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SRI LANKA CONNECTING REGIONAL ECONOMIES (CORE)

QUARTERLY REPORT I, October – December 2008

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Table of Contents

ACRONYMS II

PROJECT OVERVIEW 3

- Project Start-up 5
- Management and Administration 5
- Program Challenges 6

EXECUTIVE SUMMARY 7

PROGRESS BY COMPONENT 10

COMPONENT 1 10

COMPONENT 2 12

- Identification and Prioritization of Value Chains in the Eastern Province and Anuradhapura 12

COMPONENT 3 21

- Training Providers 21
- Finance 21
- Media 22
- ICT 22

COMPONENT 4 23

COMPONENT 5 24

CROSS CUTTING PROGRAMMING 26

- Objective 6.1: Integrated Program activities with other USAID Funded Projects 26
- Objective 6.2: CORE Grants Program 26
- Objective 6.3: Outreach and Communication 28
- Objective 6.5: Monitoring & Evaluation 28
- Objective 6.7: Conflict Sensitivity 29

OVERVIEW OF ACTIVITIES TO BE INITIATED NEXT QUARTER 30

ANNEXES

- List of STTA 34
- Financial review for reporting period 36
- Targets and deliverables for reporting period 37
- Project identification process 42
- Proposal Submission guidelines 43
- Project evaluation criteria 45
- Selected Core news articles during the reporting period 50

ACRONYMS

ADB	-	Asian Development Bank
AmCham	-	American Chamber of Commerce
ASAP	-	Accelerated Skills Accreditation Program
BPA	-	Business for Peace Alliance
CCC	-	Ceylon Chamber of Commerce
COP	-	Chief of Party
CORE	-	Connecting Regional Economies
DCOP	-	Deputy Chief of Party
DSD	-	District Secretariat
EIA	-	Environmental Impact Assessment
FCCISL	-	Federation of Chambers of Commerce and Industry of Sri Lanka
FOG	-	Fixed Obligation Grant
GGS	-	Govi Gnana Seva (Farmer Information Service)
GoSL	-	Government of Sri Lanka
HNB	-	Hatton National Bank
ICT	-	Information and Communication Technology
IEE	-	Initial Environmental Evaluation
IFC	-	International Finance Corporation
IOM	-	International Organization for Migration
IPS	-	Institute of Policy Studies
IR	-	Intermediate Results
LMI	-	Last Mile Initiative
LOLC	-	Lanka Orix Leasing Company
LSS	-	Livelihood Support Schemes
M&E	-	Monitoring and Evaluation
MBC	-	Maharaja Broadcasting Corporation
MOU	-	Memorandum of Understanding
NAC	-	National Agribusiness Council
NCED	-	National Council for Economic Development
NGO	-	None Governmental Organization
PMP	-	Program Monitoring Plan
PMI	-	Program Management Indicator
SEEDS	-	Sarvodaya Economic Enterprise Development Services
SLBDC	-	Sri Lanka Business Development Center
SME	-	Small and Medium Enterprise
SO	-	Strategic Objectives
STTA	-	Short-term Technical Assistance
SuRG	-	Supporting Regional Governance
ToT	-	Training of Trainers
USAID	-	U.S. Agency for International Development
USG	-	U.S. Government Assistance
WB	-	The World Bank

Project Overview

The Connecting Regional Economies (CORE) Program will assist conflict-affected communities in the Eastern and North Central Provinces to integrate into mainstream economic activities. This will be achieved through enhancing competitiveness of selected value chains in these provinces leading to an increase in productivity, creation of sustainable jobs and formation of business opportunities. Working with these selected value chains, the program will focus on a top down approach to support market linkages while also supporting beneficiaries at the grassroots level. Knowledge and skills will be enhanced upstream in order for CORE beneficiaries to better participate in their respective value chains. In addition, policy and regulatory impediments to growth in these value chains will be addressed to create a positive business enabling environment. The program will apply a "conflict lens", making value chains and their participants a key vehicle to promoting peace through economic development.

The challenge of this approach, expanding and improving value chains within the conflict affected regions, is to ensure that grassroots producers can improve their livelihood, either by becoming entrepreneurs themselves or by supporting other organizations' efforts to grow and prosper. In order to do this, the CORE program will catalyze new collaborative attitudes and actions leading to economic growth overall in these conflict affected and conflict sensitive areas. To accomplish this goal, the CORE program will achieve five distinctive objectives.

Develop livelihoods for vulnerable households, ***women, and children*** most damaged and disrupted by the conflict. To do so, CORE will create programs and institutional networks that can restore economic security and social and physical wellbeing to the most vulnerable populations.

Improve the ***competitiveness of select agricultural and non-agricultural value chains*** that can engage producers in target zones. The project will support linkages between local farm and non-farm enterprises and fast-growing domestic and export markets that offer new income opportunities and incentives which could possibly end the economic isolation and disadvantages of target producers.

Enhance the ***productivity of newly engaged value chain participants***. CORE will promote equitable value chain relationships and resource access—financial, technology, information—that enable these participants to benefit from new opportunities.

Address the ***workforce development needs in general and for specific groups*** with particular economic disadvantage (e.g., youth and women) or susceptible to conflict (youth). CORE will help such groups prepare to meet labor demands of priority value chains and the larger economy. The workforce development program will focus on linking demand and supply within the labor market.

Advance ***reforms for the development of a positive business enabling environment*** in target zones. By improving agro-related and other policies that eliminate impediments to boost productivity in priority value chains, CORE will simultaneously benefit business competitiveness.

To achieve these objectives, CORE is organized into five components. Inter-related and integrated, these components will establish multi-faceted, replicable, and peace-building models of how agricultural and non-farm producers in the Eastern and North Central Provinces and Moneragala District can be connected to the economies of Colombo and the Western Province.

The CORE Program is implemented in accordance with the U.S. Agency for International Development (USAID) Contract number 383-C-00-000501-00. It is a three year base program which commenced in October 2008 with two possible option years. The base period includes a budget of US$13.5 million of which US$5 million is in local currency and an overall budget including the option years of over $18.1 million. AECOM International Development is the prime contractor implementing the CORE program with international partners, Nathan Associates, Inc., the International Organization for Migration (IOM) and Texas A&M University and local partners, the Business for Peace Alliance (BPA), Ceylon Chamber of Commerce (CCC), and GreenTech Consultants (Pvt) Ltd.

The CORE program is designed to assist USAID/Sri Lanka in achieving the following Strategic Objective (SO) and Intermediate Results (IR).

Strategic Objective (SO)

Rapid and Sustainable Economic Growth

Intermediate Results (IRs)

4.3.2: Financial Sector Capacity

4.5.2: Agriculture Sector Productivity Supported Interventions

4.6.1: Business Enabling Environment

4.6.2: Private Sector Productivity Practices

4.6.3: Workforce Development Programs

4.7.3: Strengthen Microenterprise Productivity

The Strategic Objective and Intermediate Results will be achieved by: developing a livelihood conflict sensitive strategy and implementing this strategy to enhance household economic security; Identifying value chains that can best support in achieving the program objectives and support market leaders in the respective value chains to integrate with SMEs and farmer organizations leading to increased productivity and incomes; Working with selected value chains in increasing productivity by facilitating the adoption of new technologies, financing, improved extension services, and introduction of best practices; implementing workforce development strategies to develop the skills needed by youth and other at risk groups to better participate in the value chains; and fostering an enabling environment policy and regulatory framework to facilitate economic growth and reduce inequalities and conflict.

The CORE program will actively coordinate its activities with other USAID projects, international donors and other private sector and non-governmental organizations to assure that activities are not

duplicated and results are enhanced. In addition, the CORE program will discuss with stakeholders potential opportunities for collaborative efforts to leverage human and financial resources in order to generate a greater impact in the overall growth of the North Central and Eastern Provinces of Sri Lanka.

Project Start-up

The Chief of Party, Deputy Chief of Party, two Program Managers and a Program Associate were in-country within two weeks of lifting the stop-work order in October 2008. They were joined by the Senior Technical Manager of AECOM by the middle of October and they actively supported start-up and planning activities. Due to the much delayed start, the Program took a multi prong approach to speed up its start-up efforts. They were: a.) focus on developing and finalizing the deliverables due in December including the Work plan, Program Monitoring Plan, Procurement Plan, Marking and Branding Plan and the Grants Manual; b.) meet with possible private sector partners to identify a minimum of three project interventions in the three provinces to commence during the month of December; and c.) validate and select value chains that can best make an impact on the lives of the populations living in the North Central and Eastern Provinces to be completed by the end of December.

The CORE was launched with program partners on October 30, 2008 with the COP presenting the Program, its objectives and expected outcomes. The team discussed the immediate next steps with special emphasis on developing the work plan. The work planning sessions were conducted by component with an additional one-day session for cross cutting activities. A full team final planning integration session was held after drafts of each component were completed. The CORE implementing partners in attendance at the meetings were, AECOM, Nathan Associates, IOM, CCC, BPA, and GreenTech. Public launch of the CORE Program is scheduled for the next quarter.

Management and Administration

- The CORE project had a total of 18 staff on board by end of the Quarter, including three to be based in Ampara and two each for Trincomalee and Anuradhapura. The project is in the process of recruiting staff for the following positions: IT Manager, Information and Communication Technology Advisor, Senior Agribusiness/Marketing Manager (Component 2 Leader), Senior Value Chain Services Manager (Component 3 Leader), and Monitoring and Evaluation Field Managers (Trincomalee and Anuradhapura.)

- The CORE project is in the process of finalizing leases for field offices in Ampara and Anuradhapura.

- The CORE project is currently in temporary offices at the Hilton Residence in Colombo until a proper office space is found and a lease is signed. This is expected by the end of February.

- The team also conducted a field visit to Ampara and Batticaloa to identify office space and recruit staff. During the reporting period, office space for Amapra and Anuradhapura were negotiated. Temporary office in Ampara was set up and operationalized in mid-December to facilitate and support the initiatives in the provinces.

Program Challenges

The CORE program confronts the following challenges but is not limited to these:

- The conflict situation in the East and North Central Provinces could change at any time making implementation difficult or requiring a halting of project activities;
- The nature of the CORE activities makes them inherently dependent on the action of third parties, mainly the private sector. If major private sector organizations decide to change their priorities, CORE targets may be jeopardized.
- The policy environment could worsen making it difficult for the CORE project to provide policy and regulatory reform support related to the selected value chains.

Despite these project risks, the CORE team will focus on making the project a success and has taken these possible events into consideration during the planning process. However, there is always the possibility that an unexpected occurrence takes place that does not allow the project to continue normal operations compromising the CORE goals and targets. The CORE team would adjust accordingly and make the proper reprogramming decisions with the support of USAID.

Executive Summary

In accordance with the contract Number 383-C-00-08-00500-00 of the U.S. Agency for International Development awarded Connecting Regional Economies (also known as CORE) to AECOM International Development and its implementing partners, Nathan Associates, Inc., International Organization for Migration (IOM), Texas A&M University, Ceylon Chamber of Commerce (CCC), Green Tech and Business for Peace Alliance (BPA) in September of 2008. The CORE Program is a five year project with three base years and two option years with a total value of US$18.1 million. The program is designed to increase economic and social security in the Eastern province of Sri Lanka by providing technical and financial assistance to: develop a livelihood conflict sensitive strategy and through its implementation enhance household economic and food security for the most vulnerable populations; identify and improve the competitiveness of selected value chains and support market leaders in backward integration with SMEs and farmer organizations leading to increased productivity and income; work with the selected value chains in increasing productivity by facilitating the adoption of new technologies, financing, improved extension services, and the introduction of best practices; implement workforce development strategies to develop the skills needed by youth and other at risk groups to better participate in the value chains; and foster a positive enabling policy and regulatory environment to further support growth and development.

This report is the first CORE Quarterly report and covers the period between October and December 2008. During this reporting period, AECOM international successfully commenced the implementation of the CORE program meeting all initial deliverable targets in a timely manner and sometimes earlier than the scheduled deadline. CORE has identified and negotiated office space in Ampara, Anuradhapura and Trincomalee. Our Colombo office is temporarily located at the Colombo Hilton Residences but will move to a permanent location in the beginning of the next quarter. Eighteen full-time staff members have been hired for the program. Several senior positions will be advertised in the next quarter in order to find the best possible candidates and continue to finalize full-time staffing.

Three short-term consultants were fielded during this quarter. The consultants included one from the AECOM home office for management of startup and planning support and the other two locals to conduct a quick value chain assessment and prioritization.

Despite the delay in getting AECOM International Development registered in Sri Lanka, and as a result, a difficulty in opening a bank account, AECOM has made arrangements to overcome it without impeding project operations and progress on implementation. The registration is expected to be completed by the beginning of the next quarter. Upon registration the bank account will be opened.

Component 1

In order to clearly identify opportunities for project interventions Component 1 staff initiated the first of three livelihoods assessments to be conducted in Ampara, Batticaloa and Trincomalee. The preliminary assessment done in Ampara found that the majority of the aid was post-tsunami, and

therefore has gone to the coastal areas where recipients were mostly Muslims and Tamils. As a result other communities living further inland, mostly Sinhalese, feel that communities living in coastal areas have benefitted much more, further contributing to conflict tensions in the area. Based on these finding CORE is in the process of developing the best strategies to implement the livelihood strategy that will encompass all communities.

Component 2

A quick value chain assessment and prioritization was conduct by two local short-term consultants during the quarter. The following value chains/sectors were prioritized based on selected criteria. Cereals and Legumes were ranked first followed by Spices, Fruits and Vegetables, Oil seed crops, livestock and fisheries. An in-depth analysis of the same value chains will be conducted next quarter to identify constraints and opportunities for project intervention.

The staff met with over 30 organizations such as program partners, potential partner companies, national and local chambers and agricultural councils. As an outcome of these meetings, our Program team reviewed 12 concept papers out of which three were identified as possible Program interventions. Two of the three interventions are in dairy and the other in the Spices and Essential Oils sector. These three projects will include 1,857 beneficiaries in the Ampara, Anuradhapura, Batticaloa and Polonnaruwa districts and are expected to increase the annual gross income of Rs158 million (US$1,442,000) for the beneficiaries. This increase will be achieved through linking producer groups to markets, introduction of new management methods, better extension services, new products and higher prices for better quality produce.

Component 3

Value Chain Services staff of Component 3 worked closely with Component 2 staff to visit partner companies, identify projects and conduct field visits to meet farmer groups. In addition, they also met with several banks and MFIs to identify partnership possibilities to support CORE beneficiaries. The SANASA bank in Welikanda indicated interest in working with the Program by facilitating loans at a 15% interest rate while the national average is 22%. The CORE team met with several training providers including representatives from the Department of Agriculture and the University of Peradeniya to discuss training programs for farmers. In addition, CORE met with Dialog to pursue the possibility of implementing a market information system via mobile phones and internet to address the lack of timely market information for farmers. It was decided that CORE will partner with Dialog in testing the system during the next quarter and provide content to further develop it as needed.

Component 4

As per the work plan, Component 4 is scheduled to commence at the end of next quarter. However, initial meetings in reference to Workforce Development were conducted, especially with other USAID funded programs implementing workforce development activities. Based on these findings, identification of other private sector demands, and further assessments, a workforce development program will be developed to support the objectives of CORE.

Component 5

The CORE Team met with several multilateral donors, policy institutes, private sector chambers and public sector officials to discuss policy issues relevant to the project. At the National level, logistics and transport of produce from the Eastern province, the time it takes to clear imported planting material and seeds due to unnecessary delays in quarantine, the artificial appreciation of the Sri Lankan rupee makes exporters uncompetitive in the global market place, were a few amongst many issues highlighted.

Cross Cutting

The CORE Grants manual was developed and approved by USAID during this quarter. The manual is being translated into Sinhala and Tamil for CORE beneficiary use and grant approvals will commence next quarter. The Grants Manager has scheduled a training program for the next quarter to familiarize staff on identifying grants opportunities, developing the grant application and monitoring of grant activities. The Team identified opportunities to provide grant assistance of Rs10 million (US$90,000) to create a demonstration affect through initial Projects identified in component 2. The CORE Grants Manager is assisting the field staff and beneficiaries to complete the grant applications. An amount totaling to US$300,000 has been targeted as grants disbursements for year one.

Table 1 - Deliverables due this Quarter

Deliverable	Due date	Date submitted/ completed
Draft Grants Manual provided to USAID	November 12	November 12
Draft Work plan provided to USAID	November 21	November 21
Interim Livelihood Assessment draft report for Ampara	November 30	November 30
Official Draft CORE Year 1 Work Plan	December 15	December 15
Provide presentation on sector selection	December 22	December 29
Report on reevaluation of sector selection	December 24	Pending
Identify potential list of companies already working in the targeted areas	December 7	December 15
Project evaluation criteria	December 11	December 11
Prioritized list of initial projects	December 7	December 14
At least 13 projects initially developed with at least 6 companies		December 14 6 companies identified
Concept Paper Format	December 11	December 15
PMP and M&E plan	November 21	December 15
Branding and Marking plan	December 15	December 15
Security Plan	December 15	December 15
Internal Grants procedure manual	December 15	December 15
Grants Allocation by Component by year	December 15	December 15
Internal Procedures manual for data collection	December 15	Pending
CORE staff internal M&E training	December 31	Pending

Progress by Component

Component 1

Goal: Support livelihood development for vulnerable populations at the household level, especially women and children, in conflict-affected and strategic areas

The CORE project began work on implementing activities by hiring Component 1 staff for the Trincomalee, Batticaloa, and Ampara offices. The staff commenced work initially by conducting a quick assessment of the livelihoods strategies and needs in the Amapara district.

Activity 1.1.1 *Survey and assess current livelihood support strategies in Ampara to support CORE livelihood strategy. Identify served and unserved target populations as well as services/resources provided. Map organizations engaged in livelihood support and sector interests in relevant livelihood issues for the target populations.*

Activity 1.1.2 *Produce assessment report documenting diversity, effectiveness and impact of current livelihood strategies in Ampara.*

With a pro-poor focus, improving livelihoods of the most vulnerable populations in conflict affected and conflict strategic areas, Component 1 staff commenced work conducting an initial assessment of past and ongoing livelihood activities in the Eastern Province. Based on this assessment, CORE will evaluate the effectiveness of livelihood approaches and map key actors and production flows at the local level.

The interim assessment completed in Amapara during this quarter suggests that much of the Livelihood Support Schemes (LSS) in Ampara has been post tsunami aid and much of that is coming to an end now. According to the interim report, Amapara has a clear ethnic mix. Of the coastal areas eight of the twelve divisional secretariats are predominantly or almost exclusively Muslim in composition. Two coastal DS – Thirukkovil and Alayadiwembu – are almost exclusively Tamil, and Navithanveli to the North is majority Tamil. With two exceptions, the principle minority ethnicity in each area is either Tamil or Muslim, accordingly. The two exceptions are Ekegama (also known as Irrakkamam) and Addelechchenai where the very small minority is Sinhala. The only coastal non-Muslim/Tamil majority mix is Lahugala, the most Southern – and largest – area of Ampara district. This DS is principally Sinhala with a small minority of Tamil. All six of the inland DS are 95%+ Sinhala.

The preliminary study found that because the majority of the aid was post-tsunami and went to the coastal areas the majority of the recipients were Muslims and Tamils. Consequently, conclusions can be drawn that, for example, Vocational Training support was provided mainly to Tamil/Muslim populations while Agricultural support was more widely provided to Sinhala communities, as they comprise the majority of those further inland. Therefore, the type of support provided depended more on location rather than need, necessarily. Currently, while some actors remain in-district on the tail end of tsunami funding and with less short-term outlook intervention types, the initial operating context was such that substantive, longer term support to communities in developing their livelihoods was infrequent and, moreover, limited in geographical scope.

One area in which prior as well as current service providers can be said to have performed well is in paying particular attention to the needs of vulnerable groups in communities served. However, the

overall 'vulnerability sensitive' approach of most organizations has not been sufficiently addressed.

A more detailed assessment will be developed based on this initial report. This assessment will include greater detail on both the demand and supply side of livelihoods interventions. That is to say that the CORE project team will identify the specific needs of both the populations that have already received some form of support and those that have not in the particular district. They will also identify both NGOs (some already listed here) and private-sector service providers along with their strengths and weaknesses. This information will be used to develop a complete livelihoods strategy to address both the enhancement of economic and food security of vulnerable populations and improvements in the physical and psychological well being of children and their families particularly in the Ampara district. These activities will focus on supporting integration into mainstream economic activities.

A draft of the interim report was submitted to USAID on November 30, 2009. The final report including assessments of Battcaloa and Trincomalee will be submitted during the next quarter.

Activity 1.1.3 *Organize initial meeting to discuss assessment process in Batticaloa and Trincomalee with IOM staff and Components 2 and 3 staff to coordinate efforts. Develop schedule of activities.*

Activity 1.1.4 *Survey and assess current livelihood support strategies in Batticaloa and Trincomalee. Identify served and unserved target populations as well as services/resources provided. Map organizations engaged in livelihood support and sector interests in relevant livelihood issues for the target populations. Provide inputs from Component 2 and 3 staff on livelihoods strategy.*

During the quarter several meeting were held with the Component 1 team to discuss and develop the assessment process in Ampara. Component 2 and 3 staff also met with Component 1 staff to provide input into the assessments. With the completion of the interim report, meetings have been scheduled for the next quarter to identify opportunities to link vulnerable households to activities on-going in other Components. Component 1 staff has met with Hayleys to discuss a Home Garden Project in Ampara district for 1,000 beneficiaries.

Component 2

Goal 2: Improve the competitiveness of agriculturally-based (and possibly other) value chains, which benefit large numbers of traditionally underserved populations in conflict-affected and strategic areas and which link them to growth opportunities, including domestic and/or export markets

Activity 2.1.1 *Select value chains using established criteria: reevaluate selected value chains based on initial criteria to identify any changes that may facilitate or hinder work in previously selected sectors and other demand-driven products as identified including fruits and vegetables, rubber, handlooms, livestock, tourism and spices and herbs. Conduct rapid assessment of value chain constraints in selected sectors/sub-sectors and initial starting geographic locations.*

Activity 2.1.2 *Provide presentation on selected value chains to provide overview of information collected.*

Identification and Prioritization of Value Chains in the Eastern Province and Anuradhapura

Value Chains are CORE's basic focus. Thus, CORE up stream (production and initial transformation) will lie in conflict affected and conflict strategic areas, and downstream will primarily be in the Western province, or through exporting firms in the global market. Due to resource and time limitations of the CORE program, it is imperative that appropriate value chains be selected that can best meet the objectives of CORE. Therefore, as an initial step, a quick 25 day assessment was conducted during this first quarter with assistance from two local consultants. This assessment was carried out based on an agreed set of evaluation criteria with an emphasis on markets, demand for products and services and opportunities for growth.

As part of the methodology, the consultants reviewed initial assessments carried out during the proposal stages, studied secondary data on economic activity in target districts and held discussions with the CORE technical team. Primary data collection was carried out by visiting several farmer organizations, Chambers of Commerce and other leading Agribusiness organizations working in all target districts, and meeting private sector organizations interested in working in the target districts, supermarket chains, wholesalers and exporters in order to better understand and identify the market and opportunities. Meetings were also held with public sector institutions responsible for the development of the agribusiness and industrial sectors in the target districts.

Once the data was collected it was analyzed in the context of the CORE project objectives. The value chains were analyzed to determine their potential. The following areas were weighted in order of priority when assessing the value chains; markets and demand, growth potential, target area producer linkage potential, stakeholder leadership potential, pro-poor beneficiary linkage potential, peace building potential, short term impact potential and policy reform potential. When weighted and analyzed it was found that the following sectors had the highest potential:

1. Cereals and Legumes – largely includes maize and other crops such as black gram
2. Spices – mostly chilies, also includes ginger and turmeric
3. Fruits and Vegetables – all dry zone vegetables, some high value crops such as gherkins and peppers and fruits such as papaya
4. Oil Seed Crops – such as groundnut and sunflower
5. Livestock – mostly dairy, also includes poultry and meat
6. Fisheries – both inland and marine fisheries with high potential for shellfish

Apart from these value chains the consultants also looked at tourism, handlooms, pottery, leather and garments as areas CORE can consider working with in the longer term. Initial findings were presented to USAID on December 29, 2008. The final report will be submitted in January 2009.

Activity 2.2.2 *Identify potential list of partners based on selected sectors/value chains already working in the targeted geographical areas to link farmers to markets.*

The main thrust of the CORE project is Component 2 that deals with increasing competitiveness of agricultural and non-agricultural value chains. An important task of this component is to systematically select and work with existing and potential agriculture and non agriculture companies in the CORE project targeted geographic areas to re-connect fragmented and, introduce new value chains through increased investments and improved productivity to create additional employment and incomes.

The objective of this activity is to provide a snap shot of existing and potential list of companies based on relevant and innovative value chains in the targeted geographic areas to link potential beneficiaries to markets through the CORE project. This assessment focused on 3 main components. Firstly, it broadly looked at sectoral and employment distribution in 3 CORE target provinces. The agriculture sector was the key driver in terms of GDP and employment in all 3 CORE target provinces. Given the prolonged conflict for over 2 decades, the Eastern Province had a distorted structure in GDP and employment structures. Secondly, a quick assessment of existing sectors and companies in the CORE project areas was completed. Most of the existing companies are located in the North Central Province. Around 100 companies were identified with which the CORE project can work immediately. It will be important to work with these companies to expand into the Eastern Province. The CORE project has already prioritized and started working with 15 of these companies as potential partnerships for implementation during the last and next quarter. Thirdly, the assessment mapped a list of around 400 potential companies that are significant exporters of value added products, processors, exporters of fresh fruits and vegetables, grocery chains, hotel chains, etc. from which the CORE project can select through a demand driven approach to attract new investments to CORE Project areas.

Activity 2.2.3 *Develop evaluation criteria to select potential projects to support initially that including sustainability, conflict sensitivity, potential beneficiaries, economic benefits, etc.*

Project Evaluation Criteria (please see Appendix F) was carefully developed to ensure that all Program interventions contribute towards CORE Objectives. All proposals submitted to CORE for assistance and partnerships will be evaluated using the evaluation criteria by the CORE evaluation committee. The evaluation criteria contains two levels of criteria, the first is an initial screening that each Project/initiative must meet, and the second is based on a scoring system requiring a minimum pass score of 50 points for approval.

The general criteria evaluates: 1. legal status of entities; 2. fit with CORE objectives 3. geographic location of beneficiaries; 4. timeframe of expected results; 5. fit of the project within the overall CORE sector portfolio; and 6. environmental compliance. The technical criteria include: 1. level of market/demand driven focus and commercial sustainability; 2. number of potential beneficiaries; 3. level of innovation; 4. inclusion of vulnerable populations; 5. Inclusion of different ethnic/religious groups; 6. level of long term agreement with farmers/farmer groups; 7. level of cost sharing; and 8. level of measurable results. The CORE team incorporated USAID comments and suggestions, field staff and evaluation committee inputs. The criteria will continue to be a living document given the importance of capturing the right combination of projects and the need to be practical and in compliance with the project objectives and framework. The CORE project expects the evaluation criteria will be finalized within the next quarter after receiving feedback from the evaluation of the first 3 project proposals that will be reviewed by the CORE project evaluation committee.

Activity 2.2.4 *Prioritize at least 13 projects based on evaluation criteria and looking to expand supply with at least 6 companies.*

Based on the outcome of activity 2.2.2 as well as companies identified during the proposal phase, the CORE team during this quarter met and discussed potential partnerships with the following companies. These companies submitted initial concept notes for initial evaluation to develop CORE projects.

Table 2 - Companies that Submitted Initial Concept Notes During the Quarter

Partner Company	Proposed Project	Status
	CIC	
Diary proposal 1	250 Dairy out grower program in Punani, Batticaloa – site visit December 11-12, 2008.	Following up by identifying farmers and meeting with CIC field staff. Implementation of project start in January.
CIC - Poultry proposal	100 poultry out grower in Punani, Batticaloa –site visit December 11-12, 2008.	Project is currently under review
CIC -Dairy Proposal 2	Milk production village in Medirigiya – in the Polonnaruwa District	Declined as not in CORE project area.
	Hayleys	

Partner Company	Proposed Project	Status
Hybrid maize seed production proposal	Technology transfer for hybrid maize seed production in Ampara and Batticaloa.	Awaiting final proposal. Plan to commence work next quarter
High value gherkin proposal	300 Gherkins & other high value crop out grower program in Ampara and Batticaloa.	Awaiting final proposal. Plan to finalize proposal activities in January and start implementation in February.
Home gardening proposal	1,000-farmer pilot on livelihood development of vulnerable population to reengage in agricultural value chains in Batticaloa and Ampara.	Meeting conducted with Component 1 staff. Plan to finalize proposal activities in January and start implementation in February.
EOAS		
Vetiver oil extraction for perfumery industry proposal	150 farmers in Thantirimale, Anuradhapura to grow Vetiver for oil extraction targeting the U.S. perfumery market.	Conducted a field visit to identify interested farmers and farmer organizations. Finalize project activities and start implementation in January.
Pelwatte Dairy Industry		
Dairy development project in Monaragala and Ampara	Introduce animal husbandry and increase the milk production and processing in Monaragala and Ampara. 1,500 farmers	Conducted a field visit to identify interested farmers and farmer organizations. Finalize project activities and start implementation in January.
Daya Group		
Apparel project Proposals	• Set up cluster apparel factory for 1,000 workers in Samanathurai, Ampara • Set up cluster apparel factory for 200 workers in Digamadulla, Ampara	Company has requested financial assistance for capital equipment – does not fit CORE criteria
Organic sugar proposal	Technology to start 10,000 hectares of organic sugar production in Ampara	Company has requested financial assistance for capital equipment – does not fit CORE criteria
Papaw proposal	4,000 farmers to grow 20,000 red lady papaws for fresh exports and dehydration in Ampara –	Concept note received and initial meeting held in December. Requested to refine proposal to fit CORE criteria. Follow up planned in next quarter Need to follow up on developing proposal in January to start implementation in February.
Cargills Ceylon Ltd		
Potential buyer of fruits of vegetables	Initial meeting concluded to discuss potential activities for joint collaboration.	Initial meeting held in December and follow up meeting next quarter
Selyn Exports		
Handloom project	Potential handloom saree and cloth weaving facility in Ampara and Batticaloa	Field visit scheduled to meet potential beneficiaries and discuss how to structure CORE assistance next quarter

During the next quarter, the CORE project will work with the following companies that have already submitted initial concept notes to discuss and narrow down potential activities and develop specific implementation plans:

- **Hayleys – 3 concept papers submitted and review in progress.**
  - Technology transfer for hybrid maize seed production in Ampara and Batticaloa.
  - 300 Gherkins & other high value crop out grower program in Ampara and Batticaloa.
  - 1,000-farmer pilot on livelihood development of vulnerable population to reengage in agricultural value chains in Batticaloa and Ampara.
- **Daya Group – 2 concept papers on organic sugar and Papaw were shortlisted for further review**
  - Technology to start 10,000 hectares of organic sugar production in Ampara – need to follow up on developing proposal.
  - 1,000 farmers to grow red lady papaws for fresh exports and dehydration in Ampara

In addition, during the next quarter, the CORE project will also initiate discussions with the following companies to develop potential partnerships:

- **Ceylon Cold Stores** – the marketing arm for Keells process foods. Initial project for potential forward contracts for cashew from Batticaloa.
- **Ceylon Biscuits Ltd** – potential buyer as well as out grower systems for fruits and vegetable for their famous diversified portfolio of value added processed foods of samaposha, Cecil Foods, Plenty Foods, and Raigam Soya.
- **Cargills** – review and discuss potential activities for joint collaboration.
- **Keells grocery** chains – potential buyer of fruits and vegetables from north central and eastern provinces.
- **Expolanka Ltd –** follow up meeting as a potential buyer of fresh fruits and vegetables from the CORE project areas.
- **Keells Hotels** – potential partnership for fruits and vegetable buy back arrangement in Trincomalee and North Central province.
- **Tokyo Cement** – potential partner to buy Glicidia as an additional source of farmer incomes in the eastern province.
- **Selyn Exports** – potential handloom partnership for weavers in Batticaloa and Ampara.
- **Tess Frozen Foods** – potential deep sea fishing facility in Trincomalee.
- **Lanka Organics Ltd** – potential out grower project in organic fruits, vegetables and spices in North Central and Eastern Provinces.
- **Link Natural Products** – potential out grower project for herbal plants in the North Central Province.

The CORE project senior staff met with the following chambers/organizations for additional private sector links. The project made commitments to make a CORE project presentation to their members in the January/February timeframe to make the CORE process more demand driven. The project will be making presentations to the following during the next quarter:

- Ceylon Chamber of Commerce (CCC)

- Federation of Chamber of Commerce and Industry (FCCISL)
- National Agri Business Council (NAC)
- American Chamber of Commerce (AmCham)

The CORE project team will receive additional concept notes after these presentations from interested companies that would like to participate and support the CORE objectives in the East and North Central Provinces.

Activity 2.2.5 *Discuss and develop project with prioritized partners that are already working in the selected value chains in the targeted areas; select beneficiaries; identify gaps in value chain; and identify interventions to meet needs of the selected value chains (potential sectors are dairy, spices and herbs and gherkins)*

Based on the initial review of the concept notes and subsequent field visits, the following three companies were selected as the most appropriate and well prepared to commence a project under CORE project activities. Subsequent meetings with management and additional field visits to project sites were done to develop the specific project activities and develop work plans. During these meetings, the CORE project was further explained and indentified opportunities of mutual interest that would contribute towards meeting CORE objectives. It was evident that most agribusiness companies were interested in expanding their supply base through investments in developing out-grower programs in the North Central and Eastern Provinces.

In general, assistance in organizing farmers, training them on improving quality and productivity and facilitating financing were highlighted as assistance required from CORE. In turn, these firms were willing to sign buy-back agreements with the farmer organizations. These companies submitted detailed proposals based on the CORE Project Proposal Guidelines (please see Appendix E) that was developed by the CORE project staff. Once the final proposals were submitted, these were evaluated according to the Project Evaluation Criteria (please see Appendix F) by the CORE Project Evaluation Committee.

MOUs are in the process of being finalized and signed to start project activities in January 2009, for the following 3 projects selected by the Committee. A brief description of these 3 projects is given below:

a) **EOAS Organics (Pvt) Ltd - Vetiver Cultivation project**: EOAS Organics is one of the biggest exporters of oil extracts to the U.S. and European perfumery industry from Sri Lanka. This company plans to grow vetiver grass that is a relatively new oil extract for the U.S. men's perfumery industry. This grass will be grown in the dry zone in two conflict affected border villages of Bogashandiya and Dematamalgama in Thanthirimale in the Anuradhapura district. The vetiver grass provides for oil extraction as a value-added product to target the U.S. perfumery market. CORE will work with farmer organizations in these villages to supply the vetiver roots for extraction of oil for export, and provide an enhanced income opportunity for 57 farmers.

b) **Pelwatta Dairy Industries (Pvt) Ltd - Dairy Development Project**: The project concept provides for the enhancement of earning capacity of beneficiaries through participation in the dairy industry. The districts of Ampara and Monaragala will be the focus of this project to support the uplifting of beneficiaries socio-economic status. The purpose of the project is to increase local

milk production to meet the immediate demand and long term needs of fresh milk and milk products in Sri Lanka. The company plans to provide advanced technology in dairy husbandry, provender manufacture, milk processing and marketing. The project is expected to impact 1500 beneficiaries.

c) **CIC Agribusiness Ltd – Dairy Development Project:** CIC Agribusiness Ltd has been in the dairy industry for the past three years. CIC sees the potential in developing Sri Lanka's Dairy industry, while enhancing the incomes of persons coming out of conflict in the Punani area in the Batticaloa district. Through this project CIC hopes to provide extension services to the farmers using its own veterinarian resources within the company and expand interaction with the farmers using both classroom methodologies and regular visits to the farms to transfer technology and enhance managerial and hygiene capacities. The company will also set up infrastructure for the collection of milk with adequate chilling capacity to process the projected 25,000 liters of milk per day and establish a processing plant for value addition. In addition, CIC will develop the marketing infrastructure to take the processed and added value milk to consumers via its own outlets and other sales points set up on a franchise basis. CORE will join CIC in assisting their pilot project by initially providing training for 200 farmers and facilitating financing.

Table 3: Attributes of the Projects Indentified

	EOAS	Pelwatte Dairy	CIC dairy
Target area	Anuradhapura District	Monaragala and Ampara Districts	Polonnaruwa and Batticaloa Districts
Selected beneficiaries	57 beneficiaries	1500 beneficiaries	200 beneficiaries
Gaps in value chains	▪ Technical, business and mind set change knowledge ▪ Plant material	▪ Technical, business and mind set change knowledge ▪ Demonstration of sheds and animals ▪ Access to credit	▪ Lack of extension and veterinary services ▪ Need for better breed of cattle
Identified interventions	▪ Training	▪ Training – technical, business and mindset change ▪ Small infrastructure – sheds, chillers ▪ Herd improvement ▪ Better management practices ▪ Technology	▪ Training – technical, business and mindset change ▪ Small infrastructure – sheds ▪ Herd improvement ▪ Better management practices ▪ Technology

	EOAS	Pelwatte Dairy	CIC dairy
Grant opportunities	▪ Planting material	▪ Sheds ▪ Milk cans ▪ Upgrading cattle Note: to a selected number to create a demonstration effect	To be identified
Cost shared CORE contribution	$681	$90,000	
Total production	13.6 acres (in total)	3 liters/cow/day x 3 cows/famer	4 liters/cow/day x 2 cows/famer
Expected income per farmer	Rs.2,545 per month	Rs.6,068 per month	Rs.7,680 per month
Other comments	Beneficiaries are subsistence farmers already engaged in agriculture growing paddy or other cash crops. Vetiver cultivation will occur on fallow land that is not being used for anything currently. This will conserve and restore soil which will then be suitable for cultivating other crops in two to three years in addition to providing additional incomes to these subsistence farmers	Some of the beneficiaries participating in this project are already dairy framers who will be able to enhance their income through better practices. In addition, the company hopes to introduce sugar cultivators and other farmers into dairy farming through this project	Punani is an area that had a thriving dairy industry prior to the conflict. Persons coming out of conflict are expected to benefit from this project

Activity 2.2.6 *Develop implementation plan for each of the selected projects to identify project interventions and company contribution including activities, deliverables, and timelines.*

Activity 2.2.9 *Implementation - first three projects - may include for example dairy, spices and gherkins.*

The following activities have begun in the process of developing the implementation plans to begin the first three CORE projects under Component 2:

- In the Vetiver Project initial data was gathered, farmers identified and planting material was handed out to selected farmers for sample planting.
- In the Pelwatte Dairy Project initial famer contacts were made and farmer registration with the Department of Agriculture was initiated. Some famer organizations were also formed.
- In the CIC project, several field visits were conducted to meet and identify farmers. Also met with Sanasa Development Bank to discuss possibility of facilitating finance to these farmers

Following field visits, meeting with management and in consultation with farmers, initial implementation plans were developed in December. Initial data gathering processes were carried out for all the projects to gauge the farmer willingness and attitudes. Based on the initial data gathering, M & E staff is developing a baseline survey document which will be used to collect data on all beneficiaries in order to measure CORE targets.

MoUs between the companies and CORE will be signed in January to ensure a commitment by all parties to the successful implementation of the Projects within the defined timeline and in line with the outlined responsibilities.

Component 3

Goal 3: Ensure that groups located in conflict-affected and -strategic areas benefit from participation in selected value chains and BDS are provided in support of selected value chains to improve their competitiveness

Activity 3.3.1 *Based on needs of initial projects in Component 2 facilitate business and technical services delivery to support market linkages and improvement of Sri Lankan products and services*

Training Providers

The CORE project had initial meetings with the Sri Lanka Business Development Center (SLBDC) Agriculture Department - University of Peradeniya, and Texas A&M University Agriculture Department to support development of and the provision of agriculture extension services, local agriculture technical assistance, R&D support, and training of trainers, workforce and micro finance support. The CORE project will follow up in the next quarter, once the project activities and service needs are identified.

Finance

The CORE project staff met with Rajarata and Sanasa banks in the Anuradhapura and Batticaloa districts to identify potential credit facilities to support CORE project beneficiaries. Given the buy-back agreements to be signed by CIC agribusiness - one of the CORE partner companies, the banks were keen to provide loan facilities to these farmers. Given the CORE project support and CIC buy-back arrangements, the SANSA bank has offered an interest rate of around 15%, much less than the commercial bank rate of 22%. The CORE project staff along with CIC is in the process of working out the details with the bank and farmers this quarter when implementation gets off the ground.

The CORE project met with the IFC, the private sector financial arm of the World Bank. There were a few synergies that we identified that we could develop once their new country strategy for 2009 to 2012 is completed early 2009. The IFC will have a focus on working in the East and in supporting agriculture development. The CORE project and the IFC decided to meet in late January/early February to work on a few joint activities. Firstly, we will work on developing and rolling out a mobile banking initiative pilot along with Dialog and some selected banks starting in February 2009. Secondly, we will work together in addressing a key policy issue related micro finance credit rating which is a significant issue in developing the micro finance segment of the financial markets in Sri Lanka. This issue will be taken up as a potential policy issue under component 5 starting in February 2009. Thirdly, we will develop synergies in complementing CORE company level beneficiaries with IFC lending facilities that will be an on-going activity once CORE project activities get into the implementation phase.

CORE project staff also met with the LOLC to understand the USAID supported loan guarantee program and potential micro finance and SME leasing service provider activities. We decided that the CORE project will disseminate information on LOLC micro finance facilities to CORE beneficiaries and conduct follow up meetings based on the findings of financial needs of the potential CORE beneficiaries once the initial projects get off the ground. There is additional potential for support through LOLC for large agricultural equipment leasing needs. We will explore this opportunity as the need is identified.
The CORE project also met with SEEDS to discuss its micro finance programs and support it is already

providing in the East. SEEDS has been identified as a reliable potential micro finance service provider to support CORE beneficiaries in the target areas. In addition, SEEDS has useful business related training programs, particularly for the farmer community that may be of benefit to CORE beneficiaries. Once the project gets off the ground, the CORE project will follow up with SEEDS.

Media

The CORE project met with MBC media to develop an initial understanding of MBC media outreach and agriculture related programs using traditional media. MBC has the most extensive outreach and programming in Sri Lanka using radio, television, and road shows. Given low ICT penetration in CORE targeted areas, these media mechanisms will be the most beneficial to the CORE Project. Once the CORE media plan is completed January 15, 2009, we will follow up with media organizations to develop potential partnerships including with MBC.

ICT

CORE project discussed with LirneAsia the GGS (Govi Gnana Seva) project, which is a produce trade information collection and dissemination service aimed at reducing information asymmetry among farmers, collectors, and traders. The objective of GGS is to become a distributed produce exchange platform leading to spot, forward and futures trading with access to a comprehensive set of associated services. The CORE Project is also in discussions with Dialog, the largest mobile phone operator, to work with their new initiative called MAFIA (this project is still in the conceptualization phase and the actual role out name has not been finalized) – MAFIA is an e-bay like internet-based system for the sale/auction of goods and services including but not limited to agriculture related products. Lirneasia's GGS fits well with the dialog initiative in providing valuable content targeting the spot, forward and futures trading of agriculture activities. This initiative is an important activity for CORE project given its goals related to ICT in general and because of Dialog's use of mobile phone technology in particular. This project can add significant value on price and agricultural information in improving agricultural based value chains. Dialog provides a platform and sustainability and Lirneasia provides content for this initiative and the CORE project will have an important role to play in facilitating this project and supporting accurate and timely information for the most vulnerable populations.

The CORE project plans to work this quarter with Dialog and Lirneasia to develop an activity plan to provide content for the E-bay internet based system roll out. The CORE project will also identify CORE beneficiary farmers for Dialog to provide user testing support of its E-bay system. In addition, the CORE project will disseminate information to CORE beneficiaries in the Eastern, North Central and Uva Provinces of Dialog Internet outlets and their services where farmers and other service providers can register their products and services to be listed in the E-Bay type system.

Component 4

Goal 4: Implement a workforce development program that benefits groups located in rural, conflict-affected and strategic areas

In preparation for commencing the workforce development activities in March 2009 CORE met with the following organizations to gain an understanding of workforce development programs implemented through other USAID funded projects.

- Met with ASAP program to discuss their program and how the licensed training modules can support CORE in the future.
- Met with CH2MHILL vocational school specialist to discuss ideas on how to leverage what has already been done with the schools. CORE will most likely take advantage of some programming and the facilities for training support.
- Discussed the need to move workforce development component to start early in 2009 to support CORE activities and enhance benefits of other component activities.

Based on these findings and input at the rural level our Senior Workforce Development Manager, currently working on a part time basis, is developing a business development training course which would include conflict sensitivity and mindset change that will compliment technical training given to all beneficiaries participating in CORE projects.

Component 5

Goal 5: Foster an enabling environment that facilitates economic growth and reduces inequalities and conflict

During the quarter, the Component 5 staff focused on developing the CORE project work plan. In addition, initial meetings were held to identify the policy and regulatory environment based on sectors and companies selected through Component 2. Meetings were also held with other policy related organizations including the multilateral donors to gauge the policy environment.

Component 5 staff met with following organizations to understand the policy environment and start identifying potential policy interventions for the CORE project to begin working on:

- World Bank
- ADB
- Institute of Policy Studies
- National Agri Business Council
- Ceylon Chamber of Commerce`
- American Chamber of Commerce
- Agriculture Department - University of Peradeniya
- IFC- SEDF Project
- Many private sector firms mentioned in Component 2

Based on the above meetings, the following issues were initially identified as potential policy areas that need to be further studied to identify CORE project policy interventions. Some of these policy issues will be prioritized and supported over the next quarter.

a) Logistics and transport issues.
b) Technology issues in particular related to quarantine issues in the importation of new seed varieties.
c) Central, Provincial and Local government issues with regard to land tenure and use and access to other public services.
d) Recent exchange rate depreciation in competitor countries (in some instances by 30%) reducing competitiveness of exporters and artificial maintenance of high value of currency.
e) Financial services availability and access in CORE project areas.
f) Micro finance credit rating policy environment – CORE project will work with the IFC SEDF project to identify and partner in developing this micro finance credit rating legislation that is an important area for the further development of the micro finance sector in Sri Lanka.
g) Inconsistent agricultural tariff policies and a general support for import substitution in agriculture.

It was also determined that the following areas need to be carefully looked at when addressing policy issues:

- Policy issues to be addressed by CORE need to carefully selected given the non reformist agenda of the GSL. Further in-depth discussions need to be conducted with stakeholders and champions of reform next quarter prior to CORE project to select potential policy regulatory interventions. Policies will be prioritized in terms of the type of issue, mechanism for change, policy driver and ability to provide support at a grassroots and other levels to make the change.
- Significant policy reversals have been made during the last few years including those defined by the recent GSL 2009 budget.
- Non conducive political environment for national level policy reforms by the present

government make some policy issues difficult to change. Therefore the project plans to focus on provincial and local level issues that the CORE project can address.

Cross Cutting Programming

Objective 6.1: Integrated Program activities with other USAID Funded Projects

Activity 6.1.1 *Identify initial opportunities for joint program activities with SuRG.*

As a result of meetings held with SuRG it was decided to organize a joint workshop on conflict sensitivity in the next quarter. CORE will work closely with SuRG to develop this workshop. In addition, SuRG will share CORE office space in Ampara and CORE will share SuRG office space in Trincomalee at the beginning of implementation.

Activity 6.1.2 *Develop and provide a Workshop for CORE and SuRG staff on conflict sensitivity and how it will affect project implementation, relationships with governments, work with local beneficiaries and other stakeholders; initial exchange of ideas for joint work.*

Planning began for the peace building workshop for CORE and SuRG staff. It is scheduled to be held in February 11-14, 2009.

Objective 6.2: CORE Grants Program

Activity 6.2.1 *Develop first draft of CORE Grants Manual.*

Activity 6.2.2 *Incorporate comments from USAID and update final CORE Grants Manual.*

A draft of the CORE Grants Manual was submitted to USAID on October 27, 2008. Comments were incorporated and the final Grants Manual was approved on November 11, 2008. The Grants Manual developed internal procedures for the CORE Grants Program and provided all necessary guidelines and documents for grantees interested in working with the CORE program.

This manual applies to each of the types of grants intended for award under the CORE Program. Section A of the Manual includes the Grant Beneficiary Handbook, which explains how to apply for a grant, enter into the grant agreement, manage the grant, and complete proper closeout. It includes the statutes and regulations related to these processes. Section B of the Manual describes the internal processes that the CORE Program must follow in soliciting grants, training prospective applicants, selecting and qualifying recipients, disbursing payments, assisting grantees, measuring results, and managing proper close-out.

The Program will facilitate three types of grants which differ from each other by purpose, size, duration, payment method, and other aspects. The three types of grants that will be awarded under the Program are:

1) **Mini-Grants** - not to exceed the Sri Lankan Rupee equivalent of US$25,000. The grant has to be completed and the report submitted in 90 days

2) **Small Grants** - not to exceed the Sri Lankan Rupee equivalent of US$250,000. The grant has to be completed and the report submitted in 360 days

3) **Fixed Obligation Grants** - More than the Sri Lankan Rupee equivalent of US$250,000. The grant has to be for more than 180 but completed prior to three months of CORE Project end date.

Each grantee is obliged to submit a final report and quarterly report information through the life of the CORE project, as applicable. CORE will retain 10% of the total grant allocation to be given to the grantee only once the CORE project has been concluded.

Grants will be given only to private, legally registered institutions in the appropriate district/province, or public shareholding company, whether for-profit or not-for-profit, that have company objectives consistent with the broad objectives of CORE. Grants will also be given to Non-Government Organizations (NGOs), professional organizations, research institutions, and other institutions that have organizational objectives that are consistent with the broad objectives CORE.

Activity 6.2.3 *Develop internal procedures to support the grants development, evaluation (grant worthy), award, monitoring and close-out process.*

Internal grant evaluation and award procedures and a one year work plan were developed and submitted to the COP on December 15, 2008.

Activity 6.2.4 *Develop initial workshop for CORE staff on developing, supporting and monitoring grants based on guidelines developed for the program.*

A one day training program /workshop is being developed for CORE staff. This workshop will be conducted next quarter.

Activity 6.2.10 *Identify additional grant opportunities through the implementation of the other components.*

Grant opportunities were identified in two concept papers were received by Component 2 staff. All grant requests are for materials/commodities. The three concept papers were from the following companies:

d) **EOAS Organics (Pvt) Ltd - Vetiver Cultivation project**: The company plans to grow vetiver grass in two conflict affected border villages of Bogashandiya and Dematamalgama in Thanthirimale in the Anuradhapura district for cultivation of vetiver grass. CORE will work with farmer organizations in these villages to supply vetiver roots for extraction of oil for exports. The grant is to supply planting material to set up two model farms in the selected villages involving 57 farmers. The proposed grant amount is approximately Rs.75,000 (US$682) under CORE's mini grant type. The full grant application is pending.

e) **Pelwatta Dairy Industries (Pvt) Ltd - Dairy Development Project**: The project concept is to enhance the earning capacity of dairy farmers in the districts of Ampara and Moneragala with a view to uplifting their socio-economic status. The purpose of the project is to increase local milk production to meet the immediate demand and long term needs of fresh milk and milk products in Sri Lanka. The company plans to provide advanced technology in dairy husbandry, provender manufacture, milk processing and marketing. CORE grant assistance is sought to start a pilot program with 200 selected dairy farmers to provide them with 50% of the cost of erecting sheds and 25% of the cost of quality animals. Full grant application is pending.

Objective 6.3: Outreach and Communication

Activity 6.3.1 *Develop the communication message highlighting the issues and need for initiatives to resuscitate the target regional economies.*

Activity 6.3.3 *Identify key strategic communications partners (government, private sector and chambers of commerce, news agencies such as MBC and Internews) and target audiences. Identify delivery methods appropriate for the target audience and the type of message. Develop outreach and communications plan.*

The objective of the CORE Media Communication and Outreach plan is to raise public awareness and inform CORE target audiences about USAID's CORE program through media campaigns and other outreach and communication tools. In addition, it aims to attract publicity for Program activities through the dissemination of media/publicity tools that illustrate the impact of the Program at the beneficiary/community level in the regions and partner organizations at the National level.

To achieve these objectives, CORE has identified the audiences that can actively participate and support in meeting the overall program goals. Several strategies will be used in reaching this audience with general and specific information. This plan aims to outline the audiences, key messages and timelines. Opportunities for additional information sharing will be identified throughout the life of the project.

The plan will be submitted to USAID on January 15, 2009 for approval.

Objective 6.5: Monitoring & Evaluation

Activity 6.5.1 *Support the overall development of project indicators in addition to the IRs provided by USAID*

Indicators were developed and defined based on the Strategic Objective (SO) and the Intermediate Results (IR) given by USAID. Once the indicators were finalized in consultation with the staff, year 1 and 2 targets were decided upon. A Project Monitoring Plan was then presented to USAID on December 15, 2008. This will be the working document for the CORE M&E team and the rest of the staff. An M&E process is being drafted and will be submitted to USAID next quarter.

The ultimate objective of the CORE project is to work towards the USAID Strategic Objective of "Rapid and Sustainable Economic Growth". In order to meet this SO, USAID gave CORE the Intermediate Results that have to be achieved. In order to achieve these results the CORE project will track the following in support of USAID overall targets:

- Number of person's trained in financial management/financial services with USG assistance,
- Number of Agriculture Related Firms Benefiting Directly from USG Assistance,
- Number of vulnerable households benefitting directly from USG assistance ,
- Number of institutions/organization assessments presented for consultation as a result of USG assistance,
- Number of firms receiving USG assistance to improve their management practices,
- Number of people gaining employment or more remunerative employment as a result of participation in USG funded workforce development program,

- Number of persons participating in USG funded workforce development programs, and
- Number of vulnerable households receiving food and economic security assistance through a diversity of livelihood support strategies.

The CORE Management Team developed Program Management Indicators that would help achieve the IRs given. These indicators were presented to the whole team for discussion. Based on their consensus, PMIs were finalized on November 21, 2008.

The PMIs will track changes in beneficiary income, volume and value of sales, yields, investments and use of technology. CORE will also track the number of beneficiaries participating in CORE workforce development programs and the number of policy and regulatory issues addressed under the enabling environment initiative. The program hopes to work with 4,500 microenterprises in the first year (January to September 2008) increasing it to 5,500 in the second, while targeting an increase in income of 5% and 8% respectively. CORE hopes to create 2 workforce initiatives in the first year and increase it to 10 in the second year to provide training for at least 500 people in that year, targeting an employment rate of 50%.

Activity 6.5.2 *Based on selected indicators develop M&E system including internal procedures and responsible project members*

Based on the finalized PMIs and the SO and IRs given by the USAID, the CORE Management Team designed the Project Monitoring Plan (PMP). A draft was submitted to USAID on December 15, 2008. Based on suggestions made by USAID, the PMP will be finalized on January 3, 2009.

Objective 6.7: Conflict Sensitivity

As the project is working in areas affected by a long and protracted conflict, it is important that all those who are involved in the project are sensitized to conflict issues. In order to achieve this objective CORE has partnered with the Business for Peace Alliance (BPA) to support conflict sensitization throughout the life of the project. Conflict Sensitivity Criteria were provided as part of the development of criteria for company project selection and support the development of workshops to provide conflict sensitivity training to the management of companies working with CORE.

CORE has three Policy and Peace-building specialists based in each of the CORE regional offices. This staff was recruited during the quarter.

Overview of Activities to be Initiated Next Quarter

Table 4 - Summary of Deliverables due Next Quarter

Deliverables	Target Due Date	Estimated Due Date
Develop Outreach and Communications Plan	January 15	January 15
Recommendations on Transportation Facilitation	January 15	March 6
Internal Procedures document in line with USAID requirements	January 15	February 20
Workshop on conflict sensitivity and peace building (internal)	January 16	January 16
Quarterly Reports and Annual Reports – First Quarterly Report	January 20	January 20
13 work plans for each of the projects (6 out of 13)	January 30	3 plans on January 30 3 plans on February 27
Internal Procedures Manual for Collection and verification including surveys and responsible team members	January 30	February 12
M&E Training	January 30	February 22
Grants Workshop	February 5	February 5
SuRG Workshop on conflict sensitivity and peace building	February 11	February 11
Report on criteria for selection of policy issues to address through the project	February 28	February 28
Prioritized initial grants	February 28	February 28
CORE website and FTP site	February 28	February 28
Conflict Sensitization Workshop for CEOs 1 (January 15, 2009) Workshop 2 (March 15, 2009) then quarterly	January 15 March 15	February 18 March 15
ICT Assessment Report with Recommendations	March 15	March 15
Livelihood Assessment Report with Recommendations	March 15	March 15
Baseline data based on indicators	March 31	March 31
Real time agricultural price system operational for pilot group	March 31	March 31
Report on initial policy issues including mechanisms for change and priorities to focus on in year 1, if any	March 31	March 31

Component 1

- Incorporate identified individuals into productive economic activities being supported in Components 2 and 3. This will be followed by CORE program linking these households with MFI while providing financial assistance through the Program's small grants program, where applicable. Our team has already initiated a discussion with Hayleys on the possibility of developing a home garden program working with 1000 farmers from the vulnerable populations in Ampara to get back into mainstream economic activities by linking them to markets. CORE project is in the process of working out the marketing.

- Component 1 staff will continue to develop the already started detailed Livelihoods assessments for Ampara, Batticaloa and Trincomalee.

- Identify new opportunities for livelihood support and workforce development needs to support Component 1 goals.

Component 2

- The CORE team will continue implementation of the additional five projects identified during the first quarter. CORE will work with Hayleys to provide training and technical assistance to

300 farmers to produce Gherkins in Ampara. We will also introduce Papaya to over 1,500 farmers in the Ampara District in partnership with the Daya Group. During the next quarter CORE expects to impact over 1000 beneficiaries by organizing, training and linking them to markets resulting in a 5% increase in their incomes.

- The CORE program will begin to carry out in-depth value chain/sector analyses in the next quarter. A team of local and expatriate strategists and sector specialists will work on this assignment to identify impediments and constraints in the value chains and develop strategies to enhance the competitiveness of these value chains. A total level of effort of at least 530 days expat time and an estimated 200 days local time will be programmed during this quarter to carry out this work. CORE will provide further technical assistance to the private sector to implement the recommended strategies.

- Productivity and investment are keys to improving competitiveness and thereby increasing employment and incomes. CORE will work with private sector organizations in the provision of new technology, better management practices as well as improved high quality inputs. The lessons learned and success stories on increased productivity and yields achieved in this quarter will be disseminated at training programs and farm visits and incorporated to support planning of new projects. For example, the Program has a target of at least doubling milk yields of existing dairy cows from an average of 3 to 4 liters per day to 6 to 8 liters per day by introducing better stall fed feeding and management practices.

- Sensitizing all beneficiaries to the conflict is also an important aspect of the Program. Therefore, a sensitization component will be built into all training programs of CORE. The Program team has initiated a discussion and is working on developing this component. It will first be tested internally, fine tuned and launched during the next quarter along with the general mindset-change/entrepreneurship training program.

Component 3

- The CORE team will leverage the forward contracts and buy-back agreements signed by producers to facilitate much needed finance. In addition, the CORE team will conduct training programs for Bank Officers of HNB, LOLC, SEEDS, and other related financial institutions to develop new financial products and services specifically geared towards Program beneficiaries. We will also work with MFIs such as SANASA and SEEDS to build capacity and provide technical assistance to provide competitive financial products.

- The CORE Program will partner with University of Peradeniya, Department of Agriculture to develop an internship program for their students to participate in CORE program activities in the Eastern and North Central Provinces. Agriculture students in the Eastern University in Batticaloa will also participate in this program. This effort will create a strong linkage between the two Universities including opportunities for joint research.

- The CORE team will work with Dialog and Lirneasia to pilot the Farmer Market Information e-bay type system and develop agriculture related content on trade information collection and dissemination. This system will reduce information asymmetry among farmers, collectors, and traders. The program will be launched at a pilot level in March of 2009. CORE

will work with Dialog to pilot it with around 200 farmers in the Welikanda and Punani areas in order to provide feedback to finalize the project. During this quarter, the CORE project will work with Lirenasia and dialog in identifying and developing an implementation plan on agriculture based content development on the spot, forward and futures trading and related services.

Component 4

- The Workforce Development Component of the Program will commence work during the next quarter. After conducting a quick assessment, the CORE workforce development team will identify, develop and facilitate the delivery of the skills development program to meet demand. In addition, CORE will implement match making programs between trainees and potential employers, to the extent possible. The target employers will include partner companies of CORE but are not limited to companies such as CIC, Pelwatte Dairy, EOAS, and Dialog etc.

- The CORE team will work with Dialog to support the inclusion of CORE beneficiaries in its new job matching system. The Dialog system registers job-seekers and employers and matches them through SMS notification.

Component 5

- Begin the overall assessment of policy issues at both the national and local levels. This will include additional research to identify broad national, provincial, and local level policy issues in general and policy issues affecting initial projects supported in Components 1 and 2. This initial spade work is to develop criteria for selection of policy issues to be addressed through CORE project support. During the next quarter the following meetings will be completed to identify these policy issues in line with the deliverable defined in the work plan:
    - World Bank
    - ADB
    - Institute of Policy Studies
    - National Agri Business Council
    - Ceylon Chamber of Commerce`
    - American Chamber of Commerce
    - Agriculture Department - University of Peradeniya
    - IFC- SEDF Project

    - Private sector firms mentioned in component 2
    - National Council for Economic Development (NECD)
        - Department of Agriculture
        - Horticulture
        - Export Development Board
        - Other private sector companies
        - Other policy related research and

- The CORE project will begin to identify specific Provincial and local government level issues by meeting with potential beneficiaries in the CORE targeted areas including district chambers and private sector to identify specific policy and regulatory issues that are detrimental to private sector led growth.

- In addition, a report on criteria for selection of policy issues to be addressed through the project will be handed in during the next quarter. Criteria will need to be developed and approved by USAID for selection of policy issues for CORE to focus on.

Cross Cutting

- Based on the Program Monitoring Plan, a CORE Management Information System will be developed to track the progress of project activities and indictors. It will be a web based information system where all Program staff can access data from the field itself. Developing the system will be out-sourced to a local IT company. Development will begin next quarter.
- A joint Conflict Sensitivity Development workshop between CORE and SuRG will be conducted from February 11-14, 2009 next quarter. The four day workshop will be for staff of the two projects and selected USAID staff. The last two days will be a training of trainers (ToT).
- In the outreach area, the CORE project will work on developing CORE project website and brochures in this quarter. There will be a formal launch of the project in February or early March once all the regional offices are set up, staff fully hired, work plans finalized, and dissemination of information about the CORE Project to the general public approved. The CORE project also plans to make presentations to key chambers and associations targeting potential companies that can work with the CORE project over the life of the project in achieving project objectives.

Appendix A

LIST OF STTA

STTA Completed during Reporting Period

Component/Area	Designation / Assignment	Consultant	LOE
M&E	Develop Program Level Indicators and a Framework for a CORE Monitoring and Evaluation System	Ranjith Wanigaratne	15 days
Component 2	Identification and Prioritization of Value Chains in the Eastern Province and Anuradhapura	Merrilene Peramune	25 days
Component 2	Identification and Prioritization of Value Chains in the Eastern Province and Anuradhapura	Zahra Cader	25 days
Management	Management oversight of project start-up	David Snelbecker	10 days

STTA Scheduled to Commence Next Quarter

Short Term Technical Assistance		LOE Scheduled to Commence Next Quarter		
Component	**Expertise**	**CCN**	**Expat**	**Total**
Component 1 Livelihood Development				
1.2 Economic & Food Security Interventions Implementation	Livelihood Economic and Food Security Experts	45	20	**65**
Component 2 Value Chain Development				
2.2 Value Chain project implementations	Value Chain Experts	20		**20**
2.3 Value Chain/Sector assessments on constraints and competitive products	Business Marketing Experts	20	20	**40**
	Economist	20	20	**40**
	Agriculture Sector specialist	25		**25**
	Non-Agriculture Sector Specialist	25		**25**
	6 Sector-specific specialist		40	**40**
Component 3 Value Chain Services				
3.1 Business Development Services Assessments in Selected Value Chains	Financial Sector Experts	20	20	**40**
	Non-Agriculture Sector Specialists	20	22	**42**
	ICT Expert	20		**20**
	Transportation Services Expert		24	**24**

Short Term Technical Assistance		LOE Scheduled to Commence Next Quarter		
3.2 Facilitate the delivery of and build capacity of providers of value chain finance	Financial Sector Expert (same as above)		5	**5**
Component 5 Enabling Environment				
5.1 Policy/Enabling Environment Assessments	Economist (same as above)		30	**30**
Cross-Cutting Issues				
6.3 Outreach Strategy and Implementation	Outreach and Media Expert	20		**20**
6.4 ICT Assessment	ICT Expert (same as above)	20		**20**
6.5 M&E Strategy and Surveys Development	M&E Specialist	25		**25**
6.7 Conflict sensitivity Training and project support	Peace building experts	30		**30**
STTA Total Technical Assistance (LOE)		***310***	***201***	***511***

Appendix B

FINANCIAL REVIEW FOR REPORTING PERIOD

Financial Summary Local Funds for October – December 2008

Line Item	Budgeted	Expenditure for Reporting Period	Cumulative Expenditure	Remaining Budget
A. Technical Assistance		0	0	$5,000,000
B. Training		0	0	
C. Sub Grants		0	0	
D. Commodities		0	0	
Total		0	0	**$5,000,000**

Financial Summary from October – December 2008

Line Item	Budgeted	Expenditure for Reporting Period	Cumulative Expenditure	Remaining Budget
A. Component 1	$3,438,431.00	$73,214.63	$73,214.63	$3,365,216.37
B. Component 2	$4,853,947.00	$96,428.36	$96,428.36	$4,757,518.64
C. Component 3	$2,972,769.00	$30,506.10	$30,506.10	$2,942,262.90
D. Component 4	$2,513,252.00	$30,506.10	$30,506.10	$2,482,745.90
E. Component 5	$1,460,655.00	$12,202.44	$12,202.44	$1,448,452.56
F. Crisis Modifier	$285,714.00	$0.00	$0.00	$285,714.00
G. Sub Grants	$2,000,000.00	$0.00	$0.00	$2,000,000.00
H. Fee	$657,179.00	$9,107.16	$9,107.16	$648,071.84
Total	**$18,181,947.00**	**$251,964.79**	**$251,964.79**	**$17,929,982.21**

Appendix C

TARGETS AND DELIVERABLES FOR REPORTING PERIOD

	Activity	Output/Deliverable	Progress/Date of Delivery	Next Steps
		COMPONENT 1		
1.1.1	Survey and assess current livelihood support strategies in Ampara to support CORE livelihood strategy. Identify served and unserved target populations as well as services/resources provided. Map organizations engaged in livelihood support and sector interests in relevant livelihood issues for the target populations.		nterim Ampara report submitted to USAID on Nov 30	Component 1 staff to update report to make it final Component 1 staff to identify beneficiaries based on the report
1.1.2	Produce assessment report documenting diversity, effectiveness and impact of current livelihood strategies in Ampara.	Draft Assessment report on Ampara (November 30, 2008) Completed		
1.2.2	Incorporate identified individuals into productive economic activities being supported in Components 2 and 3. Continue this process throughout the life of the CORE project.	Number of beneficiaries in livelihood program	nitiated discussions with Hayleys on a Home Gardening Program – 1000 beneficiaries	Hayleys concept paper to be developed into a proposal and dentify the beneficiaries
1.2.5	Support the provision of small grants assistance through CORE grant components as appropriate.	Number and Value of Grants	Assist activity 1.2.2 with a cost shared grant for a starter pack	Need the final proposal from Hayleys

	Activity	Output/Deliverable	Progress/Date of Delivery	Next Steps
COMPONENT 2				
2.1.1	Select value chains using established criteria: reevaluate selected value chains based on initial criteria to identify any changes that may facilitate or hinder work in previously selected sectors and other demand-driven products as identified including fruits and vegetables, rubber, handlooms, livestock, tourism and spices and herbs. Conduct rapid assessment of value chain constraints in selected sectors/sub-sectors and initial starting geographic locations.	Report on finding on constraints based on rapid assessment and any changes related to initial criteria in 5 value chains and potential additional projects (December 31, 2008)	Presentation made to USAID on initial findings on December 29th	Report being finalized for submission to USAID
2.1.2	Provide presentation on selected value chains to provide overview of information collected.	Presentation on value chains selected to USAID (December 27, 2008)		
2.1.3	Confirm sector/sub-sector selection criteria in consultation with CTO. It may make sense to explore additional value chains in the in-depth analysis and focus on this smaller set for initial projects.	List of value chains (December 31, 2008)		
2.1.4	Based on report provide recommendations for specific interventions to further support initial identified projects in the value chains selected.	Document identifying interventions related to each project (December 31, 2008)		
2.2.2	Identify potential list of partners based on selected sectors/value chains already working in the targeted geographical areas to link farmers to markets.	List of companies (December 31, 2008)	100 companies identified as potential partners.	15 companies prioritized to work with CORE in this and next quarter
2.2.3	Develop evaluation criteria to select potential projects to support initially that including sustainability, conflict sensitivity, potential beneficiaries, economic benefits, etc.	Evaluation criteria (December 11, 2008) Completed	Project Evaluation Criteria presented to USAID on December 11th	Revise Criteria to include Environmental Compliance

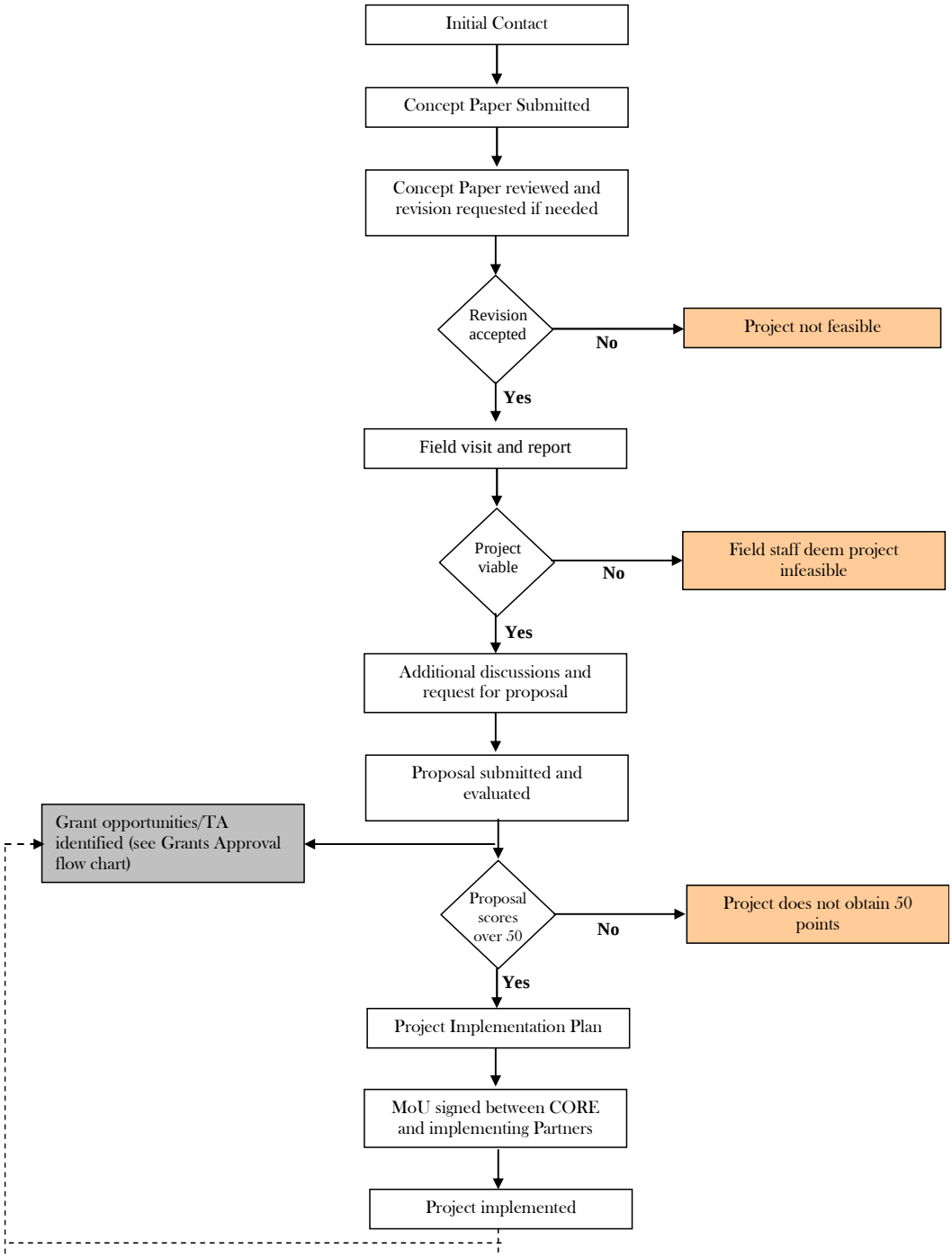
	Activity	Output/Deliverable	Progress/Date of Delivery	Next Steps
2.2.4	Prioritize at least 13 projects based on evaluation criteria and looking to expand supply with at least 6 companies.	Prioritized list of projects (on-going)	Five projects prioritized	dentify eight additional projects
2.2.5	Discuss and develop projects with prioritized partners that are already working in the selected value chains in the targeted areas; select beneficiaries; identify gaps in value chain; and identify interventions to meet needs of the selected value chains (potential sectors are dairy, spices and herbs and gherkins).	At least 13 projects developed with the 6 prioritized companies	Out of the activities referred in 2.2.4 preliminary work has commenced on three out of the five projects. One in spices and two dairy projects	MOUs to be signed between CORE, Partner firms and Producer groups
2.2.6	Develop implementation plan for each of the selected projects to identify project interventions and company contribution including activities, deliverables, and timelines.	13 work plans for each of the projects (December 31, 2008, January 31, 2009, March 31, 2009 and April 30, 2009)	n discussion with producers and partner firms, three work plans have been developed	Work plans will be finalize with the signing of the MOUs
COMPONENT 3				
3.2.1	Based on initial projects being implemented in components 1 and 2 facilitate the provision of financial services where need identified.	Financial interventions for initial projects (on-going)	CORE team has had discussions with SANAS and Rajarata banks in Polonnaruwa to facilitate financing for the Dairy Project in Welikanda and Punani. We have received positive response from SANAS and have negotiated an interest rate of 15%	Based on the buy-back agreement signed, facilitate meetings between SANASA and producer groups.
CROSS CUTTING				

	Activity	Output/Deliverable	Progress/Date of Delivery	Next Steps
6.1.1	Identify initial opportunities for joint program activities with SuRG.	List of opportunities identified	dentified the following opportunities: a. Joint workshop on Conflict Sensitivity Development. b. Joint security assessment to develop a security plan	Workshop to be conducted from Feb 11 – 14 th. Security Assessment to be conducted in Feb
6.2.1	Develop first draft of CORE Grants Manual.	First Draft Grants Manual (October 28, 2008) Completed	Submitted to USAID for review on November 11th	Comments received
6.2.2	Incorporate comments from USAID and update final CORE Grants Manual.	Final Grants Manual (November 13, 2008) Completed	Completed on December 15th	Final submitted to USAID on December 16th . Translate manual into Tamil and Sinhala
6.2.3	Develop internal procedures to support the grants development, evaluation (grant worthy), award, monitoring and close-out process.	Internal Procedures Document (December 15, 2008) Completed	Completed on December 15th	Conduct a staff training workshop on grants
6.2.5	Develop initial allocation of grants resources by component and by year.	Guidance Allocation by component and year (December 15, 2008)	US$300 by component have been programmed for Year 1.	Monitor grant disbursements by component against targets
6.2.6	Evaluate the proposals of initial potential grant recipients such as LMI and ASAP to support overall CORE goals.	Meeting with LMI and ASAP staff and their partners on how the programs would move forward in a sustainable manner.	Completed by December 15	a sustainable model in partnership with Dialog was discussed which would continue the work of LMI. No grants required for LMI or ASAP

	Activity	Output/Deliverable	Progress/Date of Delivery	Next Steps
6.2.7	Provide ongoing support to component leaders to develop grant applications.	Training Program	Two grants identified for next quarter totaling to a value of $93,260	Grants Manager working with staff on developing the grant applications
6.5.1	Support the overall development of project indicators in addition to the IRs provided by USAID.	Indicators (November 21, 2008) Completed	Initial list of indicators and targets presented to USAID December 12th	ncorporated the suggested changes and submit PMP
6.5.2	Based on selected indicators develop M&E system including internal procedures and responsible project members.	Internal Procedures Manual for Collection and verification including surveys and responsible team members (December 31, 2008)	M&E Process being developed based on the approved PMP	Expect to complete in January
6.5.3	Develop data collection and verification method including beneficiary surveys and collection schedules.	Survey document and date collection and verification process	Based line survey is being drafted with input from field staff	Expect to finalize survey in January
6.5.4	Develop initial M&E Plan and Project Management Plan.	M&E Plan and PMP (December 15, 2008)	PMP submitted to USAID on December 15	USAID comments incorporated and submit revised plan on January 9, 09
6.7.1	Include conflict sensitivity in all selection criteria throughout the components.	Conflict sensitivity included in project selection criteria	Conflict Sensitivity addressed in project selection criteria in activity 2.2.3	

Appendix D

PROJECT IDENTIFICATION PROCESS



Appendix E

PROPOSAL SUBMISSION GUIDELINES

Eligible Applicants should submit a proposal to the Sri Lanka Connecting Regional Economies Component Leaders containing the following information in the given format:

Company Name:

Project Title:

Introduction:

Project Concept/Idea:

Company objectives:

Purpose of the project:

Is it in line with one or more of the CORE objectives?

- Increasing incomes of vulnerable populations
- Building business linkages in North Central, Eastern, Uva provinces
- Improving competitiveness of Sri Lankan private sector in selected value chains

Geographic location:

- District:
- Town/Village(s):
- Ethnic composition:

Has a feasibility study or an evaluation of the project been done?

Is there an environmental impact and has an environmental assessment been done?

Project benefits/impact:

A general description of who will benefit from the proposed program and the proposed impact on them:

- No. of farmers/people – men and women, youth (ages 14-25)
- Are they identified and are they conflict affected people?
- Are they willing to participate if so their time availability.
- Timing - when will the benefits be realized?
- Price – increase in income
- Buy back arrangement for produce
- Increase in sales

- Increase in employment
- New markets
- New technologies
- Increase in investment

Company's contribution:

Proposed partnership model with CORE:

- Specifics on assistance needed
- Possible CORE assistance:
  - Technical assistance;
  - Training;
  - Facilitation of finance
  - Human Resources improvements;
  - Business Practice reforms;
  - Supply chain analysis;
  - Program support grants, including mini/small grants for small infrastructure, training;
- Non-qualifying activities:
  - Pay for large capital investments such as factories, manufacturing equipment, machinery, vehicles etc.;
  - Creation of endowments;
  - Any expenses related to ceremonies, parties and celebrations.
  - Purchase of any goods restricted or prohibited under USAID regulations.
  - Any expenses related to purchases or activities, which are illegal under Sri Lankan or U.S. law.

Project implementation:

A description of whom and how the program will be implemented as an integral part of the applicant's Implementation Plan.

Budget:

- Project expenditure
  - Capital assets
  - Working capital
  - Technical assistance
  - Other types of support
- Income generated (incl. price per unit)
- Profit

Estimated value of contribution of the company

Anticipated contribution from CORE

Appendix F

PROJECT EVALUATION CRITERIA

Name of Company Submitting the Proposal: _____

Contact Person: _____ **Designation:** _____

Date of Submission: _____ **Telephone/E-mail:** _____

1. General Criteria (All answers must be "YES" (except) for proposed project to be considered)		
Criteria	**Score**	**Comments**
1. Is the organization a registered legal entity in Sri Lanka?	YES/NO	If YES, what type of registration?
2. Will the objective(s) of the proposed project/initiative meet one or more of CORE Objectives? • Increasing incomes of vulnerable populations • Building business linkages in North Central, Eastern, Uva provinces • Improving competitiveness of Sri Lankan private sector in selected value chains	YES/NO	If YES, which CORE objective/s?
3. Are the beneficiaries in districts in one or more of CORE targeted provinces? • Eastern Province • North Central Province • Uva Province	YES/NO	If YES, which district and Grama Niladhari division?
4. Will the project bring the expected results during the life of CORE? • January of 2009 through September of 2011	YES/NO	If YES, starting when?

5. Does the proposed project fit the overall CORE sector portfolio?		YES/NO	If YES, how?
6. Does the proposed project comply with Sri Lankan National Environmental regulations and USAID Environmental Regulations? • If NO has it obtained EIA OR IEE clearance?		YES/NO YES/NO	What type of environmental concerns?
7. Does the proposed project comply with Bumpers amendment?		YES/NO	
2. Technical Criteria (Must obtain minimum score of 50 out of 100 for a proposed project to be approved)			
Criteria		**Score**	**Comment**
2.1 Is the proposed project market/demand driven and commercially sustainable – feasibility study or cost benefit completed on viability?	YES – Points 15		
	NO – Points 00		
2.2 How many persons will benefit from the proposed project?	More than 500 Points: 10		
	More than 100 less than 500 Points: 08		
	Less than 100 Points: 05		
2.3 Does the project contain some form of innovation – niche product/organic farming/export potential/high value addition?	Very innovative Points: 10		
	Average Points: 08		
	Less innovative Points: 05		
2.4 Company working with vulnerable population [women headed household (HH), internally displaced people (IDP), youth (14 to 25 years)]?	Fully representative of vulnerable groups Points: 15		
	Partially representative (at least one group) Points: 10		
	Not representative of vulnerable population Points: 05		

2.5 Will the company be working with different ethnic/religious groups [Sinhalese, Tamil, Muslim, other]?	Fully representative of (all ethnic/religious groups) Points: 15		
	Partially representative (at least 2 ethnic/religious groups) Points:10		
	Less representative (only 1 ethnic/religious group) Points: 05		
2.6 Is the company willing to enter long term (at least 12 month) agreement with farmers/farmer groups?	With written agreement Points: 10		
	Without written agreement Points: 10		
	No agreement Points: 05		
2.7 What level of cost sharing is proposed?	Over 50% by company Points: 10		
	Between 11% and 49% by company Points: 08		
	Less than 10% by company Points: 05		
2.8 Will the proposed project bring clear measurable results that will feed into one or more CORE program indicators? As a result of CORE interventions: o Increase in income o Increase in sales o Increase in investments o Increase in employment as a result of training o New markets accessed o New technologies introduced	Yes to all of the above Points: 15		
	Yes to three of six Points: 10		
	Yes to two or less Points: 05		
TOTAL SCORE			

Project Proposal **Approved** ☐

Declined ☐

Review Committee:

Name	**Designation**	**Signature**

Date of review: _____

Type of CORE Inputs Recommended:

A. **Technical Assistance:**

Local: _____

Expatriate: _____

B. **Training:**

Type of Training: _____

C. **Grants:**

Mini: _____

Small: _____

Fixed Obligation: _____

Appendix G

SELECTED CORE NEWS ARTICLES DURING THE REPORTING PERIOD