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# SRI LANKA CONNECTING REGIONAL ECONOMIES (USAID/CORE)

Quarterly Report X, January - March 2011



April 30, 2010

This publication was produced for review by the United States Agency for International Development. It was prepared by AECOM International Development.

His Excellency the President of Sri Lanka, Hon. Mahinda Rajapakse launching the Ministry of Agriculture's cyber center initiative which received support from USAID to establish four farmer-owned and operated cyber centers in the Monaragala District, in the presence of the Minister of Agriculture, Chief Ministers of Uva and Sabaragamuwa, US Embassy, USAID and USAID/CORE officials in February 2011.

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## *DISCLAIMER*

The author's views expressed in this publication do not necessarily reflect the views of the U.S. Agency for International Development or the United States Government.

# Acronyms

AABP	Anoma Agro Based Products (Pvt) Ltd	MSME	Micro, Small and Medium Enterprise
ADSL	Asymmetric Digital Subscriber Line	MVDO	Mahasen Village Development Organization
AIC	Advanced Information Consulting (Pvt) Ltd	NAC	National Agribusiness Council
AIs	Agriculture Instructors	NEEDS	New Eastern Economic Development System
AO	Assistance Objective	NCP	North Central Province
AVC	Audio Visual Center	NGO	Non-Governmental Organization
BBT	Business Basics Training	NIFNE	National Institute of Fisheries and Nautical Engineering
BOQ	Bill of Quantity	OFC	Other Field Crops
BPO	Business Process Outsourcing	PDIL	Pelwatte Dairy Industries (Pvt) Ltd
CBL	CBL Foods International (Pvt) Ltd.	PFI	Partner Financial Institutions
CCC	Ceylon Chamber of Commerce	PMP	Performance Monitoring Plan
CCHA	Consultative Committee for Humanitarian Assistance	PMI	Program Management Indicator
CIC	CIC Mahaweli Livestock and Dairies (Pvt) Ltd	RDA	Road Development Authority
CMC	Ceylon Mushroom Company	RISEN	Reintegration and Stabilization of the East and North
CIMS	College of Information and Management Sciences	SEDOT	Socio Economic Development Organization of Trincomalee
COP	Chief of Party	SEEDS	Sarvodaya Economic Enterprise Development Services
CORE	Connecting Regional Economies	SCDRO	Seruvila Community Development and Rehabilitation Organization
DAPH	Department of Animal Production and Health	SLTDA	Sri Lanka Tourism Development Authority
DEEP	Dairy Enhancement in the Eastern Province Program	SLBDC	Sri Lanka Business Development Center
DCOP	Deputy Chief of Party	SLSI	Sri Lanka Institute of Standards
DoA	Department of Agriculture	SLT	Sri Lanka Telecom
DS	Divisional Secretariat	SME	Small and Medium Enterprise
DSL	Digital Subscriber Line	SO	Strategic Objectives
DQA	Data Quality Assessment	SOCCO	Settler Out Grower Cane Cultivators Organization
EP	Eastern Province	SOW	Scope of Work
ESMO	Ekamuthu Self Managed Organization	SFFO	Sri Sumangala Farmer Organization
FOG	Fixed Obligation Grant	STTA	Short-Term Technical Assistance
GGG	Govi Gnana Seva (Farmer Information Service)	SuRG	Supporting Regional Governance
GMP	Good Manufacturing Practices	ToT	Training of Trainers
GoSL	Government of Sri Lanka	TBD	To be determined
GN	Grama Niladhari (Village Officer)	UNDP	United Nations Development Program
HACCP	Hazard Analysis and Critical Control Points	UNWTO	United Nations World Tourism Organization
HNB	Hatton National Bank	UP	Uva Province
HORDI	Horticultural Crop Research Development Institute	UPP	Unlimited Potential Partnership
ICT	Information and Communication Technology	USAID	US Agency for International Development
IOM	International Organization for Migration	USD	United States Dollar
IPHT	Institute of Post-Harvest Technology	USG	US Government
IR	Intermediate Results	VEGA	Volunteers for Economic Growth Alliance
KIRDO	Kebithigollewa Integrated Rural Development Organization	VOVCOD	Voluntary Organization for Vulnerable Community Development
LKR	Sri Lanka Rupee	VT	Vocational Training
LNP	Link Natural Products (Pvt) Ltd.	WFD	Workforce Development
LOP	Life of Project	WRF	Warehouse Receipt Financing
M&E	Monitoring and Evaluation		
MBSL	Merchant Bank of Sri Lanka		
MOED	Ministry of Economic Development		
MOU	Memorandum of Understanding		
MSEO	Marumalarchy Social Elevation Organization		

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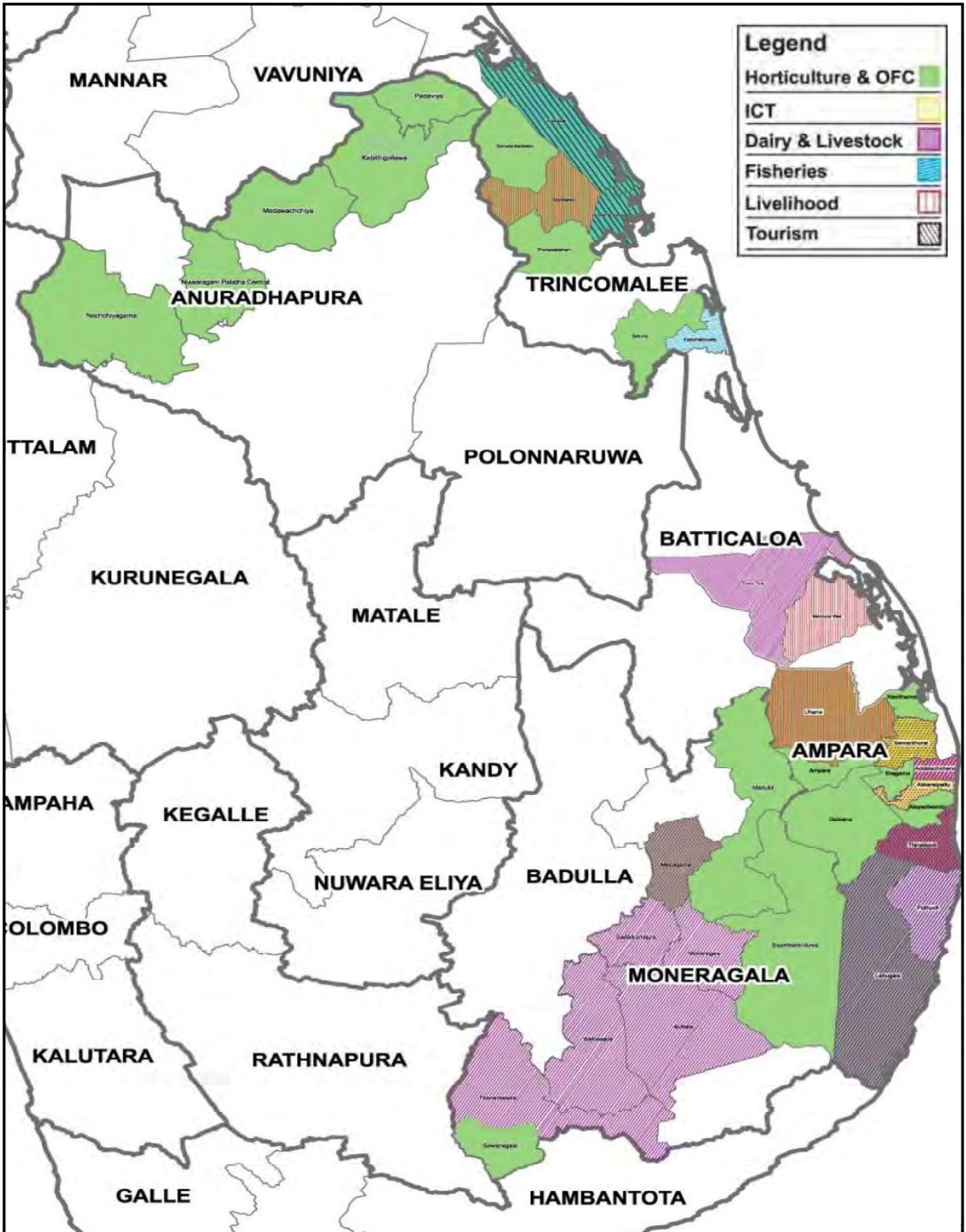
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# USAID/CORE Beneficiary Map

## Geographic Distribution by Value Chain



# Executive Summary

This report covers activities undertaken in the tenth quarter of the USAID/CORE project, between January 1 and March 31, 2011.

This quarter's activities were greatly affected by the heavy rains in January and February that resulted in floods in the Eastern Province that severely damaged crops, livestock, homes, and roads. Mushroom growers and cattle farmers suffered widespread losses as sheds were inundated and there was not enough time to move cattle to higher ground. Crop yields were very low throughout the project areas as soil was saturated and many farmers lost their seed for planting in the next season. A request was made to USAID to allow the funds earmarked "crisis modifier" to be released to help relieve flood victims with inputs including the purchase of new cattle.

Despite these setbacks, the project continues to develop and strengthen value chains in all sites.

Component 1 (Livelihoods) finalized specifications required for the bid documents to repair infrastructure damaged during the conflict. The infrastructure projects aim to restore irrigation capacity by repairing a village tank in the Trincomalee District and an anicut in the Batticaloa District. In addition, the initiative will repair a saltern and construct a 60km long electric fence to prevent elephants from damaging crops, in Trincomalee.

Component 2 (Value Chain Competitiveness) is the largest part of the USAID/CORE project. Project successes include:

- successful marketing and sale of the first consignment of dehydrated limes from Monaragala for export;
- assisted cashew farmers on machinery selection and the formation of a peoples' company in Batticaloa ; identified machinery for a nutritious snack processing plant at Dehiattakandiya due for completion in June 2011; continued to support PDIL's efforts to construct a milk powder factory in Monaragala; assisted in the identification of machinery and the design of a HACCP certifiable milk processing plant in Batticaloa; and developed a HACCP compliant machinery layout plan for a papaya drying plant in Ampara;
- increased the number of black gram farmers that signed forward sales agreements with the Alli Company in Anuradhapura, expanded b'onion production and simultaneously introduced extension services through lead farmers in Anuradhapura; expanded mushroom cultivation in Ampara to respond to growing demand; increased the number of maize farmers to coincide with the construction of the Lankem cereal processing plant in Trincomalee;
- in partnership with DoA, distributed seeds for large scale production of certified sesame seeds in Anuradhapura; and
- commenced a seaweed cultivation project in Batticaloa and medicinal plants, ginger and turmeric cultivation project in Ampara.

Component 3 (Value Chain Support Services) launched the 'Krushi Lanka Gateway' (<http://krushilanka.lk>) that links crop and livestock information from the DoA and DAPH sites using local languages (Sinhala/Tamil) and established the first farmer-managed cyber center for extension services in Siyambalanduwa, Monaragala District. The cyber centers allow farmers to access web-based information on crop production technologies, dairy management practices, input suppliers such as seed, fertilizer, weed killers and pesticide, extension services and market prices for crops in major buying centers. The cyber center initiative was launched by the President of Sri Lanka, His Excellency Mahinda Rajapakse at the Deyata Kirula Exhibition. Additional successes included facilitating private bank loans to b'onion farmers in Anuradhapura; providing leadership and capacity building training for the Sumedhagama Eksath Fisheries Society; obtaining consensus from the Government of Sri Lanka (GoSL) on the concept and pilot of a Warehouse Receipt Financing (WRF) program where farmers can obtain loans using grain stored in warehouses as their collateral; working with the Sri Lanka Business Development Center (SLBDC) to train entrepreneurs in the tourism sector; and supported the National Agribusiness Council (NAC) in planning the Ag-Biz East 2011 trade exhibition in Ampara in May.

Component 4 (Workforce Development) provides specific training for members of targeted value chains as well as arranging for general employment training and development in other sectors including:

tourism, boat building, retail trade, cable manufacturing, electronic parts assembly, ICT and metal fabrication. About 25% of those trained during Year 2 found employment as a result of the training. Six MoUs were signed to provide general workforce training and internships to 330, of whom 55 commenced training. Four mini career days, a proven effective method for recruiting trainees, were held in Ampara, Batticaloa, Trincomalee and Anuradhapura to select candidates. In support of the value chain activities, technical training was provided to participants of targeted value chains for improved crop production technologies, water management, harvesting, post-harvest handling, packaging, marketing, dairy cow management, milking, milk storage, and transport. During the quarter 1,362 farmers received technical training, 29 received advanced training on b'onion cultivation enabling them to act as lead farmers for dissemination of new technologies, and 26 dairy farmers in Ampara and Batticaloa were trained to become lead farmers. In addition, capacity building training was provided or facilitated to micro-entrepreneurs and farmer organizations, including seven Micro, Small and Medium Enterprises (MSMEs). The Sri Lanka Standards Institute provided advice on how to make their enterprises more efficient and competitive, and a workshop for 35 aspiring entrepreneurs in tourism related businesses in Trincomalee.

Component 5 (Enabling Environment) facilitated the first meeting of the new USAID/CORE Advisory Board in conjunction with the Ministry of Economic Development (MOED). The Board includes representatives of all key ministries and departments, and identifies issues that require government action to make the business environment more competitive. Other successes included a workshop in conjunction with the Road Development Authority (RDA) on Guidelines for Tourism Signage which will lead to a pilot program of installing standardized signs for all tourist attractions in the Eastern Province. Policy dialogs with several ministries continued, including recommendations for rationalization of the distribution of veterinary services in Eastern Province, and the approval of pasture grass as a crop entitled to receive irrigation water from major irrigation systems. Discussions were initiated with the MOED and Ceylon Chamber of Commerce (CCC) to conduct an Investor Forum focusing on investment in the Eastern Province.

Three grant awards were made in this quarter. CBL Foods International (Pvt) Ltd. (CBL) a subsidiary of Ceylon Biscuits Limited received a grant to establish a seaweed farming project in Batticaloa District. Initially starting with five farmers, the project will eventually involve 25 farmers producing seaweed for extraction of carageenan for use in processed food. Link Natural Products (Pvt) Ltd. received a grant for medicinal crops cultivation and processing in Monaragala and Ampara Districts. NAC was awarded a grant to help sponsor AgBiz-East 2011 Road Show/Trade Fair to be held in Ampara on May 27 and 28, 2011. The total number of grants awarded has now reached 32, with a total value of over LKR 171 million (USD 1.54 million). During this quarter disbursements to existing grants totaled over LKR 6.6 million, and included purchase of equipment for processing of cereals, tools for pruning of lime trees, high bred dairy cows, material for mushroom cultivation, seed material for papaya, onion, black gram, and maize farmers, and building material for construction of cattle sheds.

Outreach and Communication activities included final approval of the Branding and Marking Plan by USAID, redesign of the project website, design and publication of outreach materials including six media releases and success stories. Key events included the launch of the cyber center program by the President of Sri Lanka, the launch of Ag-Biz and Ag-Biz East 2011 with NAC, and the launch of the WFD programs, all of which were attended by USAID officials.

Monitoring and Evaluation activities continued throughout the quarter. The revised Program Monitoring Plan was submitted to USAID for approval. An assessment of the flood damage and losses by project beneficiaries was conducted in February and March. Baseline information on 1,362 new beneficiaries was collected, including maize, cashew, millet, black gram, and sesame farmers. The total number of project beneficiaries now exceeds 10,386, while training has been given to over 11,100 people. Total investments made by partner companies now exceed LKR 56,744,267.

The new Chief of Party, Hammond Murray-Rust assumed duties in March 2011.

# Project Overview

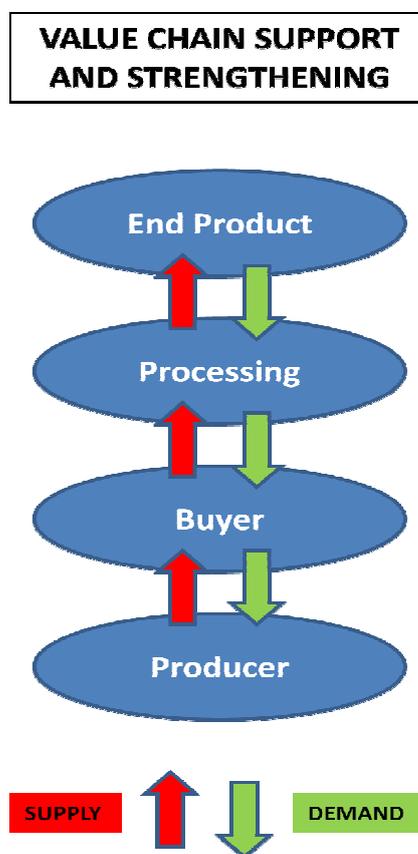
The U.S. Agency for International Development Connecting Regional Economies (USAID/CORE) project assists communities in Eastern Province, Anuradhapura District in North Central Province, and Monaragala District in Uva Province, to integrate into mainstream economic activities. USAID/CORE enhances competitiveness of selected value chains in these provinces, leading to an increase in productivity, creation of sustainable jobs and formation of new business opportunities.

Working with these selected value chains, USAID/CORE adopts a top-down and a bottom-up approach to support market linkages while also supporting beneficiaries at the grassroots level. Knowledge and skills are enhanced upstream in order for beneficiaries to better participate in their respective value chains. In addition, policy and regulatory impediments to growth in these value chains are addressed to create a positive business enabling environment. The Project applies a “conflict lens,” making value chains and their participants a key vehicle to promoting peace through economic development.

The challenge of this approach, to expand and improve value chains within the target regions, is to ensure that grassroots producers can improve their livelihoods, either by becoming entrepreneurs themselves or by supporting other organizations’ efforts to grow and prosper. USAID/CORE catalyzes new collaborative attitudes and actions that lead to economic growth. The focus is within the private sector: USAID/CORE seeks to work with existing and new commercial enterprises that have a vested interest in being part of a strong and effective value chain. In all activities, USAID/CORE requires that commercial enterprises make their own financial investments, and only receive funds targeting specific gaps or weaknesses in the value chain. Similarly, beneficiaries are expected to make cash and in-kind contributions as part of their commitment.

To accomplish this goal, the USAID/CORE project aims to achieve five distinct but interrelated objectives, each of which is a specific component within the project structure:

1. Develop **livelihoods for vulnerable households, women and children**. USAID/CORE creates programs and institutional networks that can restore economic security and social and physical well-being to the most vulnerable populations.
2. Improve the **competitiveness of selected agricultural and non-agricultural value chains** that can engage producers in target zones. USAID/CORE supports linkages between local farm and non-farm enterprises and fast-growing domestic and export markets that offer new income opportunities and incentives for target producers.
3. Enhance the **productivity of newly engaged value chain participants**. USAID/CORE promotes equitable value chain relationships and access to resources – financial, technology and information – that enable participants to benefit from new opportunities.
4. Address the **workforce development needs in general and for specific groups** with particular economic disadvantage (e.g., youth and women). USAID/CORE helps such groups meet labor demands of priority value chains and the larger economy. The workforce development program focuses on linking demand and supply within the labor market.



5. Advance **reforms for the development of a positive business enabling environment** in target zones by improving agro-related and other policies, and helping to eliminate impediments to productivity in priority value chains.

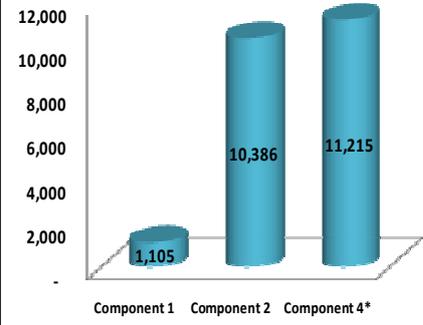
In addition, the project has a number of cross-cutting activities that support these five components. These include:

- Grants: To provide funds for beneficiaries and partner companies that overcome specific constraints or gaps identified during the implementation of project activities.
- Outreach and Communication: To document project progress and impact; prepare materials for TV, radio, newspapers and other media presentations; assist in arranging public events that support USAID/CORE programs; and promote the role of USAID in supporting the economy of Sri Lanka.
- Monitoring and Evaluation: To track the impacts of project activities, including the number of beneficiaries, increases in incomes resulting from project activities, increased value of products in each value chain, and determine the amount of co-financing from private sector partners and beneficiaries leveraged using USAID/CORE funds.

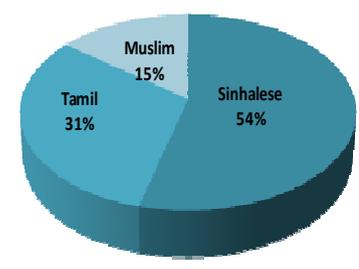
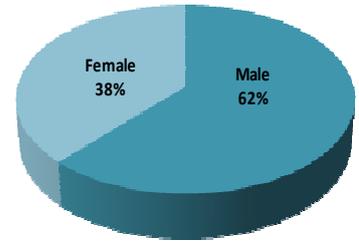
The Connecting Regional Economies Project is implemented in accordance with the U.S. Agency for International Development (USAID) contract number 383-C-00-08-00500-00. It is a project with a three-year base period which commenced in October 2008 with two possible option years. The base period includes a budget of almost USD 13 million, of which USD 5 million is in local currency, and an overall budget including the option years of over USD 17.5 million. AECOM International Development is the prime contractor implementing the USAID/CORE project.

Part I  
**Project Summary**

# USAID/CORE Beneficiary Map Project to Date



\* Includes all those who have received technical training and have been counted under CO2



Legend		
500 - 1500	Blue dot	
1501 - 3000	Purple dot	
3001 - 5000	Red dot	

# Section A

**Name of USAID activity:**

Connecting Regional Economies (USAID/CORE)

**Name of implementing partner:**

AECOM International Development

**Total funding:**

\$12,962,000 (for base period)

**Total funds spent (including Quarter X):**

USD \$7,660,000

**Start date:**

February 1, 2008

**End date:**

September 30, 2011

**Geographical location:**

Anuradhapura District, Ampara District, Batticaloa District, Trincomalee District, and Monaragala District.

**Overall goals and objectives:**

The USAID/CORE project promotes economic growth by creating private sector linkages in post conflict areas in Sri Lanka. Project activities support livelihood development, foster competitiveness, enable beneficiaries to participate in value chain support services, support workforce development and encourage a positive business enabling environment

**Expected outcomes:**

- Increase incomes through participation in value chains;
- Develop and improve value chain support services;
- Promote investments in the USAID/CORE areas; and
- Increase employment as a result of training and introduction of new technologies.

**Table 1. Summary of Project Beneficiaries**

	Component 1	Component 2	Component 4
Total expected beneficiaries over the life of the project (base period targets)	2,500	12,000	800
Total beneficiaries to-date (through QX)	1,105	10,386,	528
Total beneficiaries this quarter (QX)	0	1,487	0

**Table 2. Major Results and Achievements in Quarter X**

Name of Activity	Location	Expected Results for Quarter X	Results Achieved in Quarter X
<p><b>Component 1:</b> Enhance household food and economic security through a diversity of livelihood support strategies</p>	<p>Eastern Province</p>	<ul style="list-style-type: none"> <li>• Obtain USAID approval for Component 1 infrastructure grant implementation procedure</li> <li>• Obtain formal approval from USAID to implement identified infrastructure projects.</li> <li>• Formalize approval from government to proceed with infrastructure projects.</li> <li>• Sign MOUs to formalize community buy-in for approved projects.</li> <li>• Sign contracts with selected contractors and schedule implementation.</li> <li>• Commence construction on selected projects subject to weather patterns.</li> <li>• Identify needs of the communities assisted where value addition, training and access to markets can further benefit their livelihood activities resulting in higher incomes and sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>• Received USAID approval for the grants manual amendment to incorporate in-kind grant agreements and infrastructure grant procedures</li> <li>• Grant application packages drafted for the approved concept papers. Submission for USAID approval pending final scopes and cost estimates.</li> <li>• Formal government approval obtained for all infrastructure projects including departmental approvals for investigations, design drawings and BOQ.</li> <li>• Obtained buy-in for long-term mode of operations and maintenance of the four projects from corresponding government agencies and farmer organizations and draft MOUs being finalized in agreement with both parties.</li> <li>• Bid Documents completed and received by potential contractors and pre-bid meetings for the two bid packages held in Batticaloa and Trincomalee.</li> <li>• Value added services related to infrastructure activities were postponed to Quarter XI.</li> </ul>
<p><b>Component 2:</b> Improve the competitiveness of agriculturally-based and other value chains,</p>	<p>Anuradhapura, Ampara, Batticaloa, Monaragala, Trincomalee</p>	<ul style="list-style-type: none"> <li>• Implement new projects to link 800 new beneficiaries</li> <li>• Strengthen the technical capabilities of the partners to achieve full potential of the projects and to deliver optimum value to the beneficiaries</li> <li>• Address impediments in obtaining land and initiate setting up of the processing plants on three signature projects – Eluwan, Cargills and Lankem Projects</li> </ul>	<ul style="list-style-type: none"> <li>• Linked 1,487 beneficiaries to the value chains.</li> <li>• Commenced two projects, seaweed cultivation in Batticaloa and medicinal crop production in the Monaragala and Ampara Districts, which have potential to link 25 and 450 beneficiaries respectively</li> <li>• Provided short-term technical assistance to identify value chain gaps, develop and implement strategies to improve the competitiveness of partner initiatives including the first load of 2,500kg of dehydrated limes sold for export, and successful completion of trials of mustard cultivation to meeting partner requirements.</li> <li>• Facilitated GoSL for providing land for three projects and initiated construction of processing plants for Cargills and Lankem.</li> </ul>

Name of Activity	Location	Expected Results for Quarter X	Results Achieved in Quarter X
<p><b>Component 3:</b> Improve the delivery of value chain services to ensure that groups located in target regions participate in selected value chains.</p>	<p>Anuradhapura, Ampara, Batticaloa, Monaragala, Trincomalee</p>	<ul style="list-style-type: none"> <li>• Continue to build capacity of PFIs to introduce modified group loans, leasing with flexible terms and bills of exchange.</li> <li>• Lobby relevant stakeholders to appoint a steering committee to work towards developing the legal, certification and financial framework to introduce WRF.</li> <li>• Pilot ICT-based crop and livestock extension services in partnership with AVC and DAPH in Monaragala.</li> <li>• Develop and launch the dairy extension media campaign to reach the rural masses in target regions.</li> <li>• Continue business proposal writing and capacity building support to small and medium scale entrepreneurs.</li> <li>• Capacity building support for farmer organizations.</li> </ul>	<ul style="list-style-type: none"> <li>• Provided capacity building support on flexible leasing to a PFI. Developed procedural manuals on modified group loans, flexible leasing, trade bills of exchange and factoring for PFIs.</li> <li>• Obtained Government (MOED) buy-in and leadership for WRF concepts and pilot. World Bank to fund infrastructure while USAID/CORE to support the development of legal and financial framework.</li> <li>• Four MoUs signed with farmer organizations to pilot ICT based crop extension through cyber centers. One pilot center established and operational in Siyambalanduwa.</li> <li>• Developed and launched 'Krushilanka' web portal in partnership with DoA and DAPH for crop and livestock extension. Supported DAPH in developing farmer focused dairy extension content for website.</li> <li>• Completed four business proposals for small and medium scale entrepreneurs.</li> <li>• Conducted capacity building support for one farmer organization and a needs assessment for another.</li> </ul>
<p><b>Component 4:</b> Implement a workforce development program that improves employability of target groups and enhances the technical know-how of value chain participants.</p>	<p>Anuradhapura, Ampara, Batticaloa, Monaragala, Trincomalee</p>	<ul style="list-style-type: none"> <li>• Provide technical training to at least 800 new beneficiaries from Component 2, BBT to 300 beneficiaries, and WFD training to 100 candidates.</li> <li>• Organize mini career days and career guidance seminars to select trainees for WFD.</li> <li>• Offer business management training to improve management practices of SMEs in the Eastern Province.</li> <li>• Facilitate obtaining of Standards Certification for MSMEs participated in the standards seminar.</li> <li>• Finalize the report and prioritize capacity building initiatives for VT providers.</li> </ul>	<p><b>Technical Training</b> (see Tables 8 and 9 for details)</p> <ul style="list-style-type: none"> <li>- Technical training to 1,362 new beneficiaries.</li> <li>- BBT to 56 Year 1 and 2 beneficiaries.</li> <li>- Advanced training on B'onion cultivation to 29 and on Dairy management to 26 lead farmers</li> </ul> <p><b>Workforce Development Training</b></p> <ul style="list-style-type: none"> <li>• Signed MOUs to commence six WFD training programs to train 330 candidates.</li> <li>• Four (4) Mini Career Days were conducted with the participation of 338 candidates.</li> <li>• Fifty-five (55) candidates; 43 at Tos Lanka and 12 at Aitken Spence School of Hospitality commenced WFD training during the month of March.</li> <li>• Preliminary assessment for GMP certification was conducted for 7 SMEs, which participated in the Seminar on Standards Certification conducted in last quarter.</li> </ul>

Name of Activity	Location	Expected Results for Quarter X	Results Achieved in Quarter X
			<ul style="list-style-type: none"> <li>• Conducted a capacity building workshop for 35 micro-entrepreneurs interested in commencing in tourism related businesses in Trincomalee.</li> </ul>
<p><b>Component 5:</b> Foster an enabling environment that facilitates economic growth in the target regions.</p>	National	<ul style="list-style-type: none"> <li>• Conduct the first meeting under the newly reconstituted Advisory Board</li> <li>• Continue dialog with stakeholders on prioritized policy issues to identify a champion for each issue.</li> <li>• Organize workshop on tourism guidelines and signage.</li> <li>• Finalize the study on “Economics of Pasture cultivation” and organize workshop for relevant stakeholders</li> <li>• Prepare farmer friendly booklet on methodology and economic benefit of cultivating CO-3 as a crop.</li> </ul>	<ul style="list-style-type: none"> <li>• Held Advisory Board meeting January 27, 2011 chaired by the Additional Secretary to the MOED.</li> <li>• Prepared draft report on the study on the economics of cultivating good quality pasture for stall feeding of cattle in the Eastern Province.</li> <li>• Conducted a workshop jointly with the RDA on Tourism Signage Guidelines and Symbols with the participation of all stakeholders.</li> <li>• Prepared draft booklet on the methodology of cultivating CO-3 and the methods of conservation of any excess through the preparation of silage and other methods of conservation</li> <li>• Distributed selected policy briefs among public and private sector stakeholders to facilitate dialogue and create the necessary environment for reforms.</li> </ul>
<p><b>Grants:</b> Provide financial support to USAID/CORE beneficiaries through a cost-shared grants program to achieve overall project objectives and results.</p>	Anuradhapura, Ampara, Batticaloa, Monaragala, Trincomalee	<ul style="list-style-type: none"> <li>• Disburse at least LKR 35,500,000.</li> <li>• Continue to review grant applications</li> <li>• Continue training grant recipients on documentation and procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• Signed 3 new grant agreements valued at LKR 14,460,350 and disbursed LKR. 6.6 million for ongoing grants.</li> <li>• Developed grant pipeline of 3 grants to be awarded in Quarter XI valued at LKR 17,500,000 for Component 2 &amp; 3 and LKR 48,100,000 for Component 1.</li> </ul>

**Table 3: USAID Reporting Requirement for Reporting Year – F Indicators and Financial Summary**

Development Result and Approved Budget Amount	Indicator	Annual Targets for 2011	Actual Achieved for Quarter	Actual Cumulative Achieved	Expenditure for Quarter	Cumulative Expenditure for 2011	Program Element Funding (Obligated)	Actual Expenditure to Date
<b>Component 1:</b> Enhance household food and economic security through a diversity of livelihood support strategies	Number of people benefiting from USG assisted livelihood support strategies <sup>1</sup>	1,500	0*	0	0	0	<b>USD 860,500</b> (3830122.00 DCOF) <b>LKR 43,000,000</b> (A074-Agriculture Sector Capacity)	USD 764,100 LKR 40.8m
<b>Total:</b>							<b>USD 860,500</b> <b>LKR 43,000,000</b>	
<b>Component 2:</b> Improve the competitiveness of agriculturally-based and other value chains, which benefit large numbers of traditionally underserved populations in target areas which link them to growth opportunities, including domestic and/or export markets	Number of firms receiving USG assistance to improve management practices	25	35	64	USD 84,400 LKR 22.2m	USD 284,200 LKR 41.6m	<b>USD 259,958</b> (A077-Private Sector Capacity) <b>LKR 116,500,000</b> (A077-Private Sector Capacity) <b>USD 860,000</b> (A082- Strengthen Microenterprise Productivity)	USD 1,497,800 LKR 138.5m
	Number of micro enterprises participating in USG assisted value chains	3,000	1,487	1,960				
<b>Total:</b>							<b>USD 1,119,958</b> <b>LKR 116,500,000</b>	
<b>Component 3:</b> Improve the delivery of value chain services to ensure that groups located in target regions participate in selected value chains in a sustainable manner.		N/A	N/A	N/A	USD 41,200 LKR 14.2m	USD 119,100 LKR 24.9m	<b>LKR 93,000,000</b> (A074-Agriculture Sector Capacity) <b>USD 200,000</b> (EG-old funds) <b>USD 625,000</b> (A067-Financial Sector Capacity)	USD 813,900 LKR 78.9m
<b>Total:</b>							<b>USD 825,000</b> <b>LKR 93,000,000</b>	

<sup>1</sup> This is a custom indicator, as there is no suitable F indicator for livelihoods under Economic Growth.

Development Result and Approved Budget Amount	Indicator	Annual Targets for 2011	Actual Achieved for Quarter	Actual Cumulative Achieved	Expenditure for Quarter	Cumulative Expenditure for 2011	Program Element Funding (Obligated)	Actual Expenditure to Date
<b>Component 4:</b> Implement a workforce development program that improves employability of target groups and enhances the technical know-how of value chain participants.	Number of people gaining employment or more remunerative employment as a result of USG funded workforce development programs	200	0**	20	USD 33,600 LKR 13.6m	USD 114,700 LKR 24.8m	<b>USD 955,042</b> (A078-Workforce Development)	USD 521,500 LKR 71.2m
	Number of persons participating in USG funded workforce development program	300	0**	75			<b>LKR 80,000,000</b> (A074-Agriculture Sector Capacity)	
<b>Total:</b>							<b>USD 955,042</b> <b>LKR 80,000,000</b>	
<b>Component 5:</b> Foster an enabling environment that facilitates economic growth in the target regions.	Number of institutions/ organizations assessments presented for consultation as a result of USG assistance	35	18	18	USD 9,700 LKR 3.8m	USD 31,200 LKR 5.9m	<b>USD 262,530</b> (A076-Business Enabling Environment)	USD 264,100 LKR 26.0m
	Number of firms receiving USG assistance to improve management practices	10	0	0			<b>LKR 30,000,000</b> (A077-Private Sector Capacity)	
<b>Total:</b>							<b>USD 262,530</b> <b>LKR 30.0m</b>	
<b>Grants:</b> <b>USD 439,500</b> <b>LKR 197.0m</b>					LKR 6.3m	LKR 12.5m	<b>USD 439,500</b> (3830122.00 DCOF) <b>LKR 41,370,000</b> (A074-Agriculture Sector Capacity) <b>LKR 155,630,000</b> ( A077-Private Sector Capacity)	LKR 40.5m
<b>Crisis Modifier:</b> <b>USD 285,700</b>								
<b>Fixed Fee/Administrative Fee:</b> <b>USD 452,500</b>					<b>USD 11,300</b>	<b>USD 37,100</b>	<b>USD 237,470</b> (A076-Business Enabling Environment)	USD 260,600
<b>Grand Total:</b>					<b>USD 180,100</b> <b>LKR 60.0m</b>	<b>USD 586,300</b> <b>LKR 109.8m</b>	<b>USD 4,700,000</b> <b>LKR 559,500,000</b>	<b>USD 4,122,000</b> <b>LKR 395.9m</b>

\* Component 1 grants are programmed to be issued in Quarter XI, the amendment to the grants manual for this type of infrastructure grants was approved in January and preliminary work, such as getting government approval, was conducted in February and March

\*\*Trainees are counted only once they graduate. No trainees graduated during the quarter and therefore did not gain employment.

**Table 4: Program Indicators Monitored as per the PMP Requirements**

Name of Activity	Location	Program Indicators	Annual Targets for Reporting Year 2010	Annual Targets for Year 2011	Actual Achieved for Reporting Quarter	Actual Cumulative Achieved for Reporting Year
<b>Component 1:</b> Enhance household food and economic security through a diversity of livelihood support strategies	Eastern Province	Number of people benefiting from USG assisted livelihood support strategies	0	1,500	0	0
<b>Component 2:</b> Improve the competitiveness of agriculturally-based and other value chains, which benefit large numbers of traditionally underserved populations in target areas which link them to growth opportunities, including domestic and/or export markets	Anuradhapura, Ampara, Batticaloa, Monaragala, Trincomalee	Increase in beneficiary incomes*	8%	10%	n/a*	n/a*
		Increase in value of sales*	15%	15%	n/a*	n/a*
		Increase in volume of sales*	15%	15%	n/a*	n/a*
		Increase in productivity/yield*	12%	12%	n/a*	n/a*
<b>Component 3:</b> Improve the delivery of value chain services to ensure that groups located in target regions participate in selected value chains in a sustainable manner.	Anuradhapura, Ampara, Batticaloa, Monaragala, Trincomalee	Number of farmers, processors, and others who have adopted new technologies or management practices as a result of USG assistance	2,000	1,500	0	0
		Number of linkages made from the region to new markets	20	20	2	3
		Value of new investments made	USD 200,000	USD 200,000	USD 48,048	USD 48,048
		Cumulative number of new jobs created	35	35	0	0
<b>Component 4:</b> Implement a workforce development program that improves employability of target groups and enhances the technical know-how of value chain participants.	Anuradhapura, Ampara, Batticaloa, Monaragala, Trincomalee	Number of persons trained (*technical training-not WFD)	5,000	3,000	1,362	2,190
<b>Component 5:</b> Foster an enabling environment that facilitates economic growth in the target regions.		Number of policy/regulatory issues addressed	6	No target	2	2

\* The above indicators are reported annually and therefore not tracked on a quarterly basis.

# Overall Accomplishments

## Infrastructure

- All the proposed infrastructure projects were approved by GoSL, a process involving several different Ministries and Departments before final designs and specifications were accepted.
- The technical designs for the saltern and electric fencing projects were finalized by the targeted deadlines, following evaluations of different technical options.
- The electric fencing project required a pro-active strategy to introduce the proposed model and to gain acceptance of the concept. USAID/CORE initiated and facilitated repeated discussions between all stakeholders to arrive at acceptable solutions. A participatory mapping process with government departments and farmer organizations helped mitigate challenges faced in the location of over 50km of perimeter fencing.

## Value Chain Competitiveness

- Heavy rain and devastating floods disrupted most project activities in the Eastern Province and Anuradhapura District until the end of February. USAID/CORE was able to mitigate some of the damages caused by the floods by introducing new crops to generate an additional income. Activities included support to Cargills for finger millet farmers, organizing a seed production program for black gram farmers, and convincing Lankem to provide additional assistance to maize farmers.
- Despite a two-month setback on activities due to the floods, USAID/CORE was able to link 1,487 number of beneficiaries in 7 projects during the quarter. These projects will generate an average of 10% increase in income per family.
- USAID/CORE was able to introduce two new projects with the involvement of 475 new beneficiaries for the cultivation and primary processing of seaweed and medicinal crops that are new to the Eastern Province. These two projects will bring an estimated investment of LKR 21 million to the Eastern Province.
- USAID/CORE assisted Cargills, Lankem and Eluwan to commence the construction of factories on government leased lands. Additionally, USAID/CORE assisted Eluwan to obtain a lease on a 70 acre plot of government land to start a breeder farm. Total expected investment from these projects is LKR 123 million.
- In spite of the unfavorable weather, USAID/CORE was able to conclude the first round of mustard adoptive research successfully and identify three genotypes which are suitable for commercial cultivation. Lanka Spices Ltd. has shown interest to develop an outgrower system in the Eastern Province, to source their mustard requirement of 120,000 kg/year, which they currently import.
- Five entrepreneurs who built lime dehydration kilns with USAID/CORE assistance made the first sale of 2,500 kg of dehydrated limes. These 5 kilns have the capacity to produce 10,000 kg of dehydrated limes per month which provides opportunities to attract new buyers, increases bargaining powers and optimizes costs of transport. Lime prices in the Siyambalanduwa area are stable due to the operations of kilns and 290 beneficiary farmers have a ready market for their fresh limes.

## Value Chain Support Services

- With USAID/CORE assistance Cargills and Lankem began constructing their processing plants which brought in an investment of LKR 5,376,540 (USD 48,048) into the Eastern Province during the quarter.
- To address gaps in post harvest financing for farmers, the Warehouse Receipt Financing (WRF) instrument was presented to the government and agreement was obtained to pilot the concept under the leadership of the MOED. The introduction of this instrument will ensure that farmers can store their crops during the harvest period and take advantage of improved prices during the off-season. WRF allows farmers to utilize their harvest as collateral for loans.
- USAID/CORE prepared a manual and conducted a training program on flexible leasing for a PFI, and also developed procedural manuals on modified group loans, trade bills of exchange and factoring to facilitate introduction of these products through partner institutions.

- To strengthen access to agriculture and livestock information at local level, USAID/CORE partnered with DoA and DAPH to pilot innovative management structures where farmer societies take an active role to improve the sustainability and scope of cyber centers. The project also supported the launch of a farmer-friendly web portal 'Krushika Lanka Gateway' that, for the first time, links agriculture information from DoA sites with veterinary extension information from DAPH sites.

### **Workforce**

- USAID/CORE signed MOUs with six partners; Aitken Spence Hotels Ltd, Sierra Cables Plc, Tos Lanka (Pvt) Ltd, Skills for Success (Pvt) Ltd, CIMS Campus and CINEC Skills Center to conduct WFD programs.
- Conducted 4 mini career days with the participation of 338 candidates and identified 330 trainees to participate in the WFD programs. Fifty-five (55) of them commenced training during the quarter.
- Developed the tourism SME training manuals to be translated to Tamil and Sinhala.
- Conducted a capacity building workshop for 35 micro-entrepreneurs interested in commencing in tourism related businesses in Trincomalee
- Provided technical training to 1,362 new beneficiaries under Component 2 and Business Basics Training (BBT) to 56 Year 1 and 2 beneficiaries.
- Provided advanced training on onion cultivation to 29 and on dairy management to 26 lead farmers

### **Policy**

- USAID/CORE held its third Advisory Board meeting on January 27, 2011. It was the first Advisory Board meeting following restructuring to enable MOED to be the chair of the Board.
- The Additional Secretary to the MOED stated that the Government is planning to embark on a million home-based economies in the fields of agriculture, livestock and cottage industries to improve the living standards of the people living in the rural areas. The Secretary also stated that the donors could complement the Government efforts. The Secretary of the Ministry of Agriculture was of the view that these economic units should be linked to markets similar to a demand driven model adopted by the USAID/CORE.
- Conducted a Workshop jointly with the Road Development Authority (RDA), for stakeholders to review and finalize the draft guidelines developed for Tourism Signage and Symbols to be published in the Government gazette and implemented as the national standard for Sri Lanka. Consensus was reached to use the RDA signage which included symbols proposed by the stakeholders as well as the guidelines and symbols of the United Nations World Tourism Organizations (UNWTO).
- Drafted a report based on the study conducted on the "Economics of Cultivating Pasture as a Crop in the Eastern Province" to address the severe shortage of feed for the livestock sector in the Eastern Province, and drafted a handbook, on the methods of cultivating good quality pasture to be translated to Sinhala and Tamil. Continued to support other Components on resolving policy issues including those related to the introduction of the Warehouse Receipt Financing scheme.
- As a follow up to the launch of the "Investment Profile for the Eastern Province" conducted initial discussions with the MOED and the CCC to initiate an Investor Forum to promote investment and to address issues faced by potential investors.

### **Grants Program**

- Grants to the dairy and horticulture value chains prompted investments from both the private sector partner and the farmers. The investments included the supply of high bred cows, building material for cow sheds and tools to lime farmers.
- Farmers have invested in the construction of cattle sheds using best practices introduced by USAID/CORE, and adopted by GoSL. Model cattle shed using USAID/CORE guidelines was constructed on the DAPH premises in Trincomalee for public and private sector training programs.
- Grants were used to expand existing value chains and introduce two new value chains for seaweed in Batticaloa and medicinal crops in Monaragala and Ampara.

# Section B

The plans for the next quarter are listed in Table 2. “Major Results and Achievements in Quarter X” and the planned expenditures are listed in Table 3. “USAID Reporting Requirements and Financial Summary”.

**Table 5. New, Current, and Former Partners**

USAID/CORE Partners	
<b>New Partners</b>	
- CBL Foods International (Pvt) Ltd.	- Link Natural Products (Pvt) Ltd.
- College of Information and Management Sciences	- Sierra Cables PLC.
- CINEC Skills Centre SR Bio Foods	- Tos Lanka (Pvt) Ltd.
	- Skills for Success (Pvt) Ltd
<b>Current Partners</b>	
- Adamjee Lukmanjee & Sons Ltd.	- Merchant Bank of Sri Lanka
- Advanced Information Consulting (Pvt) Ltd.	- National Agribusiness Council
- AgStar Seeds Ltd.	- New Eastern Economy Development System
- Agro Micro Finance	- Pelwatte Dairy Industries (Pvt) Ltd.
- Alli Black Gram Ltd.	- Plenty Foods (Pvt) Ltd.
- Anoma Agro Based Products (Pvt) Ltd.	- Pragathisewa Finance
- Audio Visual Center of the DoA	- Pramuditha Mushroom Company
- Capital Reach	- Ravini Mushroom Production Company
- Cargills Agrifoods Limited	- Sarvodaya Economic Enterprise Development Services
- Deshan International Import and Export (Pvt) Ltd	- Senok Heavy Machinery Training Institutions
- Eluwan Private Company	- Serendib Leisure Management Ltd.
- Hatton National Bank	- Settler Out Grower Cane Cultivator Organization
- JayKay Marketing Services (Pvt) Ltd.	- Spence Evolution Charitable Trust
- Jetwing Hotels Ltd.	- Sri Lanka Boat Building Technology Improvement Institute Lanka (GTE) Ltd.
- Jobenvoy.com (Pvt) Ltd.	- SR Biofoods
- Keells Hotels Management Services Ltd.	- Sri Sumangala Farmer Organization
- Lanka Spice (Pvt) Ltd.	
- Lankem Ceylon PLC	
- Marumalarchy Social Elevation Organization (MSEO)	
<b>Former Partners</b>	
- CIC Mahaweli Livestock & Dairies (Pvt) Ltd.	- Mahasen Village Development Organization
- Ceylon Mushroom Company	- Socio Economic Development Organization of Trincomalee
- Ekamuthu Self Managed Organization	- Voluntary Organization for Vulnerable Community Development
- EOAS Organics (Pvt) Ltd.	
- Hayleys Agro Products (Pvt) Ltd.	
- Kebithigollewa Integrated Rural Development Organization (KIRDO)	

**Table 6. Planned Outreach Activities for Quarter XI**

Activity/Event	Location	Month
Media release to cover the event launching Ag-Biz East 2011.	Colombo	April
Launch of agriculture extension CDs in partnership with AVC through the Department of Agriculture	Kandy	May
Pre and Post-event media release for Ag-Biz East 2011.	Ampara	May
Launch of farmer-friendly website as a partnership between USAID, DOA and DAPH.	Kandy	May
Launch of model cattle shed in Trincomalee.	Trincomalee	June
Launch of the “Tourism Roadside Signage and Guidelines” in partnership with the Road Development Authority and the Eastern Provincial Council.	TBD	June

# Overcoming Challenges

USAID/CORE covers a wide range of value chains in different sectors and works in areas that have During this quarter project staff continued to identify constraints and issues that have the potential to reduce the overall impact of the project. As far as possible, our staff is proactive in identifying measures to alleviate the effect of these constraints; in other cases, a more responsive mode is required, particularly when addressing constraints brought about by external factors.

## Floods

During this quarter project activities suffered greatly from exceptionally heavy rainfall throughout the project area during January and February. In all the coastal areas severe flooding left hundreds of thousands of people temporarily displaced, thousands of homes were destroyed, infrastructure such as bridges and roads were damaged, large numbers of cattle were drowned, and crops were almost completely destroyed. Further inland, the flooding was more localized, but the impact on the crops and crop yields was still devastating. Many farmers lost their entire crop, and those who did get some harvest had very low yields and poor quality products.

- USAID/CORE initiated work to mitigate the devastating impact of heavy rains and floods in the Eastern Province. Severe damage to crops and livestock were reported in the Eastern Province and in the North Central Province affecting two dairy and eight horticulture projects with 7,209 beneficiaries. About 30% loss in income has been reported from one fishery and two other horticulture projects covering 1,257 beneficiaries.
- Implementation of two new projects was delayed two months due to the unfavorable weather conditions in January and February.
- Mushroom beneficiaries were also severely affected. Although mushroom needs moist conditions, excessive rain spoiled mushroom spores which resulted in reduction of production and income.
- Cashew season begins in April, however due to the unusually long rainy season, 2011 harvest is expected to be significantly less than normal.
- Eluwan milk collection was badly affected. At the end of the reporting period milk production had not returned to the normal level. Death of cattle, lack of green fodder and spread of diseases have contributed to the reduction of milk volumes.
- Ampara beneficiaries working with PDIL faced serious problems including the death of a significant number of cattle, the spread of foot and mouth disease, and lack of fodder.
- Both the yield and quality of Papaya suffered badly which was exacerbated by a drop in demand.
- The continuous heavy rain and unexpected rain in February ruined the entire black gram crop in the North Central Province. USAID/CORE beneficiaries working with the Alli Company are estimated to have a LKR 60 million loss of income.

USAID/CORE undertook a detailed assessment of the impact of these floods, and based on the recommendations made in the report, a request was made to USAID to release USD 237,000 in "crisis modifier funds" that could be used to help provide as many beneficiaries with inputs for the next Yala season.

## VC Strengthening and Competitiveness

Several issues and constraints have been identified that limit project efforts to strengthen value chains and make them more competitive. Key constraints addressed include:

**Seeds:** The floods had major impact on the quality and quantity of good quality seeds for farmers. Although specific measures have been planned to make emergency distribution of required materials, the issue of poor quality seeds and other inputs is a long-term one. To help overcome this, the project will continue to focus efforts on establishing lead seed producers and seed villages which can develop capacity to provide better quality seed for wider use in target villages.

**Forward contracts:** For many crops there have been limited progress in establishing effective forward contracts that guarantee farmers a steady income from an established buyer. Farmers are accustomed to selling crops in the open market in local towns or in regional buying centers such as Dambulla. They are therefore subject to decisions made by wholesalers without any guarantee of a minimum price. Partner companies are reluctant to enter into forward contracts because they are willing to buy at market price when the prices are low. Even where forward contracts are made, neither side takes the contract seriously. Forward contracts have been more effective for the specialty crops where there are very few buyers (mushrooms, seaweed, dehydrated limes, spices, medicinal plants). Project staff continues to work with both producers and buyers to find alternative types of forward contracts that will provide more price stability, product quality, and product quantity.

**Processing Machinery:** Several project activities are constrained by a mismatch between producer capacity to provide products to food processors, and the capacity of food processors to actually process the available products. A number of processors are installing equipment but they are all behind schedule, and there is a real risk that the processing plants will not be ready when larger volumes of product become available. This is the case for milk processors, papaya pulp manufacture, cereal processing and snack food production. Some temporary measures for storage of dry grains can be put in place but for perishable products such as milk and papaya project efforts focus on trying to speed up the completion of processing facilities.

**Contracting and Implementation of Infrastructure Improvements:** Component 1 grants are coming on stream during Quarter XI, and this creates a number of additional challenges for the project. Tendering is being done through government agencies (Provincial Department of Irrigation in Batticaloa and Trincomalee, and Department of Wildlife in Trincomalee). The tendering process is drawn out and there is a risk that contracts will not be awarded in sufficient time to complete infrastructure work before the onset of the Maha rains. Similarly, construction activities require close supervision to ensure compliance with specifications and avoid fraud and losses. While the project has hired a construction company to supervise works in the field, project staff will have to spend additional time in the field ensuring that activities are in compliance with USAID regulations. Similarly, future beneficiaries of these infrastructure projects need to be fully involved in construction to give them more ownership in the activity, and management committees must be created or strengthened in order to ensure sustainable operation and maintenance in the future.

## **VC Support Services and Enabling Environment**

There are many constraints and issues that impact the effective of value chains arising from the provision of support services and amelioration of conditions present in the enabling environment. The most important of these constraints being addressed by the project are:

**Extension Services:** Government capacity to provide timely and effective extension services is limited due to inadequate personnel, limited experience with new crops, and policies for deployment of specialized staff. Wherever possible, USAID/CORE favors establishment of direct extension links between partner companies and outgrowers. Lankem maize extension support is the best example of this, where the company itself provides extension staff to work directly with farmers to ensure proper cultivation practices and post-harvest handling to ensure the product meets processing specifications. Companies that are interested in specialty crops are encouraged to provide their own extension support because government extension agents are not conversant with many of the newer crops. USAID/CORE addresses policy issues concerning the deployment of specialized government extension agents such as veterinary specialist: at present they are posted by district irrespective of the number of livestock actually present. If deployed on the basis of animal populations, the veterinary services will be more effective in reaching client beneficiaries.

**Bank Lending:** Private banks remain reluctant to lend to farmers because of the lack of collateral. USAID/CORE has been successful in getting some loan programs established, particularly where there are high value crops involved, where there is an established market, and where farmers have the know-how to successfully cultivate the selected crop. USAID/CORE will continue to press private banks to improve their lending to farmers. In parallel, USAID/CORE is working with the Government of Sri Lanka and the World Bank to pilot a warehouse receipt system in the Eastern Province. Farmers who store their grain in a licensed warehouse can then obtain a loan using the stored grain

as collateral for a loan until such time as prices are more favorable and the farmer is prepared to sell the stored grain.

**Land Leasing and Acquisition:** Partner companies wishing to set up processing facilities have had significant difficulties in leasing government land, and this has delayed construction work. USAID/CORE continues to pressure government officials to speed up this approval process so as to avoid delays that weaken the linkages between growers and processors.

**Connectivity for Cyber Centers:** Although provision of rural cyber centers that allow farmers direct access to internet services such as pricing, market, and extension information, rural connectivity remains a significant constraint. USAID/CORE needs to take a larger role in pressuring government and private telecommunication companies to identify and implement connectivity options that will allow the programmed development of cyber centers to occur.

**Number of Stakeholders:** A continuing constraint for USAID/CORE is dealing with the very large number of stakeholders, both government and private sector, who need to be consulted in each new activity. There is no immediate solution to this issue other than persistence in meeting with concerned stakeholders as frequently as possible to help move decisions and actions forward.

## **Workforce Development**

The private sector demand for skilled workers has shown a significant increase with the high growth of economy. Though the private sector organizations has shown a keen interest in working with USAID/CORE in providing skills development training and continued employment in hotel, retail trade, ICT, boat building and construction sectors, the success rate has been comparatively low with around 25-30% of selected candidates getting enrolled in training and only around 30% of them continuing employment in the chosen sector after completion of training. While, it is very difficult to attribute this lack of interest by the youth to participate in workforce development programs to one particular factor, based on our experience during past one and half years, some of the factors may include;

- Expectation of well paid “white” collar jobs with minimal qualifications
- Expectation of the handouts/big allowances based on tsunami relief experience
- Lack of proper understanding of the nature and career development prospects in the private sector, hence unwillingness to work hard and long hours with low compensation in the initial stages
- Reluctance to relocate to work places outside their home towns
- High cost of living especially cost of accommodation in Colombo and suburban areas
- Reluctance of the parents to send their children away from home due to fear of them getting spoiled through bad influence
- Lack of adequate support/mentoring/guidance during training by some private sector organization
- Inability of USAID/CORE project to undertake longer duration training, which can improve skills and employability of the trainees to qualify for higher level jobs with better remuneration, may also have been a contributory factor.

In order to address these issues, USAID/CORE continues to work with partners to ensure that selected candidates understand the importance of carefully selecting career opportunities consistent with their own background and social conditions.

## **Implementation and Management**

### ***Burn Rate***

Project burn rate remains slower than desired, particularly for the grant management element of the project. To improve the burn rate USAID/CORE will undertake a detailed review of each on-going grant, identify the specific constraints that are resulting in a slow burn rate, and develop an action plan that will improve the burn rate. This will be undertaken during April and May 2011.

### ***No Cost Extension***

USAID/CORE is scheduled to end on September 30, 2011. However, due to earlier delays in implementation, there are sufficient funds for a four-month no-cost extension up until January 31, 2012. A request for this no-cost extension has already been made, and USAID/CORE is waiting for the Regional Contracts Office to ask for a revised budget and accompanying work plan.

A no-cost extension has two primary benefits for USAID/CORE. Firstly, the extension will allow USAID/CORE to plan and provide inputs for the 2011/12 Maha season which commences in October and November throughout the project area. This is particularly important given the damage to crops and livestock during the floods and excessive rainfall in the last Maha season: by ensuring that proper inputs are available to farmers for the next season with go a long way to establishing a stronger basis for the selected value chains. Secondly, the no-cost extension will allow more time for a proper impact assessment to be completed that will form the basis for the Workplan for the proposed option period that would start on February 1, 2012.

### ***Impact Assessment***

USAID/CORE has reached the point where more attention is required to making a proper assessment of project impact, identifying the most promising courses of action, and redesigning project activities to be more effective in the future.

Starting in June 2011, USAID/CORE will design an impact assessment program that will examine in detail the target value chains, identify relative successes and failures, and quantify the impact of activities on beneficiary incomes and other advancements. The sustainability of all activities will be at the core of this assessment.

**Inundated mushroom hut and destroyed spores**



Part 2

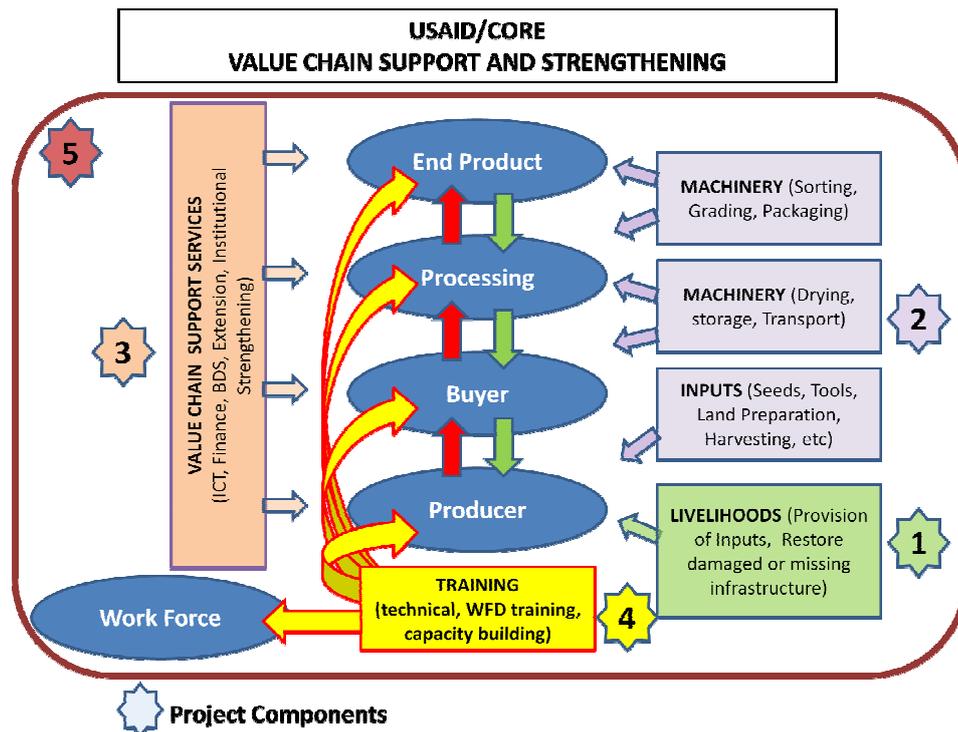
# **Project Accomplishments by Results**

# Project Framework

USAID/CORE is designed to strengthen several different value chains as part of a program to improve livelihoods and strengthen the economy in Anuradhapura, Ampara, Batticaloa, Trincomalee and Monaragala Districts. These regions of the country saw significant disruption of value chains that formed the basis for their pre-conflict economies. Recognizing that there is a need for an integrated approach to creating strong and sustainable value chains, USAID/CORE uses a comprehensive strategy with activities divided into five components:

1. Develop **livelihoods** for vulnerable households, women and children.
2. Improve the **competitiveness** of selected agricultural and non-agricultural value chains.
3. Enhance the productivity of newly engaged value chain participants with improved **support services**.
4. Address the **workforce** development needs and provide technical trainings to support value chains.
5. Advance reforms for the development of a positive business **enabling environment**.

While each component by itself overcomes specific constraints and weaknesses within each selected value chain, USAID/CORE also looks at the interrelationships between these five components to make sure that the timing and nature of interventions fit into the broader context of the economy of the target regions. Figure below illustrates how each of the five project components focuses on different parts of targeted value chains.



Components 1 and 2 are largely concerned with material inputs into a value chain, to directly assist other project beneficiaries through provision of inputs and supporting infrastructure, or to commercial enterprises within the value chain to overcome specific constraints affecting transport, processing, packaging and marketing. Components 3 and 4 are more concerned with training and provision of services that support value chain operations, and require significantly lower capital investments but much higher investments in human resources and capacity building. Component 5 focuses on ensuring that the overall policy environment supports and encourages private sector investment, and makes the process of doing business as simple and transparent as possible within a competitive framework.

# Component 1

## Livelihood

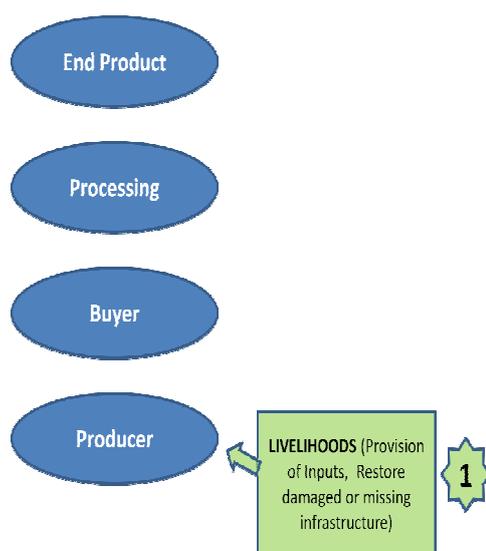
**Enhance household food and economic security through a diversity of livelihood support strategies.**

### Overview

The conflict destroyed or seriously weakened the basis for livelihoods for a large proportion of the population. Rural areas were particularly hard-hit as farming was largely impossible while the conflict continued, infrastructure was severely damaged or totally destroyed, and people lost savings and other resources required to restore their capacity to earn a living.

Component 1 addresses these issues through two main activities: provision of inputs for the most affected groups so that they could once again be primary producers of value chain products, and repair of specific infrastructure that supports economic activity in rural communities. In the first one and a half years of USAID/CORE the focus was on providing inputs to allow people to resume regular agricultural activities and gain food security, but the emphasis has now shifted to implementation of a grants program for infrastructure renewal.

The selected infrastructure projects are: repair of an anicut and a village tank bund to restore irrigation; repair gates that control water levels in salt pans (saltern); and provision of electric fencing to protect crops from wild elephants.



### Challenges being addressed

- Although all of the four projects are seen as infrastructure projects, there is an equally important human component in each activity. Project beneficiaries need to be fully involved in the planning of the repairs or construction, and they need support to establish effective management arrangements to deal with routine operation and maintenance once the construction is completed. Without such management arrangements, long-term sustainability of the infrastructure is unlikely.
- The electric fencing model requires a proactive strategy to involve all stakeholders in agreeing on a cost-shared implementation and a long-term maintenance strategy. Continued stakeholder discussions will be held to resolve these and perimeter mapping problems that would arise during installation.
- In addition to repair of the water control gates, the Nilaveli saltern has intricate business and institutional issues related to saltpan ownership and land titles. USAID/CORE convinced the owners to focus on a long-term and sustainable strategy in developing the saltern as a profitable business venture. USAID/CORE obtained the services of a law firm to develop a business model and to formalize the company with shared ownership by the existing saltpan owners.

- USAID/CORE hired a construction management company to ensure quality construction in all four projects as per the required specifications. Tenders for all of the projects have to go through government channels and follow government regulations, and this makes the process slower and more cumbersome. Regular supervision of project progress will be required by USAID/CORE staff.

## Activities During Quarter X

### Overall

- Preparation of grant application package for USAID approval – MOUs drafted for review, project budgets estimated pending revisions to engineering designs and BOQs.
- Two Bid Document packages completed and collected by potential contractors responding to an advertisement by USAID/CORE – one package included the saltern and irrigation tank in Trincomalee and the second package the anicut in Batticaloa.
- Pre-bid meetings held in the Trincomalee and Batticaloa Districts for the two bid packages.

### Anicut

- Formal government approval obtained.
- Detailed design and drawings completed and approval obtained from Provincial Irrigation Department.

### Minor Irrigation Tank

- Formal government approval obtained.
- MOUs drafted and agreement obtained from farmer organization and corresponding government authorities.
- All investigations, drawings, and BOQ completed and department approval obtained.

### Saltern

- Formal government approval obtained.
- Deed collection of saltpan owners in process.
- Design and drawings completed and DS approval obtained.

### Electric Fencing

- Obtained formal approval from Trincomalee GA in consultation with the DS and Department of Wildlife
- Detailed GPS mapping of a 60km perimeter completed.
- Four stakeholder meetings held with participation of DS, farmer organizations, Departments of Wildlife, Forestry, Irrigation and Agrarian Development to obtain buy-in for the newly introduced concept of fencing and to resolve matters on cost-sharing and maintenance.



Infrastructure damaged due to floods in Trincomalee: breach in the embankment of a village tank



Crops damaged by elephants, Trincomalee

## Activities Planned for Quarter XI

### Overall

- Obtain USAID approval for complete grant application package for the four activities.
- Select construction contractors for all activities and commence construction work.

### Anicut and Minor Irrigation Tank

- Finalize and MOU with the Provincial Irrigation Department/Department of Agrarian Development and farmer organization.
- Commence construction work.

- Identify training needs and capacity building requirements to ensure sustainability of operation and maintenance.

#### Saltern

- Obtain DS approval for addendum to saltern drawings and finalized MOU.
- Commence construction work.
- Finalize deed collection from owners and start ground work to develop a business model with agreement from local government
- Engage technical consultant in structuring a phased approach to building, operating and maintaining the saltern by its owners.

#### Electric Fencing

- Obtain technical approval from the Department of Wildlife once the mapping is completed for the final design.
- Plan and finalize strategy to conduct stakeholder meetings to introduce the new model and to create awareness on the key factors of the human-elephant conflict.
- Purchase all equipment, complete land clearing for the total area and begin installation work.
- Conduct training to farmer organization members on fencing maintenance and procedure to be followed in sharing responsibility of long term repairs and maintenance through a fund contribution scheme.

#### GPS mapping for electric fencing



# Regenerative Agriculture Process



1. Identify the dominant physical characteristics of the land:
  - soil
  - aspect or slope
  - water sources and drainage pattern
  - wind direction
  - available sunlight,
  - existing vegetation – both crop and non crop
2. Plan the plants or crops to cultivate and design the garden.
  - The fence using timber or green manure vegetation.
  - The area around the well and beside drains and gullies in native riparian vegetation.
  - Short term crops, like vegetables and pulses, and long term crops, like fruit trees.
3. Use only biological inputs you have to make compost.
  - Green manures in the form of nitrogen fixing plant materials or plants like water hyacinth.
  - Animal manure such as cow, goat or poultry manure.
  - Kitchen waste and dried leaf sweepings.
  - Mineral amendments, like dolomite and rock phosphate, can also be included.
  - Make super fertilizer through the easy practice of Vermiculture (earthworms).
4. Pest and disease control.
  - For birds to assist in pest control, recreate the natural dynamism between pests and predators with a diversity of plants. Inter-plant small trees like papaya and lime between other field crops.
  - Apply regularly cow dung and urine solution to control pest and fungus.
  - Use other biological mixtures like ginger, garlic and chilies.
  - Be equipped to deal with pests or diseases with items like 'kohomba' seed.
5. Beekeeping to assist in pollination.

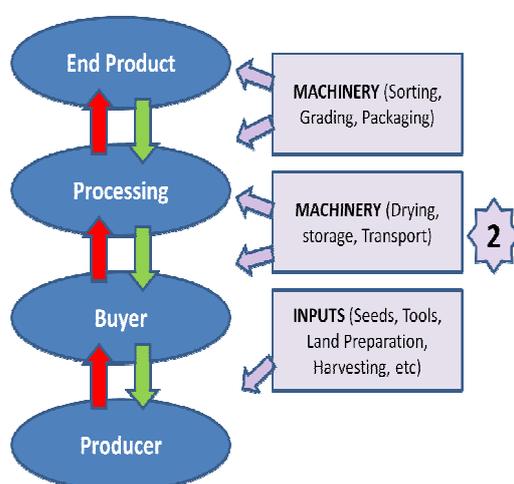
## Component 2

# Competitiveness

*Improve the competitiveness of agriculturally-based and other value chains, which benefit large numbers of traditionally underserved populations in target areas which link them to growth opportunities, including domestic and/or export markets*

### Overview

Component 2 addresses the needs and constraints of the targeted value chains, looking at the elements of supply and demand that link each component of the value chain.



- During Quarter X, USAID/CORE with 7 partner organizations linked 1,487 new beneficiaries to the value chains. Currently there are 23 ongoing projects covering 10,386 beneficiaries.
- USAID/CORE started two new projects estimated to bring LKR 21 million investment to the Eastern Province: a seaweed farm for production of carageenan in Batticaloa, and medicinal plant project in Monaragala and Ampara Districts. These two projects will support an outgrower network of about 475 beneficiaries for cultivation and primary processing.
- With the assistance of USAID/CORE, three of the signature project partners (Eluwan, Cargills and Lankem) successfully obtained lands from the Government, commenced the construction of processing factories and ordered processing machinery. Total estimated investment by these three companies is LKR 123 million.
- New production technology and new crops introduced during Quarter IX is showing high potential for dissemination and adoption by a large number of beneficiaries;
  - The implementation of regenerative agriculture project in Monaragala and Ampara shows potential to increase land productivity and sustainability of the value chains.
  - Mustard adaptive research conducted in Ampara shows potential for commercial cultivation of mustard in Sri Lanka and which can generate additional income while assisting the food industry to source their inputs locally
  - USAID/CORE with Lanka Spices Ltd and Gonagolla farmer organization experimented mechanized drying of turmeric in place of sun-drying, which has several disadvantage.

### Challenges being addressed

- **Floods:** an assessment of the impact of the floods was completed and new activities were developed to use crisis modifier funds.
- **Seeds:** having identified a lack of high quality seeds and other inputs, USAID/CORE focused efforts to establish lead seed producers and seed villages which can be developed to provide better quality seed for wider use in targeted villages.
- **Forward contracts:** despite continued efforts by program staff, limited progress has been made in establishing effective forward contracts that guarantee farmers a steady income from an established buyer.

**Table 7. Status of Component 2 Beneficiaries**

Ongoing Projects	Project Location (District)	Yr 1, Yr 2, active	Yr 3 - as at end Q IX	Quarter X				Project Target (LOP)	No longer active under CO 2	Yr 1, Yr 2 and Yr 3 active
				Step 1 Identified	Step 2 Trained	Step 3 Linked to Value Chain	Yr 3 to date			
Dairy Development with Eluwan Pvt Company.	Batticaloa	626						-	600	626
Cashew Processing Plant with NEEDS	Batticaloa	117		155	113	113	113	250		230
Passion Fruit Cultivation with S.R. Bio Foods	Batticaloa							100		-
Dairy Development with Pelwatte Dairies Industries Ltd	Ampara, Monaragala	1,267						1,100		1,267
Dehydrated Lime and Outgrower Network with Adamjee	Monaragala	285	5				5	300		290
Papaya Cultivation Project with Anoma Agro Based Products Ltd	Ampara, Monaragala	2,453						3,000	(382)	2,453
Turmeric Cultivation and Market Linkage with Lanka Spices Ltd.	Ampara	221						50		221
Mushroom Cultivation with Ravini	Ampara	30						50		30
Mushroom Cultivation with Pramuditha	Ampara		17			2	19	50		19
Healthy Snack Processing with Cargills (Ceylon) PLC	Ampara	49	228	300	28	259	487	500		536
Seaweed Cultivation with CBL Foods International (Pvt)	Batticaloa					5	5	25		5
Medicinal Plant Cultivation with Link Natural Products Ltd.	Ampara/Monaragala							450		-
<b>Subtotal Ampara/Monaragala/Batticaloa</b>		<b>5,048</b>	<b>250</b>	<b>455</b>	<b>141</b>	<b>379</b>	<b>629</b>	<b>6,475</b>	<b>(382)</b>	<b>5,677</b>
Black Gram Cultivation and Market Linkage with Alli Company	Anuradhapura	653		300	214	293	293	1,000		946
Fruit and Vegetable Market Linkage with JayKay Marketing Services Ltd. (including b'onion)	Anuradhapura	331						100		331
Sesame Cultivation with Adamjee Lukmanjee & Sons Ltd.	Anuradhapura	594		120	137	112	112	500		706
Soybean Cultivation with Plenty Foods Ltd	Anuradhapura	40						40		40
Vegetable Seed Production with AgStar Ltd.	Anuradhapura	73						70		73
Vetiver Cultivation with EOAS Ltd.	Anuradhapura	95						100		95
<b>Subtotal Anuradhapura</b>		<b>1,786</b>	<b>-</b>	<b>420</b>	<b>351</b>	<b>405</b>	<b>405</b>	<b>1,810</b>	<b>-</b>	<b>2,191</b>
Fish Processing with Deshan International Imports & Exports Ltd.	Trincomalee	605						400		605
Cereal Processing Plant and Outgrower Network with Lankem (Ceylon) PLC	Trincomalee		223	900	870	703	926	1,000		926
Maize Cultivation with Adamjee Lukmanjee and Sons Ltd.	Trincomalee	540							(139)	540
Soybean Cultivation Pilot with Plenty Foods Ltd	Trincomalee	47						250	(6)	47
Mushroom cultivation with Ceylon Mushroom Co.	Trincomalee	400						600		400
<b>Subtotal Trincomalee</b>		<b>1,592</b>	<b>223</b>	<b>900</b>	<b>870</b>	<b>703</b>	<b>926</b>	<b>2,250</b>	<b>(145)</b>	<b>2,518</b>
<b>Subtotal - ongoing projects</b>		<b>8,426</b>	<b>473</b>	<b>1,775</b>	<b>1,362</b>	<b>1,487</b>	<b>1,960</b>	<b>10,535</b>	<b>(527)</b>	<b>10,386</b>
<b>Pipeline projects identified for Year 3</b>										
Seed village with farmer organizations in Padaviya	Anuradhapura							200		
<b>Subtotal, projects identified in Quarter XI</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200</b>	<b>-</b>	<b>-</b>
<b>Project Handed Over to DEEP - Beneficiaries are no longer counted towards the USAID/CORE beneficiary total.</b>										
Dairy Development with CIC	Batticaloa, Polonnaruwa								(352)	
<b>Project counted under Component 3</b>										
Software Development Center established with Advanced Information Consultation (AIC).	Ampara							15	(11)	
<b>Subtotal - projects no longer counted under Component 2</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>(363)</b>	<b>-</b>
<b>Grand Total</b>		<b>8,426</b>	<b>473</b>	<b>1,775</b>	<b>1,362</b>	<b>1,487</b>	<b>1,960</b>	<b>10,750</b>	<b>(890)</b>	<b>10,386</b>

## Activities During Quarter X

### Projects Initiated during the Quarter

#### **Dairy Development with Eluwan (Pvt) Company**

- With USAID/CORE assistance, Eluwan leased 70 acres of Government land for establishing a breeder farm to provide improved breeds of dairy cows to project participants.
- USAID/CORE provided technical assistance to select the milk processing machines, and design a HACCP compliant factory layout in order to obtain certification.
- USAID/CORE provided assistance for improved brand recognition through the redesign of the company logo.
- A group of six selected farmers who have the capability to lead the others towards better cattle management practices were provided a five-day residential training at the Trincomalee dairy training center in order to strengthen dairy extension.



Forming Eluwan beneficiaries into small farmer groups

#### **Cashew Processing Plant with New Eastern Economic Development System (NEEDS)**

- USAID/CORE provided technical assistance to NEEDS to form the farmer company which will have profit sharing arrangements with the beneficiary farmers whilst securing the investment of NEEDS.
- USAID/CORE identified an experienced cashew expert to assist NEEDS to select the most appropriate machinery and processing techniques.

#### **Passion Fruit Cultivation with SR Bio Foods**

- This project will work with 100 beneficiaries in the Batticaloa District to plant passion fruit on a commercial scale, for the first time.
- A kick-off meeting was held during the quarter to discuss the project implementation plan and discuss issues pertaining to the project
- SR Bio Foods commenced identification of beneficiaries based on the selection criteria developed jointly with USAID/CORE, and held initial discussions with those identified.



Pelwatte beneficiary's cow shed destroyed due to heavy rain

#### **Dairy Development with Pelwatte Dairy Industries (Pvt) Ltd.**

- USAID/CORE analyzed the effects of the delay in completion of the PDIL milk processing plant. It was found that it has greatly hampered the establishment of a robust milk collection system for the plant, with many beneficiaries selling to other companies or village collectors. Many beneficiaries are not practicing evening milking due to lower than expected demand for their product.
- Nineteen lead farmers attached to PDIL project attended a five-day residential training at the Trincomalee Dairy training center. This training helped bridge the gap of inadequate extension services and helped the transfer of new technologies.
- USAID/CORE distributed 4,200 cuttings to 28 beneficiary farmers as an initiative to popularize the cultivation of CO-3, an improved fodder from India.



### ***Dehydrated Lime and Outgrower Network with Adamjee***

- Heavy rains delayed the commencement of dehydration although the peak lime season started in January. With the dry weather in late February, all five entrepreneurs commenced operating their kilns. Post Harvest Technology Institute provided technical
- assistance to the kiln owners for initial drying to get the right quality.
- In order to minimize the risk of depending only on one buyer/exporter, namely Adamjee Lukmanjee and Sons Ltd, USAID/CORE in consultation with all stakeholders, facilitated the kiln owners to find other markets. As a result the first consignment of 2,500 kg of dehydrated limes was sold to a new exporter in March 2011 at LKR 200/kg, which is 10% higher than the price offered by the other exporters.
- As expected, fresh lime prices fell to below LKR 20/kg during the season. However, due to bulk purchases by the kiln owners, the wholesale market remained somewhat stable in the Siyambalanduwa area. Kiln owners have the capacity to process about 10,000 kg/month thereby the 290 lime farmers who are linked to the kilns have an assured market.
- Traditionally, lime growers do not properly prune their trees, resulting in decreased production. USAID/CORE issued 12 sets of pruning equipments to early adopters of new technologies. This is expected to be an encouragement for the others to follow.



**Papaya fields in Ampara destroyed due to flooding**

### ***Papaya Cultivation with Anoma Agro Based Products (Pvt) Ltd.***

- During the quarter AABP imported a dehydration plant to be fixed in Ampara. AABP identified the building for the factory and USAID/CORE provided technical assistance to develop machinery layout plan in order to obtain HACCP certification.
- AABP is setting up a pulping plant at Sevanagala to do fruit pulping and 25% of the construction is expected to be completed next quarter.
- The lack of extension services provided by the partner company, the lack of bulk purchases by AAPB, and the low market price (average LKR 25/kg) resulted in about 50% of the farmers losing interest in papaya cultivation. USAID/CORE held several rounds of discussions with AABP top management about revamping the outgrower network with improved agronomic practices.

#### ***Turmeric Cultivation and Market Linkage with Lanka Spices Ltd.***

- USAID/CORE with Lanka Spices Ltd and Gonagolla farmer organization experimented mechanized processing (slicing and drying) of turmeric in place of sun-drying, which has several disadvantage.
- Considering the advantages of higher productivity and better quality of machine-dried turmeric, USAID/CORE will assist the farmer organization to pilot this system during the turmeric season from April to June.

#### ***Mushroom Cultivation Projects with SMEs: Ravini and Pramuditha***

- Despite a drop of income by 50% during the flood peak, incomes stabilized once the weather improved. Beneficiaries were able to once again earn an income of LKR 2,500-3,000 /month from their mushroom cultivation.
- During the quarter 2 new beneficiaries commenced participating in the mushroom value chain with the Pramuditha Mushroom Production Company (PMPC).
- As a result of the project investment overall demand for mushroom has increased in the project area. Most beneficiaries have expanded their production in response to this increased demand. Some beneficiaries have established new markets on their own initiative thereby creating competition among mushroom buyers.
- Due to increased demand for mushrooms there is a shortage of mushroom bags. USAID/CORE plans to train interested beneficiaries on how to make their own bags in Quarter XI.

#### ***Healthy Snack Processing with Cargills (Ceylon) Ltd.***

- Although the new technologies for finger millet and green gram were adopted in the previous quarter, the entire crop was destroyed due to the heavy rains. As a measure to mitigate the loss of income from finger millet, USAID/CORE intervened to provide 79 beneficiaries 4kg of green gram seeds (M I 6 variety) each to plant a late Maha crop



**Mushroom production in progress**

- Another 28 beneficiaries were trained on best agronomic practices for cowpea, green gram and ground nut; of this 259 have joined the value chain by planting 105 acres of cowpea and green gram in highlands with supplementary irrigation facilities. Each beneficiary received 5kg, 4kg and 750g of high quality seeds of improved varieties of cowpea, green gram and finger millet respectively.
- After securing the lease of a government land to set up the processing facility in Dehiattakandiya in the Ampara District, Cargills commenced renovation of the building during the quarter. USAID/CORE provided technical assistance to identify the most suitable machinery.



Field visit to sesame beneficiaries

#### ***Seaweed Cultivation with CBL Foods International (Pvt)***

- USAID/CORE signed the grant agreement with CBL Foods International (Pvt) Ltd. for the production of seaweed in the Batticaloa District. CBL Foods International (Pvt) Ltd is a subsidiary of Ceylon Biscuits Ltd., a leading biscuit manufacture in Sri Lanka who hopes to replace imported seaweed extracts with local production.
- The project plans to have 25 beneficiaries (mostly women), five of whom have been selected to establish multiplication cages.
- A kick-off meeting was held in Colombo on March 18, 2011, following which, the first five seaweed cages were established at Vakarai, in the Batticaloa District.

#### ***Medicinal Plant Cultivation with Link Natural Products Ltd.***

- USAID/CORE and Link Natural products (Pvt.) Ltd, finalized discussions for a new project for the production of medicinal plants, ginger and turmeric. Link Natural Products is engaged in the production and marketing of herbal health care products and spice essential oils for both domestic and exports markets
- In order to meet the increased demand of high quality raw material for the industry, LNP sought USAID/CORE assistance to develop an outgrower network of 450 beneficiaries and to establish primary processing facility in the Eastern Province. The estimated investment is LKR 15 million.
- USAID approved the grant agreement on March 29 and the project activities will commence early in next quarter.

#### ***Black Gram Cultivation and Market Linkage with Alli Company***

- Following the success of the previous harvest, many farmers expressed their willingness to participate in the USAID/CORE assisted market linkage with Alli Company.
- USAID/CORE with assistance from the DoA, developed and printed a technical guide book on black gram cultivation and distributed it among Year 2 beneficiaries.
- With the participation of the Central Bank, a floor price of LKR 85/kg was fixed at a meeting held in USAID/CORE office in Anuradhapura.
- During the quarter, USAID/CORE identified 352 new beneficiaries; trained 214 and 293 of them began participating in the project after signing forward sales agreements with the Alli Company.
- In order to increase the availability of high quality certified seeds, USAID/CORE selected 18 beneficiaries as seed multipliers and distributed 80kg of registered seeds received from the DoA so they could plant ten acres to produce 5,000kg of certified black gram seeds for the next season.
- In response to an anticipated lack of seeds for the 2011/12 Maha season, USAID/CORE purchased 400kg of black gram seeds from Buttala to be distributed among beneficiary farmers for



Alli signing forward sales agreements

planting under irrigation in the Yala season as a seed production crop.

#### ***Fruit and Vegetable Market Linkage with JayKay Marketing Services Ltd. (including b'onion)***



Farmer processing b'onion seeds

- Due to heavy rains most of the beneficiary farmers could not store mature bulbs of b'onion from their harvest for seed production purpose. Given that the scarcity and high price of seeds are some of the main gaps in the value chain, USAID/CORE initiated a plan to increase village level seed production by the beneficiary farmers.
- JayKay Marketing demands mature b'onion bulbs as they have a longer shelf-life. A group of 29 lead farmers were selected for a two-day residential training at Mahailuppallama Agriculture Department In-house Training Center on b'onion cultivation, post-harvest handling and seed production. These farmers will act as extension agents to their respective groups to improve the quality and productivity of the crop.
- In order to address the issue of scarcity of local high quality seeds, USAID/CORE selected 235 farmers to plant a seed crop in the 2011 Yala season.
- USAID/CORE worked with DoA officials to strengthen the extension system for b'onion production in the area.

#### ***Sesame Cultivation and Market Linkage with Adamjee***

- One-hundred and twelve (112) new beneficiaries of 137 trained began participating in the sesame value chain.
- Although there is increased interest in sesame production among beneficiaries, USAID/CORE in consultation with the exporters identified that the production of mixed black and white sesame results in lower prices. In order to address this issue, USAID/CORE arranged to distribute 96kg of high quality white variety seeds among 31 beneficiaries in three villages to produce certified seeds under DoA supervision. The total potential production of certified seeds is 20,000kg which is sufficient to plant 6,500 acres in the 2012 Yala season.
- In collaboration with the DoA, USAID/CORE developed a Technical Guidebook for Sesame Production in Sinhala and Tamil for distribution to project beneficiaries.



Lankem beneficiary examining damage to crops

#### ***Fish Processing with Deshan International Imports and Exports (Pvt) Ltd.***

- The rough seas in February following the off-season period from November to January, affected the fish harvesting during the quarter. Deshan purchased only 5,505kg of fish from 102 beneficiaries during the month of February, valued at LKR 1,048,265.
- USAID/CORE helped broker a potential partnership between Deshan and two buyers from China to explore the existing and potential markets.
- USAID/CORE held discussions with another large scale fish buyer in Trincomalee to explore opportunities for increasing fish purchases from the beneficiaries. USAID/CORE has requested the potential buyer to work with our beneficiaries to determine if a feasible market relationship can be developed.

#### ***Cereal Processing Plant and Outgrower Network with Lankem Ceylon PLC***

- Lankem commenced the construction of a warehouse and factory building at the prime site they obtained in the Trincomalee industrial park, to be completed in July 2011. Once completed,

the facility will support 1,000 outgrowers representing all ethnic communities.

- USAID/CORE identified 900 farmers, most of them newly resettled in the Trincomalee District, and provided training on maize cultivation and post-harvest handling to 870 of them.
- The Yala cultivation program commenced with farmer training and supplying of seeds to 703 farmers in March 2011. Lankem donated hybrid seeds and some fertilizer to farmers who lost their income sources due to floods.

#### ***Mushroom Cultivation with Ceylon Mushroom Company***

- USAID/CORE terminated the contract with the Ceylon Mushroom Company due to the lack of performance.

#### ***Activities Planned for Quarter XI***

- Identify at least one new project to link 500 of beneficiaries to value chains.
- Support the operationalization of seven processing/manufacture/collection facilities for the Year 1, 2 and 3 projects;
  - Anoma
  - Cashew
  - Pelwatte Dairy
  - Eluwan
  - Lankem
  - Cargills
  - Link Natural Products.
- Revive the Trincomalee mushroom project to generate the expected income to the beneficiaries.
- Strengthen the market linkages for beneficiaries of the Deshan fish project by addressing the challenges faced at the inception.
- Continue with implementing the Regenerative Agriculture pilot project by replicating it amongst additional 10 to 20 farmers as well as popularize it amongst other USAID/CORE beneficiaries.
- Commence the second phase of mustard adaptive trials to meet the seed production needs.
- Commence field operations of the following new projects
  - Passion Fruit Cultivation with SR Bio Foods
  - Seaweed Cultivation with CBL Foods International
  - Medicinal Crop Cultivation with Link Natural Products
- Develop a seed cultivation project with farmer organizations totaling to about 200 farmers to produce high quality local seeds to help the DoA meet the growing demand.
- Continue to identify gaps in the value chains of Year 1 and 2 projects and initiate interventions to improve and ensure sustainability and increases in incomes.

Other planned Technical Assistance activities to Improve Competitiveness include:

- Product development, manufacturing and HACCP Standards to Lankem project.
- Setting up of Cargills processing facility
- Company formation, marketing and product development for NEEDS cashew.
- Technical assistance to set up Eluwan's new processing facility, and develop new branding and packaging and support for HACCP.
- Technical assistance to Anoma Agro based products Ltd. to obtain HACCP for a Papaya dehydration factory.



**Initial discussions with potential SR Bio Foods beneficiaries**



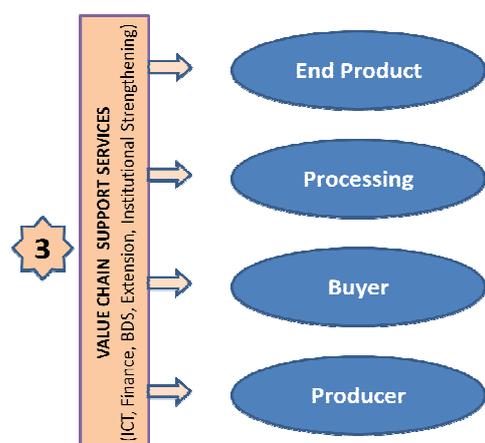
**Regenerative agriculture pilot site with lime and papaya farmers**

## Component 3

# Support Services

***Improve the delivery of value chain support services to ensure that groups located in target regions participate in selected value chains in a sustainable manner.***

### Overview



This component focuses on facilitating the capacity building and delivery of service providers of finance, business/agricultural and technical services, information and communication technology, infrastructure and logistics to address constraints in selected value chains.

Component 3 works closely with Component 2 to identify gaps within the value chains and supports the development of services and capacity of farmer organizations/producer groups, service providers, processors and buyers in a value chain to address these gaps. The focus of Component 3 is on institutional strengthening so that people involved in a value chain know where services are available and the service providers are fully conversant with the needs of each targeted value chain.

### Challenges being addressed

- Heavy rains and floods affected beneficiary income and restricted their ability to purchase inputs for the next cultivation season. In response, USAID/CORE linked b'onion farmers to financial institutions to facilitate loans for the purchase of inputs.
- Banks are reluctant to lend to farmers because of the lack of suitable collateral. Efforts are underway to develop a Warehouse Receipt Financing program that enables farmers to borrow against the value of harvest stored in participating warehouses. A proposal for a WRF program was presented to the government and approval was obtained to pilot the concept.
- As the number of beneficiaries increase, providing extension support to ensure continuous adoption of new technologies is a challenge. Although USAID/CORE provides some extension advice, this is a short-term and unsustainable approach. USAID/CORE is focusing on developing direct partnerships between producers and extension service providers such as partner companies, farmer organizations, and government institutions to ensure sustainability.
- Reliable connectivity is the biggest obstacle to taking web based extension services to rural areas through cyber centers. USAID/CORE is continuing dialogue with both private and state service providers to ensure connectivity to the centers and improve connectivity in rural areas.

## Activities During Quarter X

### Supporting Producer Groups

- USAID/CORE partnered with Departments of Agriculture (DOA) and Animal Production and Health (DAPH) to pilot an initiative supporting farmer organizations as extension information service providers.
  - To explore sustainability options for DOA's cyber center initiative and broaden the scope of services, this partnership is piloting two innovative management structures with four cyber centers in Monaragala where farmer societies take an active role in running them as profit centers. USAID/CORE selected the four farmer organizations<sup>2</sup> and signed MoUs with them during Quarter X. The initiative was launched at the agriculture stall of the 'Deyata Kirula' exhibition by H.E. the President Mr. Mahinda Rajapakse. The first such farmer run cyber center under this partnership was opened in Siyambalanduwa on February 5, 2011.
  - A two and a half day residential training was conducted by the Audio Visual Center, DOA for 18 farmers from two farmer organizations (Siyambalanduwa and MahaAragama) to build their capacity to run the cyber centers. The training included a broad outline of topics from basics in computing to accessing websites and Skype via webcam to connect to the DOA's '1920 hotline'.
  - To facilitate easy access to agriculture and livestock extension information, the above partnership set out to develop and host a farmer focused web portal. The launch of 'Krushilanka Gateway' (<http://krushilanka.lk>) linked crop and livestock information from the department sites through a simple interface customized in a pictorial manner using Sinhala and Tamil.
  - Despite contacting several service providers to provide connectivity for cyber centers in rural areas, options proved limited. USAID/CORE leased a line from Sri Lanka Telecom for Siyambalanduwa (subsequently changed to a regular ADSL line) and for MahaAragama a mini telecom tower from LankaCom.
- Conducted capacity building on leadership and project proposal writing for 30 members of Sumedhagama Eksath Fisheries Society based on needs identified previously. As a result of the workshop, the society developed a project proposal to establish "Sahana Sala", a retail shop, as an income generating activity for the society.
- Conducted a capacity building needs assessment of Seruwila Integrated Farmer Federation.



Farmer explaining concept of cyber center to fellow farmers of the Rana Mayura Govi Sanvidanaya, Siyambalanduwa



Mr. Kamal Mankotte, DG, DoA and Dr. K.M.T. Kandragama, Director-Human Resource Development, DAPH signing MoU for the cyber center program

### Supporting Service Providers

- Efforts during Quarter X focused on introduction of WRF concepts to facilitate access to finance for farmers. USAID/CORE in partnership with National Agribusiness Council (NAC) and other stakeholders, presented WRF to the Secretary, Ministry of Economic Development where the merit of concept was acknowledged and agreed on a pilot. USAID/CORE is pursuing a partnership with the World Bank to fund the construction of a storage unit, while assisting in developing the legal and financial framework necessary to enable the introduction of this instrument. Based on USAID/CORE's initial

<sup>2</sup> Rana Mayura Govi Sanvidanaya, Siyambalanduwa; MahaAragama Govi Dravya Nipadavannnange saha Alewikarannange Samupakara Samithiya; Ran Aswanu Tharuna Govi Samajaya, Thanamalwilla and 3-4 Ela Yaya Krushi Nishpadana Samithiya, Okkampitiya

work on WRF, the World Bank senior financial sector specialist is developing a grant proposal for the establishment of a warehouse with WB funding. Several follow up meetings between the WB team, private and public sector stakeholders were held during the quarter to facilitate the grant application process.



Minister of Agriculture at the cyber center opening in Siyambalanduwa

- Continued to link financial services to beneficiaries of new and ongoing projects on a need basis. Financing facilitated this quarter included a loan of LKR 50,000 each to 40 b'onion farmers from Galenbindunuwewa totaling LKR 2,000,000 through Hatton National Bank for purchase of inputs. Linked five entrepreneurs from Siyambalanduwa with 3<sup>rd</sup> Wave Ltd to pre-finance purchase of lime from farmers to the value of LKR 190,000. USAID/CORE is also following up with the Regional Development Bank to facilitate financial support for b'onion farmers in Kirigalwewa.
- Worked with Sri Lanka Business Development Center to build capacity to train SME entrepreneurs in the tourism sector. This included developing training manuals and conducting training for SMEs to establish their businesses and integrate them into the tourism value chain.
- Partnered with the NAC and the Provincial Ministry of Agriculture, Eastern Province, to organize a second Agriculture Trade Exhibition, "Ag-Biz East 2011", following the success of the first in Trincomalee. This exhibition scheduled for May 27 and 28 2011 in Ampara will be launched on April 4, 2011. The event will strengthen value chains by providing rural producers from Eastern Sri Lanka a one-stop point of contact with agriculture input suppliers, technology and machinery suppliers, information and service providers, and marketers and exporters.

#### **Supporting processors**

- Supported Eluwan Private limited, with business proposal writing and financial planning support to obtain land and facilitate access to finance and, assisted them in selecting milk processing machines and designing a HACCP certifiable factory layout.

#### **Activities Planned for Quarter XI**

- Continue to build capacity of partnering financial institutions to introduce modified group loans, leasing with flexible terms and bills of exchange.
- In partnership with stakeholders develop a model and implementation plan for WRF pilot once WB grant is approved. Coordinate with WB team to meet requirements for grant approval.
- Establish second cyber center in MahaAragama and strengthen organization capacity to train others on the use of ICT for agriculture extension information. Develop replicable model and business plan to support sustainability of farmer organization-run cyber centers.
- Continue to identify capacity building needs of farmer organizations and provide training to strengthen organizations and address identified needs.
- Support NAC and the Provincial Ministry of Agriculture to organize the launch of Ag-Biz East 2011 in Colombo on April 4 and the event on May 27 and, 28 in Ampara.



Cyber center training organized by AVC

# Cyber Center-Based Agriculture Extension Pilot Models in Monaragala



Powerful and to the point was Ms. Valarie Fowler, US Embassy Charge d'Affaire's, description of what the cyber centers do, "they will be taking the village to the world and bring the world to the village."

## Cyber Center Based Agriculture Extension

DoA has an internet-based agriculture extension program, through cyber centers, for field extension agents and farmers. These cyber centers will create access to a real-time 'question and answer service', agriculture publications, instructional videos, technical information, price data, market linkage and other related information.

Currently some cyber centers exist, but they are facing a series of challenges preventing them from functioning as they should. To address this and facilitate farmer use of the centers, DoA, DAPH, and AVC will work with USAID/CORE to:

- Improve the way in which farmers can access online extension information through a farmer-friendly website for agriculture and veterinary extension information.
- Introduce for the first time the innovative concept of farmer society based cyber center models. The models aim to improve the center sustainability and empower stakeholders at the grassroots level. The two models piloted in partnership with 4 farmer organizations in Monaragala are:
  1. Farmer Society and DoA Partnership Model
  2. Farmer Organization Managed Model

## Cyber Center Services

- Extension services and cultivation information;
- Agriculture and other training programs (such as computer and language training);
- Communication services – internet, email, telephone, fax services;
- Market linkages;
- Price Information – GGS farmer pricing service through Dialog-Tradenet;
- Facilitation of other input supplies.

## Krushilanka Gateway

A partnership with the DoA and DAPH was established to launch a farmer friendly website, 'Krushilanka Gateway' (<http://krushilanka.lk/>), that links crop and livestock information from the DoA and DAPH websites using local languages (Sinhala/Tamil). The Audio Visual Center of the DoA has taken ownership of the development, update and maintenance of this farmer friendly website.



## Cyber Center Launch



In February, an inaugural ceremony was held at the Deyata Kirula Exhibition by the Sri Lanka Department of Agriculture for the opening of 19 cyber centers as part of their internet-based agriculture extension program. Gracing the event were H.E. the President, Mahinda Rajapakse, Hon. Minister of Agriculture, Mr. Mahinda Yapa Abeywardena, and USAID Mission Director, Dr. James Bednar along with other Sri Lanka and US Government representatives.

The Minister of Agriculture stated he was pleased to join efforts with USAID through the USAID/CORE project, and in particular with the farmers who are taking an active role in program, especially in terms of their potential to identify and access new markets.

To further this effort a two and a half day residential training was organized in March by DoA's Audio Visual Center (AVC) in Gannoruwa, Kandy. The training included a broad outline of topics from basics in computing to accessing websites and using Skype via webcam to connect to the DoA's '1920 Hotline'. The objective was to increase their Information, ICT knowledge and lessen the fear of using computers.

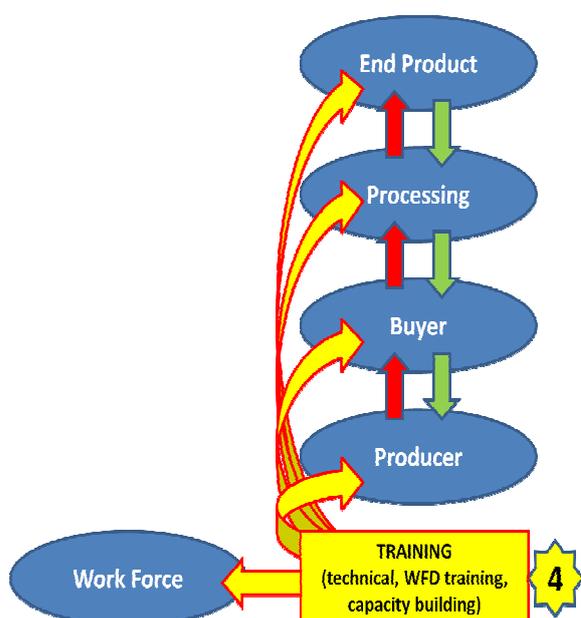
# Component 4

## Workforce

**Implement a workforce development program that improves employability of target groups and enhances the technical know-how of value chain participants.**

### Overview

#### The Dual Role of Component 4



- i. **Workforce Development Training:** Under Objective 4.1 of the Workplan, Component 4 implements demand-driven workforce development training that addresses the skills gaps and improves employability. Based on the demand for skilled workers in the selected value chains and related sectors, USAID/CORE in partnership with private sector partners develops suitable WFD training programs. Private sector partners implement those WFD trainings and facilitate job placements for successful trainees.
- ii. **Technical Training:** Under Objective 4.2 of the Workplan, Component 4 plays a supportive role to all other components by organizing and coordinating various types of training programs for USAID/CORE beneficiaries, service providers, MSMEs, public and private sector officers. The training offered to beneficiaries of value chain projects include; technical and additional technical training to improve quality and productivity of their products; BBT to increase profitability by introducing basic business concepts; and business management training to help start new businesses or expand existing MSME businesses. Capacity building training covers members and office bearers of farmer societies, extension officers, financial institutions and public sector officials.

**Table 8. Number of Beneficiaries Trained To-Date**

Type of Training	Quarter X		Year 3 Total Through QIX	Year 2 Total	Year 1 Total	Project Total
	No of sessions	No. of trainees				
Workforce Development	0*	0*	62	466	No target	528
Technical Training	39	1,362	828	4,868	4,964	12,022
Additional Technical Training	2	55	242	1,677	n/a**	1,919
Business Basics/Management Training	2	56	110	1,645	324	2,135

\* Trainees are counted once they graduate. No trainees graduated during the quarter and therefore did not gain employment.

\*\*Additional technical training commenced in Year 2 following the training provided in Year 1

## Challenges being addressed

- Finding suitable candidates for WFD programs conducted through training providers, where there is no job guarantee at the end of the training, continues to be a challenge. Direct promotions and wide publicity through mass media helped overcome this challenge.
- After lengthy discussions, some of the anticipated workforce development training did not materialize as the potential partners such as National Development Bank, Mt. Lavinia Hotel School and Sri Lanka Freight Forwarders Association did show sufficient commitment to implement the programs in line with USAID/CORE requirement. However, other suitable partners were found to implement more demand driven WFD programs during the quarter.



Signing MoUs with six partners for WFD projects

## Activities During Quarter X

### Technical Training

- Technical training for beneficiaries includes best practices in crop production, livestock development and fisheries. The technical training for horticultural value chains cover; principles of seed production, physiology and quality of seeds, seed rates, nursery management, land preparation, spacing and planting techniques, fertilizer application, weed control, pest and disease control, water management, harvesting time and methods, identification of harvesting indices, and post harvest handling including cleaning, drying, sorting and grading, transportation, conditions of storage (temperature and structure), packaging and packaging material, value addition, introduction to new cash crops and benefits.
- Dairy management training include Calf management, Heifer Management, Milking cow management, Feeding management, Construction of cow sheds, Disease Control, Milking; Value addition.
- Additional Technical training most include Post Harvest Technology Training covering ; Present situation of post harvest technology of fruits and vegetables in Sri Lanka, Good agricultural practices, Ripening processes, Harvesting time, Harvesting methods, Quality control, Cleaning processes and Handling, Packaging and packaging materials, Transportation, Storage temperatures and Pest & disease control and any specific processes pertaining to the relevant crop.

**Table 9. Technical Training Conducted in Quarter X**

Project Name	District	No. of Sessions	No. of Beneficiaries
Black gram Cultivation Program with Alli	Anuradhapura	7	214
Sesame Cultivation Program with Alli	Anuradhapura	5	137
Cereal and Green Gram Cultivation with Cargills	Ampara	1	28
Cashew Processing Program with NEEDS	Batticaloa	2	113
Maize and Green Gram Cultivation with Lankem	Trincomalee	24	870

Note: For details refer Appendix C

### **Additional Technical Training**

- With the objective of minimizing the gaps in extension services, USAID/CORE conducted a two day comprehensive training on B Onion cultivation for 29 B onion lead farmers in Anuradhapura. These lead farmers will act as catalysts in disseminating best practices in B Onion cultivation among other B Onion farmers in the area.
- Conducted a five day comprehensive training on Dairy Management for 26 dairy lead farmers in Ampara and Batticaloa. The objective is to use the services of these lead farmers to share best practices with other dairy farmers.

### **Workforce Development Training**

- USAID/CORE signed MOUs with six partners to provide workforce development training to 330 candidates. These WFD programs include; hotel sector training at Aitken Spence Hotels Ltd., cable machine operator training at Sierra Cables PLC, electronic parts assembly training at Tos Lanka (Pvt) Ltd., job oriented ICT training at Skills for Success (Pvt) Ltd., job oriented ICT training at CIMS Campus and welding technology and aluminum fabricator training at CINEC Skills Center.
- Four mini career days were held in Ampara, Batticaloa, Trincomalee and Anuradhapura with the participation of Aitken Spence, Sierra Cables and Tos Lanka and 338 potential candidates.
- Three partner organizations have shortlisted 275 candidates, i.e. 70 by Aitken Spence, 78 by Sierra Cables and 127 by Tos Lanka and 55 have already commenced training while the balance trainees are expected to commence training early next quarter.
- Promotional campaigns for selection of candidates for WFD programs with Skills for Success, CIMS Campus and CINEC Skills Center began during the quarter. Selection will be finalized and training is expected to begin early next quarter.

### **Capacity Building Programs**

- In order to assist SMEs in the Eastern Province to obtain GMP certification, USAID/CORE arranged SLSI to carry out a preliminary assessment of 7 SMEs who participated in the seminar on "Increasing Market Access through Upgrading Your Business with Required Industry Standards", held in November, 2010. SLSI has highlighted the need for further improving their production processes and hygienic conditions as a precondition for awarding GMP certification and USAID/CORE will consider providing technical assistance to enable these SMEs to obtain GMP certification.
- USAID/CORE with the support of one international and one local Tourism Consultant developed a SME Tourism Training manual titled "How to Start and Grow Your Tourism Business" and conducted a five day workshop for 35 aspiring entrepreneurs in Trincomalee District in May, providing them with the relevant skills and knowledge required to start a tourism business, and to help them develop their own business ideas. Entrepreneurs, who generated a viable business idea and completed necessary preparatory work to develop that idea into a feasible business plan will be offered further 5 - day training during May 2011.



Mini-Career Day held in Anuradhapura



Providing capacity building training to MSMEs in Trincomalee

## Activities Planned for Quarter XI

- Provide technical training to at least 600 new beneficiaries from Component 2, BBT to 300 beneficiaries, and WFD training to 250 candidates.
- Continue promotional campaigns for attraction of candidates for WFD Programs with Skills for Success, CIMS Campus and CINEC Skills Center, finalize selection and commence training
- Commence training of balance 100 candidates at Sierra Cables and Tos Lanka
- Facilitate obtaining of Standards Certification for MSMEs participated in the standards seminar.
- Conduct another seminar on “Increasing Market Access through Upgrading Your Business with Required Industry Standards” for SMEs in Ampara District in collaboration with SLSI during AgBiz East scheduled for May, 2011 in Ampara.
- Conduct the second five-day workshop for selected Tourism SME entrepreneurs and provide necessary technical assistance and business development support to commence tourism related businesses.

Beneficiaries receiving post-harvest training in Dalugala

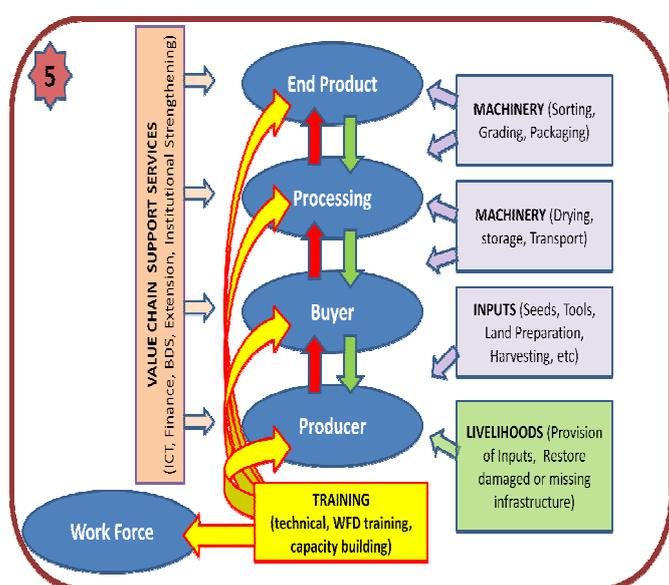


## Component 5

# Enabling Environment

***Foster an enabling environment that facilitates economic growth in the target regions.***

### Component Summary



Component 5 addresses issues in the overall enabling environment. As far as possible, the project wishes to create a transparent and efficient environment within which investors feel comfortable so that they increase investment in their value chains.

Typical elements of the enabling environment are policies towards private sector growth and involvement; regulations and procedures for approvals for investment, infrastructure development, land acquisition or leasing; legislation concerning labor, investment, taxation, import and export; and other government actions that create a good business environment.

USAID/CORE addresses these issues as and when they arise with appropriate government agencies so that value chain development and growth are not unduly constrained.

### Challenges being addressed

- Changes in administration at both national and provincial levels creates the need to rebuild relationships from scratch
- Large number of stakeholders involved that need to be involved in the process of reaching a consensus
- Delays and complications for getting access to land for establishment of processing plants, warehousing and storage.

### Activities During Quarter X

- First meeting of the newly appointed Advisory Board meeting of the USAID/CORE Project was successfully held on the 27 January 2011 under the chairmanship of the Additional Secretary to the Ministry of Economic Development.
- Conducted a Workshop jointly with the Road Development Authority (RDA), with the participation of all the stakeholders to review and finalize the draft guidelines developed for tourism signage and symbols to be gazetted and implemented as the national standard for Sri Lanka.
- Continued discussions with stakeholders on prioritized policy issues to identify a champion for each issue. Policy dialogues were held with the Ministries of Agriculture, Livestock and Rural Community Development, Department of Irrigation, the

Chambers, private sector stakeholders and members of the National Council for Economic Development.

- Initiated mechanisms to implement the recommendations on allocation of veterinary surgeons based on demand in consultation with the DAPH and the Eastern Provincial Council.
- To devolve some of the functions hitherto carried out by the DAPH, to encourage the private sector to be more involved in activities such as genetic improvement of livestock sector.
- Initiated discussions on considering pasture as a crop for road and canal reservations



**Tourism Signage and Symbols Guidelines, manual under review by stakeholders**

- In support of Component 2 and 3 activities several discussions were held with the Ministries of Land and Land Development, Trade and Commerce and Economic Development. Topics of these discussions
  - Streamlining the leasing of land for project partners
  - Policy issues connected to the WRF
- Discussions were initiated with the Eastern Provincial Council and the Central Government to categorize pasture as a crop so it could receive irrigated water in order to make it commercially viable. Towards resolving this issue, USAID/CORE drafted a report on the study on “Economics of Cultivating CO-3 as a Crop”. USAID/CORE commenced a pilot cultivation of CO-3 in the Ampara District with existing dairy beneficiaries.
- Initiated discussions with the Ministry of Economic Development and the Ceylon Chamber of Commerce to conduct an Investor Forum to promote investments in the East while addressing the impediments faced by the existing investors.



**Tourism Signage and Symbols Guidelines workshop with stakeholders**

### Activities Planned for Quarter XI

- Will work with the NAC to continue to provide an investor friendly environment for agri-business including preparations for Ag-Biz East and Ag-Biz 2011.
- Finalize the study on the ‘Economics of Pasture Cultivation’ for stall feeding of cattle in the Eastern Province, and organize a workshop for relevant stakeholders.
- Prepare a farmer friendly booklet in Sinhala and Tamil on the methodology and economic benefits of cultivating CO-3 and conservation of pasture as silage.
- Finalize the tourism sector new roadside signage guidelines to be published in the Gazette and initiate discussions with the RDA to adopt a national standard.
- Continue discussions with stakeholders on new policy issues including;
  - GPS for fishing
  - A mechanism to distinguish farmers with good credit records
  - Warehouse Receipt Financing

# Program

# Cross-Cutting

## Grants Program

### Overview

USAID/CORE Project has access to grant funding of LKR 246,180,000 on a cost sharing basis support partner organizations to implement projects to improve competitiveness of selected value chains and increase participation of vulnerable groups in post conflict areas in those value chains. Grants act as catalysts to expedite projects more effectively and efficiently to achieve the overall goals of the USAID/CORE Project. Of the total grant funds, LKR 48,117,000 is made available for 'In-kind Grants' under Component 1, and the balance LKR 198,063,000 is for cost sharing grants for projects under Components 2, 3 and 4..

Since the beginning of the project 32 grants have been awarded. Twenty of the grants are ongoing, ten were completed, and two were cancelled. Refer Appendix A for details of USAID/CORE partners which include full details of past and current grants.



Signing grant agreement with NAC for the Ag-Biz East 2011

### Challenges being addressed

- Poor documentation by grantees on project expenses: continuous dialogue with grantees to improve documentation and record keeping;
- Delays in submission of disbursement claims and reports by grantees: Regular meetings with grantees and follow up visits to expedite activities;
- Delays in approvals by government with related to land allocation for projects: Addressed through policy component;
- Poor response from grantees regarding plant layout & designs, equipment specifications owing to lack of technical knowledge: Addressed through STTA.
- Lack of focus on project activity requirements and implementation: Progress review meetings to address issues.

### Activities during Quarter X

#### ***New grant agreements approved and signed in Quarter X***

- CBL Foods International (Pvt) Ltd., for a seaweed farming project in Batticaloa
- National Agribusiness Council (NAC) for AgBiz East 2011 Road Show in Ampara scheduled for May 27 and 28
- Link Natural products (Pvt) Ltd. for medicinal crop cultivation and processing project in Monaragala and Ampara Districts.

Total USAID/CORE contribution for the three projects is LKR 14,460,350 This brings the total grant portfolio to 32 with a committed value of LKR 171,376,765 for the full project period.

### **Grant agreements extended in Quarter X**

- Dairy development with Pelwatte Dairy Industries (Pvt) Ltd. extended to July 30, 2011.
- Marumalarchy Social Elevation Organization (MSEO) extended to July 30, 2011.

### **Grant agreements terminated in Quarter X**

Ceylon Mushroom Company - Mushroom cultivation terminated on February 01, 2011.

### **Grant disbursements during Quarter X**

LKR 6,631,068 was disbursed to the following projects during the quarter:

- Cargill Agrifoods Ltd. - to procure a generator for nutritious snacks manufacturing facility and technical training farmers on best agricultural practices, supplied 58 crossbred dairy cows to three dairy farmer organizations under PDIL project namely MSEO, SSFO and SOCCO.
- Supplied building materials for construction of cow sheds to two farmer organizations (SSFO and SOCCO).
- Procured 50 sets of tools, of which 12 were distributed, for lime farmers under the dehydrated lime project of Adamjee Lukmanjee & Sons Ltd.
- Supplied mushroom medium bags for two small entrepreneur organizations in Ampara namely Ravini Mushroom Production Company and Pramuditha Mushroom Production Company.
- Supplied papaya seeds to Anoma Agro Based Products (Pvt) Ltd.
- The Grants Program continues to promote investment and sustainability of activities in the East through its cost-sharing strategy applied to grants.



Signing the grant agreement and kick-off meeting with Link Natural Products Ltd.

**Table 10. Grants in the Pipeline for Quarter XI**

Component	Project	Company Name	Grant Value	
			USD	LKR
2 & 3	Dairy Project Phase II	Eluwan Private Company	44,683	5,000,000
	Seed villages	Two farmer organizations	22,341	2,500,000
	Mushroom cultivation (Trincomalee)	Farmer organizations	89,366	10,000,000
<b>Subtotal Comp 2 &amp; 3</b>			<b>156,390</b>	<b>17,500,000</b>
1	Serunuwara Irrigation Tank		57,194	6,400,000
	Electric fencing in Trincomalee		178,731	20,000,000
	Saltern		67,024	7,500,000
	Anicut		126,899	14,200,000
<b>Subtotal CO1</b>			<b>429,848</b>	<b>48,100,000</b>
<b>Total in pipeline</b>			<b>586,238</b>	<b>65,600,000</b>

## Outreach and Communications

### Activities during Quarter X

The updated Branding and Marking Plan was approved. The updates are a direct response to the guidance and changing requirements of USAID.

The outreach and communication activities described below were developed to promote awareness of the contribution of the US Government funding for Sri Lankan development.

The USAID/CORE website was also redesigned and launched. The new website was reviewed and approved by the USAID LPA Web Team in March. The website has improved breadth and depth of information as well as the esthetic design of the website to make it more user-friendly.

Prepared presentations, publications and other outreach material for specific target audiences such as a special edition of the CONNECT Newsletter in Tamil and Sinhala was prepared in Sinhala and Tamil specifically targeting beneficiaries in the East; cyber center pamphlets to attract farmers to use the cyber centers; and training material in Sinhala and Tamil were developed with USAID/CORE technical staff and or/consultants and in partnership with the relevant private and public sectors.

The outreach and communications team also facilitated official functions to which USAID and Government representatives participated including the launch of:

- Cyber centers in Monaragala, February -- H. President of Sri Lanka, H. Ministers of Sri Lanka, U.S. Embassy Charge d'Affaire, USAID Mission Director.
- New WFD activities, March -- USAID COTR, Private Sector Senior Representatives
- Ag-Biz East 2011, March -- Minister of Agriculture, USAID Mission Director, representative from the private and public sectors.



Redesigned USAID/CORE Website, [www.core.lk](http://www.core.lk)

**Table 11: Media Releases Submitted during Quarter X**

Activity / Event	Location	Month	Action Taken
The nutrition snacks manufacturing project with Cargills (Ceylon) PLC to assist farmers in the Ampara and the first sale of the beneficiaries.	Ampara	February	Media Release Submitted
Handing over of Cyber centers equipment to farmer organizations in Monaragala with USAID, Government, and USAID/CORE reps and opening of Cyber Centers, and farmer website interface.	Monaragala	February	Media Release Submitted and Published
Success Story on Samsudeen Mohamed Rinos, a beneficiary of the software development project with AIC.	Ampara	February	Success Story Submitted
Cyber Center training for farmers managing the cyber centers in Monaragala.	Kandy	March	Media Release Submitted
Launch of new WFD partnerships and "Mini Career Days," held in Ampara, Batticaloa, Trincomalee and Anuradhapura.	Colombo	March	Media Release Submitted
The launch of Ag-Biz East 2011, which will be held at the Public Grounds in Ampara on May 27 and 28, 2011.	Colombo	March	Media Release Submitted

**NOTE: Section B contains "Table 6. Planned or Potential Outreach Activities for Quarter XI"**

## Activities Planned for Quarter XI

- Develop material for Ag-Biz East 2011 including the backdrops and panels for the CORE, Regenerative agriculture, Cyber Center booths and agriculture information center, brochures, pamphlets, and other outreach material.
- Prepare 5 videos to be launched at the Ag-Biz East. The videos will cover the following topics: CORE impact, Regenerative agriculture, and agriculture cyber centers.
- Develop and disseminate the quarterly newsletter CONNECT covering activities from Quarter X.

## Monitoring & Evaluation

### Activities during Quarter X

Submitted to USAID for approval, the revised Program Monitoring Plan (PMP) incorporating changes from the contract modification

#### **Baseline surveys conducted during Quarter X**

Baseline information collected on 1,169 beneficiaries from the following projects:

- Healthy Snacks Manufacturing project with Cargills - 28 beneficiaries - Ampara District
- NEEDS Cashew project - 113 beneficiaries - Batticaloa District
- Cereal Processing Plant project with Lankem (Yala season) - 870 beneficiaries - Trincomalee District
- Black Gram Cultivation and Market Linkage project with Alli - 214 beneficiaries - Anuradhapura District
- Sesame Cultivation with Adamjee Lukmanjee - 137
- Conducted company baseline survey for Pramuditha Mushroom Company

#### **Flood destruction analysis:**

Assisted in conducting flood destruction analysis and estimated loss of income of beneficiaries affected in the dairy and papaya projects in Ampara District, the mushroom and OFC projects in the Trincomalee District and the affects of inclement weather on projects in the Anuradhapura District

#### **Ongoing monitoring:**

- Collected WIP data from a sample of mushroom farmers in Ampara, analyzed the production and income patterns of the farmers involved in the project
- Held discussions with lime entrepreneurs on tracking data of lime purchases from beneficiaries.
- Conducted field visits to 17 cashew farmers in Kirankulam to monitor the adoption of technology and discuss issues such as poor extension service and communication gaps between farmers and partner company
- Visited 10 papaya farmers in Valathapitiya to assess the status and condition of plants distributed, most of the plants died due to flood and drought- farmers mentioned that growing papaya is a big challenge for them during dry season as they suffer to get water even for their domestic purpose.
- Conducted field visits to 29 beneficiaries in the Anuradhapura District



USAID/CORE Database houses all beneficiary information

- Completed the distribution of WIP cards to the selected sample of beneficiaries in the Trincomalee District, to be collected once harvesting begins.

**USAID/CORE database:**

- Worked extensively on updating database with all basic beneficiary information
- Held several meetings with the software developers to perfect the reporting process and iron out problems and issues with report extractions
- Requested the software company to include additional grants information in order to make it a complete grants database

**Activities Planned for Quarter XI**

- Will conduct initial DQAs on data collected for all indicators.
- Conduct field training for new extension officers
- Provide on-site training to Trincomalee program staff
- Undertake baseline surveys on any new beneficiaries.
- Improve database reporting capabilities to include impact assessment capabilities and develop it to incorporate a grants database.

**Table 12: Project-to-date Beneficiary Summary**

Province	District	Project	Total Beneficiaries	Gender		Ethnicity		
				M	F	S	T	M
Eastern	Ampara	Hayleys Home Gardening Project	393	188	205	138	146	109
	Batticaloa	Home Gardening project with VOVCOD	352	207	145	0	352	0
	Trincomalee	Home Gardening project with SEDOT	360	232	128	172	100	88
<b>Sub total</b>			<b>1,105</b>	<b>627</b>	<b>478</b>	<b>310</b>	<b>598</b>	<b>197</b>
Eastern	Ampara	Anoma Papaya	1,748	881	867	1,002	693	53
	Ampara	Pelwatte Dairy	1,021	768	253	81	389	551
	Ampara	Lanka Spices - Turmeric	221	121	100	221		
	Ampara	Cargills cereal	536	281	255	508	28	
	Ampara	Ravini Mushroom	30	28	2	26		4
	Ampara	Pramuditha Mushroom	19	4	15	14	3	2
	Trincomalee	Adamjee - Maize	540	382	158	257	102	181
	Trincomalee	Plenty Foods -Soya	47	35	12	39	7	1
	Trincomalee	Deshan International - Fisheries	605	596	9	44	226	335
	Trincomalee	Ceylon Mushroom	400	143	257	121	191	88
	Trincomalee	Lankem Cereal	926	646	280	552	363	11
	Batticaloa	Eluwan - Dairy	626	275	351		626	
	Batticaloa	NEEDS Cashew	230	110	120		226	4
Batticaloa	Seaweed - CBL	5	1	4	1	4		
<b>Sub total - CO2</b>			<b>6,954</b>	<b>4,271</b>	<b>2,683</b>	<b>2,866</b>	<b>2,858</b>	<b>1,230</b>
Eastern	Ampara	Component 4	513	401	112	99	252	162
<b>Total - East</b>			<b>8,572</b>	<b>5,299</b>	<b>3,273</b>	<b>3,275</b>	<b>3,708</b>	<b>1,589</b>
North Central	Anuradhapura	EOAS - Vetiver	95	28	67	95		
	Anuradhapura	Jay Kay Marketing - Fruit and Vegetable	331	204	127	331		
	Anuradhapura	Alli - Black Gram	946	465	481	718	75	153
	Anuradhapura	Plenty Food Soybean	40	1	39	40		
	Anuradhapura	AgStar - Seed Production	73	36	37	73		
	Anuradhapura	Adamjee - Sesame	706	460	246	706		
<b>Sub total - CO2</b>			<b>2,191</b>	<b>1,194</b>	<b>997</b>	<b>1,963</b>	<b>75</b>	<b>153</b>
North Central	Anuradhapura	Component 4	31	31		31		
<b>Total - NCP</b>			<b>2,222</b>	<b>1,225</b>	<b>997</b>	<b>1,994</b>	<b>75</b>	<b>153</b>
Uva	Monaragala	Anoma Papaya	705	555	150	705		
	Monaragala	Pelwatte Dairy	246	186	60	241	4	1
	Monaragala	Adamjee - Lime	290	177	113	290		
<b>Sub total - CO2</b>			<b>1,241</b>	<b>918</b>	<b>323</b>	<b>1,236</b>	<b>4</b>	<b>1</b>
Uva	Monaragala	Component 4	11	11		11		
<b>Total - UP</b>			<b>1,252</b>	<b>929</b>	<b>323</b>	<b>1,247</b>	<b>4</b>	<b>1</b>
<b>TOTAL</b>			<b>12,046</b>	<b>7,453</b>	<b>4,593</b>	<b>6,516</b>	<b>3,787</b>	<b>1,743</b>

## Project Management

**Chief of Party:** New COP, Dr. Hammond Murray-Rust, assumed duties on March 1, 2011.

**USAID Visit/Quarterly Debrief:** Dr. James Bednar, Mission Director, Dr. Daniel Lee, Senior Economic Advisor, and Salma Peiris, USAID/CORE COTR visited the USAID/CORE project offices for Dr. Bednar's familiarization of the USAID/CORE activities and for the presentation of Quarterly Report IX.

**International Travel:** Lauren Rushton, CORE Project Coordinator from AECOM Home Office visited Sri Lanka from February 20 to March 9 2011 to assist with synchronizing information transfer, review and update trackers and manuals, and other activities in preparation for the end of the base period. Cecilia Ciepiela, CORE Engagement Manager, is expected to visit in early May, approval was granted for her assignment.

**Staffing Plan:** Extension Officers for each field office were selected and submitted for approval to USAID.

**Staff Professional Development:** Selected staff attended specific training in value chains, finance, and recruitment.

**Manuals:** Updates to Operations Manual are continuously made and distributed to better address the needs of the project.

**Inventory:** The project updates the inventory on a regular basis with reports generated on a quarterly basis. Approval of the disposition of expendable items is pending. A submission of the disposition of non-expendable items is made periodically as the partners and items are identified.

Invitation for the launch of Ag-Biz East 2011 to be held in Quarter XI

*Launch of*

*Ag-Biz* 2011

*Ag-Biz East* 2011

**INVITATION**

USAID  
NAC  
HNB  
SLFPA  
Provincial Ministry of Agriculture (E.P)  
The Ceylon Chamber of Commerce

**Table 13. Activities During Quarter IX Towards Fulfilling Deliverables in the Year 3 Workplan**

No.	Component/Goal/Objective/Task	Output/Deliverable	Progress during Quarter X	Planned activities for Quarter XI
<b>Component/Goal 1: Enhance household food and economic security through a diversity of livelihood support strategies</b>				
<b>Objective 1.1: Support small scale infrastructure where there are vulnerable populations in target districts</b>				
1.1.1	Identify and prioritize small scale infrastructure needs. - Select projects through pre-defined evaluation criteria. - Develop realistic cost estimates.	Small scale community based infrastructure projects to support 1,500 beneficiaries (September 30, 2011)	<ul style="list-style-type: none"> <li>- Preparation of grant application package for USAID approval – submission pending finalized cost estimates as per BOQ revisions.</li> <li>- Stakeholder meetings and consultative process completed for all four projects and formal government approval obtained for all activities.</li> <li>- MOUs drafted to be finalized with farmer organizations and government authorities.</li> <li>- Bid Documents and Pre-bid meetings competed for all projects in the two districts.</li> <li>- Construction Management company hired to carry out engineering and construction supervision.</li> <li>- Cooperated with the Department of Wildlife Conservation</li> </ul>	<ul style="list-style-type: none"> <li>- Obtain USAID approval for complete grant application package for the four activities.</li> </ul> <p><u>Electric Fencing</u></p>
1.1.2	Engage in consultative process and obtain relevant approvals of small scale infrastructure construction for shortlisted projects. - Sign MOUs to formalize community and government buy-in.			<ul style="list-style-type: none"> <li>- obtain technical approval from the Department of Wildlife for the final design.</li> </ul> <p><u>Anicut, Saltern and Minor Irrigation Tank</u></p>
1.1.3	Develop approved infrastructure projects (Grants to be committed after Mod). - Prepare RFQs, select contractors, sign contracts and schedule implementation taking into consideration weather patterns. - Hire additional resources to provide proper supervision of the different infrastructure activities. - Cooperate with partners and other donor organizations such as UNDP during implementation.			<ul style="list-style-type: none"> <li>- finalize MOU with relevant departments and farmer org.</li> </ul> <p><u>Saltern</u></p> <ul style="list-style-type: none"> <li>- obtain DS approval for addendum to saltern drawings.</li> <li>- Select construction contractors for all activities and commence construction on all four projects.</li> </ul>

No.	Component/Goal/Objective/Task	Output/Deliverable	Progress during Quarter X	Planned activities for Quarter XI
1.1.4	<p>Enhance livelihood activities and ensure sustainability through training and other support services.</p> <p><u>Example:</u> facilitate loans for Component 1 beneficiaries by conducting group meetings, training on infrastructure maintenance and agriculture best practices, etc. as seen under Component 3.</p>	At least 200 beneficiaries receive additional services (September 30, 2011)	No activity in Quarter X.	<p><u>Anicut and Minor Irrigation Tank</u></p> <ul style="list-style-type: none"> <li>- Identify training needs, market linkages and capacity building requirements.</li> </ul> <p><u>Saltern</u></p> <ul style="list-style-type: none"> <li>- Finalize deed collection from owners and start ground work to develop a business model with agreement from local government.</li> <li>- Engage technical consultant in structuring a phased approach to building the saltern and discuss the strategy with owners.</li> </ul> <p><u>Electric Fencing</u></p> <ul style="list-style-type: none"> <li>- Finalize strategy to conduct stakeholder meetings on creating awareness on the key factors of the human-elephant conflict.</li> <li>- Conduct training to farmer organizations on fencing maintenance and procedures.</li> </ul>
<b>Objective 1.2: Improve horizontal and vertical networking, collaboration, and information sharing among communities, organizations, and private sector firms involved in livelihood support activities</b>				
1.2.1	Consult with, and where possible, coordinate with specialized agencies, other USAID projects and relevant livelihood development stakeholders currently operating in the Eastern Province.	Regular and ad-hoc meetings as required.	Held stakeholder meetings with: Departments of Agrarian, Development, Provincial Irrigation Department, Department of Wildlife and Conservation, Department of Forestry, Department of Irrigation, all GAs, DSs, and farmer organizations associated with each project.	<ul style="list-style-type: none"> <li>- Coordinate with other agencies and/or USAID projects as required.</li> </ul>

No.	Component/Goal/Objective/Task	Output/Deliverable	Progress during Quarter X	Planned activities for Quarter XI
<b>Component/Goal 2: Improve the competitiveness of agriculturally-based and other value chains, which benefit large numbers of traditionally underserved populations in target areas which link them to growth opportunities, including domestic and/or export markets</b>				
<b>Objective 2.1: Support private sector partners in meeting the market demand by increasing supply of raw materials or products produced in the target regions and supporting and linking microenterprises to the value chain</b>				
2.1.1	Continue implementation/support of ongoing initiatives.		<p>In support of ongoing initiatives.</p> <ul style="list-style-type: none"> <li>- Linked 1,487 additional beneficiaries to value chains during the reporting quarter</li> <li>- Launched programs to increase availability of high quality seeds of black gram, sesame and b'onion.</li> <li>- Established a lead farmer system to increase extension services to fruit and vegetable farmers in Kebathigollewa DS division in Anuradhapura.</li> </ul>	<ul style="list-style-type: none"> <li>- Link 775 beneficiaries from already identified projects.</li> <li>- Identify new projects with a beneficiary potential of 300</li> <li>- Provide additional support to increase green fodder supply by introducing CO3 grass as a home garden pilot to 50 dairy farmers</li> <li>- Assist to increase productivity and quality of turmeric production at Gonagolla in Ampara by introducing new primary processing technology</li> <li>- Pilot an efficient irrigation system to increase productivity of vegetable cultivation in JayKay marketing F&amp;V linkage project.</li> </ul>
2.1.2	Meet with members of Chambers, Trade and Producer Associations to solicit proposals and identify new projects.	Identify new or expansion of current projects to cover 3,000 new beneficiaries through interaction with relevant/potential parties (April 30, 2011)	<ul style="list-style-type: none"> <li>- Initiated one project with Link Natural Products linking 450 beneficiaries.</li> <li>- Three existing projects expanded at the request of the private sector partner and/or beneficiary farmer organizations - b'onion, sesame and black gram.</li> <li>- Met with three member companies of NAC to identify potential linkage opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>- Continue to meet with potential partners to solicit proposals to cover at least 300 beneficiaries to meet annual target.</li> </ul>
2.1.3	Identify additional partners and potential projects based on selected sectors/value chains working in the targeted geographical areas to link producers to markets.			
2.1.4	Expand the existing projects with new beneficiaries, where feasible.			

No.	Component/Goal/Objective/Task	Output/Deliverable	Progress during Quarter X	Planned activities for Quarter XI
			<ul style="list-style-type: none"> <li>- Identified two additional projects in seed production with 200 outgrowers.</li> </ul>	
2.1.5	Implement additional projects based on evaluation criteria and review process to meet project targets.	3,000 beneficiaries linked to value chains (September 30, 2011)	<ul style="list-style-type: none"> <li>- Continued with Lankem and Cargills projects and linked 962 new beneficiaries.</li> <li>- Initiated implementation of SR Bio Foods (100), Link Natural Products (450), CBL Seaweed pilot (25) during the quarter</li> </ul>	<ul style="list-style-type: none"> <li>- Continue to work on ongoing projects to achieve the target number of 575 beneficiaries</li> <li>- Finalize and commence implementation of the seed production project for four OFC with 200 farmers</li> </ul>
2.1.6	Provide assistance to partners to develop/improve products and access to markets.	2 new markets/product improvements introduced (September 30, 2011)	Activity completed during last quarter. However, the work with Eluwan continues in response to partner demands for development of additional markets/product improvements	<ul style="list-style-type: none"> <li>- Identify further opportunities to assist USAID/CORE partners to enter new markets or introduce new products</li> </ul>
2.1.7	Link beneficiaries from Component 1 as appropriate who are ready to enter into mainstream economic activities.	At least 100 Component 1 beneficiaries linked to mainstream economic activity (September 30, 2011)	<b>55</b> potential Component 1 beneficiaries from Aathiyamman Kerni area linked to Lankem project during first phase of training	<ul style="list-style-type: none"> <li>- Link at least 45 more Component 1 beneficiaries to the value chains</li> </ul>
2.1.8	Identify, develop, and link service providers who can provide support services to the existing projects/beneficiaries, where possible.	Number of support services established (September 30, 2011)	<p>Provided <b>3</b> support service (finance, extension, and donor) during the quarter including:</p> <ul style="list-style-type: none"> <li>- developed financial products specifically to meet USAID/CORE partner and farmer needs – linked 40 beneficiaries with HNB to obtain loans for b'onion cultivation</li> <li>- continued to develop an action plan for the proposed warehouse receipts project in</li> </ul>	<ul style="list-style-type: none"> <li>- Continue to develop and link at least <b>four</b> support services to beneficiary farmers in different value chains</li> <li>- Work closely with Component 3 to move towards piloting the warehouse project in USAID/CORE target area</li> <li>- Develop a long term partnership between 200 seed production farmers and DoA for a joint seed production project where DoA provides extension services and purchase certified seeds</li> </ul>

No.	Component/Goal/Objective/Task	Output/Deliverable	Progress during Quarter X	Planned activities for Quarter XI
			<p>collaboration with government and private sector stakeholders and the World Bank</p> <ul style="list-style-type: none"> <li>- developed a plan to set up a seed production village in collaboration with the Ministry of Agriculture (NCP) to address current seed shortage issues</li> </ul>	
2.1.9	Monitor performance of Year 1 and Year 2 projects and partners and continue to identify and address constraints to competitiveness (identify STTA, training needs, etc.).	Assist a minimum 4 Year 1 and Year 2 partners to improve competitiveness (September 30, 2011)	<p>The following 3 Year 1 and 2 partners were provided with STTA to improve competitiveness:</p> <ul style="list-style-type: none"> <li>- Assisting Anoma Agro Based Products in setting up the papaya dehydration plant to meet HACCP standards</li> <li>- Assisting Lankem in meeting HACCP standards for their cereal processing plant in Trincomalee</li> <li>- Continue to assist Eluwan (Pvt) Ltd to relocate the processing plant and sourcing of appropriate equipment to commence operations of the milk processing plant. In addition, providing STTA to strengthen Eluwan's supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>- Prepare Anoma, Lankem and Eluwan for HACCP certification through provision of STTA</li> <li>- Plan to develop a value chain for mustard in Ampara with Lanka Spices</li> <li>- Identify and initiate technical assistance with other partners as needed</li> </ul>
2.1.10	Based on demand, provide technical assistance (STTA) to support competitiveness of value chains USAID/CORE is working on (partner identifies STTA, and other needs).			

No.	Component/Goal/Objective/Task	Output/Deliverable	Progress during Quarter X	Planned activities for Quarter XI
<b>Objective 2.2: Improve productivity and value addition in selected value chains through targeted interventions (STTA, training, technologies, inputs, etc) (*for training specified below, refer to Component 4)</b>				
2.2.1	Facilitate support to producers to improve quality, productivity, and management practices; support mechanization of agriculture processes; and introduce new techniques and technologies for example, in agriculture, drip irrigation systems, appropriate crates for transportation, etc. (types of support and projects supported).	At least 10 new methodologies introduced or improved (or upgraded) (September 30, 2011)	Introduced <b>2</b> new methodologies in addition to <b>4</b> during the previous quarters <ul style="list-style-type: none"> <li>- Provide assistance through PHTI to improve the quality of dehydrated limes.</li> <li>- Initiated trials to introduce mechanical drying of turmeric to improve quality and productivity</li> </ul>	Introduce 4 new methodologies to farmers or producer groups
2.2.2	Improve/assist in developing value-added processing, improving post-harvest technology/extension, supporting packaging and storing and product quality and testing, and other producer techniques.			
2.2.3	Support the formation and/or strengthening of producer groups, where feasible (formal and informal producer groups supported).	At least 4 producer groups formed/supported (September 30, 2011)	Formed <b>5</b> producer groups Strengthened 4 informal producer groups in the following projects: <ul style="list-style-type: none"> <li>- Dehydrated limes</li> <li>- Mushroom</li> <li>- Papaya</li> <li>- Dairy</li> </ul> Supported the formation of a b'onion producer group	Continue to strengthen existing producer groups
2.2.4	Conduct producers' visits to demonstration production centers.	At least 2 producer visits conducted (August 31, 2011)	Conducted <b>2</b> producer visits to: <ul style="list-style-type: none"> <li>- the Ministry of Agriculture (EP) training farm - 25 dairy farmers from Pelwatte and Eluwan</li> <li>- Mahailuppallama and Eppawala Niraviya Mahaweli farm b'onion seed production center - 29 famers</li> </ul>	Conduct demonstration visit to Gannoruwa for 100 passion fruit farmers from Batticaloa

No.	Component/Goal/Objective/Task	Output/Deliverable	Progress during Quarter X	Planned activities for Quarter XI
2.2.5	Facilitate demand-driven adaptive research with universities/private sector partners to introduce new and/or improved crops in the target regions and value chains.	Adaptive research conducted for at least 1 crop and recommendations made (August 31, 2011)	<ul style="list-style-type: none"> <li>- Mustard trials initiated during the quarter continued successfully during the reporting period. Three varieties selected for seed multiplication</li> <li>- Continued trials for regenerative agriculture in two different agro-ecological zones in the Ampara and Monaragala</li> </ul>	<ul style="list-style-type: none"> <li>- Move to the next stage of mustard seed multiplication of the short listed varieties and test performance under Yala season by working with 10 additional farmers.</li> <li>- Continue to evaluate acceptability of regenerative agriculture in the two trial areas</li> </ul>
2.2.6	Based on demand, increase non-farm productivity by facilitating plant improvements, implementation of process and product standards and training, etc.	At least 3 improvements made (September 30, 2011)	<p>11 different organizations received assistance in improving plants and facilities:</p> <ul style="list-style-type: none"> <li>- Commenced the GMP standards certification process in partnership with SLSI for eight SMEs in the food processing sector in Trincomalee</li> <li>- Assisting Anoma Agrobased Products to set up the processing plant that meets HACCP standards</li> <li>- Assisting Lankem to meet HACCP standard in their new cereal processing plant in Trincomalee</li> <li>- Assisting Eluwan to set up the new milk processing plant that meets GMP and HACCP standards</li> </ul>	<ul style="list-style-type: none"> <li>- Follow-up on initiatives started during the reporting period. Complete the initial review process for at least five SMEs</li> </ul> <p>Assist the three partners (Anoma, Lankem and Eluwan) to construct the factory in compliance with HACCP standards</p>

No.	Component/Goal/Objective/Task	Output/Deliverable	Progress during Quarter X	Planned activities for Quarter XI
2.2.7	Develop local level entrepreneurs working on USAID/CORE projects through training, grants, and management and financial capacity building activities.	Additional training and assistance provided to at least 20 local level firms and/or microenterprises. (September 30, 2011)	<ul style="list-style-type: none"> <li>- Conducted training in conjunction with SLSI for 7 MSMEs in Trincomalee on how to achieve GMP and meet SLS standards</li> <li>- This brings the cumulative total of MSMEs assisted to <b>42</b> to date</li> </ul>	Continue to train and assist MSMEs based on needs and demand from the enterprises
2.2.8	Develop local entrepreneurs outside of already supported USAID/CORE projects to improve productivity, management capacity, etc.			
<b>Component/Goal 3: Improve the delivery of value chain services to ensure that groups located in target regions participate in selected value chains in a sustainable manner.</b>				
<b>Objective 3.1: Facilitate the delivery of and build capacity of providers of value chain finance to support development of targeted value chains</b>				
3.1.1	Facilitate financial services to Component 1 and 2 beneficiaries based on need.	At least 250 beneficiaries linked with financial services (September 30, 2011)	<ul style="list-style-type: none"> <li>- Linked <b>40</b> beneficiaries with Hatton National Bank for pre-financing agriculture inputs</li> <li>- Linked 5 entrepreneurs with a company to pre-finance purchase of lime for dehydration.</li> <li>- Linked <b>105</b> farmers to date.</li> </ul>	Working on linking balance 145 farmers of which 60 will be linked to the RDB in Kirigalwewa and 20 to Bank of Ceylon in Deegavapiya.
3.1.2	Implement capacity building program developed to introduce new financial sector instruments.	At least 2 PFIs introducing new financial instruments into target regions (September 30, 2011)	<p>Worked to introduce the following financial products through PFIs:</p> <ul style="list-style-type: none"> <li>- WRF with HNB</li> <li>- Flexible leasing terms with Merchant Bank and Capital Reach</li> <li>- Trade Bills of Exchange to</li> </ul>	Develop a model and implementation plan for the WRF program with participating stakeholders

No.	Component/Goal/Objective/Task	Output/Deliverable	Progress during Quarter X	Planned activities for Quarter XI
3.1.3	Increase access to finance through the introduction of new financial sector instruments.		<p>other agricultural products through Merchant Bank</p> <ul style="list-style-type: none"> <li>- Modified group loans with Pragathi Sewa and SEEDS</li> </ul> <p>Developed procedural manuals for flexible leasing, trade bills of exchange, group loans and factoring.</p>	
<b>Objective 3.2: Support the delivery and improvement of Business/Agricultural and Technical Services to support industry in targeted value chains and regions</b>				
3.2.1	Based on initial projects being implemented in Components 1 and 2, facilitate and continue the provision of extension services - provincial level extension officers, livestock officers, fisheries officers, agriculture Department officers, provincial agriculture director, Government Agent, Divisional secretariat, etc.	TOT program conducted for at least 10 private sector and 20 public sector extension officers. (September 30, 2011)	Obtained approval for a consultant to develop the material and conduct training for the ToT program	Develop the training material and commence t program.
3.2.2	Implement capacity building initiatives/program for private and public sector extension staff.			
3.2.3	Support outreach activities to increase access to value chain services such as road shows, etc.	At least 1 road show completed in the East (June 30, 2011)	<ul style="list-style-type: none"> <li>- Grant approved for Ag-Biz East 2011.</li> <li>- Commenced preparatory activities with NAC and planned the launch of Ag-Biz East 2011.</li> </ul>	Launch Ag-Biz East on April 4, 2011 in Colombo. Conduct second Ag-Biz East on May 27 and 28, 2011 in Ampara.

No.	Component/Goal/Objective/Task	Output/Deliverable	Progress during Quarter X	Planned activities for Quarter XI
3.2.4	Implement a capacity building program for other types of business and technical service providers.	At least 2 capacity building programs developed and delivered (August 31, 2011)	Worked with a service provider (Sri Lanka Business Development Center) to build capacity to train SME entrepreneurs in the tourism sector. This included developing training manuals and training for SMEs to establish their businesses and integrate into the tourism value chain.	Develop capacity of banks to introduce modified group loans.
<b>Objective 3.3: Use ICT support services to facilitate the delivery of value chain services to reduce costs and improve access</b>				
3.3.1	Increase farmer access to the real time pricing information system.	2 outreach activities conducted to create awareness. (September 30, 2011)	Pricing information linked to farmer friendly web interface 'Krushilanka' and outreach linked through cyber center initiative.	Conduct 2 outreach sessions to Siyambalanduwa and MahaAragama farmer society members through cyber centers.
3.3.2	Develop capacity building program for farmer organizations to access price and extension information.	At least 1 farmer organization becomes an extension information service provider (September 30, 2011)	<ul style="list-style-type: none"> <li>- Established the Siyambalanduwa farmer society owned and managed cyber center as an agriculture and livestock extension information service provider.</li> <li>- Signed MoUs with 4 farmer organizations to set up centers.</li> </ul>	Establish MahaAragama farmer society owned and managed cyber center.

No.	Component/Goal/Objective/Task	Output/Deliverable	Progress during Quarter X	Planned activities for Quarter XI
3.3.3	Evaluate the possibility of incorporating other sector information into the pricing information system such as fisheries.	Proposal for incorporating other sector information into the pricing information system (Tradenet) (March 31, 2011)	Held meeting with Dialog/Tradenet to explore the possibility of incorporating other sector information.	Commence development of concept with Dialog/Tradenet.
3.3.4	Develop feasibility report on the implementation of the e-registration system and identify potential government champion.	Feasibility Report (February 2011)	Identified potential government champion through the initiative of the cyber center	Draft feasibility report on possibility of implementing e-registration through the cyber centers for farmer organizations.
3.3.5	Continue information dissemination through ICT initiatives utilizing television, radio, CDs, etc.	2 outreach activities implemented (September 30, 2011)	<ul style="list-style-type: none"> <li>- Translated into Tamil and handed over to AVC for dissemination, CDs on three prioritized crops (chili, maize, and lime) and micro irrigation.</li> <li>- Initiated a dairy sector outreach program to focus on developing CDs on dairy management and web content for the DAPH site.</li> </ul>	Commence STTA for dairy sector outreach program in partnership with DAPH
3.3.6	Identify and implement IT related technological means to support improvements in USAID/CORE assisted value chains.	At least 1 IT activity implemented (September 30, 2011)	In partnership with the DoA and DAPH launched farmer-friendly web interface 'Krushilanka Gateway' ( <a href="http://krushilanka.lk">http://krushilanka.lk</a> ) to support horticulture and dairy value chains.	Identify information gaps on the Krushilanka web portal and assist DoA and DAPH in web content development to address information gaps.
<b>Objective 3.4: Facilitate the development of infrastructure to attract investment and support growth in the targeted regions</b>				
3.4.1	Identify small scale infrastructure needs of ongoing USAID/CORE projects and prioritize for possible interventions in the out years.	Report on prioritized infrastructure interventions by project (September 30, 2011)	No activity in Quarter X.	Report on prioritized infrastructure needs.

No.	Component/Goal/Objective/Task	Output/Deliverable	Progress during Quarter X	Planned activities for Quarter XI
<b>Objective 3.5: Support the delivery and improvement of logistics services to selected value chains.</b>				
3.5.1	Continue to identify and implement opportunities for improvements in logistics based on demand.	At least 1 initiative implemented (September 30, 2011)	<ul style="list-style-type: none"> <li>- Obtained government buy-in to introduce WHR to facilitate investment in storage infrastructure linked to a financial instrument.</li> <li>- Pursued a partnership with the World Bank to fund establishment of storage infrastructure.</li> </ul>	Continue to develop framework and a pilot for the introduction of WHR.
<b>Component/Goal 4: Implement a workforce development program that improves employability of target groups and enhances the technical know-how of value chain participants.</b>				
<b>Objective 4.1: Implement demand-driven workforce development programs that address the skills gaps in selected value chains and improves the employability of target groups</b>				
4.1.1	Identify the skills gaps and suitable interventions to satisfy skills development needs in the selected value chains.	Report on skills gaps (December 31, 2010)	Report was not pursued. Conducted the activity based on continuous evaluation of skills gaps/demand in the private sector.	Complete promotional campaigns, selection of candidates and commence proposed WFD training.
4.1.2	Develop demand-driven workforce development programs in partnerships with private and public stakeholders.	At least 300 people participating in workforce development program (September 30, 2011)	Finalized six WFD programs targeting 330 trainees and 55 candidates already commenced training.	Select balance number of trainees and commence implementation of six proposed WFD programs.
4.1.3	Implement internship/on-the-job training to facilitate gainful employment/income generation.	At least 200 people employed or receiving greater remuneration as a result of workforce development program (September 30, 2011)	No trainees were employed during the quarter. Finalized six WFD Programs and began training 55 candidates.	Facilitate employment for remaining trainees in collaboration with partner organizations.
4.1.4	Implement vocational/career success skills training programs to improve employability and facilitate gainful employment.			

No.	Component/Goal/Objective/Task	Output/Deliverable	Progress during Quarter X	Planned activities for Quarter XI
4.1.5	Implement capacity building program(s), as needed, for public and private sector training providers/vocational education institutions to better meet market demand.	Introduce/update at least 1 new curriculum based on market needs identified in assessment (September 30, 2011)	Developed an SME Tourism Training Manual titled "How to Start and Grow Your Tourism Business" and conducted a five-day workshops for 35 aspiring entrepreneurs with the objective of imparting them with the relevant skills and knowledge required to start a tourism business	Continue the second five-day workshop on SME Tourism and assist them to start up tourism related businesses.
<b>Objective 4.2: Build the capacity of value chain participants through targeted training programs</b>				
4.2.1	Implement training programs to address the technical training needs in USAID/CORE supported value chain projects.	3,000 beneficiaries trained (September 30, 2011)	Implemented the following: - 39 technical training programs for <b>1,362</b> beneficiaries	Provide technical training to at least 600 new beneficiaries
4.2.2	Based on demand, provide business basics training to USAID/CORE beneficiaries using the BBT program in order to change the mindset of USAID/CORE beneficiaries, which will help improve their income/profits.	1,500 beneficiaries trained on BBT (September 30, 2011)	Provided BBT to <b>56</b> Year 2 and 3 beneficiaries for a total of <b>166</b> to date.	Provide BBT to at least 300 beneficiaries.
4.2.3	Provide business/technical training for USAID/CORE beneficiaries with good entrepreneurial qualities and interest in starting a business.	75 beneficiaries trained on Business Management Training (September 30, 2011)	<b>35</b> prospective entrepreneurs interested in starting tourism related businesses were offered five-day training on "How to Start and Grow Your Tourism Business".	Provide a further five-day training on preparing a business plan for tourism related business.
4.2.4	Develop new training programs/tools on a need basis, and provide training to improve knowledge of beneficiaries.		Developed a hand book on "Sesame Cultivation" to enhance quality of training and refresh the knowledge of beneficiaries after the training.	Continue to develop new training programs/tools based on the needs of value chains.

No.	Component/Goal/Objective/Task	Output/Deliverable	Progress during Quarter X	Planned activities for Quarter XI
4.2.5	Identify and prioritize the training needs of other components, and facilitate training interventions to address identified needs.		<ul style="list-style-type: none"> <li>- Conducted a two day comprehensive training on b'onion cultivation for 29 b'onion lead farmers in Anuradhapura</li> <li>- Conducted a five-day comprehensive training on Dairy Management for 26 lead dairy farmers in Ampara and Batticaloa.</li> </ul>	Will introduce a mechanism for trained lead farmers to provide extension support to other beneficiaries Will provide training to other value chains as needed.
4.2.6	Support improvements in the UPP program to ensure sustainability.	Marketing plan and curricula update plan (November 30, 2010)	Completed the STTA to facilitate setting up of administration centers and develop a marketing plan for UPP programs.	Provide follow up support for UPP partners to implement the recommendations of the STTA.
<b>Component/Goal 5: Foster an enabling environment that facilitates economic growth in the target regions.</b>				
5.1.1	Continue to work on prioritized policy interventions and policy issues to make changes through workshops, identifying private/public sector champions, working with other private/public organizations, and providing for outreach on the identified issues.	At least 3 policy issues addressed (September 30, 2011)	Addressed <b>2</b> policy issues on tourism signage and pasture cultivation.	Continue to address identified policy issues.
5.1.2	Identify new policy issues as needed to support the implementation of ongoing projects.	Policy briefs developed (September 30, 2011)	Identified the policy issues on tourism signage.	Draft 2 policy briefs on new prioritized policy issues.
5.1.3	Prepare policy briefs for any identified issues.			
5.1.4	Provide capacity building (including possible study tours, workshops, etc.) to public sector at the central, provincial and local level to support improvements in the enabling environments.	At least 3 workshops conducted for public sector officials (May 31, 2011)	Conducted <b>1</b> workshop on National Tourism Roadside signage guidelines.	Conduct workshop on pasture cultivation, and continue discussions with EPC on reallocation of veterinary surgeons.

No.	Component/Goal/Objective/Task	Output/Deliverable	Progress during Quarter X	Planned activities for Quarter XI
<b>Goal 6: Support USAID/CORE components through Cross-Cutting Programming Issues</b>				
<b>Objective 6.1: Conduct Integrated Program activities with other USAID Funded Projects</b>				
6.1.1	Hold regular meetings and identify opportunities for joint program activities with SuRG, RISEN, and VEGA.	2 opportunities identified (September 30, 2010)	No activity in Quarter IX.	COP will hold coordination meetings with COPs of other relevant USAID projects.
<b>Objective 6.2: Provide financial support to USAID/CORE beneficiaries through a cost-shared grants program to further support overall project objectives and results.</b>				
6.2.1	Develop grant applications and identify potential grant opportunities in coordination with the other components and submit for approval.	All grant funding committed and implemented including procurement and disbursement plans (August 31, 2011)	<ul style="list-style-type: none"> <li>- Three small grants to the value of LKR 14,460,350 were signed and approved.</li> <li>- Total disbursements during the quarter was LKR 6,631,068, which included procurement of 58 cows to three dairy farmer organizations, supply of building materials for construction of cattle sheds, a generator for a nutritious snack manufacturing project, technical training for beneficiaries, and tools for lime farmers.</li> <li>- Developed procurement plans for the ongoing projects</li> </ul>	<ul style="list-style-type: none"> <li>- Will submit for approval 3 new small grant applications for Component 2 projects totaling LKR 17,500,000 and 4 Component 1 grants totaling LKR 48,100,000.</li> <li>- Will commence procurement and disburse grants to the value of LKR 55,000,000</li> </ul>
6.2.2	Once grants are approved provide training to grantees to properly implement the grant			
6.2.3	Develop and implement procurement plans for approved grants.			
6.2.4	Develop and implement disbursement plan for approved grants.			
6.2.5	Provide additional training when needed to support projects being developed and implemented.			
6.2.6	Implement and monitor all grant programs based on defined criteria in the grant contract.			
6.2.7	Periodic audit of grants programs and implementation of close-out procedures.	Audit report for each grant (August 31, 2011)	<ul style="list-style-type: none"> <li>- Internal audits of 12 grantees were completed and 9 are in progress.</li> <li>- One grant was terminated.</li> </ul>	Plan to complete 9 internal grant audits.

No.	Component/Goal/Objective/Task	Output/Deliverable	Progress during Quarter X	Planned activities for Quarter XI
<b>Objective 6.3: Support USAID/CORE Objectives through Outreach and Communication initiatives</b>				
6.3.1	Support other components with communications and outreach needs.	At least 2 outreach documents/activities per month	<ul style="list-style-type: none"> <li>- Submitted 6 press releases/success stories. One media release on the cyber center was published.</li> <li>- Submitted the quarterly newsletter covering activities in Quarter IX.</li> <li>- Redesigned and launched the USAID/CORE website.</li> </ul>	<ul style="list-style-type: none"> <li>- Finalize Newsletter for Quarter X.</li> <li>- Develop success stories.</li> <li>- Submit press releases for upcoming events.</li> <li>- Prepare for Ag-Biz East 2011 road show.</li> </ul>
6.3.2	Prepare communications and outreach material to disseminate project information to all stakeholders and the public (including selected material in Sinhala and Tamil).			
6.3.3	Develop material to increase visibility of USAID and USAID/CORE Project, especially among partners and beneficiaries (includes 2 success stories, newsletter, name boards, posters, banners, brochures, and website updates).			
6.3.4	Support USAID on requests from media organizations seeking further information on USAID/CORE activities (includes 22 press releases, blurb on activities for USAID Administrator, website updates and site visits).			
<b>Objective 6.4: Enhancing Competitiveness through the use of ICT to provide information, improved delivery mechanisms and reduce transaction costs</b>				
<b>See activities under Objective 3.3</b>				
<b>Objective 6.5: Implement an effective monitoring and evaluation system to review and report progress of USAID/CORE</b>				
6.5.1	Continually identify and implement methods to improve data quality and collection.		Successfully field tested procedures for data collection	Continue to improve procedures as necessary
6.5.2	Provide staff training on data collection procedures as needed.		No activity this quarter	Conduct field training for new extension officers

No.	Component/Goal/Objective/Task	Output/Deliverable	Progress during Quarter X	Planned activities for Quarter XI
6.5.3	Support updating of quarterly and annual reports with indicator data collected and verified.	Quarterly Reports and Annual Reports (Quarterly)	Quarterly Report for Quarter IX submitted to USAID on January 30, 2011.	Will submit Quarter X Quarterly Report on April 30, 2011.
6.5.4	Oversee the collection and entry into the database of baseline data and provide support to personnel in the field to correctly collect and enter data.		Postponed training in Trincomalee until Quarter XI because of disruptions due to the flood situation.	Provide on-site training to Trincomalee program staff.
6.5.5	Conduct baseline surveys on 30% of selected beneficiary sample.	Baseline completed for 30% of beneficiaries (June 30, 2011)	Baseline surveys collected from random sample of beneficiaries.	Undertake baseline surveys on any new beneficiaries.
6.5.6	Track progress of 10% of sample beneficiaries every quarter.	Quarterly data on sample beneficiaries	Collected Work in Progress cards and for the sample beneficiaries and entered data into the database.	Continued updating of database with information collected from sample of beneficiaries.
6.5.7	Conduct survey on the original Year 1 sample.	Follow up survey completed October 31, 2010	Undertook initial assessment of impact of project activities of Year 1 and 2 beneficiaries.	Will continue to track selected sample of beneficiaries. Design an impact assessment data collection and analysis program.
6.5.8	Conduct Internal Data Quality Assessments (DQA) to verify data and collection methods.	DQAs on all indicators completed (August 31, 2011)	Developed preliminary plans for DQA to begin in Quarter XI.	Will conduct initial DQAs on data collected for all indicators.
6.5.9	Support the maintenance of the M&E database system.		Further improvements to the reporting formats.	Improve database reporting capabilities to include impact assessment capabilities. Develop database to incorporate grant database.

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## Appendix C. Technical Training conducted in Quarter X

Project	Date	Location	No of Participants						Total
			Sinhalese		Tamil		Muslim		
			M	F	M	F	M	F	
<b>Alli Black gram</b>	6-Jan	Ethdathkalla	14	12					26
Anuradhapura	13-Jan	Veharahalmillewa	14	25					39
	17-Jan	Nelumkulama	18	16					34
	21-Jan	Randuwa	11	13					24
	24-Jan	Ulukkulama	15	31					46
	27-Jan	Right Bank-Pemaduwa	9	3					12
	28-Jan	Thibbatuwagama	20	13					33
<b>Sub Total</b>			<b>101</b>	<b>113</b>					<b>214</b>
<b>Adamjee Sesame</b>	24-Feb	Galkadawala	11	36					47
Anuradhapura	28-Feb	Galkadawala	15	12					27
	4-Mar	Galkadawala	14	14					28
	15-Mar	Paniyankadawala	8	15					23
	18-Mar	Galkadawala	5	7					12
<b>Sub Total</b>			<b>53</b>	<b>84</b>					<b>137</b>
<b>Cargills - Cereal Ampara</b>	4-Mar	Thepelpola	3	25					28
<b>Sub Total</b>			<b>3</b>	<b>25</b>					<b>28</b>
<b>NEEDS - Cashew</b>	29-Mar	Kaluthavala			25	19			44
Batticaloa	31-Mar	Thalankuda			24	41	2	2	69
<b>Sub Total</b>					<b>49</b>	<b>60</b>	<b>2</b>	<b>2</b>	<b>113</b>
<b>Lankem - Cereal</b>	22-Mar	Jayanthigama	25	24				-	49
Trincomalee		Janthipura	10	5					15
	23-Mar	Tissapura	9	25					34
		Srimangalapura	17	3					20
	24-Mar	Neelapola	49	21					70

Project	Date	Location	No of Participants						Total
			Sinhalese		Tamil		Muslim		
			M	F	M	F	M	F	
		Dehiwatha	15	4					19
	25-Mar	Serunuwara	33	9					42
	28-Mar	Singhapura	23	13					36
		Lassanagama	19	12					31
		Pallikudy Iruppu			29	54	1		84
		Poomarathadichchenai			28	9			37
	29-Mar	Kolangolla	11	7					18
		Jayanthiyaya	8	7					15
		Thampalahamam			26	5	2		33
		Pathinipuram			4	8			12
	30-Mar	Kavantheesapura	34	12					46
		Sripura	12	4					16
		Kaddaparichan - Batch -1			38	18			56
		Kadakarachenai- Batch-2			45	7			52
		Avvai Nager - Pankulam	2	5	6	22		1	36
	31-Mar	Yaya-10, Pathavisripura	15	3					18
		Yaya-12, Pathavisripura	3	14					17
		Ariyamman Kerni			41	14			55
		Mavadichchenai			51	8			59
<b>Sub Total</b>			<b>285</b>	<b>168</b>	<b>268</b>	<b>145</b>	<b>3</b>	<b>1</b>	<b>870</b>
<b>Total</b>			<b>442</b>	<b>390</b>	<b>317</b>	<b>205</b>	<b>5</b>	<b>3</b>	<b>1,362</b>

## Appendix D. Meeting the Targets

Indicator	Unit	Target Year 1	Actual Year 1	Target Year 2	Actual Year 2	Target Year 3	Actual Year 3
<b>Assistance Objective (AO): Economic Growth</b>							
		<b>2009</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2011</b>	<b>2011</b>
<b>Indicator 1: Gross Domestic Product-P/Gross Domestic Product Sri Lanka (Disaggregated by province)</b>	LKR bn	4,825	4,543	4,770	n/a*	5,009	n/a**
Eastern Province	LKR bn	295	281	295	n/a*	310	
North Central Province	LKR bn	244	232	244	n/a*	256	
Uva Province	LKR bn	231	220	231	n/a*	243	
<b>Indicator 2: New Commercial Loans from a representative commercial bank</b>	LKR m	858	2,163	2,271	n/a*	2,385	n/a**
Eastern Province	LKR m	492	1,723	1,809	n/a*	1,900	
North Central Province	LKR m	193	253	266	n/a*	279	
Uva Province	LKR m	173	187	196	n/a*	206	
<b>Intermediate Results (IR)</b>							
<b>CO 1 Livelihood Assistance to Vulnerable Population</b>							
<b>Number of people benefiting from USG assisted livelihood activities</b>	Number	1,000	1,090	15	15	1,500	0 <sup>#</sup>
Male		650	620	10	15	975	
Female		350	470	5	0	525	
<b>IR 4.1. Private Sector Investment in Former Conflict Areas</b>							
<b>4.6.2 Private Sector Productivity</b>							
<b>Indicator 1: Cumulative private sector investment in former conflict affected areas.</b>							
BOI	LKR m	2,026	No data	2,127	n/a*	2,234	n/a**
MOID	LKR m	1,680	4,977	5,226	n/a*	5,487	n/a**
USAID/CORE	USD	\$50,000	\$178,731	\$200,000	\$280,319	\$200,000	\$48,048
Eastern Province		\$20,000	\$134,048	\$120,000	\$33,327	\$150,000	\$48,048
North Central Province		\$10,000	\$17,873	\$40,000	\$1,237	\$25,000	0
Uva Province		\$20,000	\$26,810	\$40,000	\$245,755	\$25,000	0

Indicator	Unit	Target Year 1	Actual Year 1	Target Year 2	Actual Year 2	Target Year 3	Actual Year 3
<b>Indicator 2: Cumulative number of jobs created by USG assisted enterprises</b>	Number	No target	26	35	34	35	0
Male			16	23	25	23	
Female			10	12	9	12	
<b>IR 4.1.1 Private Sector Advocating Improved Business Enabling Environment</b>							
<b>4.6.1 Business Enabling Environment</b>							
<b>Indicator 1: Number of institutions/organizations assessments presented for consultation as a result of USG assistance</b>	Number	25	27	50	87	35	18
<b>IR 4.2 Private Sector Productivity Enhanced in Former Conflict Areas</b>							
<b>4.5.2. Agricultural Sector Capacity</b>							
<b>Indicator 1: Number of firms receiving USG assistance to improve management practices</b>	Number	7	10	50	54	35	64
All firms (excluding micro firms)		7	10	20	20	15	0
Micro firms		No target	No target	30	34	20	0
<b>Indicator 2: Number of micro enterprises participating in USG assisted value chains*</b>	Number	4,500	4,769	4,500	4,536	3,000	1,960
Male		2,925	2,817	2,925	2,919	1,950	1,078
Female		1,575	1,952	1,575	1,617	1,050	882
<b>IR 4.2.1 Workforce Trained to Meet Market Demand</b>							
<b>IR 4.6.3. Workforce Development</b>							
<b>Indicator 1: Number of people gaining employment or more remunerative employment as a result of USG funded workforce development programs</b>	Number	No target	No target	250	83	367	20
Male				163	82	239	
Female				87	1	128	
<b>Indicator 2: Number of persons participating in USG funded workforce development programs**</b>	Number	4,500	4,964	500	466	300	75
Male		2,925	2,879	325	361	195	
Female		1,575	2,085	175	105	105	

\* These numbers will be available only after the Central Bank of Sri Lanka Annual Report 2010 is released

\*\* Data will be available only when the Central Bank of Sri Lanka Annual Report 2011 is released

# Component 1 grants will commence in Q XI, the amendment to the grants manual for this type of grants was approved in January and preliminary was conducted in February and March

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