

USAID/OTI Sri Lanka Field Report

July - September 2006

Program Description

USAID's Office of Transition Initiatives (OTI) program in Sri Lanka aims to generate greater support for a negotiated peace settlement to end the island nation's longstanding internal conflict. To accomplish this, OTI seeks to:

- Increase awareness and understanding on transition issues, and change attitudes sustaining the conflict, through information dissemination, advocacy, dialogue and debate;
- Mobilize and link peace constituencies through activities promoting inclusive, collaborative decision-making and resource allocation at the local level;
- Stabilize tsunami-affected communities through small-scale infrastructure rehabilitation, livelihoods restoration and activities fostering two-way communication between citizens and local government authorities.

The OTI program takes a bottom-up approach to peace building by working predominantly with community-based civil society groups, media entities and government officials, complementing USAID's democracy program that supports the peace process through greater focus on national-level stakeholders and more formal institutions. Now in its fourth year, the OTI program is implemented by two primary partners – Development Alternatives, Inc. (DAI) and Internews Networks, Inc.

DAI oversees the \$51 million small-grants program and manages OTI offices in the capital of Colombo, the eastern towns of Trincomalee and Ampara, and Matara along the southern coast. From February 25, 2003 through September 2006, the OTI Sri Lanka program has signed 406 grants worth \$16.75 million. DAI's contract runs through March 2008.

Internews, under a \$1.3 million agreement signed in February 2006, manages media resource centers in the South and East that provide access to knowledge, skills, equipment and radio production opportunities for journalists and civil society organizations seeking to use media as a tool for advocacy or development. Programs developed within these centers will be broadcast over existing state and private networks, increasing the quantity and quality of news and information on issues of local importance from the regions as told through the voices of people who live there. The 18-month agreement runs through August 2007.

Country Situation

Heavy Fighting - Despite both parties' continued verbal adherence to the ceasefire agreement signed in early 2002, the past quarter saw heavy fighting between government forces and the Liberation Tigers of Tamil Eelam (LTTE). In August, a dispute regarding the Mavil Aru irrigation reservoir in the eastern district of Trincomalee escalated into a full battle. Later, the government captured the rebel-held area of Sampoor in the same district, effectively eliminating the threat of artillery fire on Navy and Army camps to the North across Trincomalee Harbor. The northern Jaffna Peninsula was also the scene of heavy fighting.

Both Trincomalee and Jaffna continue to be tense with sporadic ongoing shelling and fighting that has caused thousands to flee their homes. It is reported that more than 13,000 refugees are now in India, with approximately 200,000 people displaced within Sri Lanka.

Abductions and Political Killings – There has been an increase in reported abductions and targeted killings of civilians, although numbers are hard to confirm as there is no official figure, and they vary by source. Civilians have also been targeted in areas that have seen fighting. Among the worst incidents was the murder of 17 Sri Lankan staff working for the French agency, Accion Contra la Faim (ACF). Another serious incident occurred in September when

10 Muslim men were found hacked to death in Ampara district and it is reported that seven young Tamil men abducted near OTI's office in Trincomalee on September 24th still remain unaccounted for.

Karuna Offices – The breakaway LTTE Karuna faction - known as the "political wing" of the faction – has become bolder and more visible with the opening of offices in both Trincomalee town and Colombo. Members, some of whom are armed, are reported to be openly moving around the streets at night and have been calling on individual houses and businesses offering "protection" from the LTTE. In addition, during the day, members have been seen painting their logo on walls.

Co-chairs statement – The Co-Chairs of the Tokyo Donor conference – Norway, the European Union, the U.S. and Japan – welcomed the announcement that the Government and the LTTE would return to the negotiating table and urged the two parties to cease violence immediately, refrain from violations of human rights and humanitarian law, and pursue a political solution.

USAID/OTI Highlights

A. Narrative Summary

The OTI small-grants program continues to focus significant time and resources on design and implementation of projects to repair small-scale infrastructure damaged by the tsunami. Given its field office infrastructure and strong partnerships with community-based organizations and local authorities along the southern and eastern coasts, OTI received approximately \$12 million in tsunami supplemental funding for these types of projects. In the past quarter, OTI began work on a variety of local projects including the renovation of a market in the East and repair of roads in the South. In addition, OTI is helping people affected by the tsunami improve their livelihoods and increase their economic prospects.

The dramatic increase in armed conflict and human rights violations, including disappearances and extrajudicial killings, have increased tension and security throughout the North and East, as well as in Colombo. OTI is responding to this situation with community improvement projects and information or media campaigns that try to create and maintain positive relationships and understanding among people of different ideas, cultures and faiths. It is hoped that the intended increased trust and greater awareness can prevent communal violence at the local level from undermining efforts to get the national-level peace process back on track.

The initial results of training journalists and community-based organization staff under the regional radio initiative implemented by Internews Networks has begun to appear on state and private radio. Programs from the southern-based Matara Media House on current affairs and issues of local importance are being broadcast every Saturday in Sinhala on the Uva Community Radio station to audiences in Southern Uva and the Eastern provinces. These programs feature voices and viewpoints of people from the region, a rarity in Sri Lanka's Colombo-centric media. Stories of similar quality are being filed by district-based correspondents, trained and mentored by Internews from its Colombo offices, through their respective private stations with national reach in both vernacular languages. Sites for the East Media House, which will have facilities in two Ampara District communities, have been identified and staff is being hired.

B. Grant Activity Summary

This quarter OTI signed 54 new grants worth \$3,816,048. Approximately 79% of these grants funded tsunami infrastructure, livelihoods, and information dissemination projects, while 21% funded peace support projects and national initiatives.

Among the tsunami grants funded are a couple to support the renovation and re-equipping of damaged schools in the southern district of Hambantota. Some of these schools were directly hit by the tsunami, while others served as temporary housing for people whose own homes had been destroyed by the wave. Another grant works with local officials to train them in skills needed to facilitate tsunami recovery and provide services to their communities.

Among OTI's peace support activities were a series of grants to observe International Peace Day, September 21. These grants funded a variety of activities in OTI's strategic areas including a peace conference, youth camp, art exhibition and cultural programs in the Eastern town of Batticaloa; lighting of oil lamps, flying of peace flags, and planting of peace poles in the turbulent town of Trincomalee; and the filming and showing on national television of a short video spot of national leaders speaking on peace.

In September Internews approved its first four small grants to community-based organizations. One of these grants will produce 24 half-hour radio programs for broadcast on the state's national radio channel, giving voice to rural communities in the central hill country area. Another will expand capacity of a Colombo-based radio station, popular among the Sri Lankan diaspora, to interview people from the regions whose voices are not usually heard - including Batticaloa residents affected by the tsunami, as well as children who are abandoned or disabled, and refugees living in Puttalam.

Project Type	Grants Cleared July - Sept 2006	Estimated Budget for Cleared Grants July - September 2006	Total Grants Cleared Since March 2003	Total Estimated Budget for Cleared Grants Since March 2003
Peace Support	13	\$ 813,023	231	\$ 8,674,302
Tsunami Infrastructure	32	\$2,144,412	68	\$ 3,953,737
Tsunami Livelihoods	6	\$ 699,508	26	\$ 1,813,643
Tsunami Information	3	\$ 159,105	8	\$ 306,549
Tsunami Relief			73	\$ 2,004,823
TOTAL	54	\$3,816,048	406	\$16,753,054

C. Indicators of Success

Working Together Pays Off – The Weligama Division in the Southern Province district of Matara was one of the areas hardest hit by the 2004 tsunami. Many people from the villages of Mirissa and Pelana suffered a loss of livelihoods as equipment essential to their entrepreneurial activities was damaged or lost when the wave hit. To address this situation, OTI supported a survey to identify what was needed not only to restore lost assets to these micro-entrepreneurs but to provide them with skills to improve their businesses.



Training was provided in small business management skills, focusing on basics such as financial management and bookkeeping, business finance, and preparation of business plans. These plans will serve as the guiding tool for people to improve their businesses and facilitate approval of small business loans from commercial banks. "It's great to have such a workshop, especially when we are coming from different backgrounds and academic levels," Wasantha Greton, a cabinet manufacturer from Weligama, said, "Workshops like this help to bring all of us to the same level."

Many people from the villages of Mirissa and Pelana suffered a loss of livelihoods as equipment essential to their entrepreneurial activities was damaged or lost because of the 2004 tsunami. Therefore, OTI assisted in providing training in small business management skills such as financial management and bookkeeping, business finance, and preparation of business plans.

The training was participatory, with each session followed by group work. People from different classes, political affiliations or ethnicities took advantage of the opportunity to learn together. It is hoped that these new relationships will not only improve the local business environment, but will also help support the peace effort among the various political parties. At the end of the training, the participants decided that it would be useful to form a business association in order to acquire additional business development services from the public and private sectors.

Restoring Livelihoods and Relationships in Tsunami-affected Villages - Reed grasses, grown in eastern Sri Lanka for centuries, have always provided solid income, especially to Muslim women. The grass, when harvested

and dried, forms raw material for the weaving of mats, baskets, and ornaments. The tsunami's salt water flooding killed off the fresh water-growing reeds. In May, OTI launched a program in Oluvil and Thirakerney - adjacent Muslim and Tamil villages, respectively - to rehabilitate growing areas, desalinating the water and providing reed grass seedlings, in order to restore the livelihoods of both sellers and weavers.

As a result of the first grass harvest, some of the families made approximately \$120 profit - well above the monthly average per-capita income in Sri Lanka, particularly in rural areas. Ms. Ummu Nachi, leader of the Reed Cultivation Society, said, "This program has helped us to increase our confidence and income, as well as given an opportunity to revitalize the relationship with the neighboring Tamil villagers."

Even though both villages have been traumatized by 20 years of war, Oluvil and Thirakerney have had longstanding economic and cultural links. Unfortunately, poorly maintained roads, made worse by the tsunami, posed an impediment to continuing these ties. So in addition to the cultivation assistance, OTI provided an opportunity for both communities to work together and repair the road for the benefit of all.



During an evening entitled "A Plea for Peace" artists' demonstrate the agony of war.

Key People Support Artistic Expression for Peace - At a time when an extremist minority is glorifying the return to war in Sri Lanka, an evening of music and dance titled, "A Plea for Peace," was organized in Colombo with support from OTI. Underscoring the futility of war, and drawing attention to the collective suffering of Sri Lankans, a multi-ethnic troupe of renowned artists demonstrated the agony of war through artistic expression.

The focal point of the evening was a fusion of ballet and video images reflecting the pain and suffering of all communities through violence and war. Other presentations included a dance-drama performed by differently-abled dancers, including war veterans, along with a fusion of Sinhalese and Tamil classical dance reflecting the theme of peaceful coexistence.

Attendees included Parliamentarians from the government, the opposition, and other parties; members of ministries and policy making bodies; diplomats and UN staff; INGO and NGO representatives; and other important persons from Sri Lankan civil society. The new Deputy Chief of Mission for the US Embassy in Sri Lanka was the guest of honor.

D. Program Appraisal

The results of the small-grants program's six-month work plans, combined with added capacity to validate and manage small-scale infrastructure activities, were evident during the period under review. Despite the negative impact of increased security risks and difficult political climate, OTI met targets for the three-month period in terms of number, total value and funding source of new grant activities. In addition, the team was nimble enough to capitalize on opportunities to support civil society efforts to voice common aspirations for a negotiated peace, rather than through a military solution as voiced by a vocal minority utilizing state media.

In this context, the regional media initiative faces considerable challenges. Journalists and private media outlets in Sri Lanka are increasingly subject to harassment, threats and occasionally violence. There are still formidable obstacles to overcome in the pursuit of free expression: access to new, independent frequencies are difficult to obtain as they are tightly controlled; and the reintroduction of the Media Center for National Security supports censoring of news related to the conflict and skewing of its impact or the core issues involved.

NEXT STEPS/IMMEDIATE PRIORITIES

During the next quarter, OTI Sri Lanka will:

- Conduct an all-staff strategy session to strengthen morale and team spirit, make course corrections to OTI's strategy, and finalize six-month workplans through the end of March 2007;

- Resurrect a successful tsunami recovery radio program, combining earmarked small -grants funds and Internews technical expertise and field-based media infrastructure, to give affected communities a voice in assessing where and how resources have been spent (or squandered), and what remains undone;
- Finalize preparations for management handover of the small-grants and regional radio initiatives from OTI to the USAID Mission in Colombo.