

Sida Country Report 2003

Sri Lanka



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1. Summary

In many respects, Sri Lanka performs remarkably well despite decades of armed conflict, public sector ineffectiveness and widespread corruption. Economic growth in 2003 was 5.5%. Stock markets thrived, and tourism arrivals peaked. Sri Lankans are the healthiest in South Asia, and an extensive education system has resulted in high primary enrolment and literacy rates.

Still, poverty is widespread, and considerable geographical discrepancies are recorded. While the rural areas, in particular in the North-East and the deep South, have the highest proportions of household poverty, the poorest of the poor are found in urban areas.

The peace process is at a standstill. LTTE withdraw from negotiations in April 2003, but presented in October its first ever proposal for an Interim Self-Governing Authority. The proposal still awaits a Government response. Meanwhile, the Government is fractured by an internal power struggle between the President and the Prime Minister, resulting in a dissolved parliament and national elections in early 2004. There are also recent signs that LTTE itself may be cracking along an internal North-East dimension. Sustainable peace is most likely far away in the future.

In April 2003, the Governments of Sri Lanka and Sweden signed an agreement on development co-operation for the period 2003–2005. The current country strategy focuses on three main areas: peace, democracy and human rights; pro-poor economic development and growth; and higher education and research. Each of these areas account for about one third of the annual amounts under the co-operation agreement (SEK 90 million). The total country allocation in 2003 was SEK 135 million. Only half of that amount was disbursed, mainly due to problems within a handful of interventions.

A conflict prevention perspective continues to be a cornerstone of Swedish support. The do no harm approach is considered in the preparation of projects and programmes in order to manage situations of tension and create an environment of viable peace. In this respect, it is crucial to strive for increased geographical balance so as to avoid new and distinct kinds of conflicts.

2. Strategic Development Trends

2.1 Poverty Reduction: Overall Trends and Perspectives

Poverty situation

According to the Government's own definition of poverty, 24% of the country's households were poor in 2002, down from 27% in 1995 and 30% in 1990. Behind these figures, complex urban-rural, regional and other discrepancies are found. While the urban areas of Sri Lanka have more than halved their shares of household poverty since 1990, the rural areas lag behind and have only marginally reduced their poverty rates. Still, the poorest of all poor households in the country tend to live in the urban areas, such as metropolitan Colombo.

The imbalances between provinces and districts are even more pronounced. For example, the proportion of poor households in the Western province is just a third of that in the Uva and Sabaragamuwa provinces. On district level, household poverty ranges from 6% in Colombo to 38% in Hambantota in the South. In almost half of Sri Lanka's districts poverty has intensified since 1995, and in Hambantota and Ratnapura it has increased since 1990. Kurunegala district has the highest absolute number of poor households in the country. These data are based on income and expenditure surveys that do not include the Northern and Eastern provinces, areas that reportedly are among the poorest in Sri Lanka. For example, average income in the North-East is around 60% compared to the rest of the country.

In 2002, the average Sri Lankan household in the lowest income decile earned less than one USD a day at the current Rupee rate, while a third of the households had an average daily income of around two USD. These figures should not be related to the millennium development goal to halve the proportion of individual people whose daily income is less than one USD at purchasing power parity. According to the latest available figures, an estimated 6.6% of Sri Lankans were living under this extreme poverty line in 1995.

Social developments

Sri Lanka's long-term policy of free education resulted in high primary enrolment and literacy rates in the late 1990s, although high drop out rates in secondary education undermine the potential of these achievements. Access to university education is restricted to only a few percent

of eligible students. Also, the university system is generally not producing the skills and knowledge demanded by Sri Lankan business. A tertiary education reform package is since several years underway to come to terms with these problems.

While the economic and social status of Sri Lankan women is the best in South Asia, their employment opportunities are mainly in low-paying, semi-skilled and labour-intensive jobs. Women tend to dominate the work force in the garment and tea export industries. They also represent a key source of remittance from abroad. An estimated 600,000 women work in the Middle East, which creates vital income but also social vulnerability and insecurity with far-reaching repercussions in Sri Lankan society. While 75% of remittance from abroad is earned by women, there is no real matching in terms of political power: the political system is overwhelmingly dominated by men.

Sri Lanka is the healthiest country in South Asia, and most people have free access to an extensive network of health care facilities. Still, over the past years, the health care system has deteriorated, along with current health status of the country. Malnutrition among children and pregnant women has been identified, and there is a resurgence of communicable diseases such as malaria, dengue and TB, as well as increasing, but still relatively low, rates of HIV prevalence and AIDS infection.

Sri Lanka's strategy for development and poverty reduction

The main policy document of the Government is *Regaining Sri Lanka*, which outlines the development strategy for 2003 and beyond. Its main thrust is economic growth through the removal of barriers to increased productivity. The strategy entails three key elements: accelerated privatisation, reform of the legal and regulatory foundations of the economy, and increased efficiency of critical government functions. Important goals are to create some two million private sector jobs, and to reduce the Government's debt burden. In short, the strategy is one of stimulating private sector growth with expected long-term trickle down effects.

The strategy's indirect poverty reduction approach has attracted criticism from the donor community in recent years, resulting in an effort by the Government to introduce a pro-poor growth dimension to the overall development strategy, and reflected in an annexed addendum to *Regaining Sri Lanka*. While the document makes reference to the empowerment of the poor, and opportunities for the poor to participate in economic growth, this does not seem to be systematically translated into government action, nor are there many obvious changes to this end in the national budget for 2004. Instead, it would appear that the annexed poverty reduction strategy – rather than giving *Regaining Sri Lanka* a pro-poor orientation – provides a stand alone strategy foundation for donor-financed activities.

Samurdhi is the main social welfare programme in Sri Lanka. The programme transfers large amounts of money for the purpose of assisting poor households. An estimated third of all households in Sri Lanka benefit from the programme, but less than half of those who benefit are actually poor as defined by the Government. In fact, households in all income deciles receive Samurdhi assistance, and in all but the lowest two deciles (up to 4,660 Rupees a month) non-poor households

are dominant beneficiaries. The targeting problems of the Samurdhi programme are currently looked into by the Government.

Corruption is widespread, and clearly one fundamental reason Sri Lanka performs below its potential. Since the court system itself is considered corrupt, hard facts about dishonest practices are hard to come by. According to Transparency International, the police force is perceived to be the most corrupt institution in the country. 2003 saw a number of corrupt and indeed remarkable practices being alleged by the media, involving Ministers and their sons, and the Sri Lanka Cricket Governing Board. The UN convention against corruption is expected to be signed in 2004, which may also help reactivate the toothless Bribery Commission.

2.2 Macro-economic Development

Economically, Sri Lanka performed well in 2003. The country achieved a growth rate of 5.5%, mainly due to the peace process, prudent fiscal policies and the recovery of the world economy. The stock market peaked in October 2003, and the tourism industry thrived with arrivals surpassing 0.5 million. The Rupee appreciated against major trading currencies. The inflation showed a downward trend, reaching 6.3% by the end of the year, and the unemployment rate declined to 8% at the end of the second quarter. Meanwhile, the Government was able to increase its foreign reserves to 5.2 months of imports.

On the fiscal front the fiscal responsibility act was enacted with the main objectives of reducing budget deficits and public debt. Total Government debt is around 100% of GDP (USD 16 billion). The external debt and debt service ratio is 45% and 9.2% of GDP respectively. The relatively large domestic debt of Sri Lanka crowded out private sector borrowing and increased borrowing costs (15–22%). With the Rupee floating since 2001, interest rates are now Sri Lanka's main monetary policy instrument. The curtailment of inflation and the relative market stability enabled the Central Bank to reduce the base interest rates numerous times. The Government's repayment of state institution overdrafts increased the liquidity in the financial markets, thereby enabling the reduction of market interest rates to around 9%.

Sri Lanka looks forward to an economic growth rate of over 6% in 2004, and the fiscal policies are expected to reduce the budget deficit to 5% and the total government liability to 85% of GDP in 2006. However, the political turmoil in mid-November 2003 impacted negatively on the forecasts for economic growth, exchange rate stability, tourism industry, foreign direct investment, stock markets, etc.

An issue confronting Sri Lanka in the near future is the over dependence on the garment industry, which accounts for almost 55% of exports. With the termination of the multi-fibre agreement in 2004, Sri Lanka will find it difficult to compete against low cost producers. In other words, Sri Lanka has to diversify its export products and markets at the earliest to be able to enhance and sustain its export earnings.

2.3 Political Development

Following the elections in December 2001, the new government initiated discussions with the Liberation Tigers of Tamil Eelam (LTTE) with a view to re-launching the peace process. At the request of both sides, Norway agreed to act as facilitator for this new set of talks. This rapidly led to the negotiation of a cease-fire agreement, signed in February 2002. The cease-fire provided for a rapid military de-escalation, and the creation of the Sri Lanka Monitoring Mission which oversees the implementation of the cease-fire agreement. The role of Norway in the peace process so far has been critical. In February 2004, the two-year old agreement, representing the longest cease-fire period since the armed conflict began in 1983, was celebrated.

The peace process has been faster than expected by the Government and the LTTE. The first round of talks started in September 2002. At a meeting in Oslo in November 2002, both parties agreed to consider a solution based on a federal structure within a united Sri Lanka.

Some groups in the South remain opposed to the idea of a federal system, viewing it as the first step towards Tamil independence. For example, the JVP party is against the current fundaments of peace, seen as the beginning to the end of Sri Lanka's unity. Sections of the Buddhist clergy take similar views. However, the details of a final settlement, and the degree of autonomy that it may entail for the Tamils in the North-East, have yet to be discussed. Also, any final settlement requires the approval of the Muslim minority concentrated in Eastern Sri Lanka. If the Government and LTTE are unable to make the peace process more inclusive of divergent points of view in society, it will threaten the final political settlement for constitutional change that requires a 2/3 majority vote in parliament as well as a referendum.

In 2003, the UNF government faced increased opposition owing to rising costs of living and a proposed set of labour reforms. This has helped undermine public support for the peace process as such.

The LTTE suspended its participation in the peace talks in April 2003. A Government proposal for a joint administrative council was rejected in July. In October, the LTTE provided its first proposal (ever) for an Interim Self-Governing Authority, as part of negotiations with the Government. The LTTE proposal, which for example claims two-thirds of the Sri Lanka coastline, still awaits a Government response.

Difficulties of co-habitation between President Kumaratunga and Prime Minister Wickremesinghe reached a new peak in November, when the President took over the three key ministries of defence, interior and mass-communication. In December, a joint committee was set up to overcome the most important obstacles to continued co-habitation. The committee was still discussing solutions to these problems when the President dissolved Parliament and called for national elections to be held in early April 2004.

It is difficult to foresee the results of the elections and the more long-term consequences for the peace process. Should the newly formed alliance between SLFP and JVP (United Peoples Freedom Alliance) win, such a coalition government is likely to find it hard to agree on a strategy vis-à-vis the LTTE. SLFP has a similar position as the previous UNF

government, favouring a federal solution in line with the Oslo declaration, while JVP accepts only moderate decentralisation.

The war has been low-key for the past two years thanks to the cease-fire agreement. But it has also caused more than 20 years of immense hardship and destruction. By the end of 2003, some 350.000 internally displaced persons (out of a total of 800.000) had returned home, were relocated elsewhere or were in transit. The war has been detrimental to the democratic culture and adherence to human rights. The potential for new and partly distinct conflicts of a violent nature is considerable.

Sri Lanka is a constitutional democracy with all the institutions that follows. However, the institutional set-up needs improvement when it comes to practice. For example, the election process in Sri Lanka has often been violent and unfair, and the court system is slow and open to political pressure and abuse.

Class and caste tensions are also prevalent. The political system has not yet been able to accommodate the aspirations of the fairly well educated young people coming from a less privileged background. This has resulted in two major uprisings in the recent past.

The Government, civil society organisations and the donor community are assessing the needs of reconstruction, hoping for a resumption of peace talks. Remaining internally displaced people need to be resettled, large chunks of the armed forces must be demobilised, and physical infrastructure has to be rehabilitated. Also, reconciliation among ethnic communities and the psycho-social needs of the people must be further prioritised.

Human rights violations in LTTE controlled areas, and cease-fire violations mainly on the part of the LTTE, remain a major concern. Child recruitment and abduction for ransom have continued throughout the North-East, in spite of declarations of the opposite by the LTTE. Clashes between the sea-tigers and the Sri Lankan Navy were grave incidents and violations of the cease-fire agreement in 2003. In March, the Navy sank a LTTE cargo vessel after an exchange of fire.

In conclusion, the success of the peace process is far from assured. A number of factors can easily jeopardise the fragile process, in particular new violations of the cease-fire agreement, certain outcomes of the elections, and economic instability.

2.4 Development Co-operation and Partnerships

A number of co-ordination efforts by the donor community can be recorded for 2003. A fund set up by DFID and GTZ for the facilitation of local initiatives for conflict transformation has been operational since two years. The fund also co-ordinates donor support to media institutions for democratic development and peace process facilitation. The Netherlands has initiated a Peace and Development Programme Fund, regionally managed by the Consortium for Humanitarian Agencies, for the purpose of facilitating the peace process in thirteen districts in the North-East, as well as in some bordering districts.

Generally, donor co-ordination was not high on the Government's agenda in 2003, although there were efforts to co-ordinate donor support through the establishment of a Development Assistance Co-ordination Committee (DACCC). Sweden, together with other donors, tried to ensure

that the Government assumes ownership of development strategies and priorities. The donor community has emphasised that the purpose of establishing such the DACC must be more clearly defined. In light of the current political situation, DACC is today far from operational. The meetings that took place monthly during the autumn were not encouraging as they did not provide for donor co-ordination but rather for information sharing.

The donor community favours closer co-ordination in principle, but so far a systematic and practical approach is lacking. The absence of concrete initiatives can to some extent be explained by the fact that a large part of Sri Lanka's development assistance is provided by donors that tend to be less interested in harmonisation and co-ordination such as Japan and the ADB.

The discussions leading to the Tokyo Donor Conference in June 2003 made both bilateral and multilateral partners come closer for a co-ordinated approach to the rehabilitation and reconstruction of the Northern and Eastern Provinces, in particular with regard the North-East Reconstruction Fund (NERF). NERF is a planned common Government and LTTE structure to facilitate development efforts in the North-East and surrounding districts under World Bank supervision.

Sweden has taken an initiative of joint financing of the newly established Press Institute together with Norway. A joint follow up of support to civil society organisations funded by both Norway and Sweden is also underway.

3. Swedish Development Co-operation

3.1 Strategic Assessment and Considerations

The 2003–2007 country strategy for Sri Lanka was adopted in December 2002. In April 2003, the Governments of Sri Lanka and Sweden signed an agreement on development co-operation for the period 2003–2005. The present country strategy, which builds on the foundations of the previous one, has a dual focus to promote peace, democracy and human rights on the one hand and pro-poor economic development and growth on the other. The co-operation within the areas of peace, democracy and human rights has a strong focus on women, children and youth.

In October 2003 a new research co-operation agreement was signed between Sweden and Sri Lanka. The agreement on general terms and conditions for development co-operation which was due to expire in December 2003 has been extended to the end of May 2004.

Relevance of the country strategy in light of country developments

The country strategy has high relevance in light of the ongoing developments of Sri Lanka. The country analysis underpinning the strategy and the development problems identified are still valid. There is a great need for economic and administrative reforms in the focal areas of the country strategy, for example the financial sector, the labour market, the transport sector and education and research sectors.

The same holds true with respect to reforms in areas of democratic governance, the judicial system, civil policing and the media.

Civil war, violations of human rights and poverty are tightly connected. The cease-fire agreement is slowly carrying people's life back to normalcy in the war-torn areas. Human rights violations, although an issue of great concern especially in the North-East, has decreased with the cessation of hostilities. Although firearms and guns are silent, the situation of no war-no peace is fragile. There is an urgent need for rehabilitation and reconstruction of basic infrastructure and social services, in particular in the Northern and Eastern Provinces.

Strategic adjustments, alternatives and choices ahead

The co-habitation crises between President Kumaratunga and Prime Minister Wickremesinghe, coupled with the stalemate in the peace process are matters of great concern as regard the possibility of a politi-

cal solution to the conflict, at least in the short term perspective. For the time being, however, the present general orientation of development co-operation with Sri Lanka should be retained as a main alternative. If the political situation in the country further deteriorates and armed conflict resumes, there may be reason to reconsider the scope and orientation of Swedish development assistance.

Dialogue issues

Key issues for Swedish dialogue with Sri Lankan counterparts (including the LTTE) on different levels have been the following during 2003:

- 1) The peace process: Sweden has on numerous occasions, alone and together with the other EU countries, confirmed its continued commitment to a negotiated and peaceful settlement of the conflict. Sweden has also urged the two parties to continue dialogue even when the resolution of difficult issues appears impossible.
- 2) Democracy and human rights: The importance of respect for democracy, human rights (including the rights of women, children and minorities) and the rule of law has been conveyed both to government and the LTTE. The issue of child recruitment – the condemnation of child recruitment as well as an appeal for the release of recruited children – has been taken up with the LTTE on a number of occasions.
- 3) Good governance, including effective co-ordination and implementation of donor support: The importance of autonomy of supervisory authorities, such as the Central Bank and the Police, and separate responsibilities and roles in the administration, such as between the Board and day-to-day work, have been discussed with several agencies. Sweden has also stressed the importance of donor co-ordination on the part of the government and the need for effective implementation through governmental channels on the ground.
- 4) HIV/AIDS: The importance of implementing measures to prevent a large-scale spread of HIV/AIDS has been discussed with the central government as well as with agencies with responsibilities in the field. The HIV/AIDS issue has been mainstreamed as an integral part of the present country programme.

3.2 Overall Country Programming Review

The country programme closely reflects the country strategy as well as the present country reality. The focus of the co-operation is in line with priorities set by the government as embodied in *Regaining Sri Lanka*.

The support for peace, democracy and human rights is important in view of the ongoing peace process as well as of Government efforts to strengthen democratic institutions. The co-operation under the focal area of pro-poor economic development and growth is in line with Sri Lanka development strategy, especially for the financial and transport sectors and SMEs in poor regions.

Research co-operation is another important area where assistance is provided to improve university research capacity which can play an enhanced role in tandem with reforms envisaged for tertiary education.

A conflict prevention perspective continues to be a cornerstone in the development co-operation programme. That means that the prevention

of conflict – the do no harm approach – is considered in the preparation of all projects and programmes in order to manage situations of tension and create an environment of viable peace. In this respect, it is crucial to strive for increased geographical balance so as to avoid new tensions and conflicts. All groups of society should feel that they benefit from peace. The benefits of Swedish support must reach all parts of the country. Development projects and programmes in the Southern parts of Sri Lanka are expanded to cover also the North-East, as in the case of support to the Chambers of Commerce and Industry in Sri Lanka. More substantial long term programmes in the North-East should, however, await a situation of sustainable peace. Another important aspect of Swedish support is the strengthening of institutions that promote gender equality and the respect and promotion of human rights.

The three main areas of support each account for roughly one third of the annual amounts under the development co-operation agreement (SEK 90 million). Support is also provided for other areas, using resources other than those provided under the mentioned agreement, such as the provision of humanitarian support, concessionary credits, soft loans and the support of civil society organisations. In 2003, the total country allocation was SEK 135 million.

Total disbursements in 2003 under the development co-operation agreement was SEK 48,6 million, and within the country allocation SEK 62 million. The main reason only half of the allocated funds were disbursed is related to problems within a handful of interventions, namely the research co-operation programme (delayed due to an extensive audit), the programme on education for intercultural democracy (postponed by a government decision), the North-East Reconstruction Fund (postponed due to decisions by the LTTE), and the Flood Rehabilitation (delayed due to a more extensive consultation process than anticipated). In total, the planned support to these interventions amounted to some SEK 50 million for 2003.

3.3 Follow-up of Country Programme Performance

Promotion of Pro-poor Economic Development

The promotion of pro-poor economic development includes support to private sector development, strengthening of the financial sector, infrastructure and ICT development. Total disbursements for 2003 were SEK 15 million.

The support to private sector development includes two main programmes. The capacity building programme of the *Federation of Chambers of Commerce and Industry*, in co-operation with Southern Sweden Chamber of Commerce, was extended in the beginning of 2003 to include five chambers in the North-East.

A mid-term review of the ILO implemented *Start and Improve Your Business Programme*, was done in September 2003. The conclusion was that the programme corresponds well to the needs, policies and priorities of Sri Lanka, that it has been successful in contributing to business start-ups and the development of existing enterprises, and that the implementation is well on track. The major challenge is, according to the review, the sustainability of the programme at national level when external assistance is withdrawn (the agreement ends in mid-2005).

An expansion of the co-operation with ILO is under preparation. Support to the employment sourcing and delivery system, *Jobsnet*, established by Ceylon Chamber of Commerce and the Ministry of Employment and Labour is being assessed. In addition, discussions have been initiated for co-operation in the area of regional enterprise development.

The involvement in the financial sector is at present limited to the co-operation with the *Central Bank* (CBSL). Sida co-financed the training component of the World Bank-led project for restructuring CBSL. The restructuring reduced CBSL staffing by almost half and introduced a real-time gross settlement and transfer system, a scripless securities settlement system, and an automated general ledger system. Sri Lanka is the first country to introduce such automated systems in South Asia, and therefore in a better position to progress towards its desired position as a financial hub in the region. The staff exchange programme, in co-operation with the Swedish Riksbank, built capacity by exposing staff to international best practices. At the request of CBSL, *Bank Supervision* has been included in the co-operation and experts from the Swedish Financial Supervision Authority made a first visit in November.

The Ministry of Finance has submitted a request for support to set up a *Debt Management Office* in Sri Lanka. In October, the director general and the chief economist of the Swedish National Debt Office (SNDO) made a feasibility assessment for this purpose. The conclusion was that while there is interest in co-operation, the Office needs to be staffed before co-operation can be productive. The SNDO is however available for consultations during the start up of the Office.

Discussions have been initiated with GTZ to co-operate in the area of *microfinance*. GTZ has an ongoing programme in the sector and plan to expand and broaden its engagement from 2005 onwards. A joint fact finding mission took place in early 2004.

Transport is the focus area for infrastructure developments. The country strategy proposed greater involvement in the *road sector*. In 2003 support was provided for the road safety project, with co-finance from the Nordic Development Fund. The project has a specific road safety component for the Southern Highway (funded by the Asian Development Bank and the Japanese Bank for International Co-operation), raising awareness among road users and enhancing capacity for traffic enforcement. Since the support of various donors was not co-ordinated, and since there were changes in the ground situation related to road safety, modification of the project became necessary in 2003. A review was done with the participation of all relevant donors, and a re-aligned programme will be implemented in 2004. Maintenance of roads in Sri Lanka has been relatively poor, necessitating routine rehabilitation of roads. In 2003, Sida provided strategic inputs for the establishment of a road fund, which would enable systematic and effective maintenance.

Concerning *credit related programmes*, negotiations in 2003 on projects have enabled implementation in 2004. The credit to rural electrification will help government provide grid connected power to the entire country. The credit for improved plantation schools will enhance educational attainment in the one of the most neglected parts in the country. The conditional credit to Suntel, a wireless local loop fixed telephone service provider, will help expand the company's services in the North-

East. In addition, the feasibility studies and environmental impact study on wastewater treatment facilities at two industrial-residential locations North and South of Colombo were carried during 2003 and will be completed in 2004.

ICT development is a relatively new area for Sida, except for initiatives within the research co-operation. The country strategy says that ICT support could be integrated with other undertakings, or carried as stand alone interventions, as long as they benefit the overall objectives of the strategy. Jobsnet is a good example of integration.

Support has been given to the development of a Government IT strategy. The project has experienced implementation problems and CINTEC, the Sri Lankan counterpart agency, was closed down during the second half of 2003. The support was finalised in December.

As regard separate ICT initiatives, the Embassy and Sida's ICT secretariat have agreed to focus on two programmes. The ICT secretariat has provided a planning grant for the preparation of a programme for e-learning at the Colombo School of Computing. The IT University of Sweden has been selected as co-operating partner, and during 2003 the two universities have elaborated a joint proposal. Second, co-operation with Sri Lanka's ICT Agency is being prepared.

Peace, Democracy and Human Rights

The most important areas of support for peace, democracy and human rights are the media, children and youth, access to justice and conflict reconciliation.

In the areas of *media and journalism*, Sida funded in 2002–2003 five training courses for journalists and editors from print and other media, carried out in collaboration between Sri Lanka Foundation Institute (SLFI) and Swedish Institute for Further Education of Journalists (FOJO). From 2004, Sweden and Norway support the newly set-up the Sri Lanka Press Institute, the Press Complaints Commission and the Sri Lanka College of Journalism. The support is for a three-year programme to develop national capacity for media training, and to establish an ombudsman system for improving the ethical and professional standards of Sri Lankan journalism. FOJO has been contracted to assist its partners with organisational development as well as direct collaboration in the training of mid-career journalists and editors. FOJO has provided a long-term advisor who will be supplemented with Swedish and Norwegian short-term consultants to help implement the programme.

The rights of the child and youth is an area supported by Sida in several ways. The National Child Protection Authority (NCPA) has received Sida support since its inception in 1998. A project on the protection of children against abuse, involving the NCPA and several other key agencies started in early 2002, facilitated by UNICEF. It has allowed NCPA to increase its activities and visibility, and thereby raised awareness on important protection issues.

Sida has also given substantial support to UNICEF's programme for *Children Affected by Armed Conflict*. The reorganisation of UNICEF to adopt a geographically balanced "one-country approach" has been carried out successfully during 2003. The field offices get, as a result, more substantial sector-wise support from the Colombo HQ. Lessons learned are

more quickly integrated in UNICEF activities island-wide. Inspired by this, Sida has started an assessment of a three-year core budget support to UNICEF's Sri Lanka programme.

Support to the Sri Lanka Foundation Institute (SLFI) to train and promote youth in democratic leadership – the *Democratic Youth Leadership Programme* launched in March 2002 – makes interesting progress. The programme is implemented in co-operation with the National Council of Swedish Youth Organisations (LSU). Targeted youth organisations have used the training as platforms for continued networking with relevant actors and promoting youth involvement in their respective environments. Dialogue between youth politicians in an exchange programme with Swedish youth wings of political parties has been stimulated. Still, internal problems at SLFI have created problems for project staff and LSU's advisor. Close follow-up by the Embassy is needed in 2004 to check whether improvements are made.

Sida also supports the setting up of an *Early Childhood Development Centre* at Eastern University, in co-operation with Save the Children. Most children in the East have been affected by the war, and this is so far the only project with direct Sida support in that area. According to a mid-term evaluation, there has been consistent and well-planned implementation of several activities. The ECCD Centre has been established within the University, but not yet in its own premises. Training for 30 trainers were completed and a trainer's handbook, curriculum materials and a monitoring tool have been developed. The diploma course commenced in October with the first batch of 24 participants. Admission tests and interviews have been held for the certificate course which began in February 2004. The Parent School Programme in Thalankudah is almost over, while the Parental Awareness Programme and the Library Development Project are still underway.

The Sida co-operation with *The National Institute of Education* (NIE) to promote democratic and pluralist values through primary and secondary education is still put on hold. Sida anticipates programme support for a three year period since it is seen as an important contribution to Sri Lanka's reconciliation efforts with a focus on children and youth. However, the Government's Economic Policy Committee has not yet approved it on the grounds that certain political elements could be provoked by the ideas of pluralism being promoted at a difficult and sensitive stage in the peace process.

In the area of access to justice, Sida is supporting *The Sri Lankan Human Rights Commission* (HRC). The project has two components: making a review of national legislation corresponding to international human rights obligations, and training of HRC field personnel for investigating human rights violations. UNDP facilitates the project. It was amended in late 2003 to include efforts at eliminating the severe back-log of cases and the provision of international advice for the HRC's own human resource development. A new Commission took office in May, immediately starting to address organisational problems raised in an UNDP-commissioned study. The result was a three-year strategic plan presented to donors in October 2003. Capacity building in terms of improved management systems, training and increase of regular staff is an important part of the plan. In addition, the UNDP has developed a wider

Equal Access to Justice Programme for 2004–2006. The Embassy pursues dialogue with HRC and UNDP to assess the possibility of a Swedish contribution to both these programmes, channelled through UNDP.

In the area of access to justice, Sida is also exploring possible support to the Sri Lankan Police through a twinning arrangement with the Swedish National Police Board for capacity-building and modernisation of civil policing.

Civil Society Support

Civil society organisations in Sri Lanka have a history of over fifty years, the oldest being the rural women's organisation or the Mahila Samithi. The indigenous movement, Sarvodaya, is the largest nation-wide organisation, with sections of the movement involved in peace, human rights, women's issues, children and youth, and economic development with a progressive banking network. Most of the organisations are rather small. Some of them are very professional, others less so. Some CSOs are fairly well developed in the areas of human rights, democracy and peace.

In Colombo there are organisations operating in English, with a high level of sophistication, but also dependent on external funding.

Currently, many groups support the peace efforts by the Government and the LTTE, mostly without donor funding. The business community has a campaign called Sri Lanka First, and media is doing pro-peace reporting, especially electronic media, to mention a few of these initiatives. There are, however, some groups that openly organise against the current peace process.

Sida's support to CSOs was restructured in 2003 based on the strategy reflected in *Embassy of Sweden's Guidelines for support to Civil Society Organisations*. This process involved discussions within the Embassy as well as with like-minded donors. 2003 saw the implementation of the main features of the guidelines, such as long term core support with a strong emphasis on organisational development and democratic decision making. The number of CSOs supported was also brought down to 16 from 24. Deciding on which organisations to phase out was difficult as many supported CSOs have had project funding for a number of years. However, the CSOs that dealt with influencing policy formulation and had a greater geographical reach were retained for multi-year core funding. Sida continues to hold observer status in the Consortium of Humanitarian Agencies (CHA).

The first half of 2003 was spent in sensitising partners in the method of core funding, as many of the organisations were rather project oriented in their thinking. Some CSOs expressed the need for capacity studies and organisational audits in 2004 and 2005, which will be followed up in the years to come.

During 2003, the following organisations and areas were supported:

- 1) *Peace-building*: support to the National Peace Council (NPC) and Initiative for Political and Conflict Transformation reaches a number of public officials and CSOs in the North-East, with a negotiated political dialogue and peace agenda. The internal review of NPC, commissioned by NORAD, will be closely followed up in 2004. Prasanni was phased out in 2003. The Association of Disabled Ex-Service Personnel (ADEP) which was initially supported because of

their key peace mandate will get continued assistance with a focus on making organisational, strategic and financial plans together with CIDA and Save the Children Sri Lanka. Several initiatives in the area of peace-building and reconciliation have been presented recently. The Embassy is considering the options for Swedish support to peace-building and reconciliation, striving for projects with a true grass roots approach.

- 2) *Humanitarian work:* Survivors Associated is phased out because of the organisation's lack of strategic thinking and its donor driven character. However, the Embassy will continue to monitor the work by keeping in touch with Helvitas, partly in order to consider future funding.
- 3) *Democratic culture:* The Women in Need (WIN) advocates for policy reform from a gender equality perspective, and identifies patterns of abuse to women. WIN is currently formulating an organisational strategy and a long-term financial sustainability plan. Nivahana Society's counselling project is being integrated into the activities of the municipality, and will be phased out in 2004. The Voice of Women, Diriya Foundation and Kundasale Community Development Foundation were phased out in 2003. The support to the Centre for Policy Alternatives took the form of core funding, and will be monitored in the light of their institutional self-assessment and strategic and financial sustainability plans. The Institute of Human Rights and the Centre for the Study of Human Rights run diploma courses on human rights for key stakeholders in the country. The latter organisation is in the process of making a strategic plan and financial review. The Sarvodaya Legal Services Movement plays a key role in 100 villages in 22 districts, facilitating workshops on the "spirit, letter and practice of the law". The Law and Society Trust which has received core support since 2003 is in the process of finalising their strategic plan initiated in 2003.
- 4) *Effective and democratic public administration:* People's Action For Free and Fair Elections (PAFFREL) is involved in election-monitoring, voter education, and training of monitoring volunteers. It also acts as an election watch-dog and performs training on human rights issues for secondary school children across the country.

Peace-building and Humanitarian Assistance

During 2003, the following projects were planned and implemented in the areas of peace-building and humanitarian assistance:

- 1) Since March 2002, *The Nordic Sri Lanka Monitoring Mission* (SLMM) has been operating as an unarmed civilian monitoring mission in Sri Lanka. In accordance with the cease-fire agreement, SLMM shall ensure good faith implementation of the agreement, facilitate mediation between the two parties, and report on the security situation. Both parties consider SLMM as instrumental to the cease fire agreement. In 2003, Sida funded a total of twelve monitors.
- 2) *MSF-France* has received Sida support for activities on the Jaffna peninsula. In 2003, the organisation phased its activities as a result of the cease-fire agreement and the general trend of normalisation.

- 3) As the cease-fire has permitted better provision of public services in the North-East, *the ICRC* has scaled down its programme. In 2003, Sweden supported the ICRC with SEK 4,1 million. Focus of ICRC's activities is currently on resolving the problem of missing persons in relation to the conflict, preventing underage recruitment, ensuring the safe flow of people and goods through crossing points into Vanni, and training in International Humanitarian Law for the military forces of both parties.
- 4) In immediate response to *the flooding and landslide disaster* in May 2003, Sida contributed a total of USD 200,000 channelled through UNICEF and the Sri Lankan Red Cross. At the Tokyo Conference, Sweden pledged an additional support of SEK 10 million. The Embassy has since November 2003 been closely consulted by UNDP and the Ministry for Social Welfare on a proposal for transitional recovery support. The proposal covers gaps in terms of transitional recovery in the five districts that were most affected: Matara, Galle, Kalutara, Ratnapura and Hambantota in Southern Sri Lanka. An agreement is expected to be signed in the first quarter of 2004.
- 5) In response to the need for normalisation of life and a safe return of internally displaced persons, Sida has supported the *Mines Advisory Group* (MAG) in partnership with the Humanitarian Demining Unit of the Tamil Rehabilitation Organisation during June 2002–June 2003. SEK 10 million has been provided for MAG's humanitarian mine action.
- 6) In early 2003, preparations for *the North-East Reconstruction Fund* (NERF) were underway to accommodate the pledged international assistance to the North-East. The Sub-Committee on Immediate Humanitarian and Rehabilitation Needs, established during the second half of 2002 as a short-term mechanism for responding to the immediate needs of the population in the conflict areas, was supposed to be the decision-making and co-ordinating body for NERF. But as a result of the suspension of the peace talks in April 2003, NERF was never operationalised. While the donor community has taken several initiatives to jump start NERF, an acceptable solution to both parties has so far not been identified.
- 7) The multilateral group (UN, World Bank and ADB) initiated a work on a *transition strategy* in September 2003. The bilateral donors made a joint effort to influence the multilateral group to ensure that the strategy, in addition to restoration of livelihoods and economic development, also focused on accountable governance, security, rule of law, respect for human rights, access to justice, and reconciliation. The bilateral effort resulted in an inclusion of "human security" as a strategic focus area. The strategy will be presented in March 2004, and the Embassy will explore possible support to its implementation.

Research Co-operation

2003 saw a major change in the Sarec financed research co-operation with Sri Lanka. The 2000–2003 agreement was closed and new agreements were signed with four universities and one foundation for eleven distinct projects spanning a wide range of research areas such as biotech-

nology, biomedicine, electrical engineering and social sciences. Total budgets for the 2003–2007 period amount to SEK 77 million.

Three projects are reasonably in line with the current country strategy for Sri Lanka, covering social reconstruction in the war-torn North-East, regional imbalances from a poverty perspective, and social health of marginalised people in conflict areas. These projects reflect an ambition to better streamline Sarec financed research with the overall country portfolio during recent years. A parallel ambition is to promote research that is relevant to Sri Lanka's development potential. Biotechnology and electrical engineering, even if not obviously in line with the country strategy, are areas supported by Sarec because they indeed are expected to pay off in terms of business opportunities and social welfare.

Common to the research projects is their focus on Master and PhD education. Research co-operation in Sri Lanka means financial support to University faculties for the purpose of educating Master and PhD students. The research outputs of the projects are the student theses and dissertations. But there are also wider and longer term results involved. The more general capacity building of the faculties is chiefly gained through the provision of research equipment and infrastructure, and the research contacts and international exchanges that go hand in hand with the Master and PhD training. In most cases, all sorts of research activities at the Universities are actually promoted through the Master and PhD training.

The projects have got slow start however. An audit of the 2000–2002 agreement period, initiated by Sida in 2003, revealed widespread and in a few cases alarmingly poor routines for financial reporting and follow up. As a consequence, the new agreement is based on a set of conditions for reporting and auditing. Since many projects have been accustomed to years of slack routines, there have been considerable delays in fulfilling these conditions. Only during the second quarter of 2004 is the programme expected to be up and running as planned. The Embassy, together with its partners at Sarec Stockholm, has taken several steps to ensure that the agreement's follow up requirements will be respected from now on. For example, annual audits will be made in addition to that performed by the Auditor General of Sri Lanka (which reveals its results only after three or so years, i.e. far too late to serve the purpose of project cycle management).

One reason for the previous problems is the simple fact that many Sri Lankan Universities are underfunded. This was even more so in 2000–2001 when the Sri Lankan State was close to bankruptcy because of the war. Hardly surprising, the combination of general underfunding and generous but earmarked Sida grants creates conflict at the Universities, as well as a tendency to use Sida funds for University purposes not covered by the agreements. In particular when the Sida financed project by far represents the biggest individual research activity at the University, as in fact has been the case in some instances. A lesson for Sida is that more money does not necessarily mean more developments.

3.4 Office and Administrative Issues

The Embassy shifted to new premises in the beginning of December 2002. During 2003, the work on the new premises and embassy chancery

was finalised, which includes a new parking place, a satellite system, some extra equipment for the lunch room and a roof above the generator. The lease with the Slovakian Embassy is finalised and the former chancery at Horton Place is returned to its owner.

There has been a large turnover of personnel during 2003. Three sent out staff have been assigned to the Embassy, including a new Head of Administration. Two staff including a new accountant have been recruited locally. Apart from the Chargé d’Affaires and the Head of Administration, the Embassy staff comprised at the end of 2003 two expatriate Programme Officers and two national Programme Officers. A Bilateral Associate Expert (BBE) is working at the Embassy as from September 2003, mainly with humanitarian issues. The Embassy had a total staff of 17 by end of 2003.

As from 2004 the Embassy has acquired a wider delegation of authority. During 2003, the Embassy completed its preparations for such a delegation in accordance with the previous recommendations of the Sida Quality Assurance Team that visited the Embassy in May 2003.

Annex 1

Fact Sheet with Selected Macro-economic and Social Indicators

GDP Growth Rate (*Source: Central Bank of Sri Lanka*)

Year	1980	1985	1990	1995	2000	2001	2002	2003
Growth rate %	5.8	5.0	6.2	5.5	6.0	-1.5	4.0	5.5

Unemployment (%) (*Source: Central Bank of Sri Lanka*)

Year	1980	1985	1990	1995	2000	2001	2002	2003/06
Unemployment	17.9	14.1	15.9	12.3	7.6	7.9	9.2	8.1

Inflation (*Source: Central Bank of Sri Lanka*)

Year	1980	1985	1990	1995	2000	2001	2002	2003
Inflation %	26	1.5	21.5	7.7	6.2	14.1	9.6	6.3

Selected Millennium Development Indicators

(http://unstats.un.org/unsd/mi/mi_goals.asp)

Proportion of population below \$1 per day (indicator 1)

Bangladesh (00)	Brazil (98)	India (00)	Kenya (97)	Malaysia (97)	Sri Lanka (95)
36.0	9.9	34.7	23	2	6.6

Prevalence of underweight children (under 5 years of age) (Indicator 4)

Bangladesh (00)	Brazil (96)	India (99)	Kenya (00)	Malaysia (01)	Sri Lanka (00)
48	6	47	21	12	29

Ratio of literate women to men of 15- to 24-year-olds (Indicator 10)

	Bangladesh	Brazil	India	Kenya	Malaysia	Sri Lanka
1990	0.65	1.03	0.74	0.93	0.99	0.98
2000	0.70	1.03	0.81	0.98	1	1

Infant mortality rate 0–1 years per thousand live births (Indicator 14)

	Bangladesh	Brazil	India	Kenya	Malaysia	Sri Lanka
1990	96	50	84	63	16	20
2000	54	32	69	77	8	17

Condom use to overall contraceptive use (Indicator 19)

Bangladesh (00)	Brazil (96)	India (99)	Kenya (00)	Malaysia (01)	Sri Lanka (00)
8	5.7	6.4	3.3	9.7	5

Proportion of land area covered by forest (Indicator 25)

	Bangladesh	Brazil	India	Kenya	Malaysia	Sri Lanka
1990	9	67	21.4	31.7	65.9	35.4
2000	10.2	64.3	21.6	30	58.7	30

Access to Improved water and sanitation facilities – Sri Lanka (Indicator 30 & 31)

	Drinking water sources		Sanitation	
	Rural	Urban	Rural	Urban
1990	62	91	82	94
2000	70	98	93	97

Telephone lines and cellular subscribers per 100 population (Indicator 47)

	Bangladesh	Brazil	India	Kenya	Malaysia	Sri Lanka
1990	0.2	6.5	0.6	0.79	9.42	0.74
2000	0.58	31.87	3.56	1.46	41.23	6.47

Annex 2

Strategic Documents Received

Regaining Sri Lanka

(including the Government's Poverty Reduction Strategy)

Annual Report 2002 from Central Bank of Sri Lanka

Household Income and Expenditure Survey – 2002

– Preliminary Report

Sri Lanka Country Assistance Strategy

of the World Bank Group 2003–2006

Asian Development Bank Sri Lanka – Country Strategy 2004–2008

Annex 3

Agree ment nr (Contr)	Financial follow-up SRI LANKA country program, updated 20040304	Status	Period agree- ment	Agreed amount	Plan. amount	Disb'd up to & incl 2003	Disb'd 2003	Disb'd 2004 per 0131	Estm'd 2004	Estm'd 2005	Estm'd 2006	Estm'd 2007
1. Budget allocated for Sri Lanka												
1A. Dev Coop Agr.				105 274	394 500	51 335	25 053	2 310	113 421	116 827	107 961	52 600
Infra, psd, capital, IT				57 500	182 500	26 278	14 309	126	34 010	48 550	45 600	37 000
A7180028	Colombo-Kandy Highway, Study	A	0307-0412	2 615		0	0	0	2 615			
A7180021	Road Safety, Southern Corridor	A	0104-0606	10 000		2 937	1 719	0	3 500	3 200		
45000031	Transport Sector	P			10 000					2 000	2 000	2 000
45000032	Rural access	P			33 500					500	3 000	6 000
A7101061	Fed Chamber of Comm, FCCISL	A	0112-0706	21 500		7 621	4 730	0	8 230	3 350	3 600	
A7101062	SYIB II, ILO	A	0112-0506	11 500		7 587	2 680	126	3 913	0		
45000027	Jobsnet, ILO	P	0402-0701		17 000				6 500	6 500	4 000	
45000033	Regional MSME Development	I			22 000					4 000	6 000	6 000
71005104	Accreditation	P			8 000					2 000	3 000	3 000
71400071	Fisheries – Stock Assessment	P			2 000				0	2 000		
A4500007	High Level Training, Central Bank	A	0104-0412	4 500		3 133	2 680	0	1 367			
A7100812	Restructuring, Central bank	A	0201-0412	10 000		5 000	2 500	0	2 500			
45000034	Central Bank	P	0401-0606		6 000				2 000	2 000	2 000	
	ADB Financial Reform	I	0403-0512		9 000				5 000	4 000		
45000028	Debt Management	P	0406-0706		10 000					4 000	4 000	2 000
45000035	Microfinance	I			40 000					10 000	10 000	10 000
45003891	E-learning	I			15 000				1 000	3 000	4 000	4 000
45003892	ICT Programme	I			10 000					2 000	4 000	4 000
Democratic Governance & HR				47 774	200 000	22 406	8 093	2 145	75 411	64 277	62 361	15 600
72600266	Educ for inter-cult democracy	P	0301-0606		22 000				2 000	7 350	6 050	5 600
A7200630	Democratic Youth Leadership	A	0109-0512	8 691		3 852	1 936	409	4 839			
A7263010	Early Childhood Development	A	0112-0506	5 830		2 110	0	0	3 720			
A4500887	Human Rights Comm, UNDP	A	0110-0410	9 800		8 400	3 000		1 400			
A7263009	UNICEF, children-special protect	A	0112-0506	9 200		4 000	0	776	5 200			
A7260203	Media, SLFI	A	0210-0409	4 913		4 044	3 157	0	150			
74001455	NERF	P	0308 - 0506		30 000				10 000		10 000	
74002358	UNICEF	P	0401-0630		75 000				25 000	25 000	25 000	
72600367	UNDP Access to Justice + HRC	I	0406-0712		30 000				5 000	10 000	10 000	5 000
74002357	Flood Reab.	P			10 000				10 000			
A4510001	Media Support	A	0310-0706	9 340				960	4 102	2 927	2 311	
72600268	Civil Police Training	P	0403-0710		33 000				4 000	9 000	9 000	5 000
Other				0	12 000	2 651	2 651	39	4 000	4 000	0	0
A4500014	Cons Services Fund 2003-2005	A	0301-0606		12 000	2 651	2 651	39	4 000	4 000		
TOTAL DEV COOP AGR				105 274	394 500	51 335	25 053	2 310	113 421	116 827	107 961	52 600
	Developm Coop Agreement	A	0301-0512	270 000					*2003			
	Annual amount								90 000	90 000	90 000	90 000
	BBF								0	41 377	14 550	-3 411
	Tot Available for year								90 000	131 377	104 550	86 589
	Disbursed all projects								48 623	116 827	107 961	52 600
	BCF								41 377	14 550	-3 411	33 989
1 B. Outside dev coop agreement				65 146	91 500	19 484	9 531	848	17 100	9 160	0	0
Democratic governance and HR				30 000	31 500	6 295	6 295	570	11 385	5 200	0	0
	SLMM	P	0301-0406		11 500				11 500			
	ASMR (evaluation)	P			1 500							
A4500015	CSO's 2003	P	0303-0606	30 000	30 000	6 295	6 295	570	11 385	5 200	0	
Soft loans				15 000	60 000	0	0	0	0	0	0	0
A7110682	Biotech Centre	A	0005-0105	15 000	15 000							
A7101146	Plantation Schools (upgrading)	A	0202-9511		45 000							
Other				20 146	0	13 189	3 236	278	5 715	3 960	0	0
45000030	Programme Development	P	0401-0512		3 000					1 000	1 000	1 000
A4100400	SRI-SAK (PROG)	A	9801-0403	18 590		13 189	2 920	267	5 400	3 600		
A4100305	SRI-SAK (LOK)	A	0101-0403	1 556			316	11	315	360		
TOTAL COUNTRY ALLOCATION				170 420	486 000	70 819	61 737*	3 158	130 521	125 987	107 961	52 600
Prel country allocation									110 000			

Agree ment nr (Contr)	Financial follow-up SRI LANKA country program, updated 20040304	Status	Period agree- ment	Agreed amount	Plan. amount	Disb'd up to & incl 2003	Disb'd 2003	Disb'd 2004 per 0131	Estm'd 2004	Estm'd 2005	Estm'd 2006	Estm'd 2007
2. Outside country allocation				232 848	340 637	159 855	33 855	1 214	31 449	175 819	77 239	29 575
Research Cooperation				79 788	93 637	7 387	7 387	18	23 389	20 819	17 239	9 575
A7500376	Programme administration	A	0310-0709	2 580	1 218	0	0	18	300	300	300	300
A7500377	Colombo University	A	0310-0709	39 249	39 250	4 359	4 359	0	12 540	11 336	7 647	3 368
A7500378	Jaffna University	A	0310-0709	6 000	6 000	490	490	0	1 510	1 500	1 500	1 000
A7500379	Peradeniya University	A	0310-0709	15 250	15 250	2 045	2 045	0	3 967	3 533	3 142	2 563
A 7500380	NSF	A	0310-0709	3 000	3 000	0	0	0	950	750	750	550
A 7500381	Sri Jayawardena Ruhuna University	A	0310-0709	13 709	13 709	493	493	0	4 122	3 400	3 900	1 794
	Keleniya University	P	0305-0709		7 200							
		P	0305-0709		8010							
"U" Credits				123 060	235 000	123 000	0	0	60	155 000	60 000	20 000
21113010	Creditline, NDB	A	9809-0012	31 000		31 000						
A7101009	Rural Electrification, CEB	A	0004-0112	92 000		92 000						
	SRI-SAK (EE-INEC)	A	0302-0306	60					60			
	Broadlands Hydro Power	I	0306-0612		100 000					20 000	60 000	20 000
	Waste Water Treatment	I			135 000					135 000		
	SLPF Telecom				25 000					25 000		
Humanitarian aid				20 000	12 000	20 000	17 000	0	8 000	0	0	0
A7400470	UNICEF, CAAC (2002-2003)	A	0201-0406	20 000		20 000	13 000					
A7401480	MAG	A	0305-0505		10 000		4 000	0	6 000			
74001451	DDR	I	0309-0506		2 000				2 000			
Other Projects				10 000	0	9 468	9 468	1 196	0	0	0	0
A7500322	E-learning	A		1 200		1 200	800					
A7800137	SLMM	A	0301-0312	10 000		9 468	9 468	1 196				
78101184	SLMM	A		4 700			1 647	713	4 700			
GRAND TOTAL Sri Lanka				403 268	826 637	230 674	79 237	4 372	161 970	301 806	185 200	82 175

* including all projects, also those finalized during 2003

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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