL</p>	<p>USAID NAREP Project Officer</p>
<p>Comments/Notes:</p>						

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PERFORMANCE MONITORING PLAN FOR PO 2.2

Strategic Objective 2: IMPROVED ENVIRONMENTAL PRACTICES TO SUPPORT SUSTAINABLE DEVELOPMENT

Program Outcome 2.2: INCREASED LOCAL MANAGEMENT AND SHARED CONTROL OF NATURAL RESOURCES

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
<p>1) NUMBER OF HOUSEHOLDS WITH SECURE LAND TENURE/NATURAL RESOURCES RIGHTS</p>	<p><u>Households:</u> Individuals assumed to be heads of households and in cases defined or data collected by hectares, we will assume one household per hectare. Targeted households under the following projects: PL 480 MED SCOR</p> <p><u>with secure land tenure/natural resource rights:</u> Swarna-boomi grants, land grants, freehold titles, long term lease (> 5 years) and usufruct rights for land, water or forest area coming under projects</p> <p>UNIT: # of Households</p>	<p>Project M&E Systems of MED, PL 480 and SCOR and MARD</p>	<p>Review quarterly reports by USAID Project Managers for MED, MARD and SCOR. Title III Project Officers will submit data for Title III Program</p>	<p>Quarterly</p>	<p>Built into contracts/grants</p>	<p>USAID ANR: MED, Title III, SCOR, MARD</p>
<p>2) NUMBER OF USER-GROUPS WITH JOINT RESPONSIBILITY FOR MANAGEMENT OF NATURAL RESOURCES</p>	<p><u>User-groups with joint responsibility for management of natural resources:</u> authority or responsibility by any local or community organization recognized by the government for coordinated use or preservation of land, water, coastal, forest or wildlife resources</p> <p>UNIT: # of user groups</p>	<p>Project M&E system for MARD, NAREP, SCOR and AGENT</p>	<p>Review quarterly reports by USAID Project Managers for MED, MARD and SCOR. Title III Project Officers will submit data for Title III Program</p>	<p>Quarterly</p>	<p>Built into contracts/grants</p>	<p>USAID ANR: MED, Title III, SCOR, MARD</p>

Comments/Notes:

PERFORMANCE MONITORING PLAN FOR SO 3

Strategic Objective 3: GREATER EMPOWERMENT OF PEOPLE TO PARTICIPATE IN DEVELOPMENT AND DEMOCRACY

PERFORMANCE INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
1) PERCENTAGE INCREASE IN EXPENDITURE BY LOCAL GOVERNMENTS	<p><u>Increase in expenditure:</u> Increase in disbursements to support development activities within the mandate of local government.</p> <p><u>by Local Government:</u> Primarily Pradeshiya sabhas, possibly Divisional Secretaries, Municipal and Urban Councils</p> <p>UNIT: \$Mn</p>	Targeted Local Government accounting records	to be determined under co-operative agreement with lead U.S. PVO in FY95	Annually	Built into CIPART PROJECT	USAID/PRJ/DHVI CIPART Project Manager
2) PERCENTAGE OF PEOPLE WITH ACCESS TO LEGAL SERVICES AND INFORMATION	<p><u>Percentage of people:</u> percentage of total population of Sri Lanka aged 18 and over</p> <p><u>Access to legal services:</u> People whose pending case has been heard within the court system/mediation board</p> <p><u>Access to information:</u> People who are satisfied with the print/electronic media as a primary source of information relevant to their needs</p>	Court records, Min. of Justice records, interviews	National Sample Surveys	Every 2 years	Built into CIPART PROJECT	USAID/PRJ/DHVI CIPART Project Manager
Comments/Notes:						

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PERFORMANCE MONITORING PLAN FOR PO 3.1

Strategic Objective 3: GREATER EMPOWERMENT OF PEOPLE TO PARTICIPATE IN DEVELOPMENT AND DEMOCRACY

Program Outcome 3.1: INCREASED EFFECTIVENESS OF LOCAL INSTITUTIONS

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
<p>1) NUMBER OF TARGETED NGOS AND LOCAL GOVERNMENTS ACHIEVING A DEFINED RATING</p>	<p><u>Targeted NGOs:</u> One or two CIPART assisted local NGOs specializing in such sectors as micro-enterprise development for women or youth, relief and rehabilitation and fundamental rights, with a stated mandate to strengthen member NGOs.</p> <p><u>Targeted Local Governments (LG):</u> Pradeshiya sabhas or other local government entities selected to be partner organizations under CIPART</p> <p><u>Achieving a defined rating:</u> Meeting minimum criteria for: Democratic structure (NGO) Diversity and # of membership (NGO) Level of budgetary resources (NGO & LG) Types of "umbrella activities" (NGO) Accountability & transparency requirements (NGO & LG) Staffing and qualifications of staff (LG) Types of development activities (LG) Sustainability (NGOs & LG) UNIT: # of NGOs. # of LG bodies</p>	<p>Project Reports Project Evaluations. Urban Programme Unit Reports of the (LG) Min. of Home Affairs. Provincial Councils & Cooperatives</p>	<p>To be developed by lead implementing organization during FY95</p>	<p>Annual</p>	<p>Built into CIPART Project Costs</p>	<p>USAID PRJ/DHVI CIPART Project Manager</p>
<p>Comments/Notes:</p>						

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PERFORMANCE MONITORING PLAN FOR PO 3.1

Strategic Objective 3: GREATER EMPOWERMENT OF PEOPLE TO PARTICIPATE IN DEVELOPMENT AND DEMOCRACY

Program Outcome 3.1: INCREASED EFFECTIVENESS OF LOCAL INSTITUTIONS

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
2) NUMBER OF COMMUNITY GROUPS ACHIEVING A DEFINED RATING	<p><u>Community Groups:</u> Project assisted groups organized at the community level to accomplish a common goal.</p> <p><u>Achieving a defined rating:</u> Meeting minimum criteria for: Democratic structure of organization Level of funding Sustainability Accountability Transparency</p> <p>UNIT: # of community groups</p>	Baseline citizen's survey results, Project Reports, Project Evaluations, Local government Reports	Quarterly reports submitted by lead U.S. implementing P.V.O. under CIPART and SCOR and AGENT contractors	Annually	Built into CIPART, SCOR and AGENT Project Costs	USAID ANR/ SCOR Project Manager USAID PRJ/DHVI CIPART Project Manager
3) NUMBER OF DEVELOPMENT PROJECTS JOINTLY IMPLEMENTED BY LOCAL GOVERNMENT AND COMMUNITY GROUPS/NGOS	<p><u>Development Projects:</u> Projects resulting from the establishment of a jointly administered development fund which will meet basic criteria concerning people's participation development priorities, environmental considerations and sustainability.</p> <p>UNIT: # of development projects</p>	LG records and NGO records Project Data Base	Project Evaluations and Quarterly reports submitted by lead U.S. implementing P.V.O. under CIPART and SCOR and AGENT contractors	Annually	Built into CIPART, SCOR and AGENT project costs	USAID/PRJ/DHVI CIPART Project Manager:
Comments/Notes:						

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PERFORMANCE MONITORING PLAN FOR PO 3.2

Strategic Objective 3: GREATER EMPOWERMENT OF PEOPLE TO PARTICIPATE IN DEVELOPMENT AND DEMOCRACY

Program Outcome 3.2: MORE RESPONSIVE AND RESPONSIBLE MEDIA

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
1) NUMBER OF ELECTRONIC MEDIA AND PUBLICATIONS WITH MULTI-SOURCE REPORTING	<p><u>Electronic media:</u> Two Television Stations: SLRC - Rupavahini and ETV - 1 One Radio Station: SLBC</p> <p><u>Publications:</u> Two English language newspapers: The Daily News and The Sunday Times Two Sinhala language newspapers: Lanka Deepa and Divaina 1 Tamil language newspaper: Virakesar.</p> <p><u>Multi-source reporting:</u> Greater accuracy in reporting facts, figures and events with multiple sources for news stories</p> <p>UNIT: # of publications</p>	newspapers and television/ radio stations in English, Sinhala and Tamil	To be developed by U.S. PVO under cooperative agreement in FY 95	Semi-annual review of one month duration	Built into CIPART's monitoring and evaluation budget	USAID/PRJ/DHVI CIPART Project Manager
2) PERCENTAGE OF CITIZENS WITH INFORMATION ON NATIONAL AND LOCAL ISSUES	<p><u>Percentage of citizens:</u> percentage of total population of Sri Lanka aged 18 & over</p> <p><u>with information:</u> knowledge received thru print and electric media</p> <p><u>on national issues:</u> economic (business environment, inflation, taxes & employment)</p> <p><u>local issues:</u> economic (jobs, business opportunities), social (schooling of children, health), political (local elections)</p> <p>UNIT: % of people</p>	interviews	sample surveys under U.S. PVO cooperative agreement in FY 95	Annually	Built into CIPART cooperative agreement budget	USAID/PRJ/DHVI CIPART Project Manager
Comments/Notes:						

PERFORMANCE MONITORING PLAN FOR PO 3.3

Strategic Objective 3: GREATER EMPOWERMENT OF PEOPLE TO PARTICIPATE IN DEVELOPMENT AND DEMOCRACY

Program Outcome 3.3: INCREASED EFFECTIVENESS OF DISPUTE RESOLUTION SYSTEMS

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	SPECIFIC SOURCE OF DATA	DETAILS OF DATA COLLECTION METHODS AND APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON/OFFICE AND SUPPORTING ACTIVITIES
1) NUMBER OF BACKLOG CASES IN COURTS OF APPEAL	<p><u>Backlog</u> = Pending cases with no resolution</p> <p><u>Case</u> = A case resolved by the Court of Appeals for decision</p> <p>UNIT: # of cases</p>	Court of Appeals Case Records	Quarterly Reports submitted by TAF	Semi-annually	Built into CIPART's monitoring and evaluation budget	USAID/PRJ/DHVI CIPART Project Manager
2) NUMBER OF PEOPLE USING MEDIATION BOARDS	<p><u>People using</u>: A complaint brought to the mediation board according to standard procedures</p> <p><u>Mediation boards</u>: Current National Mediation Boards within the Ministry of Justice, including future mediation boards to be established in the East and North.</p> <p>UNIT: # of people</p>	Ministry of Justice, National Mediation Board records	Quarterly Reports submitted by TAF	Annually	Built into CIPART's monitoring and evaluation budget.	USAID/PRJ/DHVI CIPART Project Manager
3) PERCENTAGE OF MEDIATION BOARD CASES RESOLVED	<p><u>Percentage of mediation board cases resolved</u>: the number of cases resolved as a percentage of the number of cases brought to mediation boards</p> <p>UNIT: % of resolved cases</p>	Ministry of Justice, National Mediation Board records	Quarterly Reports submitted by TAF	Annually	Built into CIPART's monitoring and evaluation budget.	USAID/PRJ/DHVI CIPART Project Manager
Comments/Notes:						

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DATA FOR SO1: BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

PERFORMANCE INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
				1995		1996		1997		1998		1999		2000	
		YEAR	VALUE	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
1) PRIVATE INVESTMENT AS A PERCENTAGE OF GDP	<p><u>Private Investment:</u> Private investment in fixed assets plus private inventories</p> <p><u>Percentage of GDP:</u> Total private investment expressed as a % total GDP per annum</p> <p>UNIT: Percentage</p>	1993	14.2												
		1994	15.2	15.8		16.0		16.3		16.6		16.9		17.2	
2) PREVALENCE OF STUNTING AND WASTING AMONGST PRE-SCHOOL CHILDREN	<p><u>Prevalence of stunting and wasting:</u> Percentage of population that is affected by a failure to grow adequately in height and weight, in relation to age</p> <p><u>Among pre-school children:</u> children aged 3-60 months</p> <p>Unit: percentage</p>	1994	60	60		58		55		50		45		40	
Comments/Notes:															

DATA FOR SO1: BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

PERFORMANCE INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
				1995		1996		1997		1998		1999		2000	
		YEAR	VALUE	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
3) CHANGE IN BOI INVESTMENT	BOI Investment: Actual private investment in Board of Investment (BOI) approved enterprises UNIT: \$ (Rs converted to \$) value of investments	1993	\$725M												
		1994	\$800M	880M		970M		1070M		1100M		1210M		1320M	
Comments/Notes:															

DATA FOR PO1.1 -- BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Program Outcome 1.1: INCREASED PRIVATE SECTOR PARTICIPATION IN THE ECONOMY

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS												
		YEAR	VALUE	1995		1996		1997		1998		1999		2000		
				EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	
1) VALUE OF TARGETED GOVERNMENT ASSETS TRANSFERRED TO LONG-TERM PRIVATE CONTROL	A. STATE-OWNED ENTERPRISES	Thru 1992	158													
	<u>Value:</u> Market value at time of sale, converted to dollars at time of sale.	1993	115													
	<u>Targeted Government Assets (Types):</u> 62 small & medium SOEs slated for privatization by GSL. Any sales exceeding the 62 will still be counted.	1994	21	30		25			20		20		20			
	B. GOVERNMENT LAND															
	<u>Value:</u> Std. value per acre in \$s, converted from Rs. at current exchange rate.															
	<u>Targeted government assets (types):</u>															
	Title III (land)	1994		3.0		4.5			4.5		4.5		4.5			
	Title III (plantations)	1994		20.0		20.0			20.0		20.0		20.0			
	MARD	1994		0.4		0.1			-		-		-			
	Title III/MED	1994		0.1		0.5			0.5		0.5		-			
SCOR	1994		2.0		2.5			3.8		4.2		-				
TOTAL VALUE OF LAND				25.5		27.6			28.8		29.2		24.5			

2) VALUE OF PRIVATE SECTOR INVESTMENT IN ECONOMIC INFRASTRUCTURE	C. OTHER GOVERNMENT ASSETS													
	<u>Value:</u> Standard value per sq.ft (for bldgs), per linear unit (for irrigation canals).													
	<u>Targeted Government Assets (Types):</u>													
	Title III/Irrigation dev.	1994		50	50	50	50	50	50	50				
	Title III/MASL FO	1994		50	50	50	50	50	50	50				
	Title III/LT	1994	1.1	2	2	-	-	-	-	-				
	TOTAL OTHER ASSETS			102	102	100	100	100	100	100				
	TOTAL ASSETS \$Million			157.5	154.6	148.8	149.2	144.5						
	<u>Value:</u> Estimated project cost at the time of signing the implementation agreement in million U.S.\$	1994	0	50	100	300	300	350						
	<u>Private sector investment:</u> Both local and foreign private sector investment <u>Economic Infrastructure:</u> Power, roads and transportation, telecommunications, real estate, water and waste treatment and solid waste disposal													
Comments/Notes:														

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DATA FOR PO1.1 -- BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Program Outcome 1.1: INCREASED PRIVATE SECTOR PARTICIPATION IN THE ECONOMY

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
				1995		1996		1997		1998		1999		2000	
		YEAR	VALUE	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
3) PERCENTAGE SHARE OF STAPLE FOOD TRADE BY THE PRIVATE SECTOR	<p><u>Percentage share:</u> percent share of the private sector in local distribution and import of rice and wheat</p> <p><u>of staple food trade:</u> marketable surplus of rice (50% of paddy production) + rice and wheat imports</p> <p><u>by the private sector:</u> this is determined by reducing the quantum of trade by the Food Dept. C.W.E. and P.M.B. from total trade</p> <p>UNIT: percentage</p>	1990	67%	75%		85%		95%		100%		100%		100%	
Comments/Notes:															

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DATA FOR PO 1.2: BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Program Outcome 1.2: EXPANSION OF EMPLOYMENT THROUGH ADOPTION OF NEW TECHNOLOGIES

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
				1995		1996		1997		1998		1999		2000	
		YEAR	VALUE	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
1) CHANGE IN TOTAL EMPLOYMENT IN TARGETED ENTERPRISES	<u>Change in total employment:</u> change in jobs created														
	<u>targeted enterprises:</u> client firms of USAID projects														
	UNIT: % change in jobs created														
	TIPS	1994	1500	1700		1700		1700		1800		1500		1300	
	SCOR	1994	-	300		400		500		500		300		-	
	MARD	1994	2320	1150		200		-		-		-		-	
	MED	1994	10076	4000		-		-		-		-		-	
	MICRO-ENTERPRISE	1994	-	-		-		1000		1000		1000		1000	
	AGENT (enterprise dev.)	1994	750	2250		2500		2500		2500		2000		2000	
AGENT (farmer org.)	1994	-	-		500		1000		1000		1500		2000		
TOTAL		14646	9400		5300		6700		6800		6300		6300		
Comments/Notes:															

DATA FOR PO1.2 -- BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Program Outcome 1.2: EXPANSION OF EMPLOYMENT THROUGH ADOPTION OF NEW TECHNOLOGIES

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
		YEAR	VALUE	1995		1996		1997		1998		1999		2000	
				EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
2) VALUE OF INVESTMENTS IN NEW TECHNOLOGIES	<u>Value:</u> Cost incurred, in dollars, at the exchange rate prevailing at the time the investment is made.														
	<u>Investments:</u> Company expenditure on fixed and working capital.														
	<u>New Technologies:</u> Any initiative by a firm that represents to that firm use of new technical or managerial knowledge, skills, equipment or processes used to develop, produce and/or market goods or services.														
	<u>Targeted Groups:</u> Client companies of:	1992	0.435												
	TIPS	1993	1.237												
	AGENT (enterprise dev.)	1994	0.469	1.5		1.6		1.8		2.0		2.2		2.4	
	AGENT (farmer org.)	1993	0.7												
	SCOR	1994	0.8	2.0		2.5		3.0		3.0		3.0		3.0	
	MICROENTERPRISE	1994	-	-	0.4		0.4		0.4		0.9		-		
	MED	1994	-	-	-		-		0.6		0.8		1.0		2.0
MARD	1994	2.5	0.5					-		-		-		-	
Value of Investments in \$ Million	1994	-	0.7		0.1			-		-		-		-	
			5.1		5.1		6.8		8.7		9.2		10.4		
Comments/Notes:															

DATA FOR PO1.3 -- BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Program Outcome 1.3: MORE ACCESSIBLE AND EFFECTIVE FINANCIAL MARKETS

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS												
		YEAR	VALUE	1995		1996		1997		1998		1999		2000		
				EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	
1) NUMBER OF BELOW MEDIAN INCOME HOUSEHOLDS RECEIVING HOUSING LOANS*	<p><u>Below median income households:</u> Households whose income is or falls below the 50th percentile of household income as defined by the Central Bank</p> <p><u>Housing Loans:</u> # of home improvement loan and shelter related activities such as infrastructure and land</p> <p>UNIT: # of Households</p>	1991	10000	52000		66000		90000		114000		138000		162000		
		1992	15000													
		1993	22000													
		1994	45000													

Comments/Notes: Numbers are Cumulative. Actual data will be Gender Disaggregated

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DATA FOR PO1.3 -- BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Program Outcome 1.3: MORE ACCESSIBLE AND EFFECTIVE FINANCIAL MARKETS

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
		YEAR	VALUE	1995		1996		1997		1998		1999		2000	
				EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
2) EMPLOYMENT GENERATED BY COMPANIES RAISING NEW CAPITAL ON THE STOCK EXCHANGE*	<u>Employment generated by companies:</u> direct new jobs created	1990	572												
		1991	1026												
		1992	4029												
		1993	8392												
		1994	10000	8000		9000		10000		11000		13000		17000	
3) NUMBER OF SHAREHOLDERS OF PUBLICLY TRADED EQUITY*	<u>Shareholders:</u> # of client accounts in Colombo Stock Exchange, Central Depository System <u>Publicly traded Equity:</u> Shares in companies listed on the Colombo Stock Exchange UNIT: # of shareholders	1991	14400												
		1992	58800												
		1993	101100												
		1994	127500	160000		175000		200000		225000		235000		250000	

Comments/Notes: Numbers are Cumulative. Actual data will be Gender Disaggregated

DATA FOR PO 1.3 -- BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Program Outcome 1.3: MORE ACCESSIBLE AND EFFICIENT FINANCIAL MARKETS

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS												
		YEAR	VALUE	1995		1996		1997		1998		1999		2000		
				EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	
4) VALUE OF CAPITAL RAISED THROUGH PRIVATE EQUITY AND DEBT ISSUES	<u>Value:</u> Current Dollar value at time of initial issues.															
	<u>Private Equity:</u> New listings on Colombo Stock Exchange	1991	26.4M													
		1992	69.2M													
		1993	142.8M													
		1994	182.3M	150M		180M			198M		200M		200M		200M	
	<u>Private Debt:</u> Tradeable corporate bonds, debentures, secondary market mortgages, etc.	1991	0													
		1992	0													
		1993	0													
		1994	60M	30M		40M			50M		60M		70M		80M	
	TOTAL		242.3M	180M		220M		248M		260M		270M		280M		
	UNIT: Value of Equity and Debt in Dollars															
Comments/Notes:																

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DATA FOR PO1.3 -- BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Program Outcome 1.3: MORE ACCESSIBLE AND EFFICIENT FINANCIAL MARKETS

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
		YEAR	VALUE	1995		1996		1997		1998		1999		2000	
				EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
5) VALUE OF LOANS TO TARGETED MICRO AND SMALL ENTERPRISES INCLUDING SMALL FARMERS*	<p><u>Value:</u> Rupee value converted to dollars at current rates</p> <p><u>targeted micro enterprise loans:</u> loans of < \$5,000 and micro-enterprises which have the capability of becoming a small enterprise</p> <p><u>targeted small enterprise loans:</u> loans of < \$25,000</p> <p>(Lending: at market rates in the form of loans, formal leases, overdrafts, commercial letters of credit and lines of credit through targeted private commercial banks)</p> <p>UNIT: Dollars</p>														
		MSED 1994	6.1M	1.4	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
		MED 1994	1.0M	0.3	-	-	-	-	-	-	-	-	-	-	-
		MICROENTERPRISE AGENT (enterprise dev.) 1994	-	-	-	-	0.3	0.4	0.5	0.5	1.0	0.5	0.5	1.0	1.0
		AGENT (farmer org.)	-	-	-	0.2	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0
		Total Value of lending \$			2.2M	3.2M	3.3M	4.4M	4.0M	4.0M	5.5M				

Comments/Notes: Numbers are Cumulative. Actual data will be Gender Disaggregated

DATA FOR PO 1.4 -- BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

Program Outcome 1.4: IMPROVED FOOD SECURITY

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
		YEAR	VALUE	1995		1996		1997		1998		1999		2000	
				EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
1) PER CAPITA CALORIC FOOD AVAILABILITY	<p><u>Caloric food availability:</u> Food production + Imports - Exports divided by Total Population</p> <p>UNIT: Calories per day</p>	1993 1994	2305	2328		2351		2375		2450		2450		2475	
2) PERCENTAGE OF WOMEN WITH IRON DEFICIENCIES	<p><u>Percentage of women: % of women with Anemia</u></p> <p><u>Iron deficiency:</u> Iron is on of the important micro nutrients necessary for overall health and high productivity. Deficiency of iron causes Anemia. Measured by haemoglobin level in blood.</p> <p>UNIT: % of women</p>	1993 1994	68%	67%		64%		61%		58%		55%		52%	
Comments/Notes:															

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DATA FOR SO 2: BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 2: IMPROVED ENVIRONMENTAL PRACTICES TO SUPPORT SUSTAINABLE DEVELOPMENT

PERFORMANCE INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
		YEAR	VALUE	1995		1996		1997		1998		1999		2000	
				EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
1) EXPANDED HECTARES OF TARGETED LAND WITH AGRICULTURAL CONSERVATION PRACTICES	<p><u>Targeted Land:</u> land on which project assisted agricultural activities are undertaken for production purpose</p> <p><u>Agricultural Conservation Practices:</u> any new conservation or environmentally sound practice including use of integrated pest management, contour planning, permanent cropping, alley cropping, mulching etc.</p>														
	MARD	1994	3360	1600	-	-	-	-	-	-	-	-	-	-	-
	SCOR	1994	-	3000	10000	10000	7000	-	-	-	-	-	-	-	-
	AGENT (farmer org.)	1994	-	-	500	500	500	500	500	500	500	500	500	500	500
	TOTAL Hectares		3360	4600	10500	10500	7500	500							
Comments/Notes:															

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DATA FOR PO 2.2 -- BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 2: IMPROVED ENVIRONMENTAL PRACTICES TO SUPPORT SUSTAINABLE DEVELOPMENT

PERFORMANCE INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
				1995		1996		1997		1998		1999		2000	
		YEAR	VALUE	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
2) PERCENTAGE OF INDUSTRIES IMPLEMENTING POLLUTION PREVENTION/CONTROL MEASURES	<p><u>Percentage of Industries:</u> High and medium polluting industries (present # 1600) as established by the GSL Central Environmental Authority's industrial classification</p> <p><u>Pollution Prevention/Control Measures:</u> Issuance and renewal of Environmental Protection License (EPL) indicates implementation of control measures</p> <p>UNIT: % of total industries</p>	1994	10	15		20		30		40		50		60	
Comments/Notes:															

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DATA FOR PO 2.2 -- BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 2: IMPROVED ENVIRONMENTAL PRACTICES TO SUPPORT SUSTAINABLE DEVELOPMENT

PERFORMANCE INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
		YEAR	VALUE	1995		1996		1997		1998		1999		2000	
				EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
3) PERCENTAGE OF MUNICIPAL SOLID WASTE DISPOSED THROUGH ENVIRONMENTALLY SOUND SYSTEMS	<p><u>Percentage of Municipal Solid Waste</u>: % of total amount of refuse delivered to the municipal disposal sites of Colombo, Kandy and Galle</p> <p><u>Disposed through</u>: Final disposition of collected solid waste</p> <p><u>Environmentally sound systems</u>: Safe and hygienic disposal techniques which minimize adverse environmental impact to the area surrounding the disposal site, including the air, land and surface water resources</p> <p>UNIT: % of solid waste tonnage</p>	1994	0	20		30		40		50		60		70	
Comments/Notes:															

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DATA FOR SO 2: BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 2: IMPROVED ENVIRONMENTAL PRACTICES TO SUPPORT SUSTAINABLE DEVELOPMENT

PERFORMANCE INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS													
		YEAR	VALUE	1995		1996		1997		1998		1999		2000			
				EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L		
4) NUMBER OF PEOPLE BENEFITTED BY ADOPTION OF ENVIRONMENTALLY SOUND PRACTICES	<u>People benefitted:</u> individuals whose livelihood or health is protected due to own adoption of technology or adoption of technology in the immediate area of residence																
	<u>of environmentally sound practices:</u> any environmental practice in agricultural production, industry, or resource conservation that is promoted by USAID funded projects or programs																
	UNIT: # of people																
	SCOR	1994	28830	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
	MARD	1994	8500	4000	-	-	-	-	-	-	-	-	-	-	-	-	-
	TIPS	1994	2700	3000	4500	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
	AGENT	1994	-	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
	Title III (DWLC)	1994	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	CRMP	1994	10000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
CBRM	1994	50000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	
TOTAL		100030	16000	16000	13500	15000	15000	15000	14000	14000	9000	9000	6000	6000	6000	6000	
Comments/Notes:																	

DATA FOR SO 2 --BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 2: IMPROVED ENVIRONMENTAL PRACTICES TO SUPPORT SUSTAINABLE DEVELOPMENT

Program Outcome 2.1: IMPROVED ENVIRONMENTAL INSTITUTIONS, POLICIES AND PLANS

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
		YEAR	VALUE	1995		1996		1997		1998		1999		2000	
				EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
1) PERCENTAGE IMPLEMENTATION OF THE NATIONAL ENVIRONMENTAL ACTION PLAN	<p><u>Implementation:</u> % of NEAP recommendations implemented</p> <p><u>National Environment Action Plan:</u> A comprehensive statement of the country's priorities for environmental policies and programs covering the period 1995-1998. Consists of recommendations for 6 program areas</p> <p>UNIT: %</p>	1994	10	30		40		50		60		70		80	
Comments/Notes:															

DATA FOR PO 2.2 -- BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 2: IMPROVED ENVIRONMENTAL PRACTICES TO SUPPORT SUSTAINABLE DEVELOPMENT

Program Outcome 2.2: INCREASED LOCAL MANAGEMENT AND SHARED CONTROL OF NATURAL RESOURCES

DATA FOR PO 2.2 -- BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 2: IMPROVED ENVIRONMENTAL PRACTICES TO SUPPORT SUSTAINABLE DEVELOPMENT

Program Outcome 2.2: INCREASED LOCAL MANAGEMENT AND SHARED CONTROL OF NATURAL RESOURCES

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
				1995		1996		1997		1998		1999		2000	
		YEAR	VALUE	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
1) NUMBER OF HOUSEHOLDS WITH SECURE LAND TENURE/NATU RAL RESOURCES RIGHTS	<p><u>Households:</u> Individuals assumed to be heads of households and in cases defined or data collected by hectares, we will assume one household per hectare</p> <p><u>With secure land tenure/ National Regional Rights:</u> swarna boomi grants, land grants, freehold titles, long term leases (> 5 years) & usufruct rights for land, water or forest area coming under projects</p>	MARD	1994	-	700	200	-	-	-	-	-	-	-	-	-
		SCOR	1994	-	4000	5000	7500	8500	-	-	-	-	-	-	-
		Title III (land titling)	1994	2500	6000	9000	9000	9000	9000	9000	9000	-	-	-	-
		Title III/MED	1994	161	300	439	-	-	-	-	-	-	-	-	-
		Title III (plantations)	1994	-	25000	25000	25000	25000	25000	-	-	-	-	-	-
		Title III/MASL	1994	2500	5000	5000	5000	5000	5000	5000	5000	-	-	-	-
		Title III ID	1994	-	5000	5000	5000	5000	5000	5000	5000	-	-	5000	-
		TOTAL			46000	49639	51500	52500	19000	5000					
Comments/Notes: Based on continued receipt of PL480 funds															

DATA FOR PO 2.2 – BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 2: IMPROVED ENVIRONMENTAL PRACTICES TO SUPPORT SUSTAINABLE DEVELOPMENT

Program Outcome 2.2: INCREASED LOCAL MANAGEMENT AND SHARED CONTROL OF NATURAL RESOURCES

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
				1995		1996		1997		1998		1999		2000	
		YEAR	VALUE	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
2) NUMBER OF USER GROUPS WITH JOINT RESPONSIBILITY FOR MANAGEMENT OF NATURAL RESOURCES	<u>User groups with joint responsibility for management of natural resources:</u> authority or responsibility by any local or community organization recognized by the government for coordinated use or preservation of land, water, coastal, forest or wild life resources														
	UNIT: # of user groups														
	SCOR	1994	165	150		150		200		150		135		-	
	AGENT	1994	-	-		10		10		10		-		-	
	MARD	1994	36	48		-		-		-		-		-	
	Title III (MASL)	1994	-	-		100		150		150		150		67	
	Title III (ID)	1994	194	50		100		100		150		150		150	
	CRMP	1994	30	5		5		5		-		-		-	
	CBRM	1994	20	10		10		10		10		10		-	
TOTAL		445	263		375		475		470		445		217		
Comments/Notes:															

DATA FOR SO 3: BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 3: GREATER EMPOWERMENT OF PEOPLE TO PARTICIPATE IN DEVELOPMENT AND DEMOCRACY

PERFORMANCE INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
				1995		1996		1997		1998		1999		2000	
		YEAR	VALUE	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
1) INCREASED EXPENDITURE BY LOCAL GOVERNMENTS	<p><u>Increased expenditure:</u> Increase in disbursements to support development activities within the mandate of LG.</p> <p><u>by LG:</u> Primarily Pradeshiya sabhas, possibly Divisional Secretaries, Municipal and Urban Councils</p> <p>UNIT: \$Mn</p>	TBD													
2) PERCENTAGE OF PEOPLE WITH ACCESS TO LEGAL SERVICES AND INFORMATION	<p><u>Percentage of people:</u> percentage of total population of Sri Lanka aged 18 and over</p> <p><u>Access to legal services:</u> People whose pending case has been heard within the court system/mediation board</p> <p><u>Access to information:</u> People who are satisfied with the print/electronic media as a primary source of information relevant to their needs</p>	TBD													

Comments/Notes: TBD = To be determined by 9/30/95. Once the cooperative agreement is established, targets can be set.

DATA FOR PO 3.1 -- BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 3: GREATER EMPOWERMENT OF PEOPLE TO PARTICIPATE IN DEVELOPMENT AND DEMOCRACY

Program Outcome 3.1: INCREASED EFFECTIVENESS OF LOCAL INSTITUTIONS

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS													
		YEAR	VALUE	1995		1996		1997		1998		1999		2000			
				EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L		
1) NUMBER OF TARGETED NGOS & LOCAL GOVERNMENTS ACHIEVING A DEFINED RATING	<u>Targeted NGOs:</u> one or two CIPART assisted NGOs specializing in such sectors as micro-enterprise development for women or youth, relief and rehabilitation and fundamental rights, with a stated mandate to strengthen member NGOs.																
	<u>Achieving a defined rating:</u> Meeting minimum criteria for: Democratic structure (NGO) Diversity and # of membership (NGO) Level of budgetary resources (NGO & LG) Types of "umbrella activities" (LG) Transparency requirements (NGO & LG)																
	UNIT: # of NGOs & LG																
	NGO	0	1		2		2		2		2		1		-		
LG	0	0		5		10		10		10		10		10			
TOTAL	0	1		7		12		12		12		11		10			

Comments/Notes:

DATA FOR PO 3.1 -- BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 3: GREATER EMPOWERMENT OF PEOPLE TO PARTICIPATE IN DEVELOPMENT AND DEMOCRACY

Program Outcome 3.1: INCREASED EFFECTIVENESS OF LOCAL INSTITUTIONS

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
		YEAR	VALUE	1995		1996		1997		1998		1999		2000	
				EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
2) NUMBER OF COMMUNITY GROUPS ACHIEVING A DEFINED RATING	<u>Community Groups:</u> project assisted groups organized at the community level to accomplish a common goal. <u>Achieving a Defined Rating:</u> Meeting minimum criteria for: democratic structure of organization; Level of funding Sustainability Transparency														
	MARD	1994	0	50											
	SCOR	1994	0	50		100	100		150						
	AGENT	1994	0	0		20	20		20		20			20	
	CARE	1994	0	2		2	3		4		4				
	CIPART	1995	0	0		15	50		75		100			100	
	TOTAL			102		137	173		249		124			120	

Comments/Notes:
 TITLE III impacts on farmer organizations cannot be easily tracked.

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DATA FOR PO 3.1: BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 3: GREATER EMPOWERMENT OF PEOPLE TO PARTICIPATE IN DEVELOPMENT AND DEMOCRACY

Program Outcome 3.1: INCREASED EFFECTIVENESS OF LOCAL INSTITUTIONS

PERFORMANCE INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
				1995		1996		1997		1998		1999		2000	
		YEAR	VALUE	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
3) NUMBER OF DEVELOPMENT PROJECTS JOINTLY IMPLEMENTED BY LOCAL GOVERNMENT AND NGOS	<u>Development Projects:</u> Projects resulting from the establishment of a jointly administered development fund which will meet basic criteria concerning people's participation, development priorities, environmental considerations and sustainability	1994	0	0		5		8		15		20		25	
Comments/Notes:															

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DATA FOR PO 3.2 -- BASELINE; EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 3: GREATER EMPOWERMENT OF PEOPLE IN DEVELOPMENT AND DEMOCRACY

Program Outcome 3.2: MORE RESPONSIVE AND RESPONSIBLE MEDIA

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
				1995		1996		1997		1998		1999		2000	
		YEAR	VALUE	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
1) NUMBER OF ELECTRONIC MEDIA AND PUBLICATIONS WITH MULTI- SOURCE REPORTING	<p><u>Electronic media:</u> Two Television Stations: SLRC - Rupavahini and ETV - 1 One Radio Station: SLBC</p> <p><u>Publications:</u> Two English language newspapers: The Daily News and The Sunday Times Two Sinhala language newspapers: Lanka Deepa and Divaina 1 Tamil language newspaper: Virakesari</p> <p><u>multi-source reporting:</u> Greater accuracy in reporting facts, figures and events with multiple sources for news stories</p> <p>UNIT: Number of publications</p>	1994	0	0		1		1		2		2		2	
Comments/Notes:															

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DATA FOR PO 3.2: BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 3: GREATER EMPOWERMENT OF PEOPLE TO PARTICIPATE IN DEVELOPMENT AND DEMOCRACY

Program Outcome 3.2: MORE RESPONSIVE AND RESPONSIBLE MEDIA

PERFORMANCE INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
				1995		1996		1997		1998		1999		2000	
		YEAR	VALUE	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
2) PERCENTAGE OF CITIZENS WITH INFORMATION ON NATIONAL AND LOCAL ISSUES	<p><u>Percentage of citizens:</u> percentage of total population of Sri Lanka aged 18 & over</p> <p><u>with information:</u> knowledge received thru print and electronic media</p> <p><u>on national issues:</u> economic (business environment, inflation, taxes & employment</p> <p><u>local issues:</u> economic (jobs, business opportunities), social (schooling of children, health), political (local elections)</p> <p>UNIT: % of people</p>	TBD													
<p>Comments/Notes: TBD = To be determined by The Asia Foundation (TAF) by 9/30/95. Once the agreement with the Asia Foundation is established, targets can be set.</p>															

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DATA FOR PO 3.3 -- BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 3: GREATER EMPOWERMENT OF PEOPLE TO PARTICIPATE IN DEVELOPMENT AND DEMOCRACY

Program Outcome 3.3: INCREASED EFFECTIVENESS OF DISPUTE RESOLUTION SYSTEMS

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
		YEAR	VALUE	1995		1996		1997		1998		1999		2000	
				EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
1. NUMBER OF BACKLOG CASES IN COURTS OF APPEAL	<p><u>Backlog</u> = Pending cases with no resolution</p> <p><u>Case</u> = A case resolved by the Court of Appeals for decision</p> <p>UNIT: # of cases</p>	1993	18,000												
		1994	14,000	13000		12000		11000		10000		9000		8000	
2. NUMBER OF PEOPLE USING MEDIATION BOARDS	<p><u>Mediation boards:</u> Current National Mediation Boards within the Ministry of Justice, including future mediation boards to be established in the North and East.</p> <p>UNIT: # of people</p>	1994	184000	200000		215000		230000		245000		260000		275000	
Comments/Notes:															

DATA FOR PO 3.3 – BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

Strategic Objective 3: GREATER EMPOWERMENT OF PEOPLE TO PARTICIPATE IN DEVELOPMENT AND DEMOCRACY

Program Outcome 3.3: INCREASED EFFECTIVENESS OF DISPUTE RESOLUTION SYSTEMS

PROGRAM OUTCOME INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS											
				1995		1996		1997		1998		1999		2000	
		YEAR	VALUE	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L	EXP'D	ACT'L
3) PERCENTAGE OF MEDIATION BOARD CASES RESOLVED	<p><u>Percentage of mediation board cases resolved</u>: the number of cases resolved as a percentage of the number of cases brought to mediation boards</p> <p>UNIT: % of resolved cases</p>	1994	59%	60%		62%		64%		66%		68%		70%	
Comments/Notes:															

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MONITORING & EVALUATION TRACKING SYSTEM (FY 1994, FY 1995, AND FY 1996)

ANNEX 2

Mission or Office: USAID/Sri Lanka

Evaluation Officer: Kim Kertson

Title: Program Officer

Backstop Code: O2

Project No. & Activity or Program Title	Project Start Date	SO or PO to which Activity Contributes	Level of Program Funding Expenditures for Evaluation Activities \$(000s)			Est. OE funded FTE's (0.0)	Type of Evaluation - Interim - Final - Special - PACR	Status & Date of Evaluation Activity: - Planned - On-going - Complete * Postponed	Date of Completed Project Evaluation Summary sent to AID/W	Date Completed Evaluation Report sent to AID/W
			FY 94	FY 95	FY 96					
Mission Projects, Activities & Program Titles										
383-0083 Agr. Planning & Analysis	08/28/86	SO1								
383-0085 Dev. Studies & Training	08/28/87	SO1								
383-0090 Mahaweli Enterprise Dev.	06/13/89	SO1								
383-0100 Private Sector Policy Support	07/29/88	SO1								
383-0108 Tech. Initiative for Private Sector	03/28/91	SO1								
383-0111 Agro-Enterprises	05/21/92	SO1								
383-0118 Promotion of Private Infrastructure	09/09/92	SO1								
HG-004	05/26/88	SO1								
HG-006	05/26/93	SO1								
PL 480 Program	06/11/91	SO1								
383-0109 Shared Control of Resources	05/25/93	SO2								
383-0086 Mahaweli Agr. & Rural Dev.	08/28/87	SO2								
383-0109 Natural Resources & Env. Policy	06/29/90	SO2								
383-0101 PVO Co-Financing II	08/28/87	SO3								
383-0119 Citizens Participation	05/26/94	SO3								
Project / Activity Evaluations										
383-0083 Agr. Planning & Analysis			-	-	-	0.1	PACR	Ongoing 05/94		07/31/94
383-0085 Dev. Studies & Training			4	-	-	-	PACR	Ongoing 03/94		06/30/94
383-0086 Mahaweli Agr. & Rural Dev.			-	15	-	-	PACR	Planned 05/95		12/31/95
383-0090 Mahaweli Enterprise Dev.			46	-	-	0.1	Final	Planned 07/94	09/30/94	09/30/94
383-0090 Mahaweli Enterprise Dev.			-	15	-	-	PACR	Planned 03/95		06/30/95
383-0100 Private Sector Policy Support			-	125	-	-	Final	Planned 05/95	08/31/95	08/31/95
383-0101 PVO Co-Financing II			-	40	-	-	Final	Planned 08/95	11/30/95	11/30/95
383-0101 PVO Co-Financing II			-	-	-	-	PACR	Planned 01/96		04/30/96
383-0108 Tech. Initiative for Private Sector			-	-	-	-	Special	Ongoing 05/94	08/31/94	08/31/94
383-0108 Tech. Initiative for Private Sector			-	-	125	-	Final	Planned 08/96	11/30/96	11/30/96
383-0109 Natural Resources & Env. Policy			50	-	-	-	Interim	Complete 01/94	01/31/94	01/31/94
383-0109 Natural Resources & Env. Policy			-	-	100	-	Interim	Planned 09/96	12/31/96	12/31/96
383-0109 Shared Control of Resources			-	50	-	0.1	Interim	Planned 08/95	08/01/94	08/01/94
383-0111 Agro-Enterprises			50	-	-	0.1	Interim	Planned 10/94	07/31/94	07/31/94
383-0118 Promotion of Private Infrastructure			*100	-	-	-	Interim	Planned 09/94	12/31/94	12/31/94
HG-006			refer to PPI*	-	-	-	Interim	Planned 09/94	12/31/94	12/31/94
Program Evaluations										
PL 480			-	50	100	-	Interim	Planned 08/95	10/01/95	10/01/95
Farmer Organizations			-	-	70	-	Special	Planned 01/96	04/15/96	04/15/96
HG-004			23	-	-	-	Special	Planned 06/94	09/30/96	09/30/96
Project and Program Performance Monitoring Activities										
PL 480 Policy Reform Program monitoring	Continuous, OE resources and miscellaneous studies with PD&S funds									
Access and efficiency of financial markets	Financial Markets Project reports, Colombo Stock Exchange Annual Report									
383-0119 Citizens Participation	Baseline studies									
Reason for Postponement of Evaluation										
383-0086 Mahaweli Agr. & Rural Dev.	Review / Assessments on Agribusiness, Farmer Organizations, Farmer Investment and project sustainability conducted in 1993. Therefore final evaluation not necessary.									
383-0101 PVO Co-Financing II	Extension of PACD by one year from August 95 to August 96									

M&E Staff: Name : D.L.C. Ariyaratne Position: Project Development Officer % 50
Nishana Fernando Program Development Specialist 35

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February 24, 1995

NEW ACTIVITY DESCRIPTION

SUSTAINABLE ECONOMIC GROWTH PROGRAM (SEGP)

- I. **Program Number:** 383-0120
Title: *Sustainable Economic Growth Program*
Life-of-Program: Six years
- II. **Program Funding:** Development Assistance (DA) **New Life-of-Program Funding:** \$30 million
First Year Obligation: Fiscal Year 1996 **Carry-Over Life of Program Funding:** \$7.8 million
Total Life-of-Program Funding: \$37.8 million

III. **Summary:** The aim of USAID assistance is to help Sri Lanka become a "green" democratic country with broad-based sustainable development in the next decade. For this strategy to be successful, Sri Lanka must build a sound economic base that independently generates sufficient resources to sustain growth and improve the standard of living. Unbalanced growth - characterized by dependency on a few narrowly-based activities where only a few people are stakeholders in the economic system - may slow the achievement of, and eventually undermine, sustainable economic growth in the country. Furthermore, economic growth is critical to USAID's other strategic objectives: reduced environmental degradation and empowering people to participate in development and democracy.

USAID Sri Lanka's economic growth strategic objective is to *increase opportunities for "people" to participate in, and benefit from, a growing market economy.* The Sustainable Economic Growth Program (SEGP) will consolidate activities related to this objective under one program. SEGP will : 1) provide program coherency at the strategic objective level; 2) permit program-enhancing funding and management flexibility; 3) consolidate the existing economic growth project portfolio , and , 4) create a framework for several new economic growth initiatives. This "integrated" approach is consistent with our strategic objectives in environment and democracy which are implemented through similar multi-activity program mechanisms.

SEGP will help create 55,000 new full time jobs (benefiting an estimated 275,000 people). It will promote the adoption of new technologies in key agriculture and non-farming sectors. It will create more accessible and efficient financial markets leading to \$750 million in increased private capital investment. By facilitating the transfer of \$900 million in government assets and creating new investment opportunities SEGP will help expand the role of private participation in the national economy.

IV. Program Description:

A. Sri Lanka Setting for Economic Growth: Sri Lanka's economy is in transition. Although economic growth has averaged over 5% per annum in recent years, this expansion has not been balanced. The industrial and manufacturing sectors, including garments, textiles, food, chemical and fabricated metal sub-sectors, have expanded rapidly. Services, especially in the financial sector, have also shown significant growth. Agriculture, historically the mainstay of Sri Lanka's employment and income figures and the major supplier of national food supplies, has not kept pace.

Many Sri Lankans are having difficulty adjusting to the transition. Traditional livelihoods are diminished. Chronic unemployment, estimated at 15-18% of the labor force, remains a major economic and political problem. The public sector is over-staffed. Employment opportunities in the private sector have not kept pace with the rising demand. Workers' educational qualifications, skills and experience are often inadequate. Income levels are low, and distribution is highly skewed. Recent surveys indicate a deterioration in already very poor nutritional standards for large numbers of Sri Lankans.

Yet, as the country's recent economic growth suggests, *some* Sri Lankans are finding higher-income

employment opportunities which contribute to national food security. While these developments are promising, the scale and scope of these activities are insufficient relative to the country's needs. Private sector-led development is constrained by inadequate new investment, low labor productivity, poor access to new technologies, and a lack of exposure to markets outside of Sri Lanka. The momentum of Sri Lanka's economic growth will be lost if these bottlenecks to sustained economic growth are not alleviated.

B. Specific Problems to be Addressed: Most Sri Lankans have limited economic opportunities. The average monthly wage is less than \$50 a month. At least one in six people are unemployed. Without access to adequate economic resources and burdened by extensive government controls, people cannot actively participate in economic development.

Sri Lanka's economy must be broader-based and more firmly rooted to sustain economic growth and to improve living standards. Mobilizing new private investment funds and developing mechanisms to finance a wider range of economic activities is imperative. More Sri Lankans must participate in private productive economic activities as owners, employees, and shareholders. In this regard, privatizing state-owned enterprises, expanding investment in Sri Lanka's rapidly growing financial sector, and increasing private participation in infrastructure development are especially promising. However, for many Sri Lankans, self-employment in micro- and small-scale enterprises (especially value added activities in agricultural production and processing) will be the most promising path to increased incomes and employment. Sri Lanka is ready to accelerate structural economic change. To do so requires strengthened policy and institutional structures, and major investments in technology, training and infrastructure.

Given USAID's relative advantages compared to other donor agencies, the following constraints will receive priority attention:

- ▶ restrictive public policies and procedures (largely related to excessive government control and interference) which limit new investment and competition in key economic sectors;
- ▶ lack of viable, self-sustaining, medium and long-term financing for the private sector in general, and access to credit for micro-enterprises and agriculture in particular;
- ▶ insufficient knowledge about, and limited access to, new production technologies and export markets, especially for small- and medium- scale businesses, micro-enterprises and small farmer associations; and
- ▶ low levels of labor productivity in both the public and private sectors.

C. Building a Framework for Sustainable Economic Growth-Program Goal, Purpose, and Expected Accomplishments: USAID has played a catalytic role in the GSL's economic reform program, establishing a reputation as a persuasive advocate and effective supporter of sustainable economic growth. USAID has taken the lead in promoting agricultural diversification; accelerating small- and medium-business development and technological innovation in manufacturing and industry; expanding financial markets; improving access to credit; and promoting private infrastructure. These efforts have resulted in increased employment and improved incomes for the country's poor. Yet there is much to be done.

To focus USAID's resources, the Mission will consolidate its economic activities in one program: "Sustainable Economic Growth Program (SEGP)". The SEGP will support significant new employment opportunities and investment in key economic sectors. It will require \$30 million in new funding over a six year life-of-Program ending in 2001. Four USAID/Sri Lanka projects, representing \$7.8 million in already authorized funding (mortgage), will be incorporated into the new program authorization. These projects include the Financial Markets component of the Private Sector Policy Support Project (PSPS), the Technology Initiative for the Private Sector Project (TIPS), the Agricultural Enterprise Project (AgEnt), and the Promotion of Private Infrastructure Project (PPI). This model has been successful with both our environment and democracy portfolios.

SEGP's rationale is based upon several factors. Successful implementation of the program will achieve key development outcomes critical to the economic growth objective of USAID's overall country strategy. It will concentrate scarce GSL and USAID resources in a single high-priority objective with supporting program outcomes becoming the focal point of a GSL/USAID dialogue. SEGP will also create a unified management framework within which all program activities will be monitored and evaluated to allow more efficient procedures for resource shifts from poor to strong performing activities in response to lessons learned, evolving opportunities, and availability of resources.

1. Program Goal: Sustainable broad-based economic growth characterized by improved incomes and higher employment levels.

2. Program Purpose and Outcomes: To increase opportunities for people to participate in, and benefit from, a growing market economy. Supporting individual initiative will tap the energies of the country's most valuable resource - its people - and ultimately result in stronger, more sustainable economic growth. To achieve this purpose, SEGP expects to achieve three program outcomes: 1) more accessible and efficient financial markets; 2) increased private sector participation in the economy; and 3) expansion of employment through adoption of new technologies.

Program Outcome 1 will make it easier for people to save, get credit, and make sound investments. USAID assistance will improve financial market institutions, policies and investments. It will promote more efficient financing mechanisms, and address market imperfections. Technical assistance and training activities will be employed to achieve this outcome. USAID Global projects such as the Enhanced Credit Program (ECP) can make significant contributions to this program outcome. Expected results include increased employment, incomes, and investment. Assistance will also support the design and implementation of effective food policy and the improvement in the efficiency of the food production and the distribution system. SEGP's policy support complements USAID's Housing Guarantee (HG) Program and any future PL-480 assistance.

Program Outcome 2 will provide greater access to economic resources. Efforts will assist government transformation from a commercial producer/competitor to a market maker, regulator, and supporter of private enterprise. Targets are greater private participation (less government control) in the following sectors: agriculture, manufacturing and trade, infrastructure financing and management, and financial markets. Significant policy support activities will be required to achieve this outcome. Expected results are higher levels of investment, increased employment and/or productivity, and improved food security.

Program Outcome 3 will help people start, expand, and diversify businesses. USAID assistance will support activities which create new products, increase production efficiency, expand markets, and develop supporting infrastructure. This program outcome will continue assistance to small- and medium-sized businesses under TIPS and AgEnt, and significantly increase support to micro-enterprise activities for the smallest businesses and farmer associations. Complementary USAID/W Global activities such as the Micro and Small Enterprise Development Program may also contribute to this program outcome. Expected results include increased employment and major investment in new technologies.

3. Expected Results: Successful implementation of the overall program will result in:

- ▶ more accessible and efficient financial markets leading to \$750 million in increased private capital investment and 25,000 new jobs in listed companies;
- ▶ a transfer of assets valued at \$900 million from government to the private sector, leading to greater private participation in infrastructure sector, staple food trade, and state-owned commercial enterprises; and
- ▶ over 30,000 new jobs in key non-farming sectors including manufacturing and agricultural processing through adoption of new technologies representing an estimated \$40 million in

additional investment.

D. Relationship to and Host Country Priorities and Other Donor Activities: In her January 3, 1995 speech to Parliament, President Chandrika Kumaratunge re-emphasized her government's commitment to "accelerate economic growth to 8 percent annually and to work unremittingly towards sustaining it." The government's strategy for achieving this growth includes: the development of market friendly policies where the private sector is the principal engine of growth, significant increases in foreign investment for both infrastructure and production, and the expansion of private, small and medium scale industries. SEGP is structured to respond to these priorities.

SEGP also complements a wide range of economic support activities financed by the International Monetary Fund (Structural Adjustment Program), the World Bank (Structural Adjustment and sectoral loans in energy, transport, agriculture and human resource development), the Asian Development Bank (sectoral loans in finance, energy and agriculture), as well as numerous other bilateral programs sponsored by Japan, Germany, Korea, Australia, United Kingdom, France, and Canada.

E. How the Program Will Work: The Sustained Economic Growth Program will consolidate remaining funds and targets of the four existing economic growth projects. It will create new policy, micro-enterprise and human resource activities. USAID Sri Lanka's PL-480 (if continued) and the HG Programs will operate separately, but complementary to SEGP.

SEGP will be implemented through a six year, over-arching program agreement with the GSL Ministry of Finance, Planning and Ethnic Affairs and National Integration. This agreement will be based upon a mutually agreed plan required to achieve the program purpose and corresponding three program outcomes. It will spell out a process for approving new sub-activities. SEGP will be managed at the strategic objective level by a joint USAID - GSL Advisory Board scheduled to meet at six month intervals.

New SEGP activities, critical to all three program outcomes include:

1. A technical assistance component to support improved economic policies, including more effective food policies, technologies and distribution systems. This element of the program will continue the technical assistance activities of the existing economic growth projects. Policy analyses and specialized short-term technical assistance, combined with institutional development, will be critical for achieving more efficient financial markets (Outcome 1) expanding private sector participation (Outcome 2) and facilitating business expansion (Outcome 3) The design of this component will also explore options to increase non-government participation in policy design and implementation through a small grants component with local economic policy institutes, firms and/or business chambers. Direct support to private sector financial market institutions will be continued.

2. A human resource development component to improve management and technical skills in the key economic sectors. Specifically, the program design will consider the best way to provide financial institutions and GSL regulators with sufficient trained staff (Outcome 1). The private sector requires adequate numbers of new managers and skilled technicians to expand its role in this economy (Outcome 2). A business leadership and training activity will be developed. Likewise, business owners must understand new technologies before they adopt them and, after that, employees must be trained to use them (Outcome 3). Training grants will feature in our business assistance activities. SEGP assistance will be made available for people from both the public and private sectors, and where appropriate, will be directed towards training trainers. Equitable regional and gender distribution of training will be considered carefully.

3. A business assistance component to promote and expand small- to medium-sized manufacturing firms, agro-enterprises, and micro-enterprises. This component will be especially important with regard to

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expanding new technologies and employment (Outcome 3), but may also have impact on expanding private sector participation (Outcome 2). It builds on the successful Technology Initiative for the Private Sector (383- 0101) and Agro-Enterprise (383-0111) projects. These mechanisms will continue technical assistance, training and other support for the small- and medium-business. Assistance for micro-enterprises and farmer associations will be significantly expanded under this component of SEGP.

F. Stakeholders and Beneficiaries: The success of SEGP will require the full and active support of government policy-makers, private sector organizations and business people.

Stakeholders in the Technical Assistance Component include senior policy-makers in the Ministries of Finance, Planning, Ethnic Affairs and National Integration; Trade; Agriculture and Industries; Non-Government Economic Policy Organizations (such as the Institute of Policy Studies and Marga Institute); representatives of organizations which promote private sector interests (such as the Chambers of Commerce); and, financial markets personnel. The direct beneficiaries of the Technical Assistance Component will include an estimated 1000 public and private persons who influence economic policy and the financial markets. However, the ultimate beneficiaries of improved economic policies will include an estimated 25,000 new employees (supporting an estimated 125,000 people) who get jobs directly attributable to program activities.

The Human Resource Component's stakeholders include private firms, GSL leaders, national universities, and private management institutions, including the Foundation for Skills Development. The beneficiaries of this Component will include 250 academic and technical trainers who improve their professional skills through exchange programs with international institutions, 150 people who obtain U.S. or third country training, and 1500 people who obtain in-country training leading to improved business and management skills.

Stakeholders in the Business Assistance Component include private entrepreneurs, the Ministry of Industrial Development, the Board of Investment, the Department of Agriculture, and sectoral business groups. The beneficiaries of the Business Assistance Component include 30,000 new employees (supporting an estimated 150,000 people) who obtain jobs in 3,000 new or expanded agro-enterprises, 1,500 new or expanded manufacturing and industrial businesses, 8,000 micro-enterprises, and 2,000 farmer organizations supported by SEGP.

G. Program Sustainability: The sustainability of economic growth is the theme of SEGP. Private resources will facilitate a public sector guided by market principles, a primary source for creating and sustaining economic growth. In terms of policy and institutional sustainability, SEGP will support policies, appropriate regulatory oversight, and institutional strengthening aimed at making it easier and more attractive for people to actively engage in economic activities. Financial sustainability of the program will be enhanced by private economic activities which, unlike government, are required to generate surpluses to sustain them.

V. Management and Work-force Considerations: The management of SEGP will require minor adjustments in skills and organization from USAID/ Sri Lanka's previous economic growth projects. Higher priority will be placed on human resource development and micro-enterprise, linking financial markets and enterprise development activities with policy dialogue. Likewise, program coordination will also require a management system which depends upon obtaining contributions and cooperation from several different organizations.

USAID Sri Lanka now devotes four full-time USDH positions and eight Cooperating Country National professional staff for economic growth - the Mission Sustainable Growth Strategic Objective Team. In addition to these ongoing responsibilities, the staff will be re-deployed to cover new policy and micro-enterprise activities under the SEGP Program. This staffing level represents approximately \$350,000 in

annual OE expenses.

Additionally, USAID will seek to take advantage of more USAID/W technical resources. Specifically, we will be soliciting support from the Global Bureau's Office of Economic Growth, Office of Human Resource Development (Field Support), and direct assistance from projects such as the World-wide Food Security and Distribution Project and the Private Sector Energy Development Project.

VI. Policy Agenda and Other Design Issues: Policy analysis and dialogue is a central theme for SEGP and a critical variable for its success. SEGP will consolidate and expand upon USAID's current policy agenda. We will pursue issues identified as appropriate for the program with GSL officials, private business leaders and

other donors. It will be a standing agenda item on the USAID-GSL Advisory Board. At the design stage, our illustrative policy agenda is as follows:

**SEGP
ILLUSTRATIVE ECONOMIC GROWTH POLICY AGENDA**

PROGRAM OUTCOME	ILLUSTRATIVE POLICY OBJECTIVES
MORE ACCESSIBLE AND EFFICIENT FINANCIAL MARKETS	<ul style="list-style-type: none"> a) improve efficiency of financial intermediation and promote private savings and investment. b) develop viable bond market. c) develop viable private housing finance system. d) develop viable micro-enterprise and agricultural finance system.
INCREASED PRIVATE SECTOR PARTICIPATION IN THE ECONOMY	<ul style="list-style-type: none"> a) privatize state-owned enterprises. b) enable private sector competition in the provision of economic infrastructure. c) restructure public institutions directly supporting the private sector.
EXPANSION AND DIVERSIFICATION OF MICRO, SMALL AND MEDIUM ENTERPRISES	<ul style="list-style-type: none"> a) increase access to markets and technology. b) invest in human capital to improve labor productivity. c) improve public and private support services for private enterprises.

VII. Design Schedule: USAID has received \$90,000 in FY 95 PD&S funds to begin Program preparation immediately. A Mission project development officer will assist the Economic Growth Strategic Objective Team prepare the program design and documentation. The design team will use a special micro-enterprise study and a business training consultancy now underway. They will be assisted by three-person months of technical assistance consisting of a policy reform specialist with program design experience and a human resource development expert. The intention is to begin drafting Program design documents as soon as possible. Program Authorization will be completed by September 1995. The Mission requests Bureau approval to authorize in the field since the level of new funding (\$30 million) falls within existing delegations.

VIII. Illustrative Budget:

The proposed SEGP Budget is attached as Annex 1. The SEGP budget consists of three parts.

First, we will carry forward \$7.825 million in unobligated funding (mortgage) already authorized from four existing economic growth projects.

Second, an additional \$30 million in new funding for SEGP will be provided over six years. These funds will be used to initiate new policy, micro-enterprise, and human resource initiatives and continue on-going business assistance. A significant amount (\$3 million) is provided for evaluation, representing the requirements for monitoring and measuring our economic growth objective performance. The annual amount of discretionary funding necessary for SEGP does not exceed the current level of funds provided for economic growth this year.

Third, the GSL and the private sector participants in SEGP will also finance \$10 million of program expenses. Their contributions will include staff salaries, commodities and training. New private investments will be significantly greater than program costs.

Annex 1

Illustrative Budget:

<u>DESCRIPTION OF COSTS</u>	<u>AMOUNT</u> (\$000's)
A. Carry-Over Funding (Mortgages under existing authorizations)	
1. Technology Initiatives for Private Sector (TIPS)	0
2. Agricultural Enterprise Project (AgENT)	5,350
3. Private Sector Policy Support Project (PSPS)	697
4. Promotion of Private Infrastructure Project (PPI)	<u>1,778</u>
Subtotal Carry-over Funding	7,825
B. New Funding (Obligation under new authorization)	
1. Policy Support	
10,000	
2. Technology and Business Assistance	12,000
3. Micro-enterprise and Credit Support	5,000
4. Evaluation and Audit	<u>3,000</u>
Subtotal New Funding	30,000
Subtotal USAID Funding	37,825
C. Additional Host Country Contribution*	
1. From GSL	2,000

2. From Private Sector	<u>8,000</u>
Subtotal Host Country	10,000
TOTAL	47,825

- * The Host Country Contribution for the carry-over projects significantly exceed the 25% Host Country Contribution requested.

PROGRAM DESIGN LOGFRAME

HIERARCHY TO CAUSE & EFFECT	PERFORMANCE MEASUREMENT	MEANS OF VERIFICATION	EXTERNALITIES RISKS & ASSUMPTIONS
GOAL: A 'green' democratic Sri Lanka with broadbased sustainable development early in the next decade.	<ul style="list-style-type: none"> ▶ 8% growth in GNP during the program period ▶ Per Capita income over \$1,000 	EVALUATION PLAN: <ul style="list-style-type: none"> ▶ Central Bank Reports 	<ul style="list-style-type: none"> ▶ Global economic expansion ▶ Democratic government continues ▶ Political stability ▶ Free market orientation of economy
STRATEGIC OBJECTIVE: Increased opportunity for people to participate in and benefit from a growing market economy	END OF PROGRAM IMPACT: <ul style="list-style-type: none"> ▶ Increase in foreign and domestic investment ▶ Increased share of GDP generated by Private Sector ▶ SEGP benefits distributed broadly among communities and in terms of gender 	EVALUATION PLAN: <ul style="list-style-type: none"> ▶ Central Bank Reports ▶ Central Reports ▶ Program Reports 	SO TO GOAL: <ul style="list-style-type: none"> ▶ Macro economic reform continues ▶ Political stability ▶ Export environment stays favorable ▶ Private Sector activities offer more opportunities for people

USAID/SRI LANKA
PROGRAMMATIC CHART - DONOR COORDINATION

PROJECT	DONOR	RESOURCES (Millions)	COORDINATION
1. Environment:			
Natural Resources & Environment Policy Project (NAREP)	USAID	\$12.0	
a) Colombo Environment Improvement Program (CEIP). Greater Colombo Flood Control Environmental Improvements Project	IDA Govt. of Japan	\$ 1.5 Y 4,367	USAID collaboration is on the mitigation of flood damage, solid waste management, clean settlement, NGO participation in the shared control of water resource management activities and the economic study of waste treatment. USAID's support will continue.
b) Environment Action I Project (EAIP) - 1996-2001	IDA	\$40.0	World Bank, USAID and GSL have had a number of donor coordinating meetings at the project design stage. The project is expected to improve land, water & coastal resources and watershed management; and introduce policy/institutional reforms to ensure sustainability. USAID will provide further implementation support.
c) Pollution Control Program	UNDP	\$ 4.0	UNDP provides support for flood protection and canal pollution protection. These measures supplement the pollution control initiatives of the USAID's NAREP Project.
d) Bio-Diversity Conservation Action Plan	IDA		IDA and USAID collaborated to develop a bio-diversity conservation action plan. The nature of USAID's further support is to be decided.
e) Global Environmental Facility Project in the Wild Life Sector	UNDP	\$ 4.1	USAID collaborated with UNDP to develop a bio-diversity conservation strategy and uplift the institutional capability of the Wild Life Conservation Department. This is the only project in Sri Lanka on global environment improvement in the wild life sector.
f) Comprehensive Water Resource Management Project	ADB	\$ 1.2	USAID provided technical expertise for an ADB team to develop a National Water Resource Management Plan and design related policy reforms.
g) March for conservation (MC)	IDA		MC (IDA) and BDC (McArthur Foundation) are stand-alone activities. They complement USAID's initiatives for ecological and bio-diversity conservation.
h) Bio-diversity Conservation (BDC)	McArthur Foundation		
U.S. - Asian Environmental Program (U.S. - AEP)	USAID	\$ 0.4	
Metropolitan Environmental Improvement Project (MEIP)	IDA		USAID and IDA are working together to introduce and develop energy conservation technology.

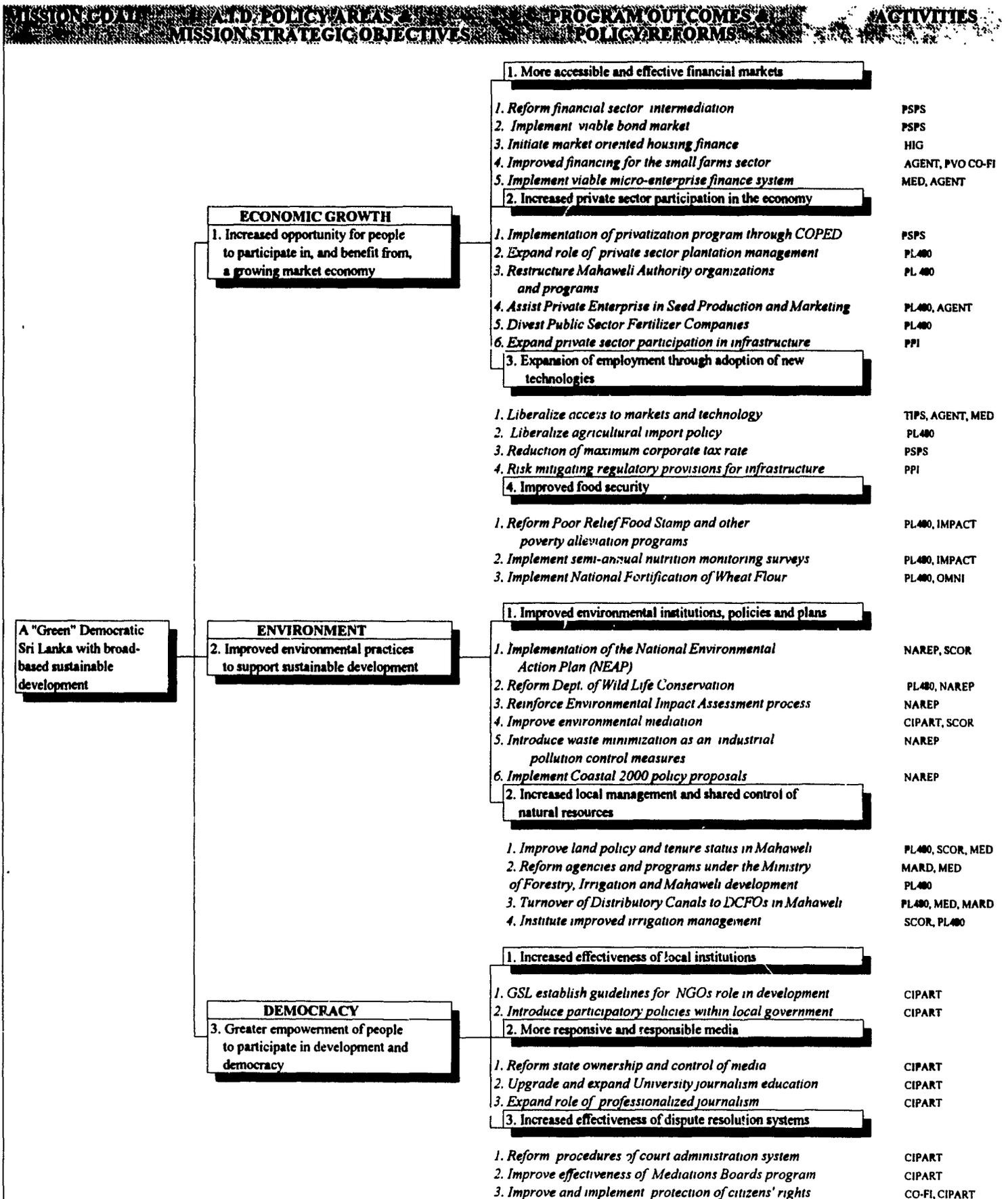
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USAID / SRI LANKA

POLICY REFORM AGENDA

ANNEX 5



GETTING PROGRAM RESULTS IN SRI LANKA

STRATEGIC OBJECTIVE NO. 1: INCREASED OPPORTUNITY FOR PEOPLE TO PARTICIPATE IN, AND BENEFIT FROM, A GROWING MARKET ECONOMY

PL-480 Title III

- * **Improved Food Availability:** Enabled Sri Lankan poor to maintain an adequate staple food intake. Maintaining adequate food availability is especially critical for lower income groups which have per capita energy intake far below the recommended norm and are more adversely affected by real income effects of food supply shortages. Funded irrigation development to increase local food production.
- * **PVO Activities:** Ten percent of the Title III local currency generations is set aside to fund NGO/PVO activities which have assisted nearly 84,000 small farmers, women entrepreneurs and vulnerable children in PVO-implemented agricultural production, micro-enterprise, feeding and income-generating activities.
- * **Food Stamps:** Provided food stamps for supplemental food for approximately 5.4 million people. Nearly 65 percent of the local currency generated from Title III wheat sales to date has been used for this purpose.
- * **Tea Estates' Revival:** Policy reforms under Title III instituted privatization of management of some 500 state-owned estates to increase productivity and preserve employment of an estimated 20 percent of the labor force generally considered economically and socially vulnerable.
- * **Policy Reform Program - FY 91 - 93:**
 - Elimination of export taxes on plantation crops
 - Extensive Land Survey/Titling Program has granted 34,000 titles nation-wide
 - Restructured and privatized the Ceylon Fisheries Harbour Corporation
 - Reviewed and revised plant quarantine procedures
 - Liberalize importation and trade in food commodities, over 60% of benchmarks completed

Mahaweli Agriculture & Rural Development (MARD) Project

- * 54 km of concrete lined main canal and 86 km of branch canals have enabled 16,223 farm families (approximately 81,115 people) to settle in north central Sri Lanka's Dry Zone.
- * Some \$ 11.65 million of government (GSL) assets (distributory canals, land, and buildings) have been transferred to long term private control; \$ 4.3 million has been invested in new technologies by the private sector; 15,840 acres of targeted area are now covered by agreements between government and local user groups. Strengthened 93 farmer organizations (13,856 members), which includes 11 women farmer organizations, to provide improved water management and undertake group income generating activities.
- * Improved farming techniques and diversification into high value crops increased income of participating farmers from US\$578 per year in 1987 to U.S. \$1042 per year in 1992/93. Dissemination of new technology has enabled farmers to realize additional income over their traditional crop paddy from irrigated plots. Cold chain established to market new small farm cash crops (baby corn, cantaloupe melons, baby okra, etc) and to start export produce to Middle East, United Kingdom, Singapore and Hongkong.

Mahaweli Enterprise Development (MED) Project

- * Close to \$2 million in Government assets (buildings, farms, and workshops) and land transferred to long term private control.
- * Formed 65 Savings and Credit Societies with 773 members. These societies offer a sustainable means for channelling credit to small enterprise and also may serve as fora for regional small business associations. 130 Savings and Credit Society members and 1,900 small scale entrepreneurs have received bank loans



through project intervention.

- * Extensive marketing information and data provided for use by Mahaweli firms and of benefit to firms throughout the country; completed 14 pre-investment programs to support new investment.
- * 13,807 people have increased their income through full or part time employment from micro-enterprises, self-employment and medium and large enterprise development. 1,964 women entrepreneurs were assisted in establishing or upgrading micro-enterprises such as confectioneries, dress making, handicrafts, beauty salons, etc.
- * Provision of business management guidance by establishing 12 Business Development Centers that service 2,312 small scale enterprises. Assisted 6,219 clients through business consultations; of these 1,400 were women. In addition 9,600 participants were trained in entrepreneurship and skill development.

Agro - Enterprise Project (AgEnt) Project

- * Worked with 1,281 clients on business planning and various activities such as new techniques in crop production, processing, marketing and financing. Facilitated \$3.6 million in investment, including the introduction of new technologies to Sri Lanka. 4,730 people have benefitted by 946 new jobs generated in the agricultural sector.
- * Assisted 83 companies to expand existing operations or start-up new ventures targeted at both domestic and export markets, and developed 32 new markets, crops and products. Added 946 employees.
- * Conducted training programs for 5,128 participants on subjects such as agro business and marketing, cultural practices of new crops, storage, processing and lending for agro-enterprises.

Promotion of Private Infrastructure (PPI) Project

- * Solely responsible for the GSL cabinet's landmark decision to allow private sector investment and management in the areas of power, telecommunications, transport and environmental infrastructure. Established an institutional structure (headed by the GSL's SIDI, Secretariat for Infrastructure Development and Investment), regulations and procedures for soliciting, receiving and negotiating private sector infrastructure projects (BOO/BOT).
- * Training was provided to 21 leaders of public and private organizations responsible for Sri Lanka's infrastructure. Specific focus of training included negotiation of private infrastructure projects and adequate exposure to joint sector projects in Malaysia, Pakistan and Philippines. Technical training was provided to 425 technical staff in the analysis of joint sector infrastructure projects.

Technology Initiative for the Private Sector (TIPS) Project

- * Completed \$ 5.5 million in matching technology grants and provided business assistance to approximately 1,000 Sri Lankan private firms. About 500 client firms have purchased over \$15 million in goods and services from the U.S. - thus producing nearly a fivefold return on USAID's investment. Among TIPS grantees, sales, domestic purchases, capital formation and employment have increased substantially.
- * The project enabled an increase in grantees' sales by an average of about 40% due largely to increased exports. Sales gains were fueled by TIPS marketing assistance. Grantees' direct employment was increased



by more than 4,000 new full-time positions.

- * Based on a survey of 48 clients, expenditure on technology change, promotion, training and market research has increased 93%. TIPS assistance enabled grantees to increase their fixed assets by 30% and thereby ensured long term economic growth through capital formation.
- * IESC (International Executive Service Corps) Technical Assistance program, actively present since 1983, has served more than 150 companies in Sri Lanka with short-term assistance using volunteer U.S. executives to work directly with clients for up to three months.

Private Sector Policy Support (PSPS) Project

- * Published *Consolidation of Sri Lankan Securities Laws* which, for the first time, incorporates laws, regulations and rules related to Sri Lanka's capital markets into one cross-referenced document. It is an extremely useful document for domestic and foreign institutional investors.
- * The Colombo Stock Exchange (CSE) established new records (turnover, market valuation indices, capitalization, transactions). The number of people holding shares increased from 49,000 at the start of the project to 134,451.
- * 40 state-owned enterprises have been successfully privatized to date; 9,716 employees have received privatization shares.

Low Income Shelter (Housing Guarantee Program)

- * Approximately 45,000 below medium income families (less than an income of \$112 per month adjusted periodically) have been provided with long term credit for housing during the period January 1993 to February 1994. Total loan value, \$48.6 million. An additional 76,055 very low-income families have received grants, totalling \$ 4.35 million, for the constructions of new homes and the improvement of existing homes.
- * 31% of all loans have been granted to women-headed households.

STRATEGIC OBJECTIVE NO. 2: IMPROVED ENVIRONMENTAL PRACTICES TO SUPPORT SUSTAINABLE DEVELOPMENT

Natural Resources & Environment Policy (NAREP) Project

- * A total of 50,000 low income people are living in Community Based Resource Management sites.
- * Directly assisted the GSL in updating and substantially revising a comprehensive National Environmental Action Plan (NEAP) that sets priorities for GSL environmental investments over the next five years. The use of environmental impact assessment (EIA) methodology in Sri Lanka was introduced and institutionalized.
- * Masters degree programs in four environmental disciplines were established, the first programs in Asia.



~~~~~Getting Program Results in Sri Lanka~~~~~

- \* With direct support from NAREP, Sri Lanka successfully completed a comprehensive, internationally acclaimed coastal zone management plan.

### **Shared Control of Resources (SCOR) Project**

- \* SCOR is the first project ever in Sri Lanka to focus attention on the watershed as the basic unit of planning and implementation for local use of natural resources.
- \* Formed 108 user groups involving 1,900 farm families for various natural resource-related activities in two pilot watersheds; production, protection and related services have helped user-groups to adopt sustainable agriculture practices or natural resources usage while increasing their incomes.
- \* Training and awareness programs conducted at field level for 7,746 resource users and 378 officials in natural resources management, group formation, micro-enterprise development, and marketing.
- \* 11,466 targeted acres have been brought under improved production and protection technique; 5,766 farm houses are using improved environmental techniques.

### ***STRATEGIC OBJECTIVE NO. 3: GREATER EMPOWERMENT OF PEOPLE TO PARTICIPATE IN DEVELOPMENT AND DEMOCRACY***

#### **PVO Co-Financing II and Citizens Participation Projects**

- \* Public's awareness has been enhanced on human rights issues, rule of law and justice was increased through training programs and seminars for 22,600 people, including judicial and legal professionals.
- \* Incomes have been increased by strengthening 6,980 community-based Thrift and Cooperative Societies, 26 district credit unions to provide loans to 720,820 rural poor (which includes 296,750 women) with an average loan amount of \$330 per recipient.
- \* Employment opportunities were enhanced at the grass-roots level by setting up micro-enterprise/income generation activities and providing skill training in micro-enterprise development, new and more productive farming techniques, vocational skill training for 50,582 people (of which 9,000 were women) in urban and rural areas.
- \* Humanitarian assistance was delivered to 42,150 people affected by the ethnic conflict in the Northern and Eastern provinces of Sri Lanka, including feeding and employment programs for 1,350 urban slum dwellers, and rehabilitation activities for 3,084 mentally and 4,494 physically handicapped people.

### CPS ASSESSMENT CHECKLIST

**Note:** These illustrative criteria are drawn from Agency and Bureau guidance on setting and monitoring program strategies.

#### STRATEGIC OVERVIEW

| Criteria                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Comments |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <p>1. Country program strategy conforms to Agency and Bureau policies, strategic priorities, and strategy implementation guidelines.</p> <p>2. Analyses underlying country program strategy proposals for addressing key problem areas are sound, particularly as concerns probable results of activities relative to the Agency's poverty reduction, access/participation and gender directives.</p> <p>3. Risks implicit in proposed strategy are assessed as they bear on the feasibility of proposed strategy.</p> <p>4. CPS objectives match client country's expressed needs and absorptive capacity in priority areas, and political commitment of host government is demonstrated.</p> <p>5. Strategic priorities selected reflect: participation of development partners in determining areas to be addressed and delivery mechanisms; USAID's comparative advantage and experience; complementarity with activities of other development actors; a good probability that program approaches will effect anticipated outcomes.</p> |          |

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**COUNTRY PROGRAM OBJECTIVE TREE**

| Criteria                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Comments |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <p><b><u>Strategic Objectives</u></b></p> <ol style="list-style-type: none"> <li>1. SOs together with targets of opportunity set direction for selection and design of all assistance activities to be carried out in strategy period.</li> <li>2. SOs are concise statements of RESULT that is a significant contribution to host country development objectives.</li> <li>3. SOs are measurable.</li> <li>4. SOs are pegged to highest level of Mission's manageable interest:               <ul style="list-style-type: none"> <li>--USAID resources essential to fulfillment of this objective in strategy timeframe.</li> <li>--Important elements outside Mission control captured as critical assumptions.</li> <li>--USAID can plausibly associate its interventions with results achievable in 5-8 years.</li> <li>--Number and scope of assumptions linking POs to related SOs are reasonable and SO is not constrained by assumptions too great in number and/or too risky.</li> </ul> </li> <li>5. Special interests/targets of opportunity are feasible.</li> <li>6. SOs pursue clear strategy that is consistent with Agency and Bureau priorities.</li> <li>7. SOs are unidimensional -- i.e., have a single purpose and direction.</li> </ol> |          |

CPS Assessment Checklist (Cont'd)

| Criteria                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Comments |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <p>8. Describe people-level impact as appropriate.</p> <p><u>Program Outcomes</u></p> <p>1. are concrete, near-term results that can be attributed to USAID's own activities.</p> <p>2. are measurable.</p> <p>3. are critical to the achievement of SOs and, taken together with other program outcomes, is adequate to show significant impact on the SOs.</p> <p>4. can be monitored and reported on at regular intervals.</p> <p>5. are achievable in 3-5 years</p> <p>6. aren't constrained by critical assumptions that are too great in number and/or too risky.</p> <p>7. are logically consistent to SOs they support.</p> <p>8. are unidimensional.</p> <p><u>Indicators</u></p> <p>1. Measure progress as directly as possible-- i.e., proponents and skeptics would agree that the indicator is a valid measure.</p> <p>2. Show the size of the problem as well as the portion that USAID is tackling.</p> |          |

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CPS Assessment Checklist (cont'd)

| Criteria                                                                                                                                                                                                                                                                                                                                                                                       | Comments |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <p>3. Have significance for a wide audience.</p> <p>4. Are practical and cost-effective to measure.</p> <p>5. Provide a measure that can be related to the magnitude of USAID's investment.</p> <p>6. Are disaggregated where possible -- i.e., specify the target population or geographic area covered.</p> <p>7. If measurement process were duplicated, same result would be achieved.</p> |          |
| <p><b>TARGETS</b></p>                                                                                                                                                                                                                                                                                                                                                                          |          |
| <p>1. Establish reasonable markers for quantitative and qualitative results</p>                                                                                                                                                                                                                                                                                                                |          |
| <p>2. Identify beneficiary population</p>                                                                                                                                                                                                                                                                                                                                                      |          |
| <p>3. Indicate timeframe for achieving anticipated results.</p>                                                                                                                                                                                                                                                                                                                                |          |

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**ACTION PLAN**

| <b>Criteria</b>                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>Comments</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| <p>1. Anticipated and actual impact in selected priority areas justifies strategic choices.</p> <p>2. Activities outlined in program action plan are feasible instruments for attaining POs and SOs.</p> <p>3. Resource levels needed to support program and activity implementation are (a) justified, and (b) likely to be provided in the current budget environment; i.e., realistic given program funding, and FTE/OE realities.</p> |                 |

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