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Supporting Livelihoods for Vulnerable Populations in Sri Lanka

Assessment of Findings and Opportunities

Final Report

Asia and the Middle East Economic Growth Best Practices (AMEG) Project
Chemonics International, Inc.

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SUPPORTING LIVELIHOODS FOR VULNERABLE POPULATIONS IN SRI LANKA

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

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ACRONYMS

ADB	Asian Development Bank
CIDA	Canadian International Development Agency
CSO	civil society organization
CORE	USAID Connecting Regional Economics project
DEEP	USAID Dairy Enrichment in the East project
FAO	Food and Agriculture Organization of the United Nations
GIZ	Gesellschaft für Internationale Zusammenarbeit
GoSL	Government of Sri Lanka
HA	Humanitarian Affairs
ICT	information, communication, technology
JICA	Japanese International Cooperation Agency
JSAC	Jaffna Social Action Centre
LTTE	Liberation Tamil Tigers of Elam
OTI	Office of Transition Initiatives
PPA	public private alliance
SME	small and medium enterprise
SLGTI	Sri Lankan - German Training Institute
SOND	Social Organizations Network for Development
USAID	United States Agency for International Development
USG	United States Government
WFP	World Food Programme

TRIP OVERVIEW

An assessment of opportunities to support livelihoods development for vulnerable populations in the Northern and selected Eastern Districts of Sri Lanka (referred to as “North” and “East”) was conducted from March 4 to 22, 2013 by William Baldridge, Team Leader, Economic Growth of the USAID Asia and Middle East Bureau and Melissa Scudo, Joelle Thomas, and Carol Tyroler¹ representing the USAID Asia and the Middle East Economic Growth Best Practices (AMEG) project, managed by Chemonics International. The team would like to thank James Bednar, Mission Director of USAID/Sri Lanka, and in particular Paul Richardson, H. Russell Bauer, and Anna DeSilva in the USAID/Sri Lanka Economic Growth Office for their expert insight and assistance throughout the assessment. The team also acknowledges officers in Humanitarian Affairs and the Office of Transition Initiatives for support and assistance with research, interviews, and logistics. The team also acknowledges Gavin Helf, Democracy and Governance Advisor, Andrew Batchelor and Joelle Thomas for their assistance with background research.

This report begins with a summary of the purpose of the assessment, the context in which it was conducted, and methodologies used to identify opportunities to deliver USAID development assistance. The following section details findings and opportunities for specific, time-bound interventions to support livelihoods development. For each proposed activity, we present background and context, an activity description, and address issues including gender, monitoring and evaluation, and sustainability. The annexes present a summary of interviews and references.

¹ Melissa Scudo and Joelle Thomas represent Chemonics International. Carol Tyroler represents Banyan Global, a subcontractor to Chemonics International on the AMEG project.

PURPOSE

Three years after the end of Sri Lanka's thirty year civil war, families in the conflict-affected areas of the North and East are still rebuilding their lives and communities. Thousands of lives have been lost, and entire communities have lost or been displaced from land, homes, and belongings. For many, rebuilding their lives and households is very difficult with few jobs or economic or livelihoods opportunities.

The purpose of this assessment was to identify constraints to the livelihoods of vulnerable populations in the North and select districts in the East, including North and South Trincomalee and West Batticaloa, and inform future activities to transition USAID development assistance to targeted, sustainable livelihoods development. Where appropriate, recommendations for potential future activities build on previous and existing USG humanitarian, transition and economic growth assistance and collaborate with and leverage the livelihoods development assistance of other multilateral and bilateral organizations. Proposed opportunities for development assistance were selected on the basis of criteria defined in the report and specifically their potential to diversify and increase income and job opportunities in households within vulnerable populations in the North and East.

CONTEXT

Economic Context and Rationale for Focus on Livelihoods Development

Although Sri Lanka's national poverty rate has declined in recent years, stark regional disparities persist and pose serious threats to stability. The World Food Programme (WFP) states that tens of thousands of people in Sri Lanka have returned to their homelands in the conflict-affected areas of the North and East and still struggle to develop their livelihoods with limited resources. An assessment conducted by the WFP in April 2011 found that the total number of food insecure persons in the sampled area was 1.7 million, 78 percent of whom were in the Northern and Eastern Provinces. The survey found signs of asset depletion, high indebtedness, especially in the Northern Province. The assessment suggested that interventions are needed to create capacity and productive assets among this very large food insecure population: "Conflict affected households in the Northern Province, especially in Killinochchi and Mullaitivu... require sustained and comprehensive action, both interventions to relieve hunger in the short term and medium-term interventions to strengthen livelihoods."² In Sri Lanka, livelihoods are core to rebuilding communities and lifting people out of poverty. Yet, particularly in the North and certain areas of the East, labor market opportunities are minimal and most households rely on low and erratic incomes. Compounding these issues are repossession and redistribution of land by the GoSL and heavy government and military involvement in the local economies of the North and select districts in the East which has affected the productive use of land by vulnerable groups and has contributed to crowding out the private sector. War widows, disabled and under-skilled or educated youth have unique constraints to engaging in economic activity.

A 2011 study of recipients of a U.S. Agency for International Development (USAID) cash-for-work program in the north showed that (42.8 per cent) of households were engaged in irregular, non-skilled labor activities. The most common categories were home gardening (7.18 percent), small business/self-employments (7.73 percent) and paddy cultivation (6.91 percent). Another 7.73 percent of the surveyed families had no source of income at all and 3 percent had a family member engaged in regular salaried employment.³ To survive, households pool resources and have multiple people engaged in livelihood activities where possible, however, most are minimal amounts, are seasonal and insecure in terms of linkages to competitive and viable markets. Women-headed households share an added burden of supporting their households, caring for children and in some cases, having to build or rebuild their homes. In general livelihood activities are concentrated in agricultural, horticulture, livestock, and fishing activities, and in the informal sector. Many work as day laborers on farms earning subsistence wages, much of it concentrated in paddy cultivation.

A livelihoods approach puts the vulnerable at the forefront of development interventions and

² Ministry of Economic Development, Hector Kobbekaduwa Agrarian Research and Training Institute, United Nations World Food Programme, Food Security in Northern, Eastern, North Central Provinces. A Food Security Assessment Report, Sri Lanka, 2011, pages iii and iv.

³ IBID, p.8.

evaluates activities that have potential in aiding the welfare of a household. In assessing livelihoods, the team evaluated issues related to what level of skills or knowledge an individual had, whether or not they had access to education and at what level, were they financially literate, the extent of available social support networks, and the vulnerability to economic stressors like natural disasters or fluctuations in agriculture prices. The team examined not only what assets these households and communities had in terms of financial, human, social, physical, and natural assets, but also their capacities, needs and linkages to competitive/sustainable markets.

Opportunities for development assistance proposed in this report reflect and build on the interest, skills and available resources of targeted vulnerable populations and linkages between these populations and competitive/sustainable markets that were identified by the assessment team. The team looked for linkages to markets that could be strengthened or expanded, mechanisms for empowering women and youth, the potential to increase household assets and income, and training opportunities linked to real wage-earning or entrepreneurial income streams. Proposed activities are designed to empower and build economic resiliency to individual households.

However, because vulnerable communities in the North and East vary contextually, proposed activities must be location, community and context specific. Differences in variables such as access and title to land, ethnicity, gender, skills, physical ability (and disability) and access to markets must be addressed within a livelihoods context in order to devise realistic interventions that meet the specific needs of communities and individual households. Diverse approaches to livelihoods development are also likely to prove more sustainable over time because they allow for positive adaptation to changing circumstances. In Jaffna for example, issues such as a growing population, lack of available land, high cost of inputs, and poor infrastructure, distance from Colombo and access to markets, makes interventions focused on agriculture productivity difficult. Moreover, much of Jaffna's land is under tight security restrictions, leaving farmers unable to cultivate their traditional lands or in some cases, even to have access to land to farm. While this may change in the future, it does not address the imminent need for livelihood opportunities that address these constraints.

Furthermore, as households are able to diversify into new income generating activities, chances of improving their household's welfare and resilience are increased. Examples include off-farm employment linked to sectors with viable employment, such as construction, computers, tailoring and vocational needs of small communities, or training that links them to private sector employers.

Relationship to USAID and Other Donor Programs

Previous and existing humanitarian, transition and economic growth development assistance supported by the USG and other multilateral and bilateral organizations provide a foundation to support future targeted livelihoods development interventions. In particular, relationships that the USG has cultivated with private companies in competitive value chains, such as Nestle and Cargills, and with civil society organizations such as JSAC and Sarvodaya, provide a launch point for proposed livelihoods development opportunities. Annex E includes a summary of the programs of other multilateral and bilateral organizations that have existing or

planned activities to support livelihoods development in the North and East. Areas for potential collaboration with USAID are summarized.

METHODOLOGY

The methodology was organized around the goals of the assessment. The first goal was to identify vulnerable populations in Sri Lanka and approaches to target assistance to these groups in a conflict-neutral manner. The second goal was to identify feasible livelihood activities that directly benefit these households and opportunities to direct USG development assistance to strengthen and reinforce these activities to ensure, to the extent feasible, inclusivity and sustainability. The research methodology began with a broad review of key issues and constraints and then narrowed focus to address specific beneficiaries and viable livelihood opportunities. The team accomplished this through the following steps:

- a) A secondary literature review, which included a review of previous and existing reports and assessments on communities. This was done prior to in-situ work. A list of references and resources consulted is presented in Annexes B and C.
- b) Meetings with USAID, OTI and HA representatives in Washington, D.C. for background context and for field visit recommendations;
- c) Meetings with Embassy and USG inter-agency representatives in Colombo;
- d) Interviews with bilateral and multilateral organizations in Colombo and their field offices in the northern and eastern districts and with private companies representing key anchor firms in select high potential value chains;
- e) Field visits to Jaffna, Kilinochchi, Mullaitivu, Vavuniya, Trincomale and Batticaloa to deepen our understanding of contextual constraints and opportunities;
- f) Interviews with organizations providing support to vulnerable populations; and
- g) Interviews and focus groups within vulnerable populations, including interviews with women, war widows, youth, individuals with disabilities, and women and men in resettlement communities in select areas in the northern and eastern districts.

The assessment was conducted from March 4 to 22, 2013 (see Annex F for team itinerary). Upon arrival in country, the team spent two days in Colombo to meet with U.S. Embassy and USG inter-agency representatives, including the Office of Economic Growth, to refine research questions and prioritize field travel and meetings. A total of nine days were spent in the field, six cities visited (Jaffna, Kilinochchi, Mullaitivu, Vavuniya, Trincomale, and Batticaloa), a total of 70 interviews conducted - 27 USG inter-agency representatives, multilateral and bilateral organizations, 20 civil organizations and private sector entities, 15 beneficiary communities and eight beneficiary individual households. The team divided into two groups after visiting Jaffna together – one team went to Kilinochchi and Mullaitivu and the other visited Vavuniya and Trincomale. The team reunited in Batticaloa for joint meetings and to discuss initial findings and then returned to Colombo for follow-up meetings and debriefs with the U.S. Embassy and USAID Mission.

To identify target beneficiaries, the team met with civil society organizations and implementing donor agencies to understand their methodology in targeting vulnerable populations and livelihood development activities. The team examined the following:

- Approaches and targeting methodologies employed by multilateral and bilateral donor organizations to target vulnerable communities for development assistance;
- Approaches that civil society organizations in Sri Lanka use to define and identify vulnerable populations and their methodologies for targeting these groups. To this end, the team met with civil society organizations including the Jaffna Social Action Centre (JSAC), Social Organizations Network for Development (SOND), Sarvodaya, Sewalanka, and Unleashing Human Potential; and
- Assessments, surveys and any other documents describing how vulnerable populations are defined and targeted.

The assessment team also met with vulnerable communities in the North and East. This included recently resettled communities, cooperatives, rural development societies, small enterprises, micro enterprises, individual households and youth. Questions to beneficiaries focused on the identification of viable livelihood activities, resilience and coping mechanisms. The list of questions used by the assessment team for interviews is presented in Annex D.

FINDINGS AND OPPORTUNITIES

Findings

Below is a summary of findings with respect to the constraints to sustainable livelihoods development and how those constraints are addressed in illustrative opportunities for livelihoods development assistance that follows this section.

Vulnerabilities and livelihoods vary. Although the vulnerable populations in the North and East include women and men in resettlement communities (a large percentage of which define themselves as Tamil), women, war widows, ex-combatants, people with disabilities and youth, the vulnerabilities and needs of individuals within these populations vary by factors that include geography/location, physical ability (and disability), gender, land access and ownership, history of conflict, type of settlement, and proximity to Sri Lankan military installations. Land ownership and type of ownership in particular dictate whether an agriculture-related activity is viable for a particular household. Similarly, women-headed households are more inclined to seek livelihoods activities that allow them to stay close to the home when caring for young children, whereas vulnerable youth may be more interested in seeking employment outside of the home. Therefore, effective livelihoods development assistance must be location, market, and context specific. In addition, it is recommended that follow-on livelihoods development intervention explore how health and psycho-social issues of selected beneficiary populations are assessed and considered as part of implementation.

Government involvement. The GoSL and Sri Lankan military are still involved in varying degrees in identifying of populations receiving livelihoods assistance. Civil society organizations and donor-funded projects routinely solicit input from government officials at the district secretariat (local) level to identify vulnerable populations in each community for assistance. Civil society organizations must receive clearance from the Provincial District Regional Director (PDRD) to implement any community activities; livelihoods assistance activities tend to receive clearance in a timelier manner. Therefore, approaches for implementation of livelihoods development assistance must integrate in their design strategies for inclusive targeting. Moreover, the approach to implementation must be cognizant of social and political realities and limit provoking further divisiveness. For example, many civil society organizations have provided lists of women-headed household or resettled communities by sending volunteers or employees from the communities to visit households and assess vulnerability on a pre-determined set of criteria. Such an approach can be highlighted and expanded in future USG-supported livelihoods interventions.

Reluctance of Tamils to relocate for economic opportunity. One significant vulnerable group, the Tamils, seek to stay close to their land in their livelihoods activities. Past experience relocating Tamils and other vulnerable groups in the North and East for trainings in addition to long term livelihoods activities have resulted in low retention rates. Recommended

activities for livelihoods development in the North and the East that target Tamils among the beneficiaries should be focused within or around their communities.

Existing USG interventions lay the foundation for inclusive and sustainable livelihoods interventions. The USG has been the catalyst for successful investments and linkages between vulnerable populations and competitive markets. Implementation can build on sustainable partnerships with companies such as Nestle, Cargills and Hayleys and partnerships developed with civil society organizations, such as JSAC and Sawalanka, and relationships developed through humanitarian assistance programming.

Respondents did not cite access to finance as a challenge to sustain their livelihoods. The assessment team included several questions related to access to credit in its field assessment survey. Respondents did not identify lack of access to credit as a significant inhibiting factor to their ability to generate income from livelihoods activities. In addition, one of the value chain actors in the dairy sector indicated that they provide financing to household level producers to support those households acquiring upgraded cows and nutrition inputs. Another value chain actor stated that they do not provide financing themselves, but that they link financial institutions to household producers. The assessment team recommends examining access to financing within the dairy value chain more closely during a follow-on deeper scoping to map the flow of existing financing in the value chain from the household producer level to the end-market actor and identify opportunities to ease access to affordable financing at the producer level, where needed.

Capable local implementing partners exist. Civil society organizations and in particular, NGOs engaged by the USG for livelihoods development, humanitarian assistance, and civil society strengthening activities—including JSAC, FOSDOO and Sarvodaya, possess strong organizational capacity, a framework for identifying and screening vulnerable populations, and the ability to implement context-specific livelihoods development activities in the North and the East. Furthermore, there are opportunities for USAID to leverage the partnerships and livelihoods assistance that other international organizations have developed with local NGOs.

Illustrative Opportunities

Criteria for selection of illustrative activities. In addition to assessing the economic rationality of an activity, including its relevance to vulnerable households and communities, its ability to engage the private sector, its potential to increase household income and create jobs, the assessment team also considered the potential of a particular activity to be inclusive and conflict sensitive so as not to exacerbate any pre-existing tensions. The assessment team also considered the constraints of limited resources and time that may be available to implement proposed activities as well as opportunities to leverage USG investments and work through local partner organizations with sufficient capacity and with the private sector to increase sustainability.

After nine days in the field and meetings with USG interagency and other donor partners and development practitioners, the assessment team identified the illustrative opportunities below as having the highest potential of having a direct impact in supporting livelihoods among vulnerable households and communities in the North and East.

The assessment team prioritizes the four activities as follows:

1. *Enhancing Dairy Production Activity*. The team found that this activity, based on findings at the conclusion of the field assessment, demonstrates the highest potential to accomplish the objectives set forth in the assessment: to facilitate sustainable livelihoods development for selected vulnerable populations. This intervention is uniquely attractive as a high-potential livelihoods development activity due to the following considerations: (a) several districts in the North demonstrated a strong comparative advantage in the production and sale of dairy before the hostilities; (b) the high levels of dairy consumption in Sri Lanka and in India; (c) the potential of the dairy intervention to increase food security and household resiliency as producer households can consume what they produce and sell the excess; (d) there are multiple apex value chain players that compete in the dairy industry, all of which rely on household producers; (e) financing is available within those value chains; (f) the availability of public and private agriculture extension services in and outside of the dairy value chain; (g) the large number of individuals within the targeted vulnerable populations have familiarity/experience in dairy production and herd management.

In sum, the proposed dairy intervention represents a scalable opportunity to increase household incomes for targeted population; and (h) the potential to explore introducing or expanding other livelihoods development activities in tandem with the dairy intervention that demonstrate the potential to increase household income and resiliency. For example, a senior manager at Cargills suggested an activity of distributing packets of seedlings (onions and chili peppers were cited as examples) to households alongside nutrition packets or other inputs to support households in cattle rearing. The households could start or expand household gardens with the seedlings and use the harvest for household consumption while selling the excess.

2. *Extend Livelihoods Activities of Non-governmental Organizations*. This activity demonstrates potential to accomplish the objectives set forth in the assessment due to the following considerations: (a) the existence of strong implementing partners in the North and East to oversee implementation; (b) the ability demonstrated of selected implementing partners to reach targeted vulnerable populations through a tested methodology that was reviewed by the assessment team; (c) the ability to sustain the impact of the interventions through implementation through a local implementing partner that will continue operations after USAID funding ceases; and; (d) the demonstrated success of the livelihood development activities implemented by selected NGOs.
3. *Strengthening Workforce Development and Vocational Technical Training*. The team identified Sarvodaya as implementing a vocational technical training program with 60 to 90 percent job placement rates and an interest in expanding the training to additional opportunities for women, youth and the disabled. Before implementing this activity, the team recommends a follow-on scoping effort to verify the job placement rates, assess Sarvodaya's capacity to expand the program, and assess performance metrics based on a projected work plan.

4. *Expanding Household Production of Agricultural Outputs with Apex Value Chain Actors.* The team does not prioritize this activity in consideration of the lessons learned in regards to promoting the export of Red Lady Papaya. The team also acknowledges the Missions comments regarding some of the disadvantages of promoting the export of high value horticulture products, including vulnerability to price swings and lower impacts on decreasing food insecurity when promoting the production of horticulture products for export by the target vulnerable populations.

AMEG recommends a follow-up deeper scoping of selected prioritized activities to articulate the concept for future interventions in greater detail, including specificity of implementation location, target beneficiaries, performance metrics, and required resources (expertise and materials). This concept development and scoping would produce a detailed work plan, budget and performance management plan for a prioritized pilot activities.

A. ACTIVITY: EXTEND LIVELIHOODS ACTIVITIES OF NGOS

Background. NGOs in the North and the East (some of which have received support or worked in collaboration with a USAID supported program) are working to upgrade the livelihoods of our target populations. These NGOs possess strong organizational capacity, a framework for identifying and screening vulnerable populations, and the ability to implement context-specific livelihoods development activities in the North and the East. Each of the community-based organizations cited in the illustrative activities currently prioritize beneficiaries with high levels of vulnerability and utilize existing networks within communities to conduct outreach to those most vulnerable at the household level. Many of these organizations have a formalized screening process for vulnerability (surveys, questionnaires), and have received clearance from local governance authorities to work with targeted communities in livelihoods development. Many have also been previously engaged by the USAID/OTI RISEN project, or through activities by the Humanitarian Assistance office. Many have successfully undergone pre-award financial assessments by USAID.

Activity Description. Provide technical assistance to select community based organizations to extend their livelihoods development outreach to vulnerable populations.

The assessment team identified four organizations with a large footprint and exceptionally high capacity through which future USG interventions could be conducted. These organizations are listed below. While AMEG was not able to meet with the Rural Development Foundation (RDF), which has offices in Puttlam and Vavuniya, it is noted that the OFDA office at USAID/Sri Lanka recommended that RDF may also be a potential implementing partner.

- Jaffna Social Action Council (JSAC)—Offices located in Jaffna District
- Sewalanka Foundation—Offices located in Jaffna District, Mullaitivu District, Kilinochchi District, Vavuniya District, Mannar District, Trincomalee District, Batticaloa District
- Sarvodaya—Offices located in Jaffna District, Trincomalee District and Batticaloa District.

- FOSDOO—Offices located in Vavuniya District

Below are illustrative livelihoods development activities that have the potential to be extended to reach more vulnerable communities and households.

JSAC Poultry Programme. The objective of this activity is to enhance the local economic environment by strengthening the small -medium poultry entrepreneur. This project targeted 150 women-headed households across 15 districts to provide them with the inputs necessary to begin their own poultry business. Participants were selected based on their household dynamic (woman-headed), level of income and interest. Women-headed households received chicks, feed, infrastructure, and technical assistance on caring for chickens, and sold their eggs on the local market. As part of the program, participants deposit a portion of their earnings in a savings account, and receive monitoring and evaluation visits from a JSAC representative on a biweekly basis to provide technical oversight to the upkeep of the chickens, and to ensure that participants are participating in the savings scheme.

JSAC has also conducted livelihoods development activities in the neighboring resettlement camp of Tellipalai, providing training to recently released IDPs in palmyrah handicraft development, animal husbandry, and mechanical repair. JSAC also introduces and supports revolving loans funds for microlending to community rural societies.

Potential USG livelihoods development activities through JSAC:

- Provide assistance to extend the poultry project and other livelihoods development activities to other communities in Jaffna
- Provide assistance to link women-headed producers to a predetermined buyer.

Sewalanka Good Market. With a presence in each Northern and Eastern District, Sewalanka targets poverty reduction and rural development, with a focus on vulnerable communities. Sewalanka currently provides support services to more than 550 community-based organizations (CBOs) throughout the country. Depending on local interests and needs, their partners include fisheries cooperative societies, farmers' organizations, women's groups, rural development organizations, producer groups, small business associations, and youth groups. Sewalanka in the Northern Provinces have recently launched Good Market—an activity to link Northern producers with Southern buyers. Sewalanka acts as a middleman, collecting produce from farmers in the North, including chili, onions, and other agricultural products, and facilitating the transportation of these products to the Colombo-based “Good Market,” a weekly farmers market organized by Sewalanka.

Potential USG livelihoods development activities through Sewalanka:

- Provide inputs and extension services to other vulnerable communities in the North to participate in Good Market.
- Provide assistance to link produce at Good Market to a sustainable buyer.

FOSDOO Dairy Activities. FOSDOO recently completed a large scale dairy development activity, working at every level of the dairy value chain, including with small-holder livestock breeders in Vavuniya. FOSDOO provided stud bulls and high yielding cows to

households to improve increase the milk production of individual producers, while simultaneously providing basic drug kits to care for the cattle and machinery for processing milk at the community and cooperative level. Through this program, FOSDOO also trained communities on the production of value addition dairy products, including yoghurt and ghee. Potential USG livelihoods development activities through FOSDOO:

- Extend provision of high yielding cows to vulnerable households.
- Strengthen linkage between household milk producers and buyers.

Beneficiaries. Context-specific, includes women-headed households, resettled communities, at-risk youth, ex-combatants, and populations otherwise affected by the conflict.

Monitoring and evaluation. It is recommended that a baseline survey be conducted in selected communities prior to providing development assistance. JSAC and Sewalanka are already conducting baseline surveys in communities in which they operate. The surveys, which were reviewed by the assessment team, capture data on number of people in the household, head of household, household income (or a proxy thereof), household expenditures, construction of household dwelling, etc. Surveys conducted at specific points and after a period of time of the intervention will contribute to assessing the impact of the livelihoods assistance. It is further recommended that the USAID implementer consider new strategies, where appropriate, to target and reach vulnerable communities if there is indication that government involvement had previously excluded certain groups in a community.

Sustainability. USG support to local NGOs supports improves the quality of USAID's technical assistance and can deepen and extend USAID's outreach in vulnerable communities.

B. ACTIVITY: EXPAND HOUSEHOLD PRODUCTION OF AGRICULTURAL OUTPUTS WITH APEX VALUE CHAIN ACTORS (E.G., DAIRY, FRUIT, HORTICULTURE)

Enhancing Dairy Production Activity

Background. Livestock rearing and agriculture are two traditional income generation activities of people in the North, particularly in Mullaitivu. Several divisions in these districts have been known well for ample production of milk and milk products such as curd. Due to decades of conflict and multiple displacements, this population has lost much of its herds of cattle and their cattle rearing infrastructure and practices. Although most of the cattle have not died, they have become stray cattle and their productivity has decreased. As a relief and rehabilitation measure, several agencies have supported restarting/rehabilitating dairy production in these areas where a competitive advantage for dairy production had been demonstrated prior to the onset of instability. However, several other factors have been negatively affecting this process. The GoSL and key market actors, such as Cargills and Nestle, have been promoting the provision of high yielding cross breeds while there has been a lack of skills development and other supporting structure to manage these high yielding breeds. The yield is mostly dependent on the management and feeding of the animal in addition to its genetic characters. Key actors in the dairy value chain, such as Cargills and Nestle, have plans to expand their milk production in the North. For example, Cargills has established a factory in Jaffna and have plans for three chilling centers within 20 kilometers of Jaffna. They also have plans to establish milk collection points along the transportation route from Jaffna to Colombo. This represents an opportunity to collaborate with the private sector to directly impact dairy farmers in vulnerable communities in the North. The assessment team's discussions with Cargills and Nestle focused on opportunities for USAID to support inputs at the household level to have the greatest impact on household asset and income generation.

Activity description. Technical assistance from USAID in the form of an integrated approach to increase milk production at the household level. This integrated approach may include partial subsidies and facilitation of technical assistance as described below:

- Partial subsidy to the household for the acquisition cost of high yielding/"upgraded" cows. High yielding animals (temperate crossbred) would be purchased and distributed to targeted households. The estimated cost per upgraded cow is approximately USD 600 per cow.
- Partial subsidy and support for "nutrition packs" to accompany the upgraded cow(s) that include concentrate feeding, straw treatment, etc.
- Potential partial subsidy and technical assistance to private sector partners to develop, implement and maintain quality control of a management system/extension service designed for rearing the upgraded cows. Extension services will include skill training on cattle management (calf, heifer and cow rearing), reproduction, milking, health, feeding, pasture and fodder cultivation, waste, milk processing, clean milk production.
- Technical assistance to private sector partners (e.g., Nestle, Cargills) to support implementation of the dairy activity, including:

- Input on (fair) lending schemes for the private sector partner to assist the farmer in partially financing the purchase of the upgraded cow;
 - Input on assembling “nutrition packet” to provide with the upgraded cow and how to do so with appropriate supply of animal feeds at a low cost that the farmers could afford over time, as their profits increase;
 - Technical assistance with purchasing cows, reviewing artificial insemination (AI), disease control programs, and coordinating with relevant departments (Veterinary Office and certifications) to closely monitor care for the upgraded cows;
 - Assistance/support to train individuals from within the targeted communities to perform components of the agricultural extension work, such as AI and vaccinations; and other technical assistance as appropriate to augment the efforts of actors within the value chain to minimize losses; and
 - Facilitation of relationships between value chain actors such as rice grinding mills and coconut / gingerly oil extractors to procure concentrate feeds at low cost.
- For farmers with more than one cow, potential partial subsidy for materials for cattle shed to be constructed. Farmers may be requested to contribute by constructing appropriate housing for livestock using the materials distributed.

USAID may consider partnering with an NGO, such as JASC, FOSDOO or Sewalanka, as well as the private sector, to contract out the provision of technical assistance to support this dairy activity. Specifically, the NGO may be responsible for providing technical assistance such as extension services to targeted households and implementing a monitoring and evaluation plan, including baseline and end-of-activity surveys.

Beneficiaries. Dairy farmers selected from the returnee population. Selection will be based in part, by the following criteria: interest/past experience with milk cow rearing, access to land (acres for pasture/fodder cultivation, adequate resources in household to care for cows, and availability of drinking water throughout the year.

Monitoring and evaluation. It is recommended that the activity include a baseline and close-of-activity surveys to record any changes in household income and expenditures, and changes in productivity of milk production, among other indicators.

Sustainability. Linkage with a key market actors (and buyers) facilitates producer-buyer relationships for the long term.

Timeframe: 18 months, minimum.

Enhancing Papaya Production Activity

Background: Through market assessments, the ILO has identified Red Lady Papaya as a high-demand, high-value crop. The Local Empowerment through Economic Development (LEED) project, funded by the ILO, has launched a pilot project with 200 households in Vavuniya District, 136 of which are women-headed. Each household was provided with one-fourth acre of papaya seedlings and technical assistance, and continuously receive extension services through the project. Papaya was selected as an ideal crop for women-headed

households because after it has grown to maturity (3-4 months), it produces fruit continuously for three years.

The ILO has directly linked this group of 200 producers to a buyer, CR Exports, and has formed a Joint Venture Company—North South Growers—to formalize the linkage. Through this agreement, CR Exports has agreed to buy Red Lady Papayas suitable for export at a fixed price determined by the market, currently fixed at 30 LKR per kilogram. CR Export is responsible for the collection and transportation of the Papaya. The LEED project has also invested in the construction of a processing facility. Upon the completion of the facility, papaya growers will benefit from 50 percent of the profit on each papaya sold from the processing facility. Papaya production is considered high value, as it reaps a monthly income of approximately 15,000-20,000 LKR for each one-fourth acre.

Activity description. Potential USG livelihoods development activities with ILO:

- Expand pilot Red Lady Papaya activity to Kilinochchi and Mullaitivu using Joint Venture Model with another buyer. Provide assistance in providing papaya seedlings, water pumps and technical assistance to households for pilot project expansion.
- Expand pilot Red Lady Papaya activity to other districts in the Vanni using Joint Venture Model with other high-value fruit (passion fruit, pineapple, and mango).

The Red Lady Papaya activity may have best results if the interventions are spread across different districts in order to avoid saturating the market and affecting Red Lady Papaya prices.

Beneficiaries: Women-headed households and recently resettled families in the Vanni and East with access to land.

Sustainability. After further discussion with the Mission, the assessment team acknowledges lessons learned in promoting the export of Red Lady Papaya and some of the disadvantages cited by the Mission base on implementation experience, of promoting the export of high value horticulture products, including vulnerability to price swings and lower impacts on decreasing food insecurity when promoting the production of horticulture products for export by the target vulnerable populations.

Timeframe: 18 months

Enhancing Gherkin Cucumber Production Activity

Background. Hayleys, a partner of USAID through a PPA, has created direct linkages with farmers in the cultivation of seed paddy Gherkin cucumbers. Having worked with 3,600 farmers in the Eastern Province, Hayleys utilizes their network of extension agents to sign agreements with farmers at the household level, without a middleman. Through the Gherkin cucumber project in particular, farmers are provided with initial capital—seed and cultivation tools, extension services, and are required to place a portion of their earnings in a bank account. Hayleys then acts as a guaranteed buyer for the household farmers, and farmers are required to pay back the initial investment provided to them to Hayleys. This intervention is conducted with approximately ½ acre of Gherkin cucumbers, from which a farmer can earn 125,000 LKR on Gherkin production per season (3 months).

Activity description. Potential USG livelihoods development activities with Hayleys:

- Expand grower-buyer agreement for Gherkin production in the East. Provide initial capital and technical assistance to farmers.
- Replicate grower-buyer agreement model with Hayleys in other regions. For example, Hayleys is piloting a seaweed production activity in the Mannar region for which a similar model could be suitable.

Beneficiaries: Women-headed households and recently resettled families in the East and North with access to land.

Sustainability. Linkage with an apex value chain actor creates guaranteed income and facilitates grower-buyer relationship for the long term.

Timeframe: 18 months

C. STRENGTHEN WORKFORCE DEVELOPMENT AND VOCATIONAL TECHNICAL TRAINING

Background. There are many challenges to finding jobs and economic opportunities in post-conflict Sri Lanka. Few opportunities exist in the North and select conflict-affected areas of the East, and many have lost their education certificates that numerous employers require. Some, such as women who are now heads of households, are not used to having a regular job.

The assessment team identified Sarvodaya as implementing a vocational technical training program with higher than average job placement rates. Among the reasons for Sarvodaya's higher job placement rates is its emphasis on surveying the private sector to identify skill needs and integrating what they learn into the offered curriculum. Presently, Sarvodaya offers trainings in 10 areas that are linked to service sector jobs in the community – computers, carpentry, masonry, construction, tailoring, motor cycle repair, teachers, electricians, beauticians, and aluminum fabricators. For 2013, Sarvodaya has plans to expand their trainings to three new computer areas (computer graphic design, network and hardware technician), pre-school teachers, and bakers, reaching an additional 865 people at a cost of 2.5 million LKR. They also have a training program in computer literacy, crochet, and dress making targeting 18-35 year olds female who are afflicted with physical disabilities, speech disabilities and deafness. Sarvodaya also offers a three-month on the job-training program, followed by a National Vocational Quality (NVQ) test and certification, recognized nationally, followed by 20-30,000 LKR value of tools linked to their vocation. Since 2008, Sarvodaya has trained 1400 students with a placement rate between 60 to 90 percent; 65 percent of participants are female and 35 percent are male.

Sarvodaya has received support from WUSC, an organization funded through CIDA. WUSC uses a number of mechanisms to identify demand for skilled labor within the private sector in order to tailor vocational training to result in higher job placement. WUSC's technical assistance has included conducting local labor market surveys to identify market driven, private sector needs, as well independent interviews with large employers, including government entities such as the Office of Census and Statistics, the Central Bank, the Labor

Ministry, the Ministry of Youth and Skills Development's TVEC, the Ceylon Chamber and National Chamber of Commerce, and private sector organizations.

Activity description. In collaboration with other donor partners, such as CIDA, GIZ and WUSC as appropriate, provide support to civil society organizations providing demand-driven vocational technical training that results in job placements. One potential partner to consider in Trincomalee and West Batticaloa is Sarvodaya. Specific areas USG may provide support include:

- a) Cost-sharing agreements with local private sector to ensure that trainings are matched with real job opportunities, resulting in increased job placement rates;
- b) Research into retention rates and better understanding why people stay or leave jobs is vital information for devising curriculum and improving sector targeting. This is not currently part of vocational training programs and is seen as an afterthought, when it should instead comprise a core component of overall strategy and planning of programs;
- c) Short, medium and longer-term opportunities linked to curriculum development and training. There does not currently exist research that outlines short, medium, and longer-term opportunities for workforce development in the North or Eastern districts of the country. Including this would be extremely useful for strategic planning in this area and ensure better matching of needs to opportunities;
- d) Reconnaissance into areas of interest for women, youth, disabled and others that are under- or unemployed. While Sarvodaya does offer trainings to women, and some to individuals with disabilities, there has not been sufficient market research into areas of interest to these populations other than the "traditional" areas such as tailoring, teaching, and basic computer skills, such as typing. Women play an important role in maintaining economic resilience within their households and communities and trainings must consider current and future demands;
- e) Survey of SMEs supported by USAID *BIZ* + program to identify commonalities in job training or skill development needs and facilitate collaboration between civil society organizations, such as Sarvodaya, or the Sri Lankan - German Training Institute (SLGTI) in Kilinochchi to develop or enhance and deliver workforce training to upgrade skills of SME staff ; and
- f) Expanding training and coordination to other civil society organizations implementing demand-driven workforce development activities, as well as expanding outreach to other communities in need.

Beneficiaries. Prioritization to women headed households, high-risk youth and disabled individuals.

Monitoring and evaluation. It is recommended that a monitoring and evaluation plan be designed to track job placement of training participants and job retention after completion of the training.

Sustainability. The intervention should be designed to create linkages to viable, short, medium and longer-term skill needs and to job or entrepreneurial opportunities locally. Ensuring training programs are matched to demand and cost sharing by targeted businesses

will aid in guaranteeing placement after trainings.

Timeframe. Supporting the expansion of Sarvodaya's vocational technical training would involve approximately 18 months to allow for 3 cycles of trainings. Supporting 12 of Sarvodaya's vocational training programs with 40 students in each would reach over 1,400 beneficiaries.

Estimated expenses. The cost per trainee to complete a vocational training program is approximately 3,000 LKR. As an example, the total expense to support 1,400 beneficiaries is approximately 4.2 million LKR or USD 330,000.

GENDER CONSIDERATIONS

Addressing gender is fundamental to inclusive rural livelihoods development in Sri Lanka. Sri Lankan women, particularly in conflict-affected areas of the North and East, face discrimination in terms of access to the resources and services needed to improve their productivity, such as secure land title and educational opportunities. Cultural constraints, differences in men and women's access to information, assets, resources, and opportunities add to gender inequities. Exacerbating the gender discussion is Sri Lanka's three decades of war which has had a debilitating effect on women and their status in society. Recent surveys done by the FAO and UNDP indicate that approximately 18.5 percent of returnees are female-headed households, and 25 percent have members with war-related disabilities. Many women care for multiple children, disabled war veterans and are the main income-earner with limited knowledge of income-earning methods and limited economic coping skills.

Sri Lankan women rarely have title to land, have less education and limited access to productive resources as well as limited decision-making powers. Women typically confront a narrower range of labor markets and lower wage rates than men. Moreover, cultural and traditional gender roles reduce rural women's participation in labor markets and confine them to lower paid and more precarious employment in agriculture. Yet women are central to Sri Lanka's labor force, particularly the agriculture sector in Sri Lanka. Therefore, in devising livelihood opportunities, it is advised that interventions take into account the specific needs and skills of women – and that they be accessible, located close to or in their homes, and correspond to the types of work that women are willing to do. This does not imply that all women want the same type of work, but that their interests and skill potential must be considered and linked to competitive, demand-driven markets. Teaching women to sew, for example, without ensuring a desired product and a buyer, only exacerbates poverty, wastes resources and increases expectations.

Ensuring a gender perspective in livelihood activities ensures that cultural and household dynamics are taken into account. Understanding relationships between men and women within the household in terms of how money is managed, who determines how it is spent, as well as what are culturally and ethnically regarded as acceptable jobs for women is important. In addressing gender in Sri Lanka, it is advised that interventions are context-specific and that gender analysis is an inclusive aspect of the intervention, addressing the following factors:

- Gender relations within households are addressed as they relate to men and women's needs and power relationships;
- Interventions address underlying gender inequalities relating to cultural and ethnic areas; and
- Technical assistance is targeted to both sexes and is inclusive of time, skills, and needs.

For each proposed opportunity for development assistance in this report, specific considerations relating to gender have been noted.

ANNEX A

INTERVIEWS

International Organizations: Multilateral, Bilateral, Implementers

Asia Development Bank
The Asia Foundation
Canadian International Development Agency (CIDA)
Embassy of the United States of America, Political Affairs, Economic Affairs
Food and Agriculture Organization of the United Nations – Colombo
Food and Agriculture Organization of the United Nations – Kilinochchi
German Development Cooperation (GIZ), Sri Lanka
International Finance Corporation
Japan International Cooperation Agency (JICA), Sri Lanka
OXFAM
Practical Action – Colombo
Practice Action – Mullaitivu
Reintegration and Stabilization in the East and North (RISEN) Project, Chief of Party
RISEN Project District Office – Jaffna
RISEN Project District Office – Batticaloa
Sri Lanka Red Cross Society, Trincomalee Branch
United Nations Development Programme
USAID Sri Lanka and The Maldives, Mission Director
USAID Sri Lanka, Office of Economic Growth
USAID Sri Lanka, Humanitarian Affairs
USAID Sri Lanka, Office of Transition Initiatives
World Food Programme
ZOA International
ILO Local Empowerment for Economic Development (LEED) Project
People in Need (Czech INGO)

Local Organizations/Private Sector

Cargills (Ceylon) PLC
Community Oriented Resource Exchange (CORE), Jaffna
Federation of Chambers of Commerce and Industry in Sri Lanka
Hayleys
Jaffna Social Action Centre, Jaffna
Maalu Maalu Resorts and Spas
MAS Active (Pvt) Limited
Nestle
Social Organizations Network for Development (SOND)
Unleashing Human Potential
Sawalanka, Jaffna District Branch

Sawalanka, Vavuniya District Branch
Sawalanka, Northern Province Branch
Society for Economic Development of Trincomalee (SEDOT)
Sarvodaya Trincomalee
Sarvodaya Batticaloa
Volunteers for Community Development (VOCOD)
Federation of Social Development Organizations (FOSDOO)

Beneficiaries – Community

Mullaitivu Palmyrah Resources Development Cooperative
Mullaitivu Fishermen's Cooperative Society Union
Mullaitivu Livestock Breeders Cooperative Society
National Youth Service Council, Kilinochchi – Executive Director
National Federation of Youth/National Youth Service Council, Kilinochchi – youth focus group
Jaffna Fishermen Cooperative Society Unions' Federation
Venalchedikulam Multi Purposes Cooperative Society Ltd
Vavuniya District Livestock Breeder's Co-Op Society
Vavuniya North Integrated Model Farmers Thrift & Credit Co-op Society
Kiran Bakery, owned by Korralaipattu South (Kiran) Women's Rural Development Society
Participants in Youth Center Guidance Training, provided by Institute of Professional Psycho-Social Work (IPPSW)
ESDF (Valaichenai) beneficiaries
MILCO Korralaipattu South (Kiran) Employees and Farmer Suppliers
Women's Rural Development Society, Namakel, Jaffna
Women's Rural Development Society, Naguleswaram, Jaffna
Telepolai – Resettled Community (Jaffna)

Beneficiaries – Individuals and Households

Women's-headed household, Papaya grower, Vavuniya
Women's-headed household, Rice Broiling, Vavuniya
Women's-headed household, dairy producer, Batticaloa (2)
Women's-headed household, shop owner, Batticaloa
Motorcycle repairman, youth beneficiary of Sarvodaya training, Batticaloa
Aluminum Fabricator, youth beneficiary of Sarvodaya training, Batticaloa
Hotel trainee, beneficiary of RISEN project, Jaffna

ANNEX B

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ANNEX C

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ANNEX D

ILLUSTRATIVE LIST OF LIVELIHOODS QUESTIONS

The following list of questions was used by the assessment team as a guide to collect information verbally through the use of focus groups and interviews.

1. What do most people here do to bring cash/income into their households?
2. What are the best/most profitable/viable livelihood opportunities in your community?
3. What are your main economic activities?
4. How many people are you supporting?
5. How many people in your household have way to bring cash into the household?
6. What skills do people have?
7. What are the best jobs you can get in this community?
8. What if you left your community, what sort of job could you get?
9. How do people manage to provide for their families if you can't find work?
10. Are there specific jobs men do?
11. Are there specific jobs women do?
12. Do you think men and women have the same access to information about markets or land or new technologies?
13. What is the most difficult thing for you and your family in terms of supporting your household?
14. What would make it easier?
15. Are there areas that you would like to be trained in?
16. What are those areas?
17. Do you have land available to you to farm? Do you have title, deed, and ownership?
18. How do you make ends meet?
19. Do you own cattle, poultry, etc?
20. Do you work for others as a day laborer? If so, what do you do and how far do you travel? Is this seasonal?
21. Are there some seasons where you have more cash than others? When is this period?
22. What are the main challenges facing existing livelihood activities?
23. Who is in charge of the cash that comes into your household?
24. Who decides how this is used?
25. Do you have opportunities for saving, if even a little?
26. If so, how is that "extra" money spent?
27. What do you do when there is an emergency?

ANNEX E

DONOR COLLABORATION

This annex presents a summary of former and planned U.S. and other donor-supported activities that are relevant to future opportunities to support targeted livelihoods development proposed in the assessment.

Dairy. The USAID Dairy Enrichment in the East (DEEP) project connected vulnerable populations in the East to the dairy value chain. For example, through a public private alliance (PPA) with CIC Agribusinesses Private Ltd, DEEP supported the inclusion of targeted populations for CIC's operations in the Batticaloa, Trincomalee, and border villages of Polonnaruwa district in the East. A focus on women increased women's participation in CIC's training programs on milk production from 6 percent to 44 percent of all participants; 47 percent of all cash grants went to women. Of the DEEP project beneficiaries, 60 percent were Tamils and 19 percent were Muslims—both of which constitute minorities in the East with more limited access to economic opportunity; 61 percent of cash grants went to Tamils and 14 percent to Muslims, primarily for cow purchase or shed construction (Jaufer and Baber, 2012, 19). The project also laid the foundation for dairy technical training and market linkages between livestock breeders cooperative (36 of which were newly formed by the project), and buyers. One lesson learned from the DEEP project is the difficulty that cooperatives encountered in independently maintaining chilling and other equipment. Two cooperatives that the assessment team visited relied on commercial relationships with a market actor (in this case, Nestle) for guidance and financial support to maintain equipment at the chilling centers. Discussions with Nestle revealed that future entry points for technical assistance in the dairy sector may be most effective either at the household level (i.e., increase household's ownership of productive assets, such as cows combined with extension services) or at the level of the market actor (i.e., subsidize equipment/machinery costs for Nestle to expand their milk collection network). Previous implementation experience and relationships with key market actors such as Nestle, Cargills, and CIC Agribusiness offer the potential to extend dairy interventions areas in growth areas in the North.

Agriculture. Following sustained flooding in the East and 2011, the USAID Connecting Regional Economics (CORE) project provided support to communities in Trincomalee, a region held in economic stagnation by both the recent conflict and the 2004 tsunami. The support included vegetable seed distribution to over 1,000 beneficiaries in Trincomalee, training, planting material and other farming inputs, repair work to flood damaged small infrastructure, and technical assistance to individual farmers including extension support. The project supported flood resiliency by restoring an anicut in Paruchchanchenai near Batticaloa, a critical piece in the irrigation of district farmers land and to continued economic growth in the agriculture sector. CORE has also introduced recommendations to upgrade extension services for both agriculture and veterinary services (for the dairy sector), which would have an impact on future development assistance provided to vulnerable populations in the North and East (Abeygunawardena, Smith, Ranadewa and Jayatileka, 2009, 30).

Workforce Development. The USAID CORE project worked to enhance workforce skills of persons living mainly in the East and particularly to provide training for young people of Tamil and Muslim ethnicity. Activities in this area involved training in tourism-related industries (mainly hotel services), information, communication and technology (ICT) and other industries. This component had some successes, but exhibited weaknesses that limited the effectiveness of the training programs. Of the 794 participants receiving workforce-related training over the three and a half years of the CORE project, CORE reported that 392 (approximately 50 percent) people gained employment or more remunerative employment as a result of those programs (Silcox, Wijesena, and Farhad, 2012, 26). From this experience, there are lessons learned for future training activities. It is recommended that future vocational training activities take place in the target populations' communities for maximum retention, and that market linkages between trainees and prospective employers, and employers' likelihood of hiring, be established before training commences.

Existing EG Programming. USAID's BIZ+ project promotes job creation and income generation through small and medium enterprises (SMEs). Through a combination of grants, technical assistance, and public private alliances (PPA), the project plans to work with over 50 SMEs in the North and the East, across industries. BIZ+ had made limited investments in SMEs in the conflict-affected areas of the North and East as of the time of this assessment; however, the assessment team learned that there were several applications in review and near approval for businesses in the North and the East. Further, an initial study conducted by BIZ+ assessed the viability and potential for expansion of ten industries in the North and the East. Among the ten industries assessed, two (agriculture and dairy), are directly referenced in the recommendations of this assessment (EML Consultants/International Institute of Development Training, 2012, 12). Further, the assessment team recommends potential areas to collaborate with BIZ+ -supported SMEs to strengthen workforce preparedness and facilitate opportunities for upward mobility in selected SMEs.

ADB. The Asian Development Bank's (ADB) operations in Sri Lanka over the next five years will be informed by the country partnership strategy 2012–2016, in alignment with the government's strategy, Mahinda Chintana 2010–2016, and ADB's long-term strategic framework, Strategy 2020. The ADB's strategy focuses on three pillars: inclusive and sustainable economic growth, catalyzing private investment and enhancing the effectiveness of public investment, and human resource and knowledge development. In the North, ADB is targeting IDPs through a "Cash for Work" program focused on rehabilitation of roads, canals and communities. At least 50 percent of participants are women, many of them widows. The program ensures that 25 percent of earnings are placed in a savings account, which they cannot access for six months. ADB also supports small-scale livelihood activities such as mushroom cultivation and other demand-based livelihood activities, but is not their core focus. USAID should collaborate with ADB to ensure there is no overlap in development assistance and where there is, that efforts reinforce or strengthen existing indicatives.

CIDA. CIDA implements a USD 4 million project to rebuild agricultural livelihoods in the North, in which the FAO and UNDP are the implementing agencies. The FAO provided inputs, tools, water pumps and technical assistance. The UNDP focused on market linkages and reviving farmer cooperatives and associations in terms of capacity building. Sectors include fisheries, livestock (chickens, goats, and cattle) and fruits and vegetables. CIDA plans to expand this and

fund the second phase over the next 2-3 years to include high demand products such as cashews and grapes (in North) and mangos.

CIDA also funds WUSC who works with Sarvodaya in Vocational Training. WUSC focuses its efforts on the demand side to ensure trainings are linked to real jobs. WUSC uses various forms of information to understand labor market needs, including informal labor market surveys, community reconnaissance, and chamber information. They are working with WUSC to ensure women are included and have placed some women in non-traditional sectors such as IT and construction.

Potential collaboration could include joint coordination with CIDA on their funding of World University Service of Canada (WUSC), which is providing funding and technical assistance to Sarvodaya's demand-driven vocational training programs. More work on ensuring that the trainings meet community-based needs for both men and women is needed.

FAO. The FAO, funded in part by CIDA, implements the Rebuilding Agricultural Livelihoods (RALP) Project. The focus of this project is on restoring fisheries and agricultural production and related income generating opportunities in these sectors. The project started in 2010 for 16 months, targeted two groups of farmers and farmer organizations: coconut and tree fruit growers and their organizations, and the dairy livestock producers (cattle and goats) and their organizations. It also targeted a small group of communities of fishers in the Mullaitivu District⁴ and about 11,450 farm and fisheries food insecure families in the Jaffna, Mullaitivu and Kilinochchi districts⁵. Follow-up from USAID might entail moving forward with components where the 16-month program did not reach its goals or intended outputs. For example, a broad-based needs assessment for each of the sectors would aid in selecting the most viable areas for investment.

GIZ. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in Sri Lanka is countrywide, but with core focal points in Jaffna, Kilinochchi, Batticaloa and Ampara. GIZ works on four major components:

- a. Microfinance – They are currently phasing this out but was focused on capacity building of microfinance networks and institutional development;
- b. SME Development – focused within a policy platform where they are working with core ministries and implementing agencies; and
- c. Access to technology in terms of value-added production. This includes working with cooperatives, supporting agencies and the private sector in areas such as machinery, quality standards, and research and product development.
- d. Vocational Training. In 2010, the Government of Sri Lanka and the Federal Republic of Germany created the plan to establish a Sri Lankan - German Training Institute (SLGTI) in Kilinochchi. This Institution addresses the lack of skilled personnel directly by providing vocational education from National Vocational Qualification (NVQ) Level 5 - 6. The SLGTI can accommodate an annual intake of 400 trainees. Currently, there are 37 participants in the first training program focused on the fields of automotive engineering

⁴ RALP – Rebuilding Agricultural Livelihoods Project, FAO Project Document, 2010.

⁵ IBID, p.8.

and electronic engineering. Expansion to electrical installation and ICT began in February 2013. The trainees will receive an NVQ Level 4 qualification upon completion and on the job training in the relevant industry.

To support proposed demand-driven workforce development activities, USAID might collaborate with GIZ to leverage its planned investment in the SLGTI in Kilinochchi. SMEs from the USAID *BIZ +* program could be referred to the training institute for enhanced skill training and USAID could connect civil society organizations such Sarvodaya with the training institute to leverage vocational training curriculum. USAID could also work with GIZ to connect the training institute and other proposed USAID workforce development activities more directly to the private sector, to ensure the training institute results in job placement and job retention. While GIZ informed us the assessment team that they are scaling back support for microfinance development, USAID could collaborate with GIZ to link USAID partner civil society organizations to existing microfinance schemes or to link civil society organizations such as JASC that are exploring establishing revolving loan funds to support micro and small businesses to GIZ's knowledge of best practices in microfinance delivery in Sri Lanka.

JICA. The Japan International Cooperation Agency (JICA) works in close alignment with the GoSL and through Japanese civil society organizations working in Sri Lanka. While JICA works countrywide, their focus in the North and East is on infrastructure development in the fisheries and agriculture sectors and developing market linkages to agricultural products such as mango, coconuts, chilies, and poultry. JICA also has a "Skills Development Program for the Returnees of IDP" to increase their capacity of rehabilitation and reconstruction in conflict-affected areas in Trincomalee. JICA also funds a hotel school in Trincomalee through a Japanese Yen Loan program. Potential collaboration for USAID with JICA could include (a) joint outreach to the private sector in livelihoods assistance to ensure products are linked to end-buyers and (b) collaboration between JICA's skills development program in Trincomalee and USAID-supported workforce development activities.

UNDP. UNDP's focus in Sri Lanka is that of social inclusion and sustainable development. Interventions target regional disparities by strengthening local economies and governance systems. The UNDP's core program, The Northern Livelihood Development Project (N-LDP) focuses on supporting conflict-affected communities, particularly those socially and economically excluded, in Jaffna, Killinochchi and Mullaithivu districts. The objective of the program is to strengthen self-sufficiency of target populations through engagement in livelihood opportunities and improving interactions within and among communities.

Central to this program are market assessments and connections to end markets and buyers. They work through community-based organizations to identify sectors that have the greatest potential in the selected community/area. Sectors that they are working in the North include fisheries, horticulture, livestock/dairy and palmyrah. The USAID *Biz +* Program worked with the UNDP to identify markets for products. One area that USAID could coordinate with the UNDP would be in targeting women-headed households to grow and diversify higher value crops for sale through buy-back arrangements. This would add to household's resilience and help even out seasonal growth periods.

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