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SRI LANKA TRANSITION INITIATIVES PROGRAM

REPORT FOR OTI: AUGUST 1, 2004–MARCH 15, 2007

JUNE 2007

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

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PREFACE

The following report is a summary of the activities carried out by the implementing contractor, DAI, under the USAID-OTI Sri Lanka Transition Initiatives (SLTI) contract. The reporting period covers the initial thirty-two months of the contract: from August 1, 2004 to March 15, 2007. On that date, OTI handed over the management of the program to the USAID Sri Lanka Mission for the remaining twelve and a half months of the contract, up to March 31, 2008.



The main objective of the SLTI program is to build support for the peace process among the Sri Lankan population, mainly at the local level. This objective is consistent with the US Government's foreign policy commitment to support a negotiated settlement to the conflict in Sri Lanka.

The SLTI team, through the design and implementation of grant-funded activities, seeks to generate attitudinal change on how different communities and not like-minded groups perceive each other; foster behavioral change towards greater cooperation and collaboration across regions or between ethnicities; establish linkages between different groups to mobilize peace constituencies; and, promote plural media voices for a better informed citizenry and general access to unbiased information regarding key transition issues.

The program's objectives and conflict-sensitive approach to peace building initiatives remained consistent throughout the period. Within that frame, the design of individual grant programs evolved with time to adapt to the changing political landscape and different realities in the field. Thanks to its presence in the field, the SLTI program has repeatedly proven this capacity to swiftly adapt and respond to relevant changes in the environment. Through our regional offices, we assess the situation at the local level on daily basis, develop networks, and establish relationships with local authorities, village leaders and organizations operating at the grassroots level. All of these enable us to reach further and be more ambitious in our programming, take calculated risks and undertake complex projects which require extensive preparation. Some of these initiatives required nearly a year to develop and bring to fruition. The OTI-DAI team has learned that such complicated projects tend to produce the best results in terms of impact. It wouldn't be possible to engage in this kind of project without a strong field presence.

The reporting period covers some of the most challenging years Sri Lanka has endured in the past decades. The December 2004 tsunami brought death, devastation and hardship to most of the coastal districts in the country. The Cease Fire Agreement (CFA) stalled, and the peace process began to unravel. Violence drastically increased in 2006 accompanied by a progressive weakening of the rule of law particularly in the North and East. The situation continues to deteriorate in 2007.

The OTI-DAI team did not ignore these realities, much on the contrary, responded to them with commitment, thoughtfulness and creativity. The additional funding received from the Tsunami Supplemental Fund in July 28, 2005, equipped SLTI with the necessary resources to continue work in its strategic locations, addressing the needs of these communities at a time when their expressed main concern was primarily the tsunami recovery process, rather than the conflict itself. We embedded peace building activities within the process of helping communities identify their needs and address them, bringing about numerous opportunities for peace building outputs.

The aforementioned incremental funding allowed SLTI to expand its assistance also to tsunami-affected areas in the South, some of which the program already identified, prior to the tsunami, as strategic locations due to the notorious presence of political spoilers in them. In line with the field presence approach referred above, SLTI opened an office in Matara to design and implement grant-funded activities in the South.

MANAGEMENT

DAI has consistently exerted sound management and close control over the funds obligated into the contract, which totaled US\$39,220,797 as of March 15, 2007. Staff commitment and dedication has been a constant asset for the program, and solid systems have facilitated their work enabling DAI to

perform and deliver results despite the challenges faced by its operations in the field, and the different requirements in terms of size and speed that the funding levels have dictated.

ABOUT THIS REPORT

OTI contracted an independent evaluation to visit Sri Lanka in January 2007 and evaluate the performance and impact of the SLTI program up to December 2006. The evaluation also examined the previous contract (February 2003 through July 2004). OTI also conducted a review in February 2007 to identify and examine key program management and implementation elements. Both reports reflect their respective authors' analysis of the program at that time, when less than half of the SLTI grant funded activities were completed. In addition to this, and also in the months of February and March 2007, the Regional Inspector General/Manila conducted an audit of the SLTI program to determine whether selected outputs from tsunami recovery and reconstruction programs were being achieved. The performance audit concluded that 93% of those outputs were achieved, or on schedule to be achieved.

This report covers a similar period (August 1, 2004–March 15, 2007) and it is an account of the initiatives undertaken, the thinking behind them and the backdrop against which they were designed and implemented. It neither aims to reach conclusions nor to evaluate what was accomplished. The SLTI final report in 2008 will give us the opportunity to evaluate the program's impact: all activities will be completed by then. In the meantime, the program remains true to its principles and continues to bring to the targeted conflict-affected and conflict-vulnerable communities alternatives, opportunities, support and hope in these trying times. In a number of these locations, we are the only program actively implementing projects. We will not let them down.

COUNTRY CONTEXT

The period from August 2004 through March 2007 was characterized by political change in the form of elections, changes in ruling parties and coalitions, conflict as the Cease Fire Agreement (CFA) began to unravel and military operations increased, and the tsunami that destroyed so much of Sri Lanka's coastal landscape.

BACKGROUND

The conflict in Sri Lanka has its roots in the decade after the colonial period when, in 1948, independence saw a fledgling nation develop following the end of British rule. A newly empowered Sinhala Buddhist majority, based mainly in the South, center, and West of the island, began to assert themselves within the new Sri Lanka and used legislation to right the wrongs of the British “divide and rule” policy and to benefit the Sinhala population to the perceived detriment of the Tamil Hindu minority, living mostly in the North, East, and central hill country. Early violence erupted due to the language law enacted by the government in 1958 which made Sinhala the official language of Sri Lanka. Successive Sinhala governments have been accused of pushing this nationalistic agenda and violence sporadically erupted as both the Sinhala and Tamil communities became more divided and polarized.

Throughout the following decades this ethnic, national, cultural and religious split widened within parliament and the regions leading to the development of radical, armed Tamil groups who began to fight against, what they claimed, was a racist, authoritarian and prejudiced Sinhala establishment. The Liberation Tigers of Tamil Eelam (LTTE) was formed in 1976 and emerged by the early 1980s, using violence and force to become the strongest group within the Tamil anti-government movement. Led by Vellupilai Prabhakaran, the LTTE was a young, left-leaning, freedom-fighting movement which had come to the fore of the Tamil freedom struggle through a mixture of political maneuvering, assassination and guile and were becoming a continual thorn in the side of the northern, Sinhala military and police establishment. In the early 1980s, fighting for a separate independent Tamil Homeland, or Eelam, within Sri Lanka, the LTTE undertook audacious and effective attacks against military and police targets in the North and East of the country as well as terrorist attacks elsewhere, perfecting the use of suicide cadres. This relatively low intensity conflict culminated in the LTTE attacking a military convoy in Jaffna in 1983. Following the attack, a Sinhala mob went on the rampage and thousands of Tamils were killed in cities all over the country, especially in the country's capital, Colombo. “Black July,” as it came to be known, is seen by many as the year the modern Sri Lankan War started.

From Black July until the end of 2006 Sri Lanka has seen over 70,000 conflict related deaths¹. In 1985, early attempts to resolve the conflict, brokered by India in Thimpu, ended in failure. By the end of the 1980s the Sri Lankan government was also fighting a Marxist Sinhala uprising in the South led by the Janatha Vimukthi Peramuna (JVP) while the Indian Peace Keeping Force (IPKF), invited into

¹ The International Institute for Strategic Studies (IISS), <http://www.iiiss.org/>.

the North of the country to help solve the conflict, was embroiled in fighting the LTTE and coming under continual attack. After the IPKF left the island in 1990 the so called Second Eelam War reigned until the assassination of the President in 1993 led to the election the world's first female President, Chandrika Bandaranaike Kumaratunga, in 1994. Fledgling peace talks broke down in 1995 when all out war developed in the North and the East of the island, referred to as Eelam War Three. By 2001 both sides were bogged down in a military stalemate and it appeared neither side would break.

World events took a sinister turn in New York on September 11, 2001, and by the end of that month LTTE Leader Prabakaran's Heroes Day Speech intimated that the movement may be willing to compromise and accept a peaceful solution to the war, perhaps something short of a Tamil independent state and more akin to a federal system. This softening of approach was widely seen to be a result of the world's and the USA's tougher stance on terrorism and how the war on terror might affect the LTTE's position internationally. National elections for Prime Minister on December 5, 2001, returned the United National Party (UNP) to power, winning a sizeable majority of the war weary nation. For the first time in Sri Lanka's modern political history the President and Prime Minister, Ranil Wickramasingh, were of different political parties. An uneasy truce developed within the Sri Lankan parliamentary system, and by February of 2002 a Norwegian brokered Cease Fire Agreement (CFA) was signed. Formal peace talks between the government of Sri Lanka (GOSL) led by the UNP and the LTTE began seven months later in which both parties demonstrated a desire to compromise and promote peace resulting in tangible benefits throughout the country. Within this climate, in late 2002, an OTI assessment mission to Sri Lanka "concluded that the current peace initiative had the best chance of any to date in bringing a sustainable peace to the country"². In February 2003, the first incarnation of the Sri Lanka Office of Transition Initiatives program was born.

Initial optimism surrounding the peace talks soon turned to disillusion and by April 2003 talks collapsed as the LTTE suspended negotiations stating lack of economic benefit, lack of Sri Lankan Military withdrawal from key locations, and a lack of recognition for the role the LTTE played in areas under its military and civil control. Even before this, in February, the government was coming under increased pressure from the nationalist Sinhalese, as the JVP, Buddhist Monks and the People's Alliance (PA) opposition party organized an anti talks march in Colombo. The crowd, reported to be as large as 50,000 people, had to be dispersed by tear gas.

By October 2003, the LTTE proposed an Interim Self-Governing Authority (ISGA), a body which would effectively allow the LTTE to be recognized as the sole 'rulers' within the North and East territories they controlled. The President rejected the LTTE proposal and made an uneasy alliance with the Sinhala Nationalist JVP party. The Prime Minister, under increased pressure by nationalists and feeling the political effects of stalemate, found his initial progress towards peace was slipping. Forced by this stalemate to hold an election in April 2004, the President's alliance won. Known as the United People's Freedom Alliance (UPFA) and including her PA party as the main partner, Mahinda Rajapakse duly became the new Prime Minister. However, the UPFA's coalition did not win the outright majority needed to govern in parliament, so smaller parties' support, including the National Heritage Party's (of Buddhist monks) and the Tamil National Alliance's (TNA- backed by the LTTE), now held the balance of power.

² DAI 3rd Quarter Report, 2004

In this same month, the Eastern arm of the LTTE, led by ‘Eastern Commander’ Vinayagamoorthy Muralitharan (alias ‘Colonel’ Karuna), forced a split within the LTTE. Citing lack of recognition for the role they had played, but fuelled by years of dissent between Eastern and Northern LTTE leadership, Colonel Karuna faced off with a reported 6000 cadres³ against the Northern LTTE military in a short ‘civil’ war. Although the LTTE split did not last long militarily the newly named Karuna faction’s actions meant the LTTE was significantly weakened in the East -- both militarily and politically. The LTTE accused the government and military of supporting Karuna, offering them protection, and helping him and his senior leaders to escape. Continued assassination of LTTE political cadres and their supporters in the East later forced the LTTE to close political wing offices set up after the CFA which substantially weakened both their presence in the area and their claim to be the sole representative of the Tamil People.

It was within this context of worsening security, political turmoil and uncertainty that Development Alternatives, Inc. signed Contract No. OTI-D-00-04-00023-00 with USAID’s Office of Transition Initiatives (OTI) to continue implementation of the OTI Sri Lanka program from August 1, 2004 through March 2006.

POLITICS, CONFLICT AND THE TUSNAMI (AUGUST 2004-MARCH 2007)

OTI PROGRAM (AUGUST-DECEMBER 2004)

From August until December 2004 the government continued to maneuver and minority parties continued to exert influence over policy and the peace process. With the JVP against the ISGA, or any incarnation thereof, and the LTTE still insisting the ISGA should be the starting point for negotiations, the President accused both of letting the issue stall the peace process. In September attempts by Norwegian Special Envoy Eric Solheim to restart the peace process failed, and other countries became increasingly anti-LTTE, taking more hard-line positions against them. Cofer Black, the U.S. Coordinator for Counter-Terrorism, emphasized that the rebel group must renounce violence and negotiate with the Sri Lankan government. The Indian Government also increased pressure on the LTTE by pledging to protect the sovereignty of Sri Lanka which led to a proposed India-Sri Lanka Defence Cooperation Accord in October of the same year.

This lack of progress in the peace talks, and the faltering process itself, was causing international and local concern and the LTTE continued to accuse the government of supporting the breakaway Karuna Faction. In the East, especially in Batticaloa and Trincomalee, Tamil assassinations continued as both the LTTE and the Karuna faction fought a low intensity political war of attrition. In November, Tamil and Sinhala communal violence broke out over an attack on a bus which the Sinhalese blamed on the LTTE. As a consequence, the Army was put on high alert and deployed more soldiers to the area.

On November 27th the LTTE’s annual Heroes Day Speech, widely seen as Leader Prabhakaran’s ‘address to the Tamil Nation’ raised levels of rhetoric to new heights and offered little hope of a compromise or any progress in the peace process as the LTTE continued to propose the ISGA, and threatened a return to armed conflict.

³ IISS- Annual Report 2005

In October, a mid-term assessment of OTI/DAI confirmed many of the country realities of the day and the program worked to adjust and retarget projects to ensure that they were strategic, responsive and politically relevant in the current climate. Furthermore, increased synergy with other USAID funded programs and donors was seen as a way to forge links that would go beyond its present focus and timeframe. Linked to this the program held a Team Building Session (TBS) to improve collaboration and to enhance understanding of country issues, and in early December a Program Retreat allowed staff to look at the new realities while planning future activities. Linked to this two new sub-objectives designed to reflect a changing environment and country situation were devised:

- Increase collaboration/participation among diverse groups to set and/or address priorities.
- To increase awareness and/or understanding of key transition issues.

With these in mind the program devised strategic areas which would be covered by each field office. Within the strategic areas, a series of grants would build up a volume of work allowing greater focused impact in the area. National grants would continue to cover country wide and central issues which required specialized subject matter expertise. For example, grants linked to conflict mitigation targeted youths, street dramas dealt with human rights issues and workshops on Federalism and Good Governance helped explain issues of the day away from the rhetoric of politics. The worsening country situation and security realities led to operational constraints, especially in the North and East, however, the OTI program's strategic locations were still able to be implemented allowing for deeper impact.

TSUNAMI STRIKES SRI LANKA

On the morning of December 26th, 2004, an undersea earthquake of magnitude 9.1 on the Richter scale unleashed a tsunami in the Indian Ocean creating unprecedented destruction to over two-thirds of the coastline of Sri Lanka. The wave claimed 35,322 lives, injuring an additional 21,441, and orphaning over 1,500 children. An additional 150,000 people directly lost their livelihoods, while many more were indirectly affected.

In addition to loss of life and livelihood, public and private infrastructure was severely damaged creating havoc and severely inhibiting recovery and rehabilitation efforts. Over 100,000 houses were damaged or destroyed and close to one million people were displaced.

Within days of the Government of Sri Lanka's (GoSL) request for outside assistance, dozens of international organizations arrived in country to provide relief and the international media turned its attention squarely on tsunami-affected Sri Lanka. Eventually over \$7 billion in humanitarian aid from all corners of the globe would go toward the rehabilitation effort in Sri Lanka.

The tremendous outpouring of generosity and attention from all over the globe was unprecedented, but it was the response of Sri Lanka's own citizens in the hours immediately following the tsunami that was perhaps the most compelling of all. Despite a prolonged conflict, with ethnic and religious intimations, local NGOs, religious bodies, private sector companies, and individuals from all over the island regardless of race, culture, or religious affiliation collected what they could and deployed to the affected areas with great haste.

Although often the delivery of this relief was disorganized, it was indiscriminant and demonstrated the potential for Sri Lankans to once again join together as one people. After the tragedy bore out the

human potential in the immediate response, there was hope that the tsunami would finally cement a foundation that would pave the way for a peaceful resolution to the ongoing conflict. Instead, those fleeting glimpses of collaborative, consultative efforts were short-lived and again political power struggles manifested themselves, this time along the fissures created by the waves.

After much debate and discussion the GoSL and the LTTE finally agreed upon a joint mechanism for distribution of tsunami relief in the affected districts of the North and East, some of which came under LTTE control. The Post Tsunami Operational Management Structure (P-TOMS) was signed, which many observed as an opportunity to build confidence between the two parties towards a resumption of stalled peace talks, however, the reality was far different. Within days, the JVP withdrew from Government and filed a writ with the Supreme Court for a full judicial review of the PTOMS. The result was a stay order issued against four of the clauses in the agreement, enough to effectively render it defunct; the early goodwill that had been shown by the Government, the Opposition and the LTTE was replaced by bitter acrimony over the handling of the relief effort.

The SLTI staff were not immune to the unrelenting destruction of the waves. A project driver from the Ampara office was killed and other staff lost direct family members, were injured by the tsunami, or lost their homes. In response DAI established a tsunami fund, which raised money from company-wide staff for distribution among tsunami-affected staff in Indonesia and Sri Lanka. Despite their losses, emotional fatigue, and trauma, staff were dedicated to supporting the program's relief efforts. The team pulled together and worked on activities to assist their fellow citizens, despite their own loss and displacement.

Within three days, most staff were back at work and within twelve days, massive clean-up crews were deployed to the Southern coast in the first organized effort of its kind, through a grant. Over 10,000 people per day for over 30 days cleaned up a severely damaged stretch of coastline in Galle, Matara, and Hambantota. Nearly fifty grants were developed to address the immediate needs and staff worked tirelessly six days a week to provide support for the efforts.

TSUNAMI AFTERMATH (JANUARY–JUNE 2005)

The tsunami had a profound effect on Sri Lanka and the initial reaction, by both the Government and the LTTE, suggested that a positive outcome of the human tragedy may be a peaceful resolution of the conflict. Certainly Sri Lankans themselves reacted positively, without prejudice and quickly, if haphazardly, worked to provide aid to tsunami affected areas. Local, non-affected populations provided instant and life saving relief in the form of clothes, food, water, bedding and, regardless of politics, religion, creed or geographic location, citizens went to the affected areas and offered their assistance to their fellow man.

In the first weeks after the tsunami the government, still helmed by President Kumaratunga, called for international aid and set up the Centre for National Operations. The former came quickly and an unprecedented influx of both money and aid organizations arrived in the country. The latter soon became bogged down in red tape and its *modus operandi* as it struggled to cope with the Herculean tasks of coordination and implementation. The key question for government, in those first weeks, was how to distribute aid and organize the response to the disaster in the face of growing disquiet amongst affected populations and a growing accusation from the LTTE that Tamil areas were being neglected.

In the immediate aftermath of the tsunami, the program immediately incorporated its peace-building mandate into its programming in tsunami-affected communities. Because of its established

relationships with the affected communities, all three projects offices were able to act fast, establishing a quick and comprehensive network of partners with whom to work and providing a rolodex of local entities ready to partner with arriving international aide organizations and individual philanthropists. The program was also able to serve as facilitators in many affected communities, organizing meetings and arranging visits for visiting dignitaries.

The OTI program responded with characteristic zeal to the disaster despite the reality that many staff from the East had been affected by the tsunami and that one staff member was lost to the waves. Early tsunami grants were developed to provide cleanup support to local government authorities in the form of machinery but also in people power. Staying true to its collaborative and participatory roots the program brought non-affected populations to coastal areas to work with tsunami affected communities in order to help them restart their lives through beach cleanups and debris removal. Often Sinhala populations visited and helped Tamils and Muslims and the feeling of shared responsibility and horror at the magnitude of the disaster seemed to overshadow the ethnic and political divide.

With this increase in work, the program began working 6 day weeks and continued to do so to mid-February. USAID, recognizing the ‘on the ground’ benefits of the program’s field offices in tsunami affected areas authorized a budget increase of \$2.5 million and a new office on the tsunami ravaged southern coast.⁴

TABLE 1: HIGHEST TSUNAMI DEATHS BY DISTRICT

Ampara	East	10436
Hambantota	South East	4500
Galle	South West	4214
Mullaitivu	North	3000
Batticaloa	East	2840
Jaffna	North	2640
Highest Tsunami IDPs		
Galle	South West	128077
Trinco	North East	81643
Ampara	East	75172

Into February of 2005, the tsunami continued to dominate the national agenda but the positive nature of the initial response wore off. The Centre for National Operations was disbanded and two new task forces were set up. A proposed buffer zone of 100m+ around the coast, within which no rebuilding or new building could take place, was designed to protect coastal populations. In reality, the buffer zone meant that those who lived within it would be permanently displaced and local government bodies, who were already overstretched, had no means to implement the buffer zone and oftentimes, they had no additional land on which to house those displaced. In the South, angry tsunami victims demonstrated against the buffer zone and perceived corruption, as rumors spread that money and

⁴ DAI 1st Quarter Report 2005

influence would allow the wealthy to rebuild and tourist resorts would be built where villages had once stood.

Politically, the tsunami continued to dominate the southern as well as the national agenda. The JVP began a campaign against local and international NGOs and organizations, citing sovereignty issues, lack of accountability and international influence over domestic politics. In the North and East, relations between the LTTE and the government worsened. The LTTE had been taxing goods that traveled to the Northern Jaffna peninsular via road through their Vani stronghold, which had already negatively affected the DAI grants in Jaffna as materials for projects, initially exempt from the tax, became eligible and therefore DAI was unable to send goods North. After the tsunami, goods to LTTE affected areas were also taxed and the numbers of people traveling into and out of LTTE areas had increased. Due to this, the government introduced strict controls and checks of goods across the border fearful the aid would benefit the LTTE rather than tsunami victims. Amongst protests from the LTTE leadership and accusations that Tamils were being discriminated against when it came to tsunami aid, the President proposed the Post-Tsunami Operational Management Structure (P-TOMS) in May 2005, a joint mechanism to distribute aid to Tamil dominated areas and give the LTTE a say in its use and distribution. This compromise pleased no-one. The JVP saw it as devolving power to an unelected, terrorist organization, the LTTE thought the system did not go far enough, and Muslim leaders, representing sizeable tsunami affected populations in the East, had no say in the P-TOMS and therefore opposed it. The tsunami of December 26, 2004 which killed over 30,000 Sri Lankans and displaced many more threatened to eclipse the progress made to date.

In this climate of conflict, even one event stood to tip the balance. That even came in May when a Buddha statue was erected in the heart of Trincomalee near the community's bus stand. The statue was unauthorized by local government and erected by the military which soon caused outrage from the LTTE and the Tamil majority population in Trincomalee. Hartals, or general strikes, were organized and demonstrations called.

By July 2005, the political situation was no better, P-TOMS was never effectively developed and never implemented, despite being signed in June. The JVP pulled out of government, leaving the President with a minority that was seriously weakened.

By the second quarter of 2005, the OTI/DAI program was coming out of its tsunami emergency response, closing these grants and planning a concerted programming effort in an environment where tsunami inflation was increasing material and labor costs, and fierce competition existed for projects amongst a well-funded international community. A program meeting at this time addressed these issues and agreed that the core values of the program should remain and a process driven approach to the tsunami response should continue.

NATIONAL ELECTIONS AND INCREASE IN CONFLICT (JUNE–DECEMBER 2005)

The second half of 2005 saw the number and frequency of regional security incidents increasing as central government and the LTTE leadership publicly spoke of peace and adherence to the CFA. The LTTE split dominated incidents in the East, as the breakaway Karuna faction started to reassert itself through its new Political Party—Tamil eelam Makkal Viduthalai Pulikal, TMVP or Tamil eelam People's Liberation Tigers. Tamil "tit for tat" killings increased and the LTTE's political wing lost ground and influence in the face of assassinations. The LTTE blamed the government for harboring and clandestinely supporting the Karuna faction.

On August 12th, Foreign Minister and Tamil politician, Lakshman Kadirgamar was assassinated by a sniper in his home in Colombo. The government blamed the LTTE and the international community condemned the killing. The government responded with air raids and the enactment of emergency regulations, security incidents nationwide spiraled. In response the military increased the numbers of checkpoints, stop and search operations and arrests increased.

Within this environment central government politics was still unbalanced. The President was still in power and insisted that her presidential term should be extended for one year as she had called elections one year early during her previous incumbency, indicating that the additional year should therefore be added on to her present term. The matter was settled by the Supreme Court who declared elections must be held and a date of November 17th was set.

Meanwhile the OTI/DAI program held its Team Building Session where the tsunami and security realities were obvious -- longer lead up time to project development, highly focused monitoring and implementation needed with grantees flush with tsunami funding, competition between international organizations creating a crowded development environment in which coordination, collaboration and information dissemination were key, a worsening security environment and shrinking humanitarian space in which to work. The overall project budget also increased to over \$36 million⁵ and as the small grants program became significantly larger, implementation and programming realities became significantly more complex.

In November the lead up to the election was relatively quiet and few election related incidents of violence, corruption, or intimidation occurred. The then Prime Minister, Mahinda Rajapakse, stood against the opposition United National Party leader, former PM and cease fire broker, Ranil Wickremasinghe. The former was seen as far more hard line and pro-Sinhala than the former and the Sinhala electorate seemed torn and disillusioned between a CFA that was crumbling and a 'new direction' which Mahinda represented, that may ultimately lead to a more militant and anti-LTTE stance. It appeared that Muslim and Tamil votes from the North and East could tip the balance in favor of Ranil Wickremasinghe, when the LTTE effectively decided the election by keeping Tamils from voting. As a result, Mahinda Rajapakse was elected by slightly more than 200,000 votes to the presidency of Sri Lanka. Initially, the LTTE cautiously welcomed the new President, but in the November 27th Heroes Day speech, Prabhakaran made it clear that the LTTE expected action on the peace front within six months or the LTTE would be forced to restart the 'freedom struggle':

"The new government should come forward soon with a reasonable political framework that will satisfy the political aspirations of the Tamil people. This is our urgent and final appeal. If the new government rejects our urgent appeal, we will, next year, in solidarity with our people, intensify our struggle for self-determination, our struggle for national liberation to establish self-government in our homeland⁶"

Within days of the elections, regional violence and security incidents had increased. Two hand grenades, thrown into a mosque in Ampara district resulted in inter-ethnic Tamil and Muslim violence, hartals and community divisions. Attacks on security personnel and the LTTE increased. The former seemed to be testing the new President's resolve and the latter were blamed on the Karuna

⁵ Contract Modification No. 5, DAI 3rd Quarter Report

⁶ V. Prabhakaran, Liberation Tigers of Tamil Eelam (LTTE), Speech; 27 November, 2005

faction who, for the LTTE, were now the proxy militant arm of the security forces and therefore the government. Throughout December in the port city of Trincomalee, daily grenade attacks and shootings occurred, resulting in military and civilian deaths and casualties. Frequent house to house search and round-up operations by police and security forces intensified an already fragile relationship between them and the general public. Reports of intimidation and harassment by the security forces, particularly from the Tamil community, rose dramatically. A major attack on a bus carrying Naval personnel resulted in heightened tensions throughout the border between Vavuniya and Anuradhapura districts, including road closures and frequent searches of Tamil residents of the area.

Elsewhere, in Muthur, just South of Trincomalee town, tensions between the Muslim and Tamil communities erupted into a series of abductions and killings, which resulted in displacement of both communities.

CONFLICT INCIDENTS INCREASE; OTI/DAI PROGRAM CHANGES (JANUARY–MAY 2006)

The scale of violence escalated further in the new year of 2006. Five Tamil youths were shot and killed on Trincomalee beach, reportedly by the security forces after a grenade had been thrown toward them. A claymore grenade attack on a navy bus resulted in ten injured and in the subsequent gunfire two Tamil civilians were killed. Hartals, called in protest by a Tamil group (and backed by the LTTE), resulted in a complete shutdown in Trincomalee for over ten days in January, with warnings that anyone breaking the strike would face reprisals. The Sri Lankan Monitoring Mission (SLMM), made up of Nordic country members, and authorized to monitor the CFA, pulled out from Trincomalee as the situation worsened. These attacks led to a hardening of the stance of the JVP against the LTTE and the opinions of the people of the South became more convinced that action needed to be taken to stop the violence, even if this meant war⁷.

It appeared the escalating violence would continue and a donor conference in Tokyo reiterated the international community's commitment to peace in Sri Lanka whilst rebuking the LTTE for escalating the violence. Relief came from Erik Solheim, the Norwegian envoy, when it was announced that the Government and LTTE had agreed to talks in Geneva on the 22nd and 23rd February. These talks exceeded expectations, new dates for talks were set for April and an agreement was made to curb the violence in the regions; for the LTTE this meant that the government would reign in the para-militaries, especially the Karuna Faction. In March violence did decrease, but by early April claymore attacks in Trincomalee killed military and civilians alike and riots left 12 dead.

During this turmoil the OTI/DAI program met in February to review tsunami spending, strategy and the future. By tightening and concentrating strategic areas in locations where needs were high but competition low, by looking to support and strengthen other USAID partners and by implementing workplans to program, develop and plan more effectively, DAI was able to respond to the tsunami, manage the risks of the security environment and target programming, expenditure and effort in a concerted, logical and progressive manner. Countrywide, DAI expanded its infrastructure capacity by increasing the size of an average grants and by bringing in a private engineering consulting firm, NEAT Solutions Pvt. Ltd., in order to offer more expertise and to strengthen infrastructure spending,

⁷ DAI 1st Quarter Report 2006

the largest group of funds available. Field offices began even greater involvement with local elected government bodies, as a way to engage with political entities, a way to offer support for restoring destroyed tsunami infrastructure, and as a way to encourage discussion, planning, and multi-ethnic stakeholder involvement at a time when communities were being forced apart by regional and national politics.

Although talks had been agreed for April, the LTTE, citing disagreements over movements through government controlled areas, pulled out at the 11th hour. Amidst wide spread international condemnation, on 24th April Lieutenant General Fonseka, Commander of the Army, was targeted by a suicide bomber. This was blamed on the LTTE and the government responded swiftly with air raids.

In early May 2006, international relations with the LTTE declined when they attacked a naval vessel with SLMM members on board⁸. The SLMM had been set up by Norway at the start of the CFA to act as monitors and record CFA violations. Their work had become progressively difficult and after this attack they pulled out altogether from Naval operations. The European Union in the same month banned the LTTE as a terrorist organization. In response, the LTTE rejected SLMM monitors from European Union (EU) member states, further weakening the cease fire monitors as the Swedish, Finish and Danish members left the country.

MILITARY CONFRONTATIONS ESCALATE IN THE EAST (JUNE 2006–MARCH 2007)

In June of 2006, tentatively scheduled talks to progress the peace process were cancelled when the LTTE refused to meet the Sri Lankan Government representatives, despite already being in Oslo at the chosen venue. The year's issues came to a head when, on July 21st, the LTTE cut off the water supply to 15,000 Sinhala farmers in Trincomalee district. By closing the annicut or dam in an LTTE controlled area the water supply which fed prime agricultural land in government controlled areas ceased. The government responded by sending in troops to LTTE controlled areas with orders to retake the area and restart the flow of water. By the 8th of August the military had retaken the annicut and by the 15th the reservoir which fed it.

In typical counter attack, the LTTE on the 2nd changed tack and attacked Muthur, a mainly Muslim area South of the strategically important Trincomalee harbor. Large civilian displacements ensued and in the counter attack 17 Action Contra la Faim (ACF) workers were murdered in their office. Although disputed by the military, evidence suggesting the involvement of the Sri Lankan armed forces in the attack was later put forward by the SLMM,⁹ and an independent inquiry into the incident is still ongoing.

On the 11th of August, the LTTE once again changed focus, launching attacks in the North on the front lines between the Vani and government held Jaffna peninsular. Both sides sustained heavy casualties. Air-raids by the government in LTTE held areas on a training camp killed a number of young women and girls, who the LTTE stated were not fighters but first aid trainees. By the end of August the government launched further offensives, around the South of Trincomalee harbor after consolidating in Muthur.

⁸ "The SLMM has suspended naval monitoring temporarily in the Northern and Eastern waters of Sri Lanka due to the incident at sea on 11 May 2006." Sri Lanka Monitoring Mission Press Release, 14th May, 2006

⁹ The International Institute for Strategic Studies, IISS, Annual Update 2006, www.iiss.org

Despite these events, both sides still publicly remained committed to the CFA and a peaceful resolution to the conflict although growing opinion suggested that the war had all but restarted in name.

Moving into September, further clashes on the Northern front lines killed 150, an attack on a Naval road convoy killed over 100 and the Sea Tigers launched an audacious, but ultimately unsuccessful, suicide attack on Galle Harbour in the deep South of the island.

This atmosphere was not helped by the collapse of further talks in Geneva which aimed to break the stalemate and slow down the gathering momentum of violence in the island. From then on the military has undertaken concerted offensives throughout the East aimed at driving the LTTE out of the area and back into their Northern stronghold. In turn the LTTE have targeted buses in the South on three separate occasions in 2007 and by the end of March air raids and further fighting seemed continuous.

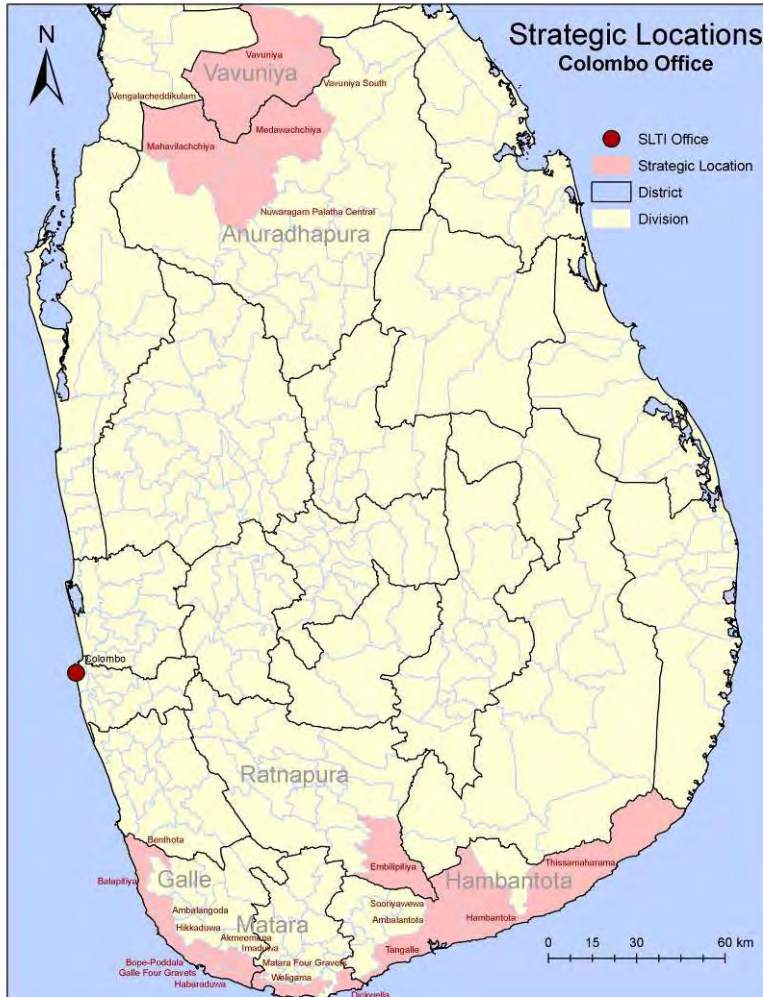
In December 2006, USAID commissioned a report on Democracy and Governance in Sri Lanka including input from OTI/DAI and associated grantees and beneficiaries. What is clear is that there:

... appears to be a marked increase in harder line ethnic, nationalist and militaristic rhetoric in the media and among politicians in several political parties and groups. There has been significant violence against Tamil and non-nationalist sources of media. (REFERENCE P. 5)

The situation in Sri Lanka was clearly deteriorating significantly.

Within this political and conflict backdrop, the Sri Lanka Transition Initiatives Program (SLTI) team deftly juggled the volatile country situation and regional idiosyncrasies, committed all tsunami funding, and continued implementation of tsunami and peace building projects.

COLOMBO REGIONAL OFFICE



Centrally located in the Western Province, the Colombo office has been responsible for covering a large geographic and thematic area over the 32 months of the USAID/OTI contract. Although very little in the way of grant-making has taken place within the Western Province itself, the Colombo office's central location has provided an ideal setting from which to address strategically-identified programming needs along a vast geographic span and has granted access to the most important political and economic resources of the island.

Despite its wide geographic scope—from the Southern tip of Matara to the Jaffna Peninsula (see map)—the Colombo office has also been able to carve out very distinctive thematic areas of focus not endemic to any one geographic area. These “national-level” initiatives have distinguished the Colombo office

from its regional counterparts. While distances have been a challenge the office has had to overcome, the diversity of activities have sculpted a variety of partnerships and a talented and well-rounded senior staff that has been able to identify, analyze, and react to the constantly changing Sri Lankan context.

While tensions in the capital have an undeniable, impact on programming, unlike other project offices in the East, the Colombo office has not had to dramatically adjust its programming to respond to a changing local security context. Instead, due to its central location, the Colombo office has been able to address pressing issues, or “windows of opportunity” that have island-wide implications, in addition to coordinating regional efforts that take advantage of program synergies and common areas of focus.

Over the last 32 months, the Colombo office has seen four major programmatic shifts characterized by shifting political and social realities on the ground, which have resulted in often dramatic geographic shifts from one period to the next:

- **A Tightened Focus on Spoilers** (August to December 25, 2004) Focus on the Southern Province and the political spoilers, namely the Janatha Vimukthi Peramuna (JVP)¹⁰ and the Jathika Hela Urumaya (JHU); the North Central Province (NCP) border zones, and national-level initiatives (38 grants)
- **Emergency Response to the Tsunami** (December 26, 2004 to April 2005) An almost exclusive focus on the Tsunami-affected communities in the Southern Province (56 grants)
- **Transition Issues and Opinion Shapers** (May 2005 to March 2006) Focus on national-level initiatives, NCP border zones (31 grants)
- **Return to the South** (April 2006 to March 2007) Focus on Galle District and Tsunami-rehabilitation, NCP border zones, and national-level initiatives (61 grants)

A TIGHTENED FOCUS ON SPOILERS (AUGUST–DECEMBER 2004)

Following a September 29th program meeting, the Colombo office confirmed two major strategic locations and a thematically-led national-level focus for future programming. The two strategic locations identified were the Southern region, particularly those areas characterized by a large “spoiler” population traditionally skeptical of the peace process, and the NCP border zones, those areas most likely to spill over into active conflict should the Cease Fire Agreement (CFA) begin to unravel. In addition, the Colombo office would be continuing the implementation of its Jaffna programs as long as circumstances would allow and be winding down its activities in Puttalam, reflective of its decision to focus on more conflict prone communities to the North.

Southern Province

In August 2004, there was still hope that a political solution to the conflict was possible despite the fact that extremist political forces hunkered down in the Southern Province vociferously opposed any negotiation with the LTTE. These forces, led by the JVP and the then newly-formed JHU, insisted that the peace process was tantamount to legitimizing the LTTE’s twenty-year armed struggle and represented the first step toward ceding the Northern region of the island to terrorists.

Lack of transparency and public involvement in the development and brokering of the Cease Fire Agreement

Strategic Areas: Tissamaharama; Embilipitiya-Sooriyawewa Corridor; and the Tangalle, Beliatta, Wiraketiya Triangle

Citizens in these Southern communities have grown disenchanting with a lack of local resources and economic opportunities. Low education levels and high unemployment levels, even for those lucky enough to have a university education, create highly polarized communities divided along political, caste, religion and ethnic lines. Accompanying these divisions are exploitative forces and convincing ideologues who offer extremist solutions to citizens in search of answers to their continued challenges.

¹⁰ The JVP led two bloody insurrections in the South—one in early 1971 and the other from 1987 to 1989. Currently the JVP is a part of the ruling coalition that brought Mahinda Rajapakse to power. They continue to advocate for the self-determination of the Sinhalese Nationalist majority and a military solution to the current conflict.

(CFA) and internal political jockeying in the form of a heated political rivalry between the President and the Prime Minister only ensured a muddled process, serving to strengthen the JVP's hand¹¹. Able to easily manipulate the public's understanding of the CFA process and draw upon the public's nationalist tendencies, fears of terrorism, and traditional repugnance for foreign involvement in Sri Lanka's internal affairs, extremist groups were quickly able to garner strong rural opposition to any form of negotiation with the LTTE.

Given this context, SLTI decided to target its programming on those communities in the South most susceptible to extremist political forces, particularly focusing on youth, who are especially vulnerable to the promises of broad-reaching solutions that extremist groups provide. Attempting to marginalize these extremist voices, the Colombo office concentrated on addressing the needs of the community through a broad consultative process, which not only identified priority concerns of the community, but also served as a forum for discussing key transition issues, such as federalism, or the concept of power devolution, which was previously thought only to be a Northern and Eastern issue by those in the South.

Through federalism workshops in the South, SLTI was able to explain the concept, which many were convinced was a euphemism for a split into two countries, and to relate it to real local concerns, some of which were the same concerns exploited by the JVP, such as lack of local decision making authority or control of resources to address community needs. The workshop were supplemented by a segment focusing on empowering community members to take a more proactive role in the management of their own resources, helping them realize the potential of the resources they currently possessed rather than lamenting those they lacked.

SLTI was able to develop a series of community consultations—bringing together diverse groups, local government, youth, and outspoken opponents of the CFA to identify and prioritize community needs—in 72 Grama Niladari (GN) divisions in the JVP stronghold of Tissamaharama. Based on the priorities identified under these consultations, SLTI was able to rehabilitate 10 local health centers and provide drinking water facilities to communities experience scarce water supplies. An initially hostile JVP-led Pradeshiya Sabha in Tissamaharama, which previously would not even meet with staff without explicit clearance from party hierarchy, were now interested in not only talking with SLTI, but also engaging with the program to help their communities implement improvement programs.

Another youth-targeted endeavor focused on dispelling exploitative forces arising from caste-based segregation. Youth were mobilized to form 15 sports clubs across 75 GN divisions in Beliatta ensuring a mix of cross-caste and political diversity in each club. Providing a variety of basic sports equipment, these sports clubs formalized themselves with a proper constitution and management committee. The 15 clubs were divided into 3 zones and a zone level sports festival was held in each area. The clubs are still a functioning resource for these communities.

¹¹ President Chandrika Bandaranaike and the Prime Minister Ranil Wickremesinghe, hailing from different political parties—the SLFP and the UNP, respectively—were weary of the upcoming presidential elections and in particular majority Sinhalese perceptions about brokering a deal with the LTTE. Traditionally, Sri Lankan politicians have competed for the majority vote by dueling each other on nationalist appeal, and in the case of Chandrika, she was straddling party concerns and her fear of losing the support of the JVP (upon whom her parliamentary majority depended) and a pro-peace legacy for her presidency.

NCP Border Zones

Famed for hosting legendary battles of Sinhalese kings as well as the most sacred of Buddhist relics, the border areas along the Anuradhapura-Vavuniya Districts, conjures a complex dichotomy of ethnic interactions. An area of the country where Sinhalese and Tamil families have traditionally interacted peacefully, sharing familial relations and tight economic ties, the border zones are also the site of some of the most brutal civilian attacks of recent times, such as those perpetrated in Anuradhapura in 1985, known as the *Anuradhapura massacre*.¹² Using the spacious and uninhabited Wilpattu National Park as a staging point for cross border attacks, the LTTE created instability in the region that has been counteracted by broad militarization of the border zones, producing insecurity in local officials and citizens alike. Once a flourishing example of coexistence, the NCP border zone is now a testament to the divisive nature of conflict. As a result, the JVP and JHU find ready support for their extremist rhetoric on the Anuradhapura side, going house to house with nationalist propaganda, while the LTTE and their proxy groups unofficially control affairs on the Tamil-dominated zones in Vavuniya. The Muslim community, as is the case in many parts of Sri Lanka, find themselves caught in the middle. On both sides of the border, political and military tensions have been a significant barrier to the development potential of the zone.

NCP Border Zones

Traditionally an underserved region of the country with regards to provision of state services, Northern Anuradhapura and Southern Vavuniya are largely comprised of agricultural communities. With a population of over 750,000, Anuradhapura is approximately 90 percent Sinhalese, 8 percent Muslim, and 2 percent Tamil. Just across the border, Vavuniya has a population of 180,949, of which 86 percent are Tamil, 8 percent are Sinhalese, and 6 percent are Muslim.

While the Colombo office had been interested in programming in the NCP since initial trips in May 2003 revealed both a split in traditionally tightly aligned multi-ethnic communities and a strong potential for re-establishing inter-community links across the border, it was not until the second Knowledge Attitudes and Practice (KAP) survey conducted in July and August 2004 revealed that there had been a marked shift in attitudes in the North Central Province—in particular toward the negotiated settlement to the conflict—that the program decided to focus intensely on the NCP border zones.¹³ Those who were previously identified as “fence-sitters” were becoming active “spoilers” and more vociferously opposed to a negotiated settlement to the conflict.

¹² On May 14, 1985, LTTE cadres massacred 146 Sinhalese men, women, and children in what became known as the Anuradhapura massacre. LTTE hijacked a bus and when it came to a stop at the main bus station in Anuradhapura town, they open-fired indiscriminately on the civilians waiting for their buses. In order to provoke massive retaliation, they continued in their rampage to the holy Sri Maha Bodhi shrine and gunned down nuns, monks, and civilians alike.

¹³ The Knowledge, Attitudes and Practices Survey (KAPS) conducted by Social Indicators in 2004 to explore in greater detail the public support for peace and to measure changes in opinions since the first survey in 2003, revealed that the North Central Province registered the lowest percentage of *Activist Supporters* of the peace process, those who support a majority of the peace proposals and are willing to protest against an unfair or spoiled peace agreement and registered the highest percentage of *Activist Opponents* of the peace process, who support only a minority of the peace proposals and feel strongly enough that they are willing to protest any agreement they consider unfair.

In hopes of counteracting the disturbing findings of the KAP survey, SLTI built upon pre-August 2004 programs designed to engender greater interaction between Tamil, Muslim, and Sinhalese communities along the border zones in order to create a bulwark against the swaying pro-war pressures of political and military forces in these areas.

An initial suite of grants focused on re-establishing relationships by addressing the constraining forces on both sides of the border. SLTI staff first engaged with community and religious leaders to establish crucial relationships that would enable the success of future programming in the region. Eventually, program staff were able to bring together religious and community leaders for a series of meetings to establish cross-community relationships.

Once informal powers in the area were addressed, the program could focus on the communities themselves.

One of the initial programs designed to bring communities together involved a gathering of cross border communities during a major Buddhist festival, the Poson Poya. Nearly 350 Muslims and over 100 Tamils crossed the border into Thanthirimale to join 200 Sinhalese to cook for the arriving pilgrims. Together, the multi-ethnic group offered lunch to over 4000 pilgrims arriving from many different regions of the country, and established relationships that would set the stage for trust in the activities that followed.

Using the powerful movie “Take This Road,” developed by SLTI from a 13-part miniseries funded by USAID/AED, the Colombo office convened numerous “viewer’s circles,” or facilitated discussions, about the transition issues highlighted in the movie. All told, over 15,000 people participated in 110 viewer circles, including religious and civil society leaders, government officials, military, and police personnel.

Early on in the process, the grantee identified the most vocal youth from neighboring Sinhalese, Tamil, and Muslim villages. These enthusiastic youth were brought together for a three-day field training workshop, which took them through the history of the conflict, the political and social causes as well as highlighting the times of coexistence and mutual development. After the training, these youth leaders became the community mobilizers for future activities in the area. In addition to forming lasting relationships across villages, the SLTI viewer’s circles resulted in the formation of the strongest of multi-ethnic personal relationships. Two Sinhalese-Tamil marriages resulted from relationships established at the circles.

Feuding Monks

When the SLTI program began working in the NCP border area of Thanthirimale, a decades-old conflict between the chief monks of two main Buddhist temples in the region rendered the communities completely alienated from one another and the development of the area held hostage to competing political affiliations perpetuated by the power dynamics of the temples. For the first time, under an SLTI-funded program, the two monks came together to view and approve the showing of “Take this Road,” a movie developed by SLTI from a 13-part miniseries funded by USAID/AED, prior to its public screening in the area. Consequent activities brought their communities and themselves together on several occasions, and eventually their relationship has grown to a point where they very openly praise the actions of the other and their representative communities are now working together to address common needs.

Tough Guys of Thanthirimale

In one of the earliest viewer’s circles grants, SLTI realized the need to engage the most vocal participants, regardless of their stance on the CFA. These “tough guys” as they were called, were often vocally resistant to activities initiated by outsiders, even those for common benefit of their own communities. They were often disruptive and loud, but they were enthusiastic, showed organizational and leadership skills, and were active participants. Instead of recoiling, SLTI harnessed this energy, granting them social space to let their voices be heard. Once engaged, these youth became the most vocal proponents of the consultation programs, helping to raise community awareness about key transition issues affecting their communities for the last 20 years.

During the initial discussions with community leaders and subsequent consultations with the 33 farming communities along the border, the predominately dairy farming communities on both sides of the border identified a need for their own milk chilling centers to capture local production to sell directly to the large buyers. Almost 700 people across 20 Sinhalese villages and 12 Muslim and Tamil villages attended a workshop on conflict awareness and the benefits of peace and were trained on proper veterinary services for more effective dairy farming. The training culminated in the formation of six self-regulating dairy farmers' societies.

All activities were conducted under difficult circumstances, as local government officials in Vavuniya were suspicious of the involvement of a grantee from Anuradhapura. It was clear to the participants and the grantee that suspicions stemmed from LTTE shadow-control of the majority of Vavuniya governmental officials and was further complicated by the Sri Lankan Army's influence on the stakeholders on the Anuradhapura side. Despite these challenges, SLTI was able to successfully bring together communities across the borders to elucidate the source of the conflict lingering behind the scenes.

Jaffna and Puttalam

Despite the change in strategic focus, the Colombo office continued an ongoing suite of grants in both Jaffna and Puttalam. Recognizing the need to focus its limited resources to make more of an impact, the Colombo office decided to focus its attentions on those areas most likely to spill over into active conflict should the CFA begin to unravel. The focus on the NCP border areas rendered the continuation of a Puttalam focus impossible due to limited funds and staff resources.

Although six new grants were cleared during this period, reflecting Colombo staff understanding of the importance of maintaining a presence in Jaffna, it was becoming increasingly difficult to work in this district. Had the situation in Jaffna been different vis-à-vis taxation and security, the Colombo office would likely have identified it as one of its strategic locations going forward.

National-Level Initiatives: Federalism, Coexistence, and Non-Violence

Throughout the contract period, national-level programming constituted a large portion of the Colombo programming portfolio. Focused on media, awareness raising, and coordinating events across the program offices, the Colombo office was able to implement programs that not only focused on its identified strategic areas, but also on a more island-wide scope of activities.

The Colombo office implemented programs designed to build consensus support for the negotiated settlement to the conflict by expounding the benefits of peace and costs of war and raising the public's awareness about transition issues such as federalism and the Post-Tsunami Operational Management Structure (P-TOMS).

Working in Jaffna

The rehabilitation of conflict-torn Jaffna was the bellwether for the state of post-conflict Sri Lanka. A successful rehabilitation of Jaffna would send a powerful message that Sri Lanka was entering into a new and peaceful era. Given the LTTE's status as a U.S.-identified terrorist organization, no benefits could be realized by the LTTE from USAID-funded programs. As all vendors in Jaffna are obligated to pay formal or informal tax to the LTTE, the program was not able to procure goods or services directly from Jaffna. To address this issue, the USAID/OTI had been procuring goods and services in Colombo and sending them via the A9 highway to Jaffna. The LTTE had agreed not to impose a levy on these goods until November 1st, 2004 when they changed their policy. Despite attempts made by USAID/OTI to convince them otherwise, the LTTE insisted that only the UN was exempt. After allowing one shipment through tax-free after this date, they demanded payment of taxes, making it impossible to continue working in Jaffna.

Over the contract period, SLTI would develop 11 grants to promote a better understanding of the federalist solution to the ethnic conflict. The first federalism-focused activity, SLTI funded was the publication of a concise booklet on the conflict and power sharing. This activity brought together a multi-ethnic group of prominent academics and professionals from all regions of the country to review and revise a publication written by a passionate advocate for a federalist solution to the conflict. The three review meetings provided animated discussions and crucial debates, ensuring that a balanced perspective was reflected in the final document. After the first publication, the high demand for the booklet—from workshop participants, INGOs, NGOs, and libraries—indicated a widespread acceptance, and use of, the publication for training purposes, even beyond SLTI-funded workshops.

The Colombo office has also been keen on taking advantage of island-wide events, festivals, and holidays where people gathered together to celebrate, remember, or enjoy cultural games, food, and drama. SLTI programs were successful in drawing out the spirit of coexistence that often accompanied these events through street dramas, floats, and other publicity. During International Peace Day in 2004, SLTI supported a five-day multi-media campaign on the theme of non-violence, bringing out over 200,000 people to celebrate the event despite pouring rain.

In another highly publicized activity, SLTI supported collaboration among 125 multi-ethnic youth from around the island in the production of nine large paintings representing the youths’ understanding and thoughts on the concept of peace and coexistence in Sri Lanka. Both state and



A nation’s aspirations for peace - Multi-religious leaders and communities gather to pledge commitment to peace

private media covered the event, which saw the end products hanging in parliament for a stint; the National Art Gallery; and numerous universities.

Using drama as a tool for non-violent conflict resolution, SLTI supported *Jana Karailiya*, or “Theater of the

People,” which was part of a larger two-year initiative implemented by Facilitating Local Initiatives for Conflict Transformation (FLICT) program, funded by GTZ and DFID. Over the past two years, the program successfully brought together multi-ethnic communities to participate in drama activities to solve local conflict and address broader conflict issues. SLTI funded the construction of FLICT’s one of a kind mobile theater and is currently in discussions with FLICT to do another round of programs using the theater as gathering point for a series of community consultations and awareness raising programs in the NCP border zones.

EMERGENCY TSUNAMI RESPONSE (DECEMBER 26, 2004–APRIL 2005)

Less than six months into the new contract period the Asian Tsunami struck the coast of Sri Lanka forever changing the direction of the project and establishing the vantage point from which everything else would be viewed over the next 32 months. The tragedy very much set the pace that the Colombo office would maintain for the life of the OTI program, and the reaction of staff after the wave hit the shores very much characterizes the enthusiasm, dedication, and tireless work ethic that the office would demonstrate over the life of the program.

Many thought the magnitude of the event and the scope of destruction of the Tsunami would catalyze a renewed commitment to the stagnant peace process. In the days and weeks following the Tsunami, stories of all three major ethnicities working together to piece together their shattered lives were widespread and it seemed that finally Sri Lankans had a golden opportunity to put twenty years of conflict behind them.

The good will engendered by the Tsunami was short-lived, however, and soon the competition for relief funds and a politicization of fund distribution and the development of a mechanism for joint distribution of relief and reconstruction assistance to LTTE-controlled areas began in Colombo. Quickly, this debate would become just as politicized as the CFA, the JVP again taking the position that provisions of aide to LTTE-controlled areas in the North and the East was tantamount to recognition of their autonomy in these regions and would represent a weakening of the government's position.

Massive Clean-up Efforts

The monumental clean-up along the Southern coast was begun in earnest the moment the USAID Mission gave the Colombo office approval to engage in emergency response. By January 10th, the SLTI program had organized the first large scale clean-up effort in the South. Responsible for coordinating large-scale clean-up efforts in all three districts of the Southern coast—Galle, Matara, and Hambantota—SLTI drew upon its experience in both affected and non-affected regions. The Colombo office was able to organize quickly, but also thoughtfully, not only bringing in partners from the South to orchestrate clean-up efforts, but also bringing organizations and volunteers down from beneficiaries and partner organizations in Puttalam, Deniyaya, and even Anuradhapura to assist in the efforts.

Twelve grants were designed and implemented to coordinate and carry out mass scale debris clean up within all three Southern districts. Over 10,000 people were mobilized daily on a cash-for-work basis, helping to alleviate a growing culture of idleness in the IDP camps and providing temporary work opportunities to those who lost their livelihoods in the waves. Military (Sri Lankan Army and U.S. Marines) provided expertise and direction for heavy vehicle

Communities Come Together

Engaged in ongoing discussion programs on the themes of peace and coexistence, youth from the Puttalam District, requested an opportunity to help their fellow citizens in Tsunami-affected parts of the country. In Anuradhapura, youth leaders skilled in street theatre activities engaged in SLTI viewer circles made a similar request, as did beneficiaries from an earlier SLTI program in Deniyaya. SLTI staff saw an opportunity for inter-regional collaboration and a show of good will and were able to incorporate youth volunteers from Northern programs into the debris clean-up programs in the Galle district. The volunteers added more than just muscle to the effort; they provided nightly musical, theatre, and drama activities and addressed camp management and basic psycho-social needs of children within the displaced communities where they worked.

management and utilization and NGO partners were able to mobilize large numbers of affected and non-affected people to work on debris clearing and sorting of public infrastructure, housing properties, schools, temples, churches, beaches, and lagoons.

Along with laborers from the Tsunami-affected communities and volunteers from Puttalam (100 volunteers), Deniyaya (200 volunteers), and Anuradhapura (100 volunteers), the clean-up force was able to clear a 26 kilometer stretch within the Galle; fourteen sites, including schools, temples, government offices, and housing in Matara; and a 7-kilometer beachfront stretch, lagoon, and harbor in Hambantota. In addition to the clean-up efforts, community kitchens were established to serve the Tsunami-affected communities and those engaged in the clean-up efforts. Together, Tsunami-affected and non-affected, Sinhalese, Muslims, and Tamils participated in a massive clean-up effort by day and street drama and cultural events by night, courtesy of SLTI partners from the Puttalam and Anuradhapura.



Together as One – Multi-ethnic youth from the North Central Province join tsunami affected communities in the South to remove debris and begin the recovery process.

Collaboration and Coordination

In many cases, SLTI kick-started Tsunami-recovery initiatives of other donor agencies less familiar with the social and political landscape of Sri Lanka. While SLTI staff were not familiar with psycho-social programming in conflict or disaster situations, they were aware of the stigma associated with any mental affliction within Sri Lankan culture. As such, they were able to broker a relationship between one of SLTI's community mobilization grantees working with communities in the NCP border zones and donor groups from Israel and UNICEF to bring technical and cultural knowledge together to form street theatre programs, which were accepted in the

affected communities. One SLTI grantee was eventually funded by IsraAID and others to continue its theater programs in Galle, and they even took a trip to Israel in an exchange of knowledge about using theatre in conflict-affected communities.

In addition, a multitude of U.S. based philanthropic organizations, small groups making the trip to lend assistance, and even individuals, were channeled through the SLTI program by the U.S. Embassy and USAID Mission because of its relationships and staff understanding of the situation on the ground. SLTI was able to quickly identify and forge optimum partnerships and places of engagement according to the objectives and strengths of these groups. Even Sri Lankan private sector organizations, such as Keell's, sought advice from Colombo office staff.

Within days of the Tsunami, the Colombo office mobilized professionals in the respective areas of government, private sector, and relief to work together to address the need for a comprehensive data collection and aggregation to facilitate a coordinated Tsunami recovery initiative. By identifying a common working framework and strategy to address the need for data collection, the "Sahana" (meaning "Relief") system was developed under an SLTI grant to integrate a set of web-based



Community Consultations – Using street drama to elicit community participation in identifying and understanding priorities.

software developed under this grant has been used in post-Tsunami information gathering in Thailand and post-Earthquake data collection in Pakistan (2005 Earthquake), the Yogyakarta earthquake in Indonesia in 2006, and the Southern Leyte mudslide disaster in the Philippines in 2006.

During the emergency response period, the Colombo office was also instrumental in providing logistics and coordination with other international agencies, local government bodies, and visiting dignitaries. In early January, the Colombo office assisted the field visits and community level assessments conducted by the Rapid Environmental Impact Assessment in Disasters (REA) project at the request of the United Nations Disaster Assessment and Coordination (UNDAC). From mid-January onwards, the office also provided assistance to OFDA officials in Galle, assisted the U.S. Marines coordination unit, assisted the U.S. Red Cross, and supported UN OCHA in its initial setup in Galle.

In addition, SLTI developed itineraries and organized logistical support for dignitary visits and inspection tours, arranging for ground security and setting up meetings with regional governmental authorities, NGO officials, and the press. Among the visiting dignitaries were U.S. Senators, Congressmen and Congresswomen, and even the Secretary of State, Colin Powell.

Links to Transition Issues

Very early on, SLTI was able to consciously incorporate its peace-building mandate into its programming in Tsunami-affected communities, something that would become the hallmark of the

disaster management applications to provide solutions to large-scale humanitarian disasters. In addition, SLTI funded a suite of grants to facilitate coordination efforts through the provision of technology, equipment, and expertise to local government institutions to enable them to have access to timely and accurate information to effectively manage the relief and recovery process.

Unfortunately, the GoSL refused to deploy the program in the regions and opted to maintain its database in Colombo, thereby not tapping the maximum potential of the application.

In other countries, however, the

A Minute for Peace

Originally begun as a means to address the issues related to the stalled peace process, “A Minute for Peace” became a bridging activity to draw the parallels between the Tsunami-affected communities in the South and the war- and Tsunami-affected communities in the East and North. Producing one minute radio and TV spots (and strategically airing them during the most popular shows) provided an opportunity for citizens and local government and religious leaders to voice their opinions about the issues facing Sri Lanka. Even Mr. Jayasiri, Chairman of the JVP-led Pradeshiya Sabha was captured in one segment: “the tsunami did not differentiate across religions, ethnicity, caste, or creed. Everyone was struck down with the same intensity. The Tsunami taught us a valuable lesson in this regard; therefore we need to out aside our differences and work together for the benefit of all.”

program. By relating the disaster to the massive conflict destruction those in the North and NorthEast of the island had been experienced over the past twenty years, the program was able link peace-building to the Tsunami relief effort in a very powerful way through the “minute for peace” campaign.

During the period immediately following the Tsunami, there was no question the Colombo office would focus on those most affected by the waves, but very early on the staff determined that attention should be paid to non-affected populations, particularly those in communities housing traditional peace skeptics. Based on its previous work to engage the spoiler population prior to the Tsunami, the Colombo office was able to engage directly with the JVP in Tissamaharama to assist in their clean-up efforts. The Colombo office also had an opportunity to work with JVP supporters of the Galle Heritage Foundation in clean-up efforts in the Galle Fort. During an opening ceremony at the Galle Fort following rehabilitation efforts, parliamentarian and stalwart of the JVP, Ajith Kumara, recognized the support and assistance of the U.S. government and the people of the United States during Sri Lanka’s time of need. A marked change from the JVP’s traditional anti-foreigner stand.

The destruction of Galle bus stand was for many people worldwide the defining image of the Tsunami. The rehabilitation of the Galle bus stand was taken on by the JVP at a third of the cost of the government estimate, using local labor and resources in the spirit of community cooperation. The community kitchens under the SLTI-funded clean-up efforts were able to contribute to the JVP rehabilitation effort, feeding *shramadana* (volunteer community clean-up efforts) crews as well as those attending the ground-breaking ceremony for the reconstruction of the bus stand. This type of collaboration was unheard of prior to the Tsunami disaster.

The Tsunami presented SLTI with an opportunity to bring together large groups of people affected by something closely related in scale to the massive destruction of war. Helping these communities clean-up and rebuild was the first priority, but SLTI also took the opportunity to hold workshops on federalism and link communities of the South and the East together through “one voice” media links presenting like-minded concerns from all corners of the island. In the South, the argument against federalism as a concept and its potential for providing a viable political solution to the conflict had previously stemmed from a lack of understanding about what it meant and would look like in practice. The Tsunami shed light on the inability of central government to provide much-needed services to the region affected by massive displacement and destruction. Finally, people were beginning to understand the challenges facing their fellow citizens in the North and East.

Through a grant to international NGO, *Internews*, an activity to capture the voices of tsunami-affected communities, their concerns, their needs, and their ability to work together to overcome challenges was broadcast on national radio island-wide. In addition to voices, the radio program provided pertinent information for affected communities and established communication between policymakers and the grassroots. Over a three month period tsunami-related news and views were broadcast in both

Difficulties in the South: Resentment against International and National NGOs

Not everyone was appreciative of international relief efforts following the Tsunami, and the Colombo office had to be careful about how to present itself in some of the more tense areas of the South. As more and more international relief organizations and local NGOs entered the post-Tsunami realm, a palpable “hate speak” against foreign and local NGOs was amplified mostly by JVP propaganda suspicious of foreign interest in Sri Lanka and criticizing local NGOs for making money off the suffering of Tsunami- and conflict-affected Sri Lankans. In one notable speech, the party’s propaganda secretary called upon “Sinhalese patriots” to spit on NGO workers they see in the streets.

Sinhalese and Tamil languages. Intensive training was provided to 14 Sri Lankan broadcast journalists, several of whom have continued to work with OTI on small-grant radio initiatives.

TRANSITION ISSUES AND OPINION-SHAPERS (MAY 2005-MARCH 2006)

After the opening of a permanent Southern office in Matara, the Colombo office left the South to refocus its energies on the NCP border zones and activities focused on raising awareness about transitions issues, such as the concept of federalism and the joint mechanism for Tsunami relief, P-TOMS. In an effort to continue the work the Colombo office had been doing over the previous two years in the Southern Province, staff were able to seamlessly hand over ongoing grant activities and broker relationships between star partners and government officials and the Matara team.

NCP Border Zones

In May 2005, reinforcing the relationships established prior to the Tsunami in the NCP border zones was the immediate focus of the Colombo office. Taking advantage of the large crowds gathered for the annual Poson Festival in Anuradhapura, SLTI trained 30 multi-ethnic artists to perform three theatrical performances and 30 street drama programs depicting the “costs of war” in the most populated pilgrim rest areas. In addition, program partners disseminated vehicle stickers relating peace messages to 10,000 pilgrim families. The program proved to be instrumental in re-establishing and, in some cases, establishing positive relationships with local authorities and community and religious leaders, many of whom were suspicious of the underlying agendas of foreign organizations.



Bridging the Gap – Buddhists learn new language and technology skills to better understand diversity and co-existence

Once local power brokers enthusiastically embraced SLTI’s presence along the borders, one the program’s most ambitious grantees designed a series of community consultations targeting both sides of the border, first independently, and then bringing both sides together for a large cross border conference to discuss and identify common community priorities. Despite positive signs from the communities themselves, the security situation began to rapidly deteriorate making any substantial cross border movements increasingly difficult. As a result, the Vavuniya consultations were postponed and in November, when a major attack on a bus carrying naval personnel in Cheddikulam (the Southern-most border where Vavuniya borders Anuradhapura), the cross-border component of this activity was cancelled. While community consultations went on as planned on the Anuradhapura side, another grantee would later be identified to carry on consultations on the Vavuniya side when the security situation allowed.

The priorities identified by these communities and the resulting action plans empowered citizens to demand more from their local authorities, calling for action on some of the greatest needs laid out in their action plans, including the initiation of construction of a 23 kilometer stretch of road from Thanthirimala to the border that had been unattended for over 20 years. Drawing upon the community consultations on the Anuradhapura side, SLTI was able to rehabilitate six minor irrigation tanks in Thanthirimala, building new relationships between the community and the local government and reinforcing the benefits of cross community consultation and identification of priority needs.

National-Level Initiatives: P-TOMS, Federalism and Opinion-Shapers

The Colombo office continued its focus on raising public awareness of transition issues through the orchestration of a number of island-wide events and media campaigns. Staff tightened the focus on particular “opinion shapers” within communities, such as university students, journalists, religious leaders, and local government authorities, ensuring their presence and active engagement in SLTI programs.

P-TOMS

In May 2005, in defiance of her government’s coalition partner, the JVP, President Chandrika Bandaranaike Kumaratunga made the controversial decision to officially establish the Post-Tsunami Operations Management System (P-TOMS), granting a joint mechanism for the distribution of Tsunami aid to the victims in the North and Northeast. As expected, the JVP withdrew from the government, causing the President’s government to plummet back to minority status in parliament.

Although for many the P-TOMS presented an opportunity to build confidence between the GoSL and the LTTE toward resumption of peace talks, like the CFA before it, the JVP—reticent to grant any acknowledgement of LTTE grievances—filed a complaint to the Supreme Court for a full judicial review of the decree. The resultant delays in activation of the mechanism all but muted the debate and paralyzed its application, demoralizing the tsunami-affected population in the North and East and further polarizing the government and the LTTE.

The Colombo office made attempts to raise people’s awareness of the issues related to the P-TOMS debate through facilitated community discussions targeting youth, religious leaders, women, and tapping into the USAID-funded Peoples Forum, implemented by AED. These discussions successfully drew out the people’s voice on P-TOMS and other pressing transition issues, engaging citizens in active, if not heated, dialogue. SLTI was able to successfully expand these voices to an island-wide audience through radio and television broadcasts and print media.

Federalism

Continuing its focus on federalism, the Colombo office implemented a series of grassroots workshops training a core group of twenty-five opinion shapers and federalism activists. Under a “training of trainers” format, these twenty-five underwent a rigorous five-day program to increase their

Small Infrastructure in Thanthirimala

In order to initiate the beginning of the tank rehabilitation efforts, the villagers organized a traditional cultural ceremony, where the entire village contributes to an overnight invocation of blessing from the deities for water to fill the tanks and a prosperous harvest. Based on the cross border relationship activities taking place previously, these Sinhalese communities of their own accord invited the Tamil and Muslim villagers from across the border to participate in this celebration. Despite growing tensions, over 1000 Tamil and Muslim people crossed the border and spent the entire night in celebration with their Sinhalese neighbors.

knowledge about the concept and how to facilitate dialogues and discuss the concept back in their communities. These trained community leaders then conducted ten workshops each, in their respective regions, targeting local government officials, lawyers, school principals, and youth. Refresher sessions were regularly conducted to provide additional information and strategies for dealing with the challenges these trainers faced when addressing unresponsive and/or hostile communities.

Youth and Universities

To further the theme of youth engagement, the Colombo office expanded its focus on specific transitional issues to conduct a series of grants targeting youth participants interested in engaging in dialogues and debates about the conflict and issues related to the ethnic turmoil. The inter-university debates and inter-university exchanges brought together students from all corners of the island to exchange ideas and perspectives on the conflict.

Sri Lankan universities not only produce the future leaders of the country, but are also fertile ground for the most extremist nationalistic ideas to take hold. University students are often frustrated by the country situation and looking for an easily digestible explanation. By nourishing their intellectual curiosities with substantive debate and exchanges, SLTI was able to stem some of the influence of extremist views as well as promote a more open perspective on causes and potential solutions for the current conflict.

The F-Word (Federalism) Understood

During one of the inter-university debates, the introduction of the “F” word, stirred up commotion among the participant students. While the Northern and Eastern students favored a federal solution to the conflict, the Southerner students thought only of two separate states resulting from the federalist solution. But when discussing the negotiation settlement further, it was the Southern university students, who were perpetuating the two country mentality—“when we say common good, we mean the Sinhalese; when we say fellow students, we really mean our Sinhalese colleagues...” For the first time Southern students realized the divisiveness of their rhetoric and the struggles students in the North and East face. When a student from Trinco asked how Southern students reacted when university students in Trincomalee were murdered, the resulting pin drop silence spoke volumes.

Through the youth parliament programs, SLTI was able to engage 225 youth leaders from around the island in a program to increase their ability to identify and address the needs of their communities. The multi-ethnic young leaders interacted in a stimulating environment to improve their ability to articulate and develop action plans to address issues that affect them and their communities. In some cases, the proposals developed during the youth parliament were submitted to donors and local government, a number of which have been funded, including one by the World Bank. The youth even conducted their own fund-raising activity to garner support for their programs.

Media

In a grant to *Internews*, SLTI provided equipment and training to radio broadcast journalists and community-based organizations to further develop the concept of participatory community radio. Using mobile radio units, *Internews* provided technical assistance to eight CBO-based reporting entities, which were linked to existing broadcasting stations in their region. Content was broadcast in the morning and evening prime time slots over state and popular private radio channels.

In order to bring to life transition issues and engage the public, government authorities, and opinion-shapers in active debate, the Colombo office developed a weekly television puppet show. The show represented a creative means of engaging influential guests, including ministers, members of parliament, religious leaders, activists, and renowned artists in serious debates on transition issues

such as P-TOMS, federalism, and elections, but in a non-threatening manner provided by the fantasy surroundings of the puppet-world.

RETURN TO THE SOUTH (APRIL 2006–MARCH 2007)

By early 2006, the political situation in Sri Lanka had degenerated to pre-cease fire levels of violence. The marked increase in violence in the North and the East was reflected in increasing occurrences of Colombo-based attacks.¹⁴ While the intensifying conflict did not directly affect the areas covered by the Colombo office, security and contingency planning is always taken into account in the design and implementation of programs, particularly those in the NCP border zones.

After the February 20th program meeting, the program team decided that in order to fully utilize the talents of the program the Colombo office would be returning to the South, specifically focusing on infrastructure rehabilitation, livelihoods regeneration, and information dissemination in Tsunami-affected communities in the Galle District. In addition, the office would maintain its momentum in the NCP border zones and continue its focus on national-level initiatives.

Galle District

In order to successfully re-engage in Galle after a year away from the district, the Colombo office decided to take advantage of the Tamil-Sinhala New Year festivities—the only jointly celebrated



Solidarity – Religious leaders and citizens rally in support of renewed attempts at peace negotiations in February 2006

Sinhala-Tamil holiday—to re-establish its relationships. The Colombo office spear-headed a suite of grants—three out of Colombo and two out of the Ampara office—to bring people from all over the island together to enjoy the festivities. While the coordination of numerous activities under what was deemed “the cultural road show” suite of grants, provided the Colombo office with a range of logistical and organizational challenges, it successfully brought together all political actors and segments of society in Anuradhapura, Batticaloa, Ampara, Galle, and Colombo to enjoy multi-cultural events, games, and food.

Bolstered by strong relationships developed during the most of difficult times immediately following the Tsunami, the Colombo office was able to hit the ground running in Galle, immediately taking advantage of known, well-established community networks and their

¹⁴ In April a suicide bomber attacked the main military compound in Colombo, targeting the Army Chief and killing eight and in June, sixty-four people were killed in a bus bomb in Anuradhapura. In the largest single death toll due to a suicide bombing in Sri Lanka history, 99 people were killed in October when a suicide bomber attacked a military convoy. There was even an unprecedented attack in the tourist port city of Galle in late October. Prior to the contract close in March 2007, the LTTE had obtained two planes and had successfully targeted a government air force base just outside Colombo.

ability to mobilize and identify community priorities. Through coordination with star NGO partners, local government authorities, and community leaders, SLTI was quickly able to identify community priorities.

Community Infrastructure

In Galle city, the Mayor and community leaders came forward and identified damaged public health and sanitation infrastructure as a priority. Consequently, SLTI worked to address the challenges facing the Galle canal systems and main pump house. By rehabilitating the Galle pump house, waste water that flows in from the ocean will no longer flow back into the canal system causing flooding. The scope of the rehabilitation of the Galle canal system would require multiple donors and determined government commitment, but in order to set the process in motion, SLTI commissioned an in-depth survey and engineering validation of the entire canal network and will be convening an international donor conference to solicit donor interest to fund the rehabilitation project.

In Galle town and surrounding communities, SLTI was also able to rehabilitate a large public bathroom complex serving 50 families and over 2000 transit visitors to the city and two pre-school/women's health centers in Athiligoda and Kanampitiya serving Tsunami-affected communities. In Ambalangoda, SLTI had an opportunity to rehabilitate three community bathroom blocks damaged by the Tsunami identified by community members and the local Urban Council as a priority community concern. In Balapitya, SLTI began the rehabilitation of 13 area wells either directly damaged by Tsunami or serving Tsunami-affected communities.

In all of SLTI's community infrastructure programs, the process of identifying, implementing, and sustaining the rehabilitated or new construction was the main focus. Working through its local partners, SLTI formed community management committees to ensure that recipient communities took care of their new resources and work with local government to provide needed maintenance as necessary. SLTI held workshops on community resource management, solid waste management, environmental care, health awareness, mosquito control, and other topics relevant to supporting the "build-back-better" concept of reconstruction and maintenance. Although the infrastructure belongs to the local municipal council, these community groups now have family schedules for daily cleaning and contribute toward a community fund for maintenance and payment of water and electricity charges to ensure the sustainability of the improved infrastructure.

Collaborative Efforts

In order to take advantage of the resources and knowledge of other international donors, SLTI sought to partner with other donors wherever possible to achieve common rehabilitation goals. In Ambalangoda, SLTI, UNDP, and the Ambalangoda

"Yours is the only organization that came, consulted us, and then started work soon after. Today we have this beautifully constructed bathing well. In the past three years, this last week has been the first time that some of us have been able to have a bath during daylight hours, we normally have to wait until nightfall because pipe-borne water supply is provided only after 6pm on alternate days of the week."

—Community member at the site of one of the rehabilitated Balapitya wells

Galle People's Companies

The community groups that were initially formed to implement the massive clean-up efforts following the Tsunami were nurtured and supported by local NGO partners and continuously involved in community mobilization on SLTI activities: shramadanas, consultations, and events. Today these groups constitute over 20 formal "People's Companies" and are actively engaged in spearheading initiatives to address pressing community issues. While they are yet to receive outside funding from sources beyond USAID, they have instituted a microfinance structure and are becoming self-sustaining and stronger by the day.

Urban Council (AUC) worked together to rebuild a library completely destroyed by the Tsunami. UNDP provided funds for the building, the AUC managed the technical oversight and implementation of the construction, and SLTI provided furniture, equipment, and books, making it a modern library providing an opportunity for community interaction and access to the information.

In a project to equip the foremost teaching hospital in the Southern Province, the Karapitya Teaching Hospital, SLTI partnered with the Government of Victoria (GoV), Australia, contributing to their *Health for the South* initiative, by providing technical equipment to improve the capacity of the existing Emergency Trauma Unit (ETU). The GoV has recently broken ground on the site of the new ETU, and upon completion, the SLTI-funded equipment will be transferred to the new wing. In order to address community needs for emergency preparedness, a series of school training programs in 50 schools was also included in the grant design. This program, the first of its kind in Sri Lanka, was implemented by the Karapitya Hospital Development Society and will be institutionalized by the teaching hospital as a regular part of their program.

Information Dissemination

In order to ensure effective community participation in the decision-making processes, people must have access to the information they need to make informed decisions on policy and legal matters and based public services. Any process, be it the peace process or tsunami recovery process rests on the ability of citizens to be informed. Following the Tsunami, it became clear that the systems in place were weak and needed to be improved.

Through support to the Auditor General's Department, SLTI was able to enhance the capacity of the regional offices through the provision of technology and equipment to facilitate increased community interaction with their government authorities on issues related to Tsunami relief, complaints on policies, and to report on graft and corruption issues. Working with the Galle Municipal Council on one of Sri Lanka's most pressing urban problems, Solid Waste Management (SWM), SLTI provided training and resources to the municipality leaders and workers. The program identified select wards to pilot an extensive SWM program to reduce waste through techniques of sorting, recycling, and reusing. The program is still being implemented, but initial results are promising.

SLTI also funded programs in Ambalangoda and Habaraduwa for the development of libraries and beach parks and community information centers to help communities get back on their feet economically and socially and to provide communities access to information critical to their understanding of challenges facing their communities and those across the island.

In order to create regional media space for grassroots voices in six tsunami-affected districts in the East and South, SLTI developed a comprehensive grant to highlight Tsunami recovery from the community perspective, drawing attention to how citizens, local government, (I)NGOs and the donor community worked collaboratively to overcome challenges, while also identifying gaps and underscoring problems that remain unsolved. Broadcasting the people's stories on weekly television and radio programs, as well as print media coverage, SLTI has been able to single out best practices of democracy and good governance in local authorities and provide an optimistic balance to the pessimistic-dominated media coverage of donor- and government-funded Tsunami rehabilitation projects. The program is ongoing, but initial feedback has been positive and the community networks that have been formed show signs of being sustainable.

Livelihoods

In a grant to the Federation of Chambers of Commerce and Industry in Sri Lanka (FCCISL), SLTI supported the next phase of its successful *Back to Business Project* (BBP), one of the most comprehensive private sector initiatives for the rejuvenation of Tsunami affected micro, small and medium enterprises. The activity was implemented in collaboration with the district-level Chambers of Commerce—not only in the South, but throughout Tsunami-affected communities. On pace to achieve its ambitious goal of bringing “back to business” 10,000 Tsunami-affected enterprises (35 percent women-owned) in 40 months, the BBP identified 60 enterprises that had already prepared their own business plans and learned how to make use of management data for decision making. Working with the FCCISL, SLTI was able to provide the hardware and training and the Royal Kingdom of Netherlands was able to provide funding for a cutting edge Sinhala/Tamil software accounting system.

National-Level Initiatives: Federalism, Language Rights, and Youth

Continuing its dedication to raising awareness on transition issues, the Colombo office implemented programs to promote language equality, to raise awareness about the historic underpinnings of the ethnic conflict, and to create a media network throughout the Tsunami-affected coast, in addition to furthering its goals of raising public understanding of the concept of federalism and promotion youth engagement in their communities.

Language Rights

The Official Language Policy (OLP), which recognizes both Sinhala and Tamil as official languages of Sri Lanka was signed into law in 1987, but reflective of the political will to incorporate the Tamil population into the formal fabric of government, very little has been done to put this policy into action. Given the historical significance of the “Sinhala-Only” language act, the fact that the OLP is still not being implemented is a justified source of discontent from the Tamil community.¹⁵

Through a grant that builds on the work previously conducted by the Canadian International Development Agency (CIDA), SLTI supported the installation of tri-lingual notice boards and documents to local government bodies not in compliance with the OLP and provided support to recruit and employ translators within these institutions and their line ministries. SLTI also supported parliamentary meetings and set-up the Concerned Citizens Group (CCG) consisting of 18 eminent citizens who will initiate promotional and advocacy activities to promote language rights and pluralism in the future.

Youth and Universities

Based on the success of the previous inter-university debate series, the Colombo office supported another round of debates to bring together students from around the island to discuss transition issues and how the conflict affects their lives. Unfortunately, due to the prevailing security situation, students from Jaffna University were unable to participate, but the debates were again a source of dynamic student participation and eye-opening interactions, highlights of which were captured by a newsletter distributed to all participants and supplemental copies for the universities.

¹⁵ One of the oft cited sparks to the current conflict, the Sinhala Only Act was passed in parliament in 1956, mandating Sinhala the sole official language in Sri Lanka. The Act alienated the minority population and greatly reduced the opportunities available to minority groups, particularly Tamils.

Another grant targeting the future leaders of the country brought together 24 senior teachers of various ethnicities from 12 schools across key regions of the country to participate in a 4-day residential program on peace-building, reconciliation, and integration aimed at preparing them to inculcate a culture of tolerance and integration within the schools. This program prepared teachers to educate advanced-level students about conflict issues as they prepare to graduate and face the realities of the Sri Lankan situation. The program culminated with a series of three-day student exchanges (100 students from 8 of the 12 schools)¹⁶ where students visited partner schools in other districts, attended joint workshops on peace-building and then went out into the communities to engage the citizenry in discussions about the conflict. For some of the Sinhala students it was the first time they ever met and interacted with a Tamil and Tamil students could not believe that they could actually visit and stay two nights in a totally Sinhalese village.

Federalism

The latest in a series of grants to support a network of activists to promote and advocate for a federalist solution to the conflict, culminated in the first ever National Symposium on Federalism, which drew the participation of over 1200 people from all regions of the country. Through the activist trainer network begun under earlier grants, over 400 grassroots level community awareness workshops were held over the contract period, despite rhetorical and physical attacks by pro-JVP and JHU activists who demanded that the program be halted in extremist hotbeds, such as Polonnaruwa and Hambantota. Modeling the concepts of devolution, the design of the program was adapted to include regional-level conferences rather than one central symposium and despite intimidation and threats from extreme nationalist elements, each of these regional conferences drew the participation of over 200 people.

Sri Lanka: Paradise Lost?

To raise public awareness about the political and social events giving rise to the current state of conflict in Sri Lanka, SLTI supported the development of a photographic essay entitled "Sri Lanka: A Paradise Lost?" Due to overwhelming demand for the photographic marvel, SLTI printed more copies and even invested in a glossy coffee table version, which can be sold commercially by its creator. Recently, the Ministry for Higher Education has recommended the book as supplementary reading for all university students. Further, the Minister for Education has recently handed the book over to a special committee to consider whether or not include it as supplementary reading for younger students as well.

NCP Border Zones

As the violence continued to ratchet up in early and mid 2006, implementation of grant activities in the NCP border zones was particularly challenging because the programs are built on a foundation of trust between the villagers and their local authorities. More often than not, challenges in the NCP border areas have provided the team with new opportunities to diffuse some of the yet unsurfaced tensions festering below the surface. The more communities are aware of the shared helpless situation of the "other" across the border, the less likely they will succumb to painfully inaccurate information

¹⁶ During the implementation of this grant, based on various protests by the JVP about allowing NGOs into schools, there was a government decree that no NGOs would be permitted to work in any school. This led to numerous consultations by SLTI and the grantee with Ministry of Education officials to obtain the required approvals to carry out the exchange program as planned. Bureaucratic systems caused many delays with no approval forthcoming, which prompted the grantee to turn to provincial authorities to obtain the required approval. This proved to be a success and the program was scheduled in all regions except the Southern Province where JVP intervention was too strong. As a result, the program ended up conducting 8 out of the 12 exchanges. However, instead of two schools participating in the hosting and visiting exchanges, programs were redesigned to include up to 3-4 schools in each exchange.

and prejudices being perpetrated by the forces on both sides. As the security situation worsens, local authorities become little more than proxies for the actively aggressive forces in conflict, making it difficult to engage in cross border interaction.

Despite security concerns ratcheting up along the border, SLTI was able to work with a local grantee to follow through on earlier attempts to conduct community consultations on the Vavuniya side of the border, which were previously cancelled due to rising communal fears and suspicions. All told, 50 villages participated in the consultation, each producing a prioritized list of community needs and an action plan for addressing those needs. Representatives from each village and the representative local Divisional Secretaries (DSs) joined the Government Agent (GA) of the Vavuniya District at a culminating conference where all of the action plans published in one book were presented to the GA for discussion. The action plans were mailed to each family in the participating village, as well as to donor organizations and local government authorities. It is too early to tell whether or not prioritized issues will be addressed by local government and/or the donor community.

Again taking advantage of the large Poson crowds in Anuradhapura and to model successful relationships between multi-ethnic youth working together, SLTI funded a program to draw out the secular messages of peace and coexistence inherent in the traditional Buddhist message at Poson. Youth were responsible for distributing "peace placards" to families arriving from all over the island and for performing a cultural program at the holy site in Mahintale, which was broadcast live to a national audience and displayed simultaneously at another SLTI-funded event in Galle. In addition, youth volunteers were responsible for the overall festival site clean-up efforts, which drew the admiration and gratitude of local government authorities and religious leaders alike, as Mayor Caldera of Anuradhapura stated, the activity was appreciated by the municipality for budgetary reasons as well: "We have saved almost two million rupees through the contribution of youth volunteers in undertaking the clean-up of the holy city and [surroundings] during the pilgrim season." The activity served to strengthen the relationships already established between youth across the borders under previous programs, as well as demonstrating the power of collaboration to local government authorities, religious leaders, and the community.

Shortly after the Poson festival activity, the National Youth Services Council (NYSC) petitioned SLTI to support the Annual National Youth Sports Festival, which would be held for the first in three years (cancelled due to security threats). The national event sponsored by the Ministry of Sports, would bring together over 2500 multi-ethnic youth and officers representing all 24 districts island-wide. Through SLTI involvement and its relationship with NYSC, the program was able to convince the Ministry to focus the event on the theme of "coexistence" through sports. In addition to branding the program, SLTI was able to gather the participants for a cultural event to demonstrate the pain of war and the promise of peace, as well as a massive viewing of *Take This Road* for participants with the approval of authorities. The event prompted Mahinda Rajapakse to publicly comment: "...the strength and unity that occurs when youth of the country play together in one space will be vital to make the peace effort a success."

Kavi Maduwa

One of the Kavi Maduwa programs in Anuradhapura was delayed when a JVP Pradeshiya Sabha Chairman and a group of youth would not allow the troupe to present their drama in their village. The troupe disbanded peacefully, but the grantee and Colombo staff challenged the Chairman to observe one of the dramas in another village to better understand the theme and the intention of the activity. After viewing the drama in another village, the Chairman agreed to allow the troupe to present in his community and enthusiastically supported the activity.

Through an ancient form of limerick debate called *Kavi Maduwa*, a local grantee was able to mobilize over 6000 people over 60 villages in the Anuradhapura and Puttalam Districts to participate in an evolving and entertaining discourse on issues relating to the ethnic conflict in Sri Lanka, drawing upon the often absurd nature of the conflict and tapping into local concerns and issues as well. Talented poets recite the issues in rhyme and opposition or agreement is delivered in the form of a poetic retort. The format solicits active community involvement in a entertaining manner that adds levity and comfort in discussions about traditionally taboo topics.

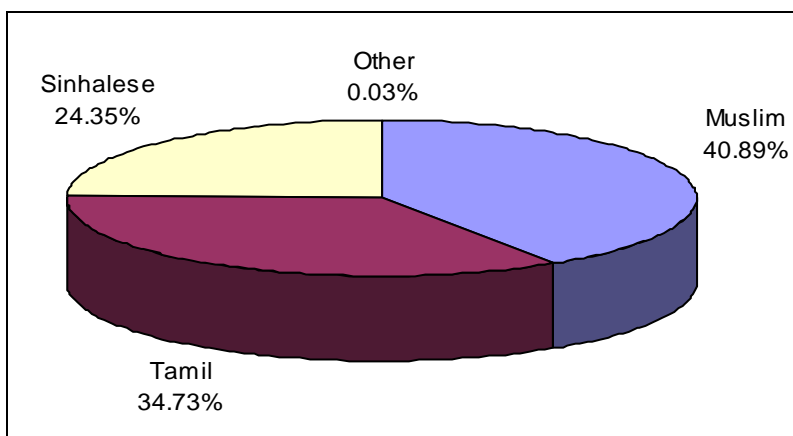
As the program moves forward, the Colombo office has identified the NCP border areas its sole strategic location along with continuing attention being paid to arising national-level issues. Under the current contract, SLTI is working closely with the GA and DSs in Anuradhapura, as well as the Mayor of the Anuradhapura town, to create an open media space for a transparent exchange of ideas between the community and the local officials. In a weekly radio program citizens are able to address pressing issues directly with their representative government authorities.

In addition, SLTI has been able to place bi-lingual sign boards in the *Kachcheri* (District Secretariat) and all DS- and GN-level government offices in Anuradhapura, as well as providing a comprehensive mapping of services provided by each of the offices in both Tamil and Sinhala. In promotion of the enforcement of the OLP, government servants are being trained for the first time on the importance of respecting its Tamil citizenry by providing information in their native tongue. To promote good governance and respect for diversity, SLTI has provided awareness training and brokered a relationship between the Rajarata University and the *Kachcheri* to provide student interns (with preference for Tamil-speakers) studying public administration to serve as greeters and data collectors at the *Kachcheri*.

TRINCOMALEE REGIONAL OFFICE OVERVIEW

Trincomalee District, in the north east of the island, comprises 11 Administrative Secretariat Divisions. The District is of major historic, cultural, religious and economic significance to all three main ethnic communities. In 2005, the District's total population was 412,547; 40.89% Muslim, 34.73% Tamil, 24.35% Sinhalese and 0.03% Others.¹⁷

FIGURE 1: ETHNIC WISE POPULATION IN TRINCOMALEE DISTRICT, 2005



The District has a coastline stretching 90 kilometers, from the northern point of Pulmoddai to the most southerly point of Verugal in Eachchilampattai DS Division. For many years fishing significantly contributed to the local economy, as well as to the export market, however, imposed security restrictions have limited this capacity. Fourteen percent (14%) of land use is for agricultural purposes, primarily paddy cultivation, also including other field crops and vegetables. A large extent of the land is wet lands and forest, unavailable for cultivation. Tourism currently contributes minimally to the economy, although if circumstances were different, it could become a major contributing factor in the growth of the District's economy.

The capital of the District, the port town of Trincomalee, built on a peninsula which divides the inner and outer harbors. The harbor, one of the deepest natural harbors in the world, is renowned for its large size and security, its entrance is guarded by two headlands. It is accessible to all types of crafts in all weathers, which has determined Trincomalee's strategic importance throughout Sri Lanka's history.

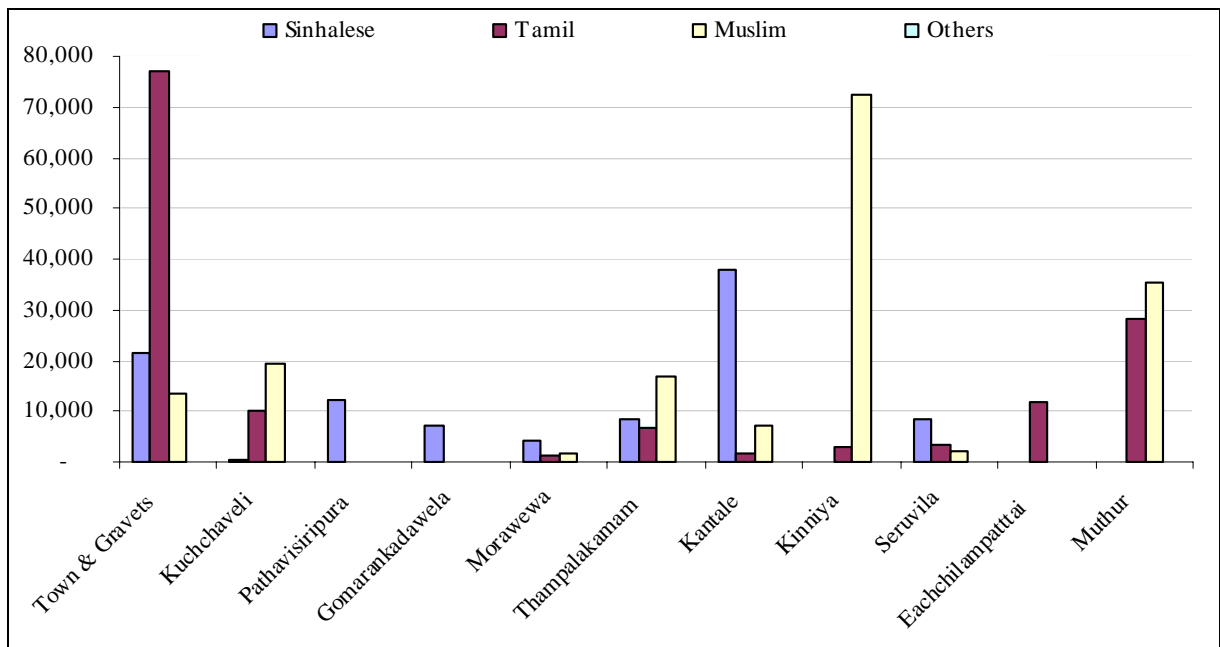
Due to its location, its history, its rich natural resources and, extensively, due to the harbor, Trincomalee is of major significance to both the Government and the LTTE. The LTTE have long identified Trincomalee as the capital of 'Tamil Eelam' in their ongoing quest for independence.

¹⁷ Statistical Information of Trincomalee District 2006 – District Planning Secretariat, Trincomalee

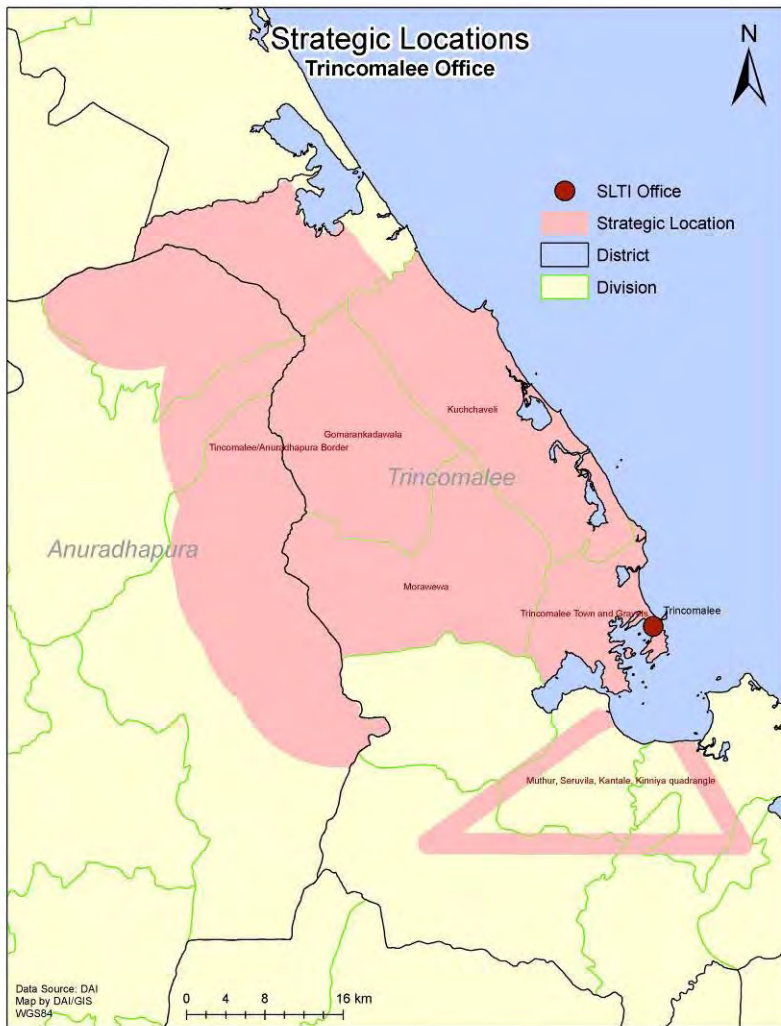
OTI's interest in Trincomalee was the result of its inclusion in a Conflict Vulnerability Assessment undertaken in November 2002. Tension among ethnic groups in areas of the east, where each group is substantially represented, was identified as a potential threat to the peace process.

The situation in Trincomalee has fluctuated from periods of relative calm and heightened confidence in the ceasefire to more recent periods of communal and militarized violence, eroding confidence levels and increasing pessimism in the peace process. The flexible nature of the program and localized presence has allowed appropriate responses with the ability to adapt to meet the needs emerging in an ever changing environment.

FIGURE 2: ETHNIC POPULATION BY DS DIVISION



As a result of the mid-term assessment the Trincomalee team selected three strategic locations for concentrated programming; Trincomalee Town and Gravets, given its rich ethnic mix; the rectangle described by Muthur, Kinniya, Kantale and Seruwila for its potential for conflict; and the corridor between Morawewa and Gomarankadawela, owing to its multi-ethnic nature.



PROGRAM EVOLUTION AUGUST 2004–MARCH 2007

In November 2004, the stability of the country took a turn for the worse. The LTTE's Heroes' Day celebrations in Trincomalee resulted in an upsurge in violence when a JVP-backed Sinhalese nationalist group organized protests against the event. In the days that followed, the LTTE sent signals that seemed to indicate a return to war was imminent. Confidence levels were at an all time low. In recognition of the situation, programming sustained its focus on building positive relationships and improving information dissemination at the local level in an endeavor to maintain stability in conflict prone communities.

Symptomatic of 2005, hartals, traditionally a peaceful form of protest, evolved into violent and threatening demonstrations due, primarily to increasing bitterness and frustration between the protagonists. Called by both Sinhalese Nationalist and pro LTTE groups, hartals became common place, disrupting 'normal' life. The resultant impact on the Program was extensions to grants, some well beyond their original end date. Although in most cases extensions had little adverse effect on grant impact, for some, the consequent extensions did; the original focus dissipating, affecting overall effectiveness.

One event of major significance in Trincomalee and beyond was the overnight appearance of a statue of Lord Buddha at the main bus stand in the town centre in May 2005. The incident immediately increased the level of antagonism between communities. As the situation continued to deteriorate, a number of meetings were held between the various parties involved and the security forces to try to reach an amicable resolution. In a positive move to help resolve the situation, a delegation from the Inter Religious Peace Foundation, supported by in-kind funding through the Colombo office, met with the various religious representatives in the district. While no concrete decision was reached, the consultation between the parties did serve to dampen the rhetoric. While a first attempt at resolving the situation through did not prove successful, a series of grants have since been made involving a

determined and consolidated participatory approach to rehabilitate the bus stand and surrounding area in an attempt to again open up lines of communication and promote dialogue to resolve the situation amicably.

In April 2006, a series of events altered the environment in the District, from which it is still trying to recover. The leader of the Tamil People's Forum, well known and respected, was killed while inside a high security zone, his killer escaped leading to conclusions of a conspiracy. Days later, during preparations for the mutually celebrated Sinhala and Tamil New Year, a bomb at the main market in Trincomalee resulting in large scale death and injuries, sparked unprecedented levels of communal violence; gangs went on the rampage, burning houses, attacking individuals, leading to displacement and polarization of communities. Over the following two weeks a dusk to dawn curfew was imposed in an attempt to control the situation. In response, the program, in consultation with local government, the police and community representatives directed its support to building local capacities to mitigate potential conflict while addressing common priority needs to increase interaction, develop relationships and build confidence. As the local situation appeared to improve and the curfew lifted, on April 25th, with relationships between the Government and the LTTE still extremely fraught, an attempt to assassinate Army Commander, Lieutenant General Sarath Fonseka in Colombo, produced an immediate response from the Government; launching air, sea and land based strikes on LTTE controlled areas in Trincomalee District. The office closed for almost two weeks following the ordered evacuation of the Regional Program Manager to Colombo by the US Embassy. Although this had an obvious impact on the Program, through remote management, the impact was minimized as much as possible. Staff, from home, continued to maintain contact with vendors and grantees, the positive relationships developed allowing grant activities to continue where possible.

By July, the tenuous relationship between the Government and the LTTE was pushed to the limits when the LTTE cut off water supply to hundreds of acres of paddy land in the Sinhalese majority Seruvila DS Division in Trincomalee. Those limits were eventually surpassed after the LTTE attacked the main navy base in Trincomalee town on 1st August; extensive military operations have ensued since, the Government focused on capturing the LTTE controlled areas in the District. Initial displacement of 40,000 from Muthur was to Kantale, however, as the Government continued to pursue its mission, displacement has extended further south to Batticaloa, rendering the LTTE controlled areas of Muthur East and Echchilampaatai devoid of its population. The Program, although restricted from areas under open conflict, has continued throughout, confronting the challenges of diminishing confidence through engaging with communities, providing them the space and opportunity for interaction and addressing priority needs to create an environment of continued hope.

Immediate Response to Recommendations of the Mid Term Assessment

From August through October the Trincomalee office made several grants incorporating English language skills for multi-ethnic youth, language being used as the common thread to bring youth together to generate understanding and trust. In addition, a grant with the Government Technical College supported the expansion of practical vocational training, developing carpentry and masonry skills with multi-ethnic youth to improve their employment opportunities. More significantly, however, their involvement in the training, improving their potential, was identified as a mechanism to mitigate the prospect of them becoming involved in subversive activities.

In November, after the LTTE Heroes' Day celebrations communal violence erupted on the streets in Trincomalee town, further damaging the tenuous relationship between communities and contributing

to the national perception that the country was on the verge of a return to war. Following these extreme incidents of unrest the LTTE showed signs that indicated a return to war was imminent, an ultimatum was expected.

However the tsunami of 26th December 2004 overshadowed the rising tensions and changed the course the country would follow for the months to come.

Programming in the Wake of the Tsunami 2004

The tsunami had a particularly devastating effect on Trincomalee District. Six Administrative Divisions were severely affected; Kuchchaveli, Town and Gravets, Kinniya, Muthur, Seruvila and Eachchilampattai, resulting in loss of life, destruction and damage to property and the displacement of over 80,000 people. Post-Tsunami grant making in Trincomalee, made possible through OFDA funding, was characterized by large scale clean-up efforts in key affected communities through volunteer labor forces. In Kinniya, one of the worst hit areas, 400 Muslim and Tamil youth, mobilized through four local NGOs under the leadership of the local authority, began to remove debris and rubble from the town; in Trincomalee town, 150 Muslim, Tamil and Sinhalese youth volunteers worked together to plan and carry out a clean-up; and in Muthur, two grantees mobilized more than 500 youth volunteers to carry out clean-up activities. Many of the volunteers were from other Districts, all willing to support affected communities, ethnicity irrelevant, all pulled together in support of each other. A sense of hope emerged out of the devastation. Unfortunately, this was short lived.

In addition to clean-up, the Trincomalee office also targeted lost livelihoods in their post-tsunami response. An earlier grant to a multi-ethnic fishing society had provided the organization with fishing boats and other equipment to improve members' income generation potential. Many of these assets were lost in the Tsunami. After an assessment by program staff, another grant was given to the fishing society to repair the damaged equipment and replace that which was lost.

The Tsunami created different challenges for the Government across the country, primarily how to ensure equitable distribution of support for Tsunami recovery. The P-TOMS had effectively been nullified and constraints throughout all the tsunami affected districts with regard to government coordination of the tsunami response and dissemination of related information from INGOs and the government to the tsunami-affected populations was causing tensions. To combat this, in Trincomalee and other affected Districts the program provided local government offices with computers and internet connections to improve communication. In some areas of the District, however, limited connectivity impacted on the immediate effect of this initiative. However, even in these cases, the improved IT capability was constructively used to collate data and compile information although it still had to be shared manually.

During February–April the Trincomalee office awarded 15 grants, including 6 OFDA funded Tsunami related grants. Three of the grants were follow up youth discussions on lessons learned from their involvement in clean up activities during the immediate aftermath of the Tsunami. These grants provided opportunities for those who volunteered to discuss their experiences as well as cement linkages created between these groups of multi ethnic youth, and the communities in which they had worked. Many of those who participated readily recounted their experiences, capturing the positive community spirit that had emerged out of this tragedy. These discussions focused on the friendships that were developed, the change in perception of each other, and the willingness and capacity to work together for a common cause regardless of ethnic or cultural differences.

Refocusing on Strategic Direction

Although clean up activities continued throughout March and April, new grants were developed refocusing on strategic direction and largely providing opportunities for communities to set common priorities. Grants developed were also aimed at mitigating tensions between tsunami and non-tsunami affected and conflict affected communities, which were heightened during the immediate emergency response. A grant with the Seruvila Pradeshiya Sabha, a conflict affected area, included a component of voluntary participation by Sinhalese and Tamil farmers to rehabilitate irrigation canals and culverts, identified as a priority through consultations, which would result in mutual economic and social benefits, create an opportunity for improved livelihoods whilst, concurrently, promote greater interaction and unity, thereby, engendering confidence between communities.

During the month of May 2005, hartals and ethnically related communal violence became the norm in Trincomalee. This situation was ignited primarily through the erection of a statue of Lord Buddha in the town center in the early hours of the morning of 16th May 2005. On 17th May, a hartal, led by the Trincomalee Tamil People's Forum, was called in protest. The hartal continued through 21st May and was only called off due to rising concerns over the negative effects of the prolonged hartal for humanitarian agencies working in the district, particularly about food and water shortages in the temporary shelter camps. A court ruling on 18th May, initially interpreted as an order to remove the statue, resulted in the former Chairman of the Urban Council being shot and killed. The situation continued to deteriorate with violence in Trincomalee continuing to increase during June and July. A notable change, however, was the focus of violence shifted from small scale communal incidents to larger incidents involving government security forces and the LTTE, again raising fears and expectations of a breakdown in the ceasefire agreement. During July, as a result of the killing of two military and two civilians in Trincomalee political cadres across the east were withdrawn to LTTE controlled areas. During the same week, 13 policemen and 9 Sri Lankan Army soldiers were injured in separate incidents throughout the District.

As a result of the deterioration in the environment some grant activities had to be postponed. However, grantees still remained optimistic that initiatives could be implemented and a subsequent number of date extensions were requested to accommodate these requests. The situation also resulted in some delays for procurement with shops and businesses closing and the limited supplies resulted in budget revisions to some grants to facilitate activity implementation. Encouragingly however, the office was still able to make 13 new grants, some aimed at seizing opportunities to promote multi-ethnic cooperation and participation during what was a period of prolonged tension in the District. One such opportunity extended itself during June with the Poson full moon day, one of the most auspicious days in the Buddhist calendar. In Padavisiripura, a grant supported a group of Sinhalese, Muslim and Tamil youth from the district to collaborate in designing and constructing a "peace thorana" which, through a series of images, depicted the benefits to all of cooperation and unity. The thorana, on display for ten days and advertised widely through media, attracted not only Buddhist pilgrims but also representatives across all faiths, promoting interaction and discussion.

The assassination of the Foreign Minister, Lakshman Kadigamar on the 12th August 2005 resulted in a visible increase in the police and security forces patrolling the streets. Public confidence, particularly among the Tamil community, was low, evidence of polarization of communities was emerging, a worrying trend which the program recognized and tried to address in the coming months.

Expansion of the Program with Tsunami Supplemental Funding

With supplemental tsunami funding expanding the scope of programming, confidence building was one of the main opportunities targeted in Trincomalee over the following months; re-establishing communication and promoting socio-economic links between multi-ethnic communities through rehabilitation of road networks and transport facilities. Through community consultations in Kuchchaveli Division, rehabilitation of damaged internal roads was identified as a priority to help maintain positive relationships developed as a result of the Tsunami. Residents of Kallarawa, a Sinhalese fishing village had sought refuge with their inland Tamil neighbors in Thiriyai. Out of tragic circumstances a positive relationship emerged which both communities sought to maintain through improved communication by developing the road network which had been abandoned for years. In addition, the improved infrastructure has also led to greater trade links between the two villages, intensifying the relationship. In Muthur, isolated through damage caused by the tsunami, a grant to restore vital transport links was made through supporting refurbishment of the central bus depot and the establishment of a program of on-the-job vocational training in mechanical and bodywork repairs to buses for multi-ethnic youth. Although initially planned for 6 months, grant activities remain ongoing, still focusing on supporting those initial links between multi-ethnic youth in the area in order to try and prevent further destabilization of a community, which has continually experienced extended periods of conflict over the last year.

As after the Tsunami, in November, the flexible approach and quick response of the program was commended for its swift mobilization of community members to clean up thousands of dead fish that had washed up along the Trincomalee Inner Harbour Road shoreline, posing a major environmental, economic and health problem. Coordinated by the Trincomalee Urban Council, three multi-ethnic fishermen's cooperative societies, including other family members, utilized their own boats and were provided with protective clothing, safety kits, tools, nets and cleaning materials to organize the collection, transportation and disposal of the fish. The ability to move quickly in response to an acute need prevented what could have become a potential catalyst in creating additional tension between the multi-ethnic fishing communities in the area who remain one of the most economically disadvantaged groups in the District due to the present fishing restrictions.

Throughout December, daily grenade attacks and shootings resulting in military and civilian deaths and casualties occurred in Trincomalee. Frequent house to house search and round-up operations by police and security forces intensified an already fragile relationship between them and the general public. Reports of intimidation and harassment by the security forces, particularly from the Tamil community, rose dramatically.

In Muthur, tensions between the Muslim and Tamil communities erupted into a series of abductions and killings during December, which resulted in displacement of both communities.

Programming in Increased Conflict

The scale of violence escalated further during January 2006. On 2nd January, five Tamil youths were shot and killed on Trincomalee beach, reportedly by the security forces, after a grenade had been thrown towards them. A hartal, called in protest by the Trincomalee Tamil People's Forum, resulted in a complete shutdown in Trincomalee from 4th until 9th January. On 7th January, a Sri Lankan naval vessel was sunk off the Trincomalee coast, reportedly by the LTTE, which again resulted in a hartal from the 12th until the 14th. On 17th January, a claymore fitted to a bicycle exploded at 3rd Mile Post, targeting a bus transporting Sri Lankan Navy personnel. In the subsequent gunfire, 2 civilians

were shot and killed. Throughout December and January travel to some operational areas was restricted. However, the implementation team's main focus shifted to fostering contact with grantees and vendors as a way of maintaining confidence. Staff regularly telephoned grantees to explain the situation and assure them of continued support. This proved to be a major factor in encouraging our partners to remain engaged and not lose hope.

Relief from the escalating tension and violence came during the visit of Erik Solheim to Sri Lanka, during which an agreement was reached to hold talks on the ceasefire agreement in Geneva. During the latter part of January public confidence increased slightly and a more stable, calmer environment was created. With the more relaxed environment created at the end of January, staff were again able to visit the field and work with grantees to plan and implement activities.

Collapse of Peace Talks

The collapse of the Geneva talks led to a general deterioration of security conditions. However, the Program continued to promote the benefits of a negotiated settlement and the peace process, developing 5 new grants.

In February, a grant, originally developed for implementation in January to illustrate "Peace and a New Year" through the eyes of multi-ethnic youth was implemented. Over 150 multi-ethnic youth from across the district were brought together for a 2 week residential workshop to promote interaction and allow them an opportunity to artistically demonstrate their feelings. Through the construction of giant kites youths from the community created symbols of peace and hope for the future. The grant culminated with a 3 day kite festival at Trincomalee beach, inaugurated on 5th March, allowing them to share their experiences, thoughts and images with the people of the District. Representatives of all religious beliefs attended the opening ceremony, praising the commitment of the youth for their efforts in promoting peace and unity in the District, calling for all communities to follow their lead. This was the first large scale public gathering at the beach since the killing of five Tamil youths in January which had resulted in it becoming a 'no go' area for the majority of the community. During the festival over 3,000 people from all communities came together to this beach under the banner 'join hands for unity'. On the last day a group of young multi ethnic musicians came forward requesting an opportunity to play in support of peace, the evening ended with an impromptu concert for over 2,000 people at the beach. The beach, once again belonged to the public.



DAIC471 - Reclaiming the Trincomalee beach as a public place, thousands gather to fly kites for peace

In April, however, events once again led to a significant change in the environment, predominantly in the east, and more particularly in Trincomalee District.

In Trincomalee, the murder of the leader of the Trincomalee Tamil People's Forum, a well known and respected Tamil activist in the area, had serious consequences on the security environment. Claymore attacks, primarily targeting military personnel increased in the District with the inevitable result that civilians also became casualties.

On 12th April at the start of the Sinhala and Tamil New Year, traditionally a time where communities come together to celebrate what is one of the primary jointly recognized festivals a bomb exploded in the main market in Trincomalee town. The ensuing communal violence reached unprecedented levels not experienced since the signing of the ceasefire agreement; many believed it to be pre-arranged. Riots erupted, resulting in deaths, injuries, destruction of property and displacement of families. Residents of Trincomalee described the descent into violence as reminiscent of the early 1990s. In an attempt to curb the violence a dusk to dawn curfew was imposed which remained in place for almost two weeks.

The attempted assassination of the Army Commander, Lieutenant General Sarath Fonseka on 25th April in Colombo resulted in an immediate response from the Government by launching air, sea and land based strikes on LTTE controlled areas in Trincomalee District. In response to the deteriorating security situation the US Embassy ordered the evacuation of the Regional Program Manager to Colombo on 26th April and the office was temporarily closed, reopening on a limited hours basis on 4th May. Throughout the closure management maintained close contact with staff and the implementation of programs did continue, particularly in areas north of Trincomalee which were not as prone to the rising conflict. While staff were unable to report to the office they continued to maintain contact with grantees and vendors to ensure, wherever possible, activities could proceed as planned and, more importantly, to ensure preserved confidence in the program and planned activities. This process enabled projects such as the rehabilitation of roads in Thiriyai and Kallarawa, linking communities affected by the tsunami, to be implemented throughout, ensuring the affected communities of our continued support.

Once the office re-opened and the RPM returned the immediate task of rebuilding confidence among the staff and the communities was the first step towards getting 'back on track'. An immediate priority for the development of the program was actively promoting a process whereby communities could resolve issues in a non-violent manner. Communally related and focused incidents of violence had drastically increased due to recent events and subsequently amplified an environment of mistrust and suspicion. A priority identified was strengthening the capacity of Citizens' Peace Committees, which were established at a community level through the Government Agent's office with the collaboration of the Police. This was identified as an essential mechanism for this process to support communities and prevent the scale of violence that had been witnessed in April. Initial discussions with some of the committees and the Police identified that although they were established, it was primarily in name only as they were not functioning. Over the following weeks staff worked in collaboration with the Police and the communities to initiate the process of identifying how best to support them. Subsequently, two grants were developed, involving 36 citizens' committees covering the Trincomalee Town and Gravets Urban Council and Pradeshiya Sabha limits, areas had been the focus of violence. Each grant focused on prioritizing and addressing needs of the members to support their role as peace activists in communities. In addition, the grants focused on identifying common priority needs which could be implemented in a participatory manner in an attempt to encourage positive interaction in and between communities. The grants also supported a series of mobile clinics

for rural communities over weekends, involving representatives of local government departments; bringing the services to the people, many of whom still felt uneasy about traveling to the urban centre.

Intensification of Military Activity

In mid-June 2006, the Government intensified military action against LTTE-controlled areas of Muthur after a bus carrying civilians was blown up just outside of Kebithigollewa in the Anuradhapura District.

By mid-July, the relationship between the LTTE and the Government degenerated even further after the LTTE cut off water supply to hundreds of acres of paddy land in the Sinhalese majority Seruvila DS Division in Trincomalee. This act jeopardized the livelihoods of hundreds of farmer families and plunged both parties into a major ground forces confrontation. The subsequent events of 1st August 2006 had the most dramatic consequences as the LTTE attacked the naval base in Trincomalee with heavy mortars from their base in Sampur. This incident led to an unprecedented escalation in military action between the Government and the LTTE in Trincomalee. Fierce fighting between the two ensued resulting in over 40,000 people being displaced from Muthur to other parts of the District. From 4th August onwards civilians started to move en masse as the situation deteriorated. Throughout the rest of the month Government Forces maintained a continuous offensive towards Sampur, utilizing their ground, sea and air capacity, eventually gaining control of the area by early September.

September also saw the opening of the first TMVP office in Trincomalee, traditionally recognized as sympathetic to the LTTE, raising concern of potential clashes between supporters. Although this has not materialized to the extent envisaged, other concerns emerged as the number of abductions increased. Over the following months the TMVP opened an additional four offices.

Although the situation had deteriorated dramatically in Muthur, the Trincomalee office was still able to continue its programming and implementation in other strategic locations. The program continued to support Trincomalee communities and developed a total of 9 grants between August and October. 21% of the total grants cleared over the quarter demonstrating the program's ability to continue to function effectively and foster continued engagement with partners to implement grants that would promote peace and cooperation.

In Pulmoddai, perceived by the community as one of the most neglected areas of the District, a large scale infrastructure project to rehabilitate the storm water drainage system was developed. For many years the neglected drainage system had been the source of tension in the community, particularly during the rainy season, when individuals diverted the water flow, often without thinking of the consequences on others. From initially being a source of individual tension, the current environment in the country, had contributed to it escalating into much more of an ethnic issue between the majority Muslim community and the relatively small Tamil community, who, due to their location in the village were the most severely affected. The project aimed to improve intra-communal relationships and build links between the community and the local authorities. Previous interventions in Pulmoddai, had already identified substantial challenges in implementing a community based project, individual jealousies and political influence the contributory factors. These same challenges surfaced during the initial stages of the drainage project implementation creating an atmosphere of mistrust and threat resulting in suspension of the project in January 2007. Since, a series of consultations with the community and local government representatives have resulted in the community themselves identifying the problems and establishing a mechanism, representative of all groups in the community

to support implementation, a major step forward for a community traditionally rife with internal problems. Although still currently on hold, it is anticipated that the project will be completed and, more significant than the physical rehabilitation, it is hoped the process involved will generate a greater understanding of the mutual benefits that can be achieved through interaction, communication and collaboration.

Promoting People's Desire for Peace



DAIC582 - Spreading peace throughout the streets of Trincomalee, security personnel were included in the distribution of badges, flags and flowers

In September, grants were developed to provide people with avenues to express their desire for peace with a specific focus on International Peace Day. Media played an important role in ensuring this message reached the wider external audience. International Peace Day was marked with a series of events throughout the day, starting with the release of hundreds of balloons and tree planting at schools, culminating in the dedication of a 'peace pole' at the Trincomalee Beach at sunset and the lighting of traditional oil lamps across the town to demonstrate solidarity for peace. Throughout the day flowers, flags and peace tokens were distributed to the public,

including the security forces and police on the streets, who were among the most appreciative. Many of these security personnel openly expressed surprise but also gratitude for being considered and included in the peace effort. Many of these foot soldiers expressed their sentiments for increased peace as well. The day's activities promoted interaction, providing people of the District an opportunity to express their hopes for peace and allowing them to join in with the global movement for peace.

Following on from the large public event, another grant which was aimed at capitalizing on the positive impact International Peace day had for Trincomalee focused on youth from the schools and provided them an opportunity to explore and discuss issues related to peace and allowed them time and space to develop mutual understanding and trust. The result of their discussions and thoughts, depicted in their own paintings, and produced into calendars, posters, and booklets were widely disseminated throughout the country to highlight and demonstrate their desire and, more importantly, their demand for peace. A public exhibition of the paintings again provided the wider community an opening to gather, interact and demonstrate their support for peace. Some of the art work was also replicated by students, guided by teachers of the art faculty, as large murals on school buildings throughout the town as a constant reminder to all.

The focus on programming in the northern part of the District and the border area between Trincomalee and Anuradhapura Districts continued. Two grants were developed in Kahatagastigiliya as the result of a previous series of community consultations, one of them being the rehabilitation of a bridge connecting communities. An area severely affected by previous conflict, residents were again experiencing the impact of the deteriorating situation. The bridge, previously the main link providing access to towns, markets, health care and



DAIC606 - A 3-day workshop for multi-ethnic youth culminated in them depicting their feelings about peace and their future aspirations through art

education for both the Sinhalese and Muslim communities had, in 2002, partially collapsed and been left in disrepair, creating severe difficulties and isolating the communities from each other creating vulnerability among them to extremist influences. Identified as a priority by the communities, rehabilitation of the bridge will, in addition to improving access to economic and other facilities, create greater opportunities for interaction through their involvement in project implementation.

Although militarized violence was primarily centered around Trincomalee south, abductions and indiscriminate killings continued in other parts of the District, fueling a growing atmosphere of fear and repression. A self imposed curfew appeared to come into play with little or no movement after dark being witnessed, streets emptied, shops and businesses closed early. As human rights violations increased, many went unreported due to fear of repercussion, raising disquiet both nationally and internationally. Adding to an already fragile and insecure atmosphere, rumors of forced displacement circulated after the Government Gazette notification that Trincomalee had been designated for development as a ‘Special Economic Zone’. Many communities, particularly in Trincomalee town, feared they would be forcibly relocated, a fear that currently remains.

In November 2006, the culmination of a series of consultations with stakeholders including the Tamil controlled locally elected Urban Council, the central government appointed Sinhalese dominated Urban Development Authority, vendors, consumers, private and public bus owners’ associations resulted in an integrated development plan to rehabilitate the Trincomalee Bus Stand and surrounding area. The area, once bustling with commuters and consumers had become an area associated with tension and mistrust; home to the controversial statue of Lord Buddha and near the site of the market bomb earlier in the year. The process through which the plan emerged, designed specifically to bring together local stakeholders, deliberately targeting the locally elected and centrally appointed government bodies responsible who seldom engage on a single project, although time consuming, ensured involvement, ownership, responsibility and acceptance of a series of major infrastructure

projects to promote the socio-economic status of all communities. The process and end result has garnered much support from those involved, the Urban Council Chairman citing it as the way forward for the future development in Trincomalee. It is hoped that the eventual development and the process involved will encourage dialogue among all groups, eventually providing a mutually agreed upon peaceful resolution to the issue of the statue of Lord Buddha.

By mid November, the situation in Seruvila also allowed a multi-ethnic sports festival, originally planned for April, to be implemented involving over 1,000 youth. The original objective of providing space and opportunity for positive relationship development became much more relevant given recent events. Although at the local level this was, and continues to remain possible, militarized events similar to what followed in December disrupted the process.

On 1st December a suicide bombing in Colombo targeting the President's brother caused little reaction from the general public. However, more significantly in Trincomalee, there was not the anticipated retaliatory attack towards the LTTE controlled areas from Government forces, a considerable indication that the Government had taken control of the areas. However, on the 7th December heavy incoming shelling towards Seruvila from LTTE controlled areas began resulting in displacement towards Kantale and other parts of the District.

TWO YEARS ON FROM THE TSUNAMI



DAIC607 - Demonstrating the benefits of working together to overcome challenges and resolve issues

conjunction with the increasing atmosphere of fear, was identified as the lack of potable water supply. Studies and tests undertaken investigated the viability of well supply, however, concluded the most appropriate and sustainable solution would be through a permanent piped water supply. Through a grant a validation to determine the feasibility of providing potable water supply was undertaken. The resultant report demonstrated the feasibility of the project, However, it was outside the financial

Almost two years after the tsunami permanent relocation of families was still high priority for the Government, often citing inadequacies of the organizations involved as the main stumbling block. In Kuchchaveli Division, housing and other infrastructure facilities for two permanent relocation sites, to accommodate over 600 families was being implemented through a range of organizations. One of the major factors

affecting the long term stability of the communities, in

scope of the project. Ongoing negotiations to facilitate joint funded project implementation are underway, indications are positive with significant donor interest.

Once again, the program's approach was able to react to a potentially volatile situation between communities and the local authorities. The rising incidence of mosquito borne diseases, particularly Chickungunya, was creating tension. The IDP population, housed in public buildings without adequate sanitation and hygiene facilities were seen to be creating most risk to others, while the Urban Council struggled to cope with the demand to ensure breeding sites were reduced. In addition, the health authorities were unable to fulfill the needs due to lack of resources. An emergency response team, comprising multi-ethnic youth volunteers with SLRCS, supported by the DPDHS, was established to help in the immediate situation. Initially the teams mobilized community members, supporting them in the clean up potential mosquito breeding sites over a 15 day period. After the initial clean up teams were provided with emergency response training to enable them to respond in the future to prevent this type of incident.

As the Government persisted with its strategy to take control of LTTE controlled areas in the District residents continued to flee south seeking refuge in Batticaloa District, exacerbating what was already a humanitarian crisis. Thousands displaced, leaving Muthur East and Eachchilampattai Divisions. As the fighting ceased and the Government took control of the areas plans were drawn up to support the return of IDPs.

Rebuilding Trincomalee

With the reduction in heavy outgoing artillery fire from the naval and army bases in Trincomalee there was a noticeable reduction in tension in the town area, creating a more conducive environment for a series of grants under the umbrella of 'Rebuilding Trincomalee' to go ahead, building public confidence through rehabilitation of community priorities. The rehabilitation of Orr's Hill Playground, a highly visible landmark, located near the harbor at the entrance to the town was one of the first to be implemented. Traditionally a place for youth



DAIC543 - A playground constructed on bare land provides a safe, fun place for children and families to interact in an area previously blighted by communal violence

from all ethnicities to engage in sports such as soccer and cricket, the playground had fallen into disrepair, was prone to flooding due to inadequate drainage and intrusion for the sea water and was encircled by security forces due to its proximity to the Provincial Governor's office, regarded by many as off limits. In conjunction with the Urban Council the grantee implemented an intensive

process of community consultations, involving sports clubs, schools, local residents and the local authorities, resulting in a total remodeling, integrating sports for youth along with a designated area for small children and families. In collaboration with the USAID funded playground initiative, the playground will provide a safe, open space for youth and families, encourage interaction and promote collaborative decision making.

Continuing with the strategy of promoting collaborative decision making between communities and local authorities as a mechanism to encourage greater engagement in development activities two inter-related grants were awarded, one to rehabilitate the Trincomalee town main library, another 'Rebuilding Trincomalee' intervention, the other to construct a library and community building on the outskirts of Kinniya town, supporting the mixed Tamil and Muslim community. Although from an outsider's perspective both projects could be identified as primarily infrastructure, for the Program, the crucial factor was the how the libraries would become a focal point in communities to promote information sharing, support education and increase interaction. For many, the public library service provides their sole source of information, whether for fiction or non fiction, news or entertainment, however, they are often unwelcoming, dull and lacking in resources. Public surveys conducted as part of the process have helped identify resource deficiencies which, it is anticipated, will be supported through smaller follow on grants. 'Readers' Circles' have also been established at the village level to promote the use and development of libraries as a community resource, encouraging exchange and interaction through book clubs, dialogue, and speakers forums.

A number of validations came to fruition during the latter part of 2006 and early 2007 providing the basis for completion of the tsunami supplemental funding, promoting community involvement in determining local development priorities. Included in that was a series of grants in Langanagar and Mudcove. Home to all three ethnic groups, with a reputation as a 'hot spot' for internal conflict, and badly affected by the tsunami, a validation, also incorporating conflict resolution workshops and community consultations provided for a series of grants being developed. Grants to rehabilitate roads, drainage and recreational facilities were developed with a network of local grantees of diverse



DAIC615 - Construction of a bridge reconnecting communities, improving economic opportunities and access to facilities begins

composition in an effort to ensure full community engagement and interaction; a women's group, a youth group, a citizens' committee, local government and a long standing partner of the Program who had implemented the validation grant. During the validation, a small playground, identified as a common priority, was constructed through community participation, demonstrating the benefits of working together which created the platform to implement the series of larger scale initiatives. In order to support the complexities involved in multiple grant

implementation through a series of partners simultaneously a grant was developed with a reputed international organization which would provide technical support, direction and management capacity to the local grantees.

Although the country appeared to be sliding back into major conflict and many believed the ceasefire agreement to be on the verge of collapse as military activities expanded further south along the eastern coast and into the LTTE stronghold north of the country, the Program continued to work on the premise that providing a space and forum for people to allow them to share their desire for peace could build confidence, impacting on local attitudes and stability, if not nationally. In January 2007 a public event, developed on the theme of 'Disabled Voices for Peace', attracted over 4,500 participants. The day's events included a cultural show, involving disabled and able bodied youth, promoting positive aspects of diversity and the importance of inclusion, a handicraft exhibition and sale, a peace march, sports events and displays from organizations involved in supporting people with disabilities. As in previous public events of this nature the town was decorated with banners and balloons, all promoting peace and unity. The day culminated with the inauguration of an exhibition displaying artwork by students depicting disability and peace, some of which were selected for reproduction into billboards to be displayed in key strategic areas throughout Trincomalee, that are prone to violence.

As the conflict appeared to be unceasing, continuing on into March, the program again supported a large public gathering, this time focusing on 'Women's Voices for Peace'. Hundreds of members of the village based Women's Rural Development Societies came together to express their support for peace. Women affected by war spoke out against the conflict, demanding peace to allow future generations resolve the deeply entrenched negative feelings of one another that existed in the country. A cultural show involving children and youth from throughout the District, organized by the women members, was the highlight of the day, illustrating the positive aspects of culture, tradition and diversity through music, dance and drama. A novel aspect of the day was the food fair, 'Food for Thought'; prepared jointly by women from all ethnicities traditional snacks and sweetmeats were available throughout the day in an effort to again demonstrate the positive benefits of diversity.

Along with the increased conflict came the inevitable introduction of additional security measures, further impacting on the livelihoods of a vast population. For one group in particular, fishermen, their ability to earn a living, already drastically affected, was further reduced, creating friction in communities as they struggled to survive. In addition to the restraints already imposed on fishing, external markets had more or less become off limits due to restrictive security imposed on transporting goods in and out of the District and rising costs. Promoting internal marketing and value addition techniques to make the industry more viable was identified as a priority.

In Kinniya, a large fishing population, Tamil and Muslim, were struggling to make ends meet. To promote the local market and improve post harvest technology to reduce spoilage and waste a grant to construct two fish markets and a vocational training center was developed. The project, previously identified as a top priority in the District Divisional Livelihood Development Plan released late 2006, will provide fishermen with up to date techniques to improve their livelihood opportunities while concurrently promoting greater interaction.

Return to Muthur

March also saw the return of the Program to Muthur, a strategic locations which had been virtually off limits to all but those involved in relief and emergency since the upsurge in conflict. The Program once again engaged with the Muthur Peace Committee, a long standing partner of the Project. During the recent military engagement the area had become virtually off limits to all apart from those involved in relief and emergency. As the population had displaced since August 2006, so did the Committee. However, now returned they were already in the process of re-establishing themselves and putting in motion the process of reorganizing and developing sub-committees at the village level to support the reintegration and stability of the returning communities. Initially formed in 2001, the Committee members include the Divisional Secretary, the Assistant Superintendent of Police, the Officer in Charge of the Police, Hindu, Muslim and Christian religious leaders and higher level Department of Education Officers. Its objective was, and continues to be, to prevent ethnic clashes and racial disharmony by taking measures to reduce mistrust and miscommunication, particularly between the Tamil and Muslim communities. Throughout the conflict Muthur has been a conflict prone area in the District. Even after the signing of the ceasefire agreement between the Government and the LTTE in 2002 clashes in the area had continued. Notably, the Committee had been able to help reduce the number of violent incidents with its ability to intervene at the grassroots level through its network, promoting dialogue and cooperation to resolve issues rather than resorting to violence. The Committee had successfully implemented a series of grant activities in the past, focusing on addressing common priority needs as a mechanism to build relationships between communities, particularly youth; disaffected by high unemployment and frustration, they were easy targets for political extremists. The grant under development will help restore and strengthen the Committee; building its capacity to once again undertake an active role in supporting peaceful coexistence between the communities in Muthur.

The Program has gone through many changes since its inception; when it was first established it was during a period of increased optimism in the country, the Ceasefire Agreement had been signed, and although peace still seemed a long way off, there was a level of confidence growing that had not been witnessed previously. Borders had opened up, security reduced; facilitating a freedom of movement, that many had never experienced. The slow degeneration from the first failed talks, through the whole tsunami experience, to where the country is now; substantially in conflict, has had a severe negative impact on the population; communities have polarized, the sense of hopelessness and frustration increased.



DAIC465 - Multi-ethnic volunteers working together with the local authority in an environmental clean up project

THE WAY FORWARD

However, throughout, the Program in Trincomalee has had successes and continues to focus on building positive relationships at the local level. Those grants with most impact have been those which have involved an integrated approach through a process of concerted effort to ensure full and open inclusion, from design, through management and implementation, and although longer to develop and at times challenging to implement, they have proven to be the most effective mechanism in sustaining positive relationships.

A prime example was a grant developed in September 2004 with the Sivapuram Women's Rural Development Society, encompassing neighboring Sinhalese and Tamil villages on the Seruvila and Muthur border. With a bitter history of betrayal, deceit and bloodshed, both communities had suffered extensively during the conflict. The grant involved provision of seeds for the mainstay livelihood activity, paddy cultivation. The distribution was managed through the WRDS on an easy to repay scheme and utilized three natural mechanisms to facilitate peaceful interaction. Firstly, the scheme was managed by Tamil and Sinhalese staff, secondly tools and equipment necessary were provided, to be shared by both communities and, thirdly, both communities were brought together regularly for skills training in effective cultivation, food processing techniques, win-win negotiation skills and language classes. The relationships developed as a result of the process have sustained throughout, during all the communal clashes, the increased tensions and military offensives in the area both communities have maintained support and protection for each other, those lasting relationships enabling a level of stability in security for the population and providing a platform on which to build greater support for a peace process.

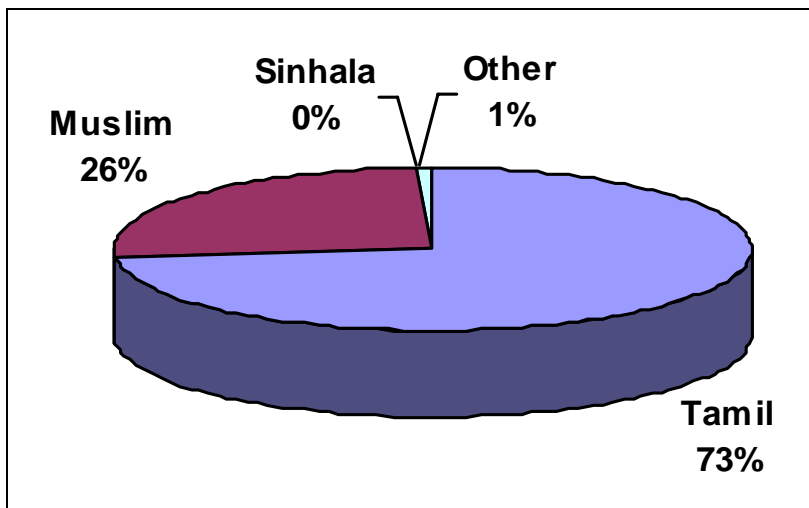
Current programming continues to promote an integrated approach to establish and sustain support for a negotiated settlement. Validations have culminated in a number of grants to rehabilitate community infrastructure facilities, incorporating a range of other activities, public priorities are coming to fruition in a continued endeavor to demonstrate the benefits of working together.

AMPARA REGIONAL OFFICE OVERVIEW

DISTRICT BACKGROUNDS

The Ampara office has worked within four districts since August 2004, namely- Badulla, Monaragala, Batticaloa and Ampara, identified by OTI as key areas in 2002 during the Conflict Vulnerability Assessment¹⁸.

FIGURE 3: ETHNIC WISE POPULATION IN BATTICALOA DISTRICT 2005



Batticaloa district (see Figure 3) has a population of 565,781¹⁹, and a large part of the north and east of the district has been under the control of the LTTE. The district is made up of 14 divisions 8 of which were affected by the tsunami. Ethnically, it is 73% Tamil and less than 1% Sinhala and as such is seen as the eastern heartland for the Liberation Tigers of Tamil Eelam (LTTE) with Batticaloa Town as its capital.

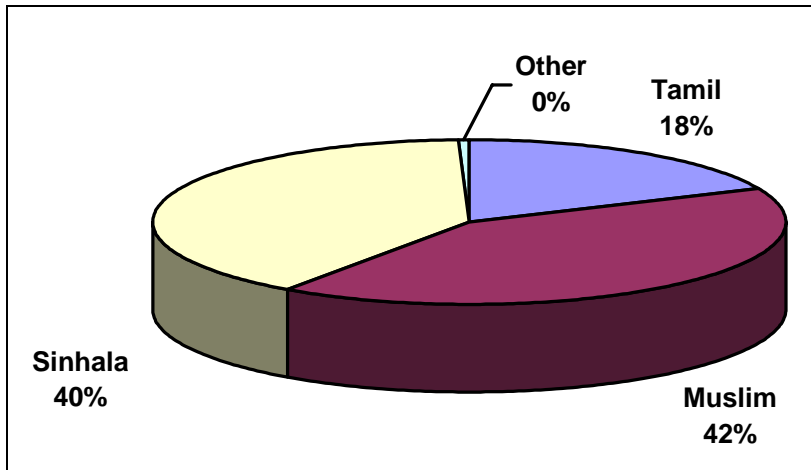
Ampara District (see Figure 2) has a population of 629,664²⁰, of its 20 divisions 10 were tsunami affected. Ethnically, the district is split into Sinhala inland areas and Muslim and Tamil coastal divisions, therefore, those affected by the Tsunami were Muslim and Tamil. With a majority Muslim population the district is unique and this has been reflected by the office's choices to work with Muslim local government and populations.

¹⁸ Map 1- District Boundaries and Capitals

¹⁹ Map 2- Batticaloa Population Density

²⁰ Map 3- Ampara Population Density

FIGURE 4: ETHNIC WISE POPULATION IN AMPARA DISTRICT 2005



Both districts have economies split into two distinct areas. The coast is predominantly made up of fishing, with a number of urban centers where economies are more diversified with government, trade and support sector industries playing important roles. Inland both districts are predominantly agricultural, although a sizeable area of Batticaloa is or has been controlled by the LTTE and the scene of conflict and therefore, livelihoods and access are limited.

All four districts have seen inter-ethnic violence and communal tension throughout the war. Ampara and Batticaloa have seen full armed conflict, internal displacement and are seen by the LTTE as part of Tamil Eelam. Monaragala and Badulla are predominantly rural districts, bordering the eastern conflict zone and too far, geographically, from the west coast markets to see a large economic peace dividend.

These two inland districts, Badulla (see Figure 5) and Monaragala (see Figure 6) are predominantly rural, with high levels of unemployment²¹. The communities are also multi-ethnic where the majority Sinhala population suffer from rural poverty and are perceived as potential ‘peace spoilers’ as economic hardship, relatively low education levels and politicization by organizations such as the JVP have started to assert influence and cause dissatisfaction with the peace process. A sizeable Hill Country Tamil population also lives in the area, brought to Sri Lanka by the British in the 19th and 20th Centuries to work on the tea and rubber estates. They have traditionally not been linked with the northern and eastern Tamils or the LTTE but have become more political in recent years and have felt progressively more threatened by their Sinhala neighbors after the Bindunawewa Massacre where a Sinhala mob killed 26 Tamil suspects being held in a rehabilitation camp in 2000.

²¹ “Employment and Unemployment in Sri Lanka- Trends, Issues and Opinions”; Nanayakarra, A. G. W., *Department of Census and Statistics Sri Lanka, 2004*

FIGURE 5: ETHNIC WISE POPULATION IN BADULLA DISTRICT 2001

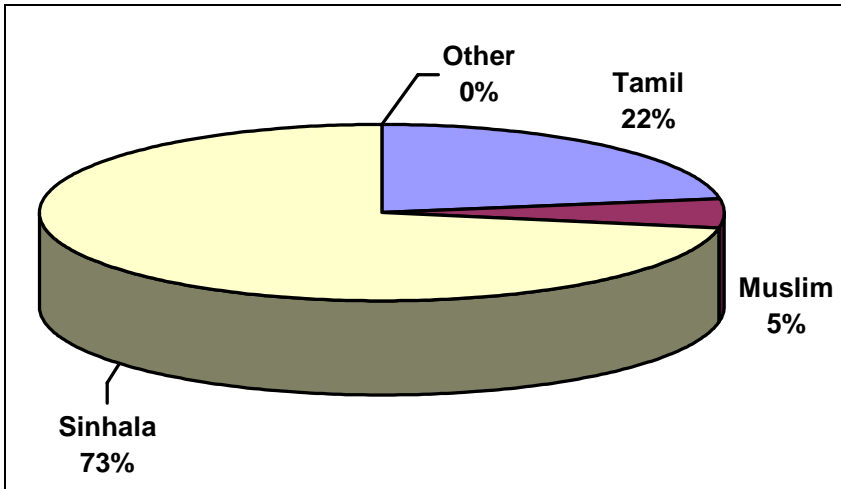
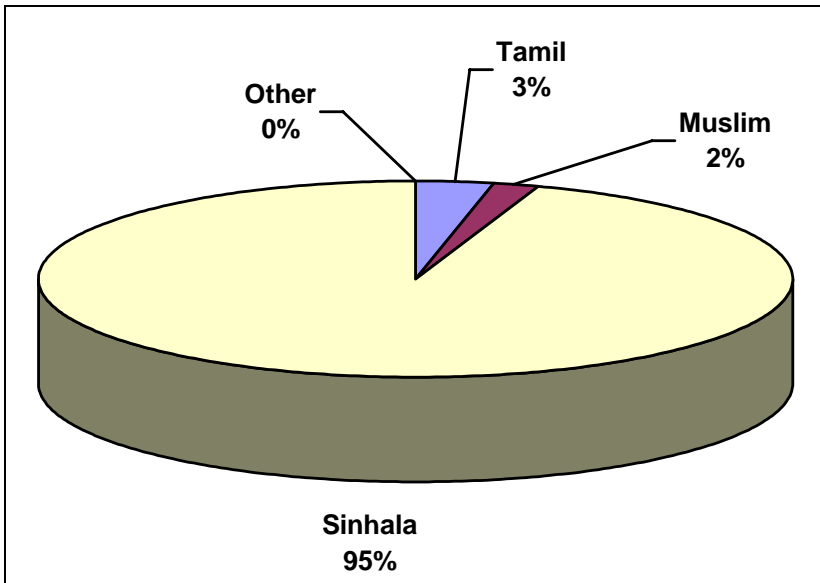


FIGURE 6: ETHNIC WISE POPULATION IN MONERAGALA DISTRICT 2001



The eastern districts of Ampara and Batticaloa have traditionally suffered economically and in development terms due to their geographical location in relation to the more populous south west markets and in more recent decades due to the conflict which has, as in Trincomalee, caused major socio-economic problems. These include lack of economic and business investment, lack of infrastructure and isolation from markets.

Large scale irrigation schemes in the 1960s and 1970s, most notably the Mahaweli Project (1964- to date, www.mahaweli.gov.lk) aimed to open up large tracks of land for farming, with the intention of making Sri Lanka self sufficient in rice and encouraging agricultural development in the east. Large areas of land were cleared of forest, many acres were irrigated for rice cultivation and large numbers

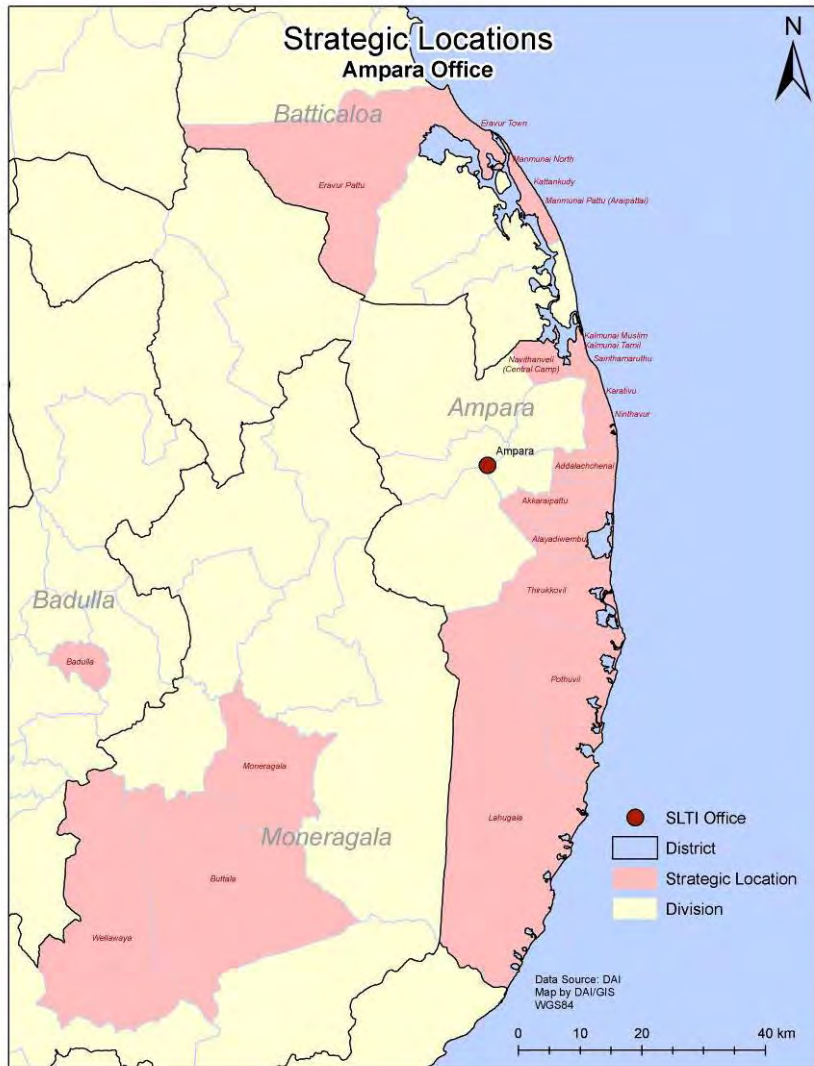
of migrants were offered work, land and a new beginning. Many of these were from the West and South of the island, predominantly Sinhala and from rural often poor backgrounds, they moved on to land traditionally seen as Tamil and many, including the LTTE, saw this as a way for the government to dilute the ethnicity of the eastern districts, especially in Ampara.

TABLE 2: POPULATION STATISTICS—FROM DEPARTMENT OF CENSUS AND STATISTICS

District	Total	Sinhala	Tamil	Muslim	Other
Ampara	629664	251186	115912	259798	2768
%	100	39.9	18.4	41.26	0.4
Urban	19%				
Rural	81%				
Batticaloa	565804	1246	415217	145349	3989
%	100	0.2	73.4	25.7	0.7
Urban	Info not avail				
Rural	Info not avail				
Badulla	774555	558218	173317	41845	780
%	100	72.07	22.4	5.4	0.1
Urban	6.8				
Rural	73				
Estate (tea, rubber)	20.2				
Moneragala	396173	374559	13239	8130	334
%	100	94.5	3.3	2	0.08
Rural	97.9				
Estate (tea, rubber)	2.08				

CONFLICT WITHIN THE AMPARA OFFICE AREA OF RESPONSIBILITY

Following the signing of the Ceasefire Agreement and an initial period of optimism throughout 2002, in April 2003, due to a growing lack of trust between the two parties the LTTE withdrew from negotiations, this was compounded in the east by a split within the LTTE. Colonel Karuna, the Eastern Commander of the LTTE's military wing broke away. A short civil war ensued and Karuna quickly backed down with his 6,000 fighters. Although this fighting did not last long, politically the LTTE was weakened in the East and tit for tat inter-Tamil killings continued between the two factions.



Within this background the present OTI contract began in August 2004. Since this time the situation in the districts within the Ampara Office's purview has fluctuated, experiencing periods of relative calm and heightened confidence in the ceasefire during the immediate aftermath of the tsunami and during intermittent peace talks to, more recent periods of communal and militarized violence, eroding confidence levels and increasing pessimism in the peace process since April 2006.

THE AMPARA PROGRAM (AUGUST–DECEMBER 26, 2004)

In September, partly as a response to the country events in the first half of the year, OTI requested a mid-term review, its

purpose to inform and consider options for increasing the effectiveness of OTI's short-term contribution to what, in the face of stalled peace negotiations, had become a long term process supporting Sri Lanka's transition to sustainable peace. The result was a program focus on two new sub-objectives; to increase awareness and/or understanding of key transition issues; and to increase collaboration and participation among diverse groups to identify and/or address priorities. In addition strategic locations for each of the field offices were identified to enable a more consolidated impact into a limited number of critical areas. The Ampara team selected Batticaloa Town, Kalmunai to Akkaraipattu, Central Camp colonies, 3 Divisional Secretariat areas around Badulla and Monaragala towns respectively as areas within which to concentrate grants where there were diverse, often multi-ethnic communities, which were conflict prone and underdeveloped.

In the last half of 2004, up until the December 26th Tsunami, the Ampara team concentrated within these strategic areas and responded to the national and local situation. Targeting economic livelihoods, grants supported cashew nut production- a high profit crop, improved fishing infrastructure and water management and supported technical training institutions. To improve local infrastructure facilities and services that local government provided grants supported health facilities in regional hospitals. Looking at the longer term peace issues Ampara also supported organizations to

encourage multi-ethnic cultural groups, used art and drama to encourage students to express their feelings towards peace, other ethnic communities and religions and to convey issues related to the peace process in terms that communities could relate to. Other grants had at their core multi-ethnic participation and consultative processes allowing communities and their leaders to meet, discuss and create networks to set and address priority needs.

The Tsunami and its Aftermath

After the 26th December 2004 Tsunami, the office immediately changed tack. The devastation in the coastal areas of Ampara and Batticaloa was some of the worst in the country (see Table 3) and the office quickly identified two areas where it could provide immediate support- local government and community driven cleanup operations. The tsunami affected 18 out of the 34 divisions in Ampara and Batticaloa and, in the case of Ampara, over 10,000 people were killed (the highest number of dead nationwide).



Peace support campaign raising awareness on the CFA a Sinhalese Buddhist monk, catholic priest, Hindu priest and Muslim Moulavi (Islamic preacher) in Badulla (DAIC497)

Firstly, through a series of grants to local government, training and computer equipment improved storage and distribution of tsunami data and helped links with central government authorities. Supporting local efforts to restart lives after the tsunami, projects offered equipment such as water containers and tanks, tools and generators and using DAI grantees from Moneragala and Badulla volunteers came to help tsunami victims clear up tsunami debris from local schools, enabling children to start learning again. This was linked with local, tsunami affected, craftsmen who helped to repair damaged school furniture and were given tool kits to replace those lost.

From February to April 2004, the Ampara office continued to focus on tsunami relief as initial hope that the tsunami might bring the LTTE and Government back to the negotiation table faded. Through local fishing societies the office provided livelihood support to Tamil and Muslim fishermen thus helping restore devastated livelihoods and encouraging their interaction and partnership.

May–July 2005

Nationally, the central government was struggling with the ongoing problems of tsunami coordination, information dissemination and its slow moving bureaucracy. A proposed buffer zone of 100-200m in all tsunami affected areas was designed to protect coastal populations, but in reality, by not allowing rebuilding or repairing of buildings within the coastal belt, the buffer zone meant entire

villages had to be relocated at a time when land was at a premium and local government was unclear, unwilling, or incapable of implementing the buffer zone directive.

This caused grant implementation and programming difficulties for the project as some reconstruction efforts could not be planned or started as they were in the buffer zone. Therefore, in Batticaloa DAI/OTI in partnership with the Local Government developed a program to clear tsunami debris from the lagoon. A collaboration between the Sri Lankan navy, police, local divers, Tamil and Muslim fishermen and Sinhala machinery contractors the success of the cleanup was not only in allowing fishing to restart but also in bringing people together. Other grants at this time included the clearance and rehabilitation of a tsunami affected canal using Tamil and Muslim villagers; psycho-social dramas related to tsunami experiences; and grants in divisions adjacent to the coast that were coping with a tsunami IDP population, for example the rehabilitation of a hospital ward.

Other grants, in the Districts of Monaragala and Baddulla continued the peace building and inter-ethnic collaboration already developed; and grants continued to work with communities providing training and development of simple infrastructure such as roads, with messages of shared collaboration, discussion and peace building forming integral parts, in order to encourage the hope for coexistence that still prevailed.

Nation wide, the political situation was deteriorating, with both the LTTE and the Government in stalemate over how to move forward with the peace process. In an effort to improve tsunami relief efforts the Government had proposed the Post-Tsunami Operational Management Structure (P-TOMS), a joint method to distribute aid which included the LTTE. The program viewed this as an opportunity for all communities to work together and spent considerable time planning a grant which would help bring stakeholders together to discuss the P-TOMS at a local level and aid in its implementation. However, amidst opposition from Muslims, who had no role in P-TOMS, the LTTE, who felt the deal did not go far enough, and the Sinhala nationalist JVP, who felt the deal gave powers to a terrorist organization, the structure, although signed, was never implemented.

At this time the Ampara office's earlier emergency phase grants were coming to a close as grants were finishing. Many communities were still devastated, but a greater familiarity and sense of shared experience, led many Tamil and Muslim communities to feel closer after the disaster and a real desire for peace remained. As part of this, local NGO's and partners worked with DAI to develop grants linked to religious festivals and pilgrimages and encouraged those from other faiths to participate and share experiences and each others culture.

August–December 2005

Relations between the government, LTTE and Tamil Political groups further deteriorated with the provocative erection of a Buddha statue in Trincomalee town which sparked riots, hartals (general strikes) and increased tensions which spilled over into Batticaloa where a number of assassinations and an increase in security incidents made travel, programming and implementation difficult. For example the Sinhala workers on the aforementioned Batticaloa lagoon project left the area after the security environment worsened and DAI's and partner organizations' operating environment became much more restricted.

During this period the east was characterized by two main issues- the tsunami and security- which dominated the region. As national security issues began to impinge and affect the eastern coastal districts far more directly, the assassination of the Tamil foreign minister in August led to the re-

introduction of presidential emergency powers, increases in check points and stop and search operations by the security forces and a build up of tension in the east. Furthermore, Presidential elections held in November returned a majority for Mahinda Rajapakse, who was seen as a far more hard line, Sinhala nationalist. Although the run up to the elections was violence free, the LTTE's move to effectively ban Tamils in the north and east from voting, was widely seen as allowing the victory of President Rajapakse.

During this time the Ampara office aimed to help tsunami victims and address the wider political issues and questions of the day. As schools had been so badly affected by the tsunami support to teachers, parents and students was given, materials provided and training offered to help students pass exams after missing so much schooling. Using media, photography, and radio the office worked with NGOs and multi-ethnic communities to address difficult issues- linked to the tsunami and security.

Many of these grants worked with youth and those traditionally not given a voice in Sri Lankan society. By connecting, through the radio, with tsunami victims and offering them a chance to air their views about security issues, the presidential elections, local and tsunami related issues, the Ampara office helped bring new perspectives to non-tsunami affected populations, and by working with Tamil and Muslim youth, photography helped provide them with a means to represent their cultures, religions and views in an innovative way and forged links that otherwise would not have existed and which capitalized on their desire to see stability and peaceful coexistence.

With infrastructure, a large part of the tsunami additional funding, the buffer zone still caused issues related to reconstruction, and programming grants in this sector was challenging. However, in coastal areas DAI started collaboration with the Education Department to build Computer Resource Centers in Tamil and Muslim areas, offering education facilities for not only tsunami affected school goers, but the unemployed and business community alike.

However, in the immediate aftermath of the elections mentioned above, ethnic tensions took a turn for the worse in Ampara district. A grenade, thrown into a mosque in Akkaraipattu, killed a number of Muslims and provoked violence against the Tamil community, as the LTTE were blamed. As a result, Muslim and Tamil hartals and inter-ethnic violence drove the communities further apart in both Ampara and Batticaloa districts. DAI's community based multi-ethnic projects became much more difficult to implement and program as grantees and communities themselves rightly feared rioting and were actively told to stay away from other communities by militants on all sides.

With this in mind, the Ampara office began to change tack, with program staff developing and expanding relationships with local government as a means to encourage them to engage with communities and to identify community infrastructure and livelihood projects. This collaboration also supported the USAID Asia Foundation Project, which was supporting and training tsunami affected local government bodies. DAI could build on this training which was classroom based, by offering participants opportunities to work on grants that then gave them practical experience. These relationships, although time consuming to manage and mature, came to fruition in the following year and formed the back bone of the infrastructure aspects of the Ampara program until the end of the contract in March 2007.

Despite this environment, for the one year tsunami anniversary, the office commemorated with a radio retrospective, where Tamils and Muslims alike remembered the difficult year since the disaster and hoped for a brighter, peaceful future.



Street Theater - A tool for raising awareness on local and national issues that face communities

January–April 2006

In the New Year, up to March, there was renewed hope in the peace process ignited as both parties agreed to meet in Geneva. The Ampara office capitalized on this with a radio retrospective- “The People’s Voice on the costs of War”—to coincide with the 4th anniversary of the CFA. Furthermore, workshops and training with key groups in Badulla helped promote and explain the CFA and continued use

of innovative media- with art exhibitions and workshops- helped youths and young adults deal not only with tsunami issues but the conflict. At the same time local government elections were being held in Government controlled areas of the east- something that had not happened for many years. Nation wide these elections were bitterly fought, but the Ampara office continued dialogue with local government and the newly elected members as a way to both connect local representatives with their communities and to make them more accountable to constituents.

April–September 2006

The initial confidence in a rejuvenated CFA eroded and April saw a collapse in the peace process with the scheduled talks cancelled. Claymore attacks on government and civilian targets increased and a suicide attack on Lieutenant General Fonseka, Army Commander, failed but led to air, sea and land strikes on LTTE targets. In Ampara and Batticaloa districts, communal tensions rose once more, targeted killings in Tamil areas—linked to the breakaway Karuna Faction fighting the LTTE- caused further animosity and as hartals and protests rocked the east a sense of lawlessness reigned.

During this period the Ampara office initiated a number of grants with local government bodies and began the process of planning and budgeting for infrastructure projects such as libraries, bus stands, markets, solid waste management and computer centers. This work with local government also offered training, equipment and collaboration and started consultation processes between officials and their communities encouraging more accountability.

In Batticaloa an English language computer based learning centre was developed that not only provided a tangible community benefit, but allowed the local government to improve its education facilities and prospects for citizens. Furthermore, road projects were designed to repair tsunami damage and to physically link Tamil and Muslim communities and the consultations around the design of the projects helped bring the two groups together to set priorities. Grants linked to vocational training allowed multi-ethnic tsunami affected youths to work together and improve their

livelihood prospects and local NGO's were engaged to help rejuvenate tsunami affected livelihoods such as reed cultivation and weaving.

Events in Trincomalee, north of Batticaloa, continued to drive the conflict in the east. Instability in coastal areas of Batticaloa and Ampara increased as grenade attacks, assassinations, inter-ethnic Muslim/Tamil tensions drove the day to day realities in the field. At this time the government increased operations against LTTE controlled areas and the LTTE counter attacked through hit and run encounters. It also continued to fight against the growing influence of the break away Karuna faction which was setting up political wing offices where the LTTE had previously held sway.

October–March 2007

The work-plan for this period saw 61% of the grants linked to local government and community infrastructure and livelihoods as the method of long program and process times to develop grants began to pay off. Other grants supported community livelihoods such as training in commercial food processing, manufacture and marketing and support to a technical college offering vocational training for multi-ethnic youth. Using both local and international NGOs and local government bodies the Ampara office brought Tamil and Muslim beneficiaries together and offered communities, through libraries, bus stands, markets, training, consultation, discussion and sports, opportunities to benefit despite the worsening political and security environment.

The latter remained tense and confrontational throughout the six month period. Early military success by the government encouraged further offensives as the military tried to drive the LTTE from the east and the Karuna faction primed itself to take over in their place with tacit backing from central government. The effect on communities has been to increase tension and fear, to continue to divide and to create pessimism about any future peace deal. As the program came to the end of the contract it continued to be affected by hartals and security issues which affected the lives of staff and inter-Muslim political issues forced the suspension of one grant.

MATARA REGIONAL OFFICE OVERVIEW

INTRODUCTION TO THE REGION

The southern province consists of the Galle, Matara and Hambantota Districts. While Galle is the designated provincial capital, Matara is considered the commercial hub of the province. The province is made up of a predominantly Sinhala Buddhist population, with small Muslim and Tamil communities concentrated in the towns of Hambantota, Matara, Tangalle and Galle. Almost 12% of the total population of Sri Lanka lives in the southern province. A city centric population density and availability of one of Sri Lanka's largest universities, contribute to the relatively high levels of education among the populace. Traditionally considered the bastion of the patriots, the people of the south are active citizens in election processes through mass scale participation in public rallies and demonstrations leading to very high voter turn out at any election within the country. Therefore citizens of the southern province are always a prime target of all political party campaigns.

The economy of the province is based upon agriculture ("chena" or seasonal crop farming and rice paddy), fisheries, low grown tea production in the inland divisions of Matara and Galle, industrial production and tourism. Estimates suggest that fisheries and agriculture contribute to over 90% of the economy of the area. With a significant coastal border, the fisheries sector is the economic mainstay of a large population of the southern province with a number of harbors, Mirissa, Hikkaduwa, Kudawella, Hambantota and Kirinda amongst others, that provide for facilities for fishing for local, national and export markets due to their proximity to the capital and the international port.

The southern province is currently the focus of a large scale redevelopment and industrialization process originally initiated by Matara born minister, Mangala Samaraweera, who was a prominent force under Chandrika Bandaranaike's government. The Mahinda Rajapakse government has continued the project with intensified vigor with a view to utilizing untapped resources. The intensified development of Hambantota and the province is to develop a second major commercial hub for Sri Lanka as a viable alternative to the city of Colombo. The plan includes the construction of an international harbor in Hambantota town, an international airport in Weerawila, highway and railway extensions linking the province with Colombo, and new towns with economic zones and dedicated industrial areas in Matara and Hambantota.

BROAD CONFLICT DYNAMICS IN THE REGION

Conflict dynamics in the south predominantly focus on political differences with some ethnic and religious tensions contributing to any conflict. Probably the most significant and divisive factor in the politics of the south is the prevalence and strength of the JVP party. The JVP's founder, Rohana Wijeweera was born in Kottegoda, Dickwella Division of Matara, but lived most of his life in Seenigama in Tangalle town of Hambantota District. Wijeweera came from the Karawa (fishing caste) and therefore had particular support from the large Karawa caste population in the southern province as well as support from other poor, low caste groups. In addition to being staunchly

nationalist and Buddhist, the JVP claim that the poor and low castes are discriminated against. Their view that despite the economy of the country depending on the contribution from the southern populace, it is the people in Colombo who always benefit from development and progress in Sri Lanka, is widely accepted by people of the region. The JVP is able to effectively garner a strong support base in rural and fishing areas around grievances caused by the lack of employment, economic disparity and caste discrimination. This is clearly evident in the two violent youth uprisings that began in the southern province in 1971 and 1988 to 1989 as a result of high unemployment levels and regional economic disparities experienced by the youth and general population as a whole. According to researchers from the University of Ruhuna, the JVP uprisings caused an increase of widows and destitution but also significant damage to the resources of the south such as bus stations and public transport systems which have yet to be fully repaired²². These uprisings affected large areas of the island but were focused in JVP held areas such as Tissamaharama and Anuradhapura. There is a direct correlation between support for nationalist and extreme groups such as the JVP and poor, rural, high unemployment parts of the southern province.

The escalating conflict with the LTTE for Tamil Eelam has seen the JVP increasingly position itself as the protector of the Buddhist and Sinhalese motherland, acting as a counter balance to the LTTE. This is particularly powerful in the southern province which is seen by many as the Sinhalese Motherland, the Kingdom of Ruhuna and is 95% Buddhist. The JVP galvanizes support from the use of rhetoric such as the “motherland” and opposes discussion of a negotiated peace settlement, federalism or any type of devolved power as was clearly demonstrated in their protest against the proposed Post Tsunami aid sharing mechanisms with the LTTE. The breakdown of the P-Toms agreement saw the escalation of violence in the north and east, and the increase of strongly Sinhala Buddhist sentiment in the south.

The tsunami resulted in deepening these existing economic, political, and social tensions and subsequently increasing the pro-Sinhalese and Buddhist feeling. The Muslim population in particular was previously marginalized and has, since the tsunami, become increasingly vocal about their interests and has become a significant voice in the south. The tsunami resulted in massive influxes of tsunami aid and government intervention in specific areas in the south such as Tangalle and Hambantota towns, which have been interpreted as favoritism on particular groups as the Sinhalese, Buddhist and politically connected have been accused of receiving disproportionately more aid not related to need. The sense of exclusion and isolation has intensified in many areas of the south such as Kuduwella, Tissamaharama and Sooriyawewa, and this has led to increased conflicts in these areas.

CONFLICT DYNAMICS AND TRENDS IN THE REGION (JANUARY 2005–MAY 2007)

The impact of the 2004 tsunami on the southern province was severe not only due to the length of its coast line but also the fact that major towns of the province were located on the coast, thereby causing disruption and challenges to any immediate recovery coordination. Each of the three district capitals of Hambantota, Galle and Matara sustained a large number of casualties and damage to their health services and accessibility further affecting their ability to respond immediately. The tsunami affected 4 divisions in Hambantota (Tangalle, Ambalantota, Hambantota and Tissamaharama), 4 divisions in Matara (Weligama, Matara, Devinuwara, Dickwella) and 6 divisions in Galle (Bentota, Balapitiya, Ambalangoda, Hikkaduwa, Galle and Habaraduwa).

²² From discussions with Dr. R. Banda, Dept of Social Studies, University of Ruhuna, Matara

Immediately after the tsunami, the southern province benefited from the influx of international and national organizations cooperating and providing essential aid to the affected populations. Due to the scale of the disaster, political and ethnic differences in the south were put aside to focus on immediate emergency support and a sense of working together and cooperation was felt. However, soon after this, due to the lack of coordination by the government, and the lack of clarity on tsunami related policies such as the buffer zone, different opinions began forming.

The JVP strongly influenced tsunami reconstruction in the south in two key ways. Firstly, by conducting an extensive recruitment and promotion program through their tsunami response activities, galvanizing the support of people who felt they were not receiving the aid they expected. Secondly by claiming control of the fisheries ministry and related activities, resulting in further lack of clarity and mixed messages for relief and reconstruction of the fisheries industry.

In June 2005, the signing of the P-TOMS agreement caused the JVP to withdraw its support and leave the government. The election of Mahinda Rajapakse as President in November 2005, had major impact on the social and development aspects of the southern province. Firstly the alliance with the JVP resulted in the strengthening of JVP supported issues, and effectively blocked any support to the debate on devolution, shared power and federalism, further propagating the JVP's stance on a unitary state. This also saw increased anti NGO and anti-foreigner sentiments in the south, with organizations experiencing several challenges, reported harassment of some NGO workers (national and expatriate) causing smaller organizations to leave the area.

The second major impact was the almost universal and unquestioning support from the people of the south for the first president from the south. The influence of this cannot be underestimated throughout the rest of the reporting period as it radically changed the mindset of the people of the south into supporting the war and a return to conflict.

The influences of the JVP, the collapse of the peace talks, and the increase of violence and conflict in the north and east of the country have changed the attitudes of the people in the south. The media, government and JVP campaigns stating that peace can only be achieved through war has been effective and well received due to the loyalty of the populace for their leader from the south. The increased conflict has also meant an increase of SLA personnel being recruited from the south for the war effort. SLA casualties are regarded as heroes, and women have stated that they are proud that their husbands, sons, and brothers are sacrificing their lives for the motherland.

Since October 2—6, the attack on the Dhakshina Naval base in Galle, a bomb on a bus targeting the tourist town of Hikkaduwa and a ship suspected of carrying weapons and ammunitions destroyed by the SL Navy off the coast of Dondra have all brought the war closer to the south, and it's impact is felt more directly. These attacks have served to harden the population's stance supporting the war and increased anti-Tamil sentiments have been followed by reports of increased harassment on Tamils living and working in the south.

PROGRAM APPROACH TO THE REGION

The Matara office was opened in April 2005 with the mandate of responding to the needs of tsunami affected communities building upon good relationships already established with the local authorities and communities in the region, by the SLTI program. The priority for the Matara office was to help

disaster victims take control over their own lives and work with communities to help them in their recovery and restoration process.

The Matara office worked with the communities to identify the priorities that met the needs of diverse populations. By promoting active, inclusive participation, positive interaction and joint decision making between involved and diverse groups the grants aimed to strengthen community relationships and collaboration through the tsunami recovery process. Once these priorities were identified, the Matara office focused on implementing top priority projects that impacted and benefited all

stakeholders.

This process included not only those directly affected by the tsunami, but also those not directly affected in an attempt to reduce the amount of tension from unequal distribution of aid.

In the integrated approach of implementing a variety of recovery programs and focusing on the



development of sustainable management mechanisms for community resources, the Matara office brought different stakeholders together to implement the projects and to establish monitoring and management mechanisms. This process demonstrated to participating stakeholders, local authorities, local religious leaders, community members, grass root leaders, and civil servants, the importance of collaboration and cooperation amongst different groups to maximize the impact of joint decision making and peaceful resolution of conflicts or differences. Grants were programmed to engage the community and local stakeholders including local authorities in joint decision making processes to practically address their needs. This process also reduced the likelihood of increased conflict through disparity of aid or a sense of isolation by particular groups which could also have been manipulated by extremist groups such as the JVP.

The size of the province and the extent of damage caused by the tsunami provided infinite possibilities of intervention and support. The Matara office therefore identified strategic locations for programming based upon the level of tsunami damage and upon the political and conflict sensitivities of the locations. For reasons described above, the influence of the JVP was considered when identifying strategic locations for grant making. The opportunity to engage with the JVP in their stronghold and the multi-ethnic area made Tissamaharama an obvious choice for the first

strategic location for the office. The towns of Hambantota, Tangalle, Matara and Galle were also identified as strategic locations due to their role as district capitals and the occasional multi-ethnic latent tensions that existed. As local urban hubs their damage and inability to provide essential services (markets, libraries, bus stands, roads etc) directly impacted the populations in the rest of the divisions and districts.

Identifying strategic locations, also allowed the office to focus and program strategically building up effective suites of grants in Matara town, Hambantota Town and Kirinda Division. The layering of a number of interrelated and complementary activities strengthened relationships between the implementation team, local partners and local communities to develop an increased understanding of the needs of the area. Matara town provides a good example of the development of suites of grants in a strategic location. Two suites of grants were developed in Matara, the first with the Municipal Council, the second around the restoration of livelihoods for micro-entrepreneurs and the support to their associations. The first suite, developed in partnership with the Municipal council included the renovation of the market and the road leading to the market and training of the vendors. The Matara municipal library was also renovated and the librarians were provided a variety of trainings (Tamil, English, computer, establishing an automated referencing system, and supporting library club training).

The Mayor of Matara, during the implementation of the renovation of tsunami damaged Matara Municipal Library said that *“USAID/OTI is supporting the Matara MC to improve the basic essential infrastructure including the reconstruction of Matara Pola, the upgrading of Matara roads and the renovation of the Matara Library. These projects have resulted in increased public awareness of the activities of Matara MC and are helping the MC to serve the communities better. These facilities are also creating a positive atmosphere for Sinhala and Muslim communities to work together to repair the most essential basic infrastructure.”* The mayor, librarians and communities involved in the renovation of the library have established well attended library clubs that facilitate decision making regarding the operations and maintenance of the library and also serve to demonstrate the cooperation between the local council and the local community (Grant DAIC622).

In a second suite of grants, the program focused on support for the restoration of livelihoods of small businesses and entrepreneurs. The support for business associations and networks was identified as key to ensuring the sustainability and collaboration of the entrepreneurs and therefore training was focused, where possible, around the associations rather than individuals. Following this theme, a suite of grants that included the association development of tourism businesses, jewelers, mechanics, food based vendors, and other micro-entrepreneurs was implemented. Training focused on general business improvement (Start and Improve your business) book keeping, leadership and micro finance management as well as exposure visits and technical training from larger institutes with similar businesses.

Based on these broad themes and strategic locations, the Matara office programmed grants that focused on the following key objectives. The first objective was to engage actively in issues and groups, particularly unemployed youth who were vulnerable to extremist groups such as the JVP. Secondly the program aimed to actively support consultative decision making processes through community identification, prioritization and implementation of recovery projects. Finally, grants were developed to engage with and support the local authorities in their tsunami recovery activities, to help build better relationships between local authorities and the communities they serve.



DAIC562 The community in Kuduwella is divided by political differences and long standing disputes, the tank flooded each monsoon and was inundated by the tsunami, the renovation of this common property provided an opportunity for the members of the community to work together and provide the labor in a shramadana to try and improve their environment

TO ENGAGE IN ISSUES AND GROUPS VULNERABLE TO EXTREMIST GROUPS SUCH AS THE JVP

Recognizing the influence of the JVP in the south and particularly in the Tissamaharama Division, Weligama town, and Kuduwella Division, the Matara Office programmed a series of grants in these strategic areas. Highly critical of tsunami reconstruction activities in south, the JVP has been increasingly able to mobilize support from disaffected populations. The Matara office has implemented a number of projects in JVP strongholds of the southern province, particularly in the Tissamaharama division, and in Kuduwella and Weligama where their influence is significant.

As mentioned above, there is a direct correlation between support for nationalist and extreme groups such as the JVP and poor, rural, and areas where high unemployment prevails in the southern province. Tissamaharama division, and Tangalle to a lesser extent fit the profile of poor, rural and high unemployment areas and consequently youth in both divisions are vulnerable to extremist leftist politics, such as the JVP as they are unable to find employment opportunities after leaving school. The Matara office has worked in partnership with the established Kawantissa Vocational Training centre²³, the Government Vocational Training Authority (VTA)²⁴ and with the YES Foundation²⁵ to provide vocational and life skills development for youth in Tissamaharama and Tangalle. With both the VTA and KVTC grants, the Matara office, in partnership with the KVTC and VTA helped develop vocational training centers and provide necessary equipment for courses that provide skills needed in the areas they serve including printing, agricultural machinery repair and aluminum fabrication. In addition to technical skills the youth in the courses have been provided with training in basic conflict management, resolution and mediation skills to help them act as peace supporters in the future. The provision of the building, the equipment and support for the first batch of students has paved the way for future youth to participate in such courses, and ensures the provision of essential skills and services for local populations. One participant of the agricultural machinery course, 19 year old Saman Sadaruwan said "*Before joining KVTC, I was working with my father on our farm. But*

²³ KVTC grants DAIC519 and DAIC366

²⁴ VTA Grant DAIC701

²⁵ Grant DAIC642

with this opportunity I believe that I will have the opportunity to work in a factory as a mechanic. Since I was a child I have always dreamt of being a mechanic so my future is better with this training.” Both the VTA and the KVTC centers have strong donor commitments for their future operations, and KVTC has commenced a wide variety of courses with support from WUSC and Plan International following the projects supported by Matara Office grants.

The life skills training provided by YES Foundation provides general skills to help youth become more competitive in the employment market and access the positions that are available. By increasing their opportunity to obtain gainful employment makes the youth less vulnerable to become targets of extremist groups and anti social behavior.

The Matara office has implemented several other grants in JVP strongholds. Whilst not always engaging directly with JVP office bearers, supporters or politicians, the program seek to engage a variety of political opinions, diverse groups and communities to demonstrate the benefits that could be achieved through collaboration and mutual priority setting. The construction of a community centre and road in Weligama²⁶ were monitored by the Weligama UC secretary, a committed supporter of the JVP. His involvement with this successful project has improved his understanding of impartial support to communities and the impact of collaboration for the community. He was also able to communicate effectively to like-minded community members who in turn provided their support for the projects. This was especially important as without their support, the projects may have acted as a divisive rather than uniting force that could have been manipulated by JVP supporters. The grant also engaged youth in sports and cultural activities and provided a space for the communities to meet.



DAIC519 - Agricultural machinery repair training course for unemployed youth in Tissa Division

TO SUPPORT COMMUNITY IDENTIFICATION, PRIORITIZATION AND IMPLEMENTATION OF RECOVERY PROJECTS

The Matara office supported a number of grants that fostered community participation and joint decision making with local authorities in all levels of the of the tsunami recovery process; the identification, implementation and monitoring of projects ensured that needs were met, communities were better off following the intervention, and communities moved forward in a positive way towards

²⁶ Grants DAIC550 and DAIC554

recovery and a return to normalcy after the tsunami. It also ensured that projects were well targeted and resulted in community ownership, sustainability and in mitigation of any existing tensions.

The support of joint decision making and community involvement in the tsunami reconstruction process was especially important in the south due to the large number of NGOs, INGOs and other aid agencies supporting tsunami recovery. Centralized decision making and plans made by government officials with no direct consultation with the affected communities in some cases resulted in the exclusion and isolation of some communities. It has also resulted in duplication of activities, for example an excess of housing constructed in Hambantota town and Kirinda village, but a delay in the provision of housing in Dickwella division. Equally, a lack of involvement and participation by the community in their own tsunami reconstruction process has created tensions around the sustainability, management and ownership of the final product. Local authorities have reported that activities have been completed without proper consultation by NGOs and are therefore inappropriate, and not properly managed or maintained. Some post-tsunami recovery programs have also intensified previously existing community conflicts and introduced a tension between those affected and those either indirectly or not affected as there are many complaints of inequality in distributing benefits to different groups.

Bringing different communities or groups from the same community together with local authorities created space for open discussion of priorities, needs and activities. This space allowed communities and local authorities better understand the importance and impact of good governance, mutual cooperation and a peaceful society and ultimately helped ensure that replaced community assets are well managed into the future. Grants supported by the Matara office included the renovation and reconstruction of infrastructure facilities, and support for the restoration and recovery of livelihoods. The Hambantota Pradeshiya Chairman during the renovation of 3 tsunami affected roads expressed his views saying *“Although the main component of the program is road renovation, the Shramadana activity has enabled the two ethnic groups to work together and helped me to carry out some other projects with the participation of these two communities as now they work well together.”*²⁷

The community identification and implementation of community priorities was seen clearly in grants such as the renovation of the Wajinana Road in Weligama²⁸. Identified as a top priority by the community during a consultation process by SKEMDF (grantee) and USAID/OTI immediately after the tsunami, the renovation was effectively executed and the road provides important access to the market, train station, shops and main highway. The grant also brought a diverse group of stakeholders together, the Railway department, the Urban Council including JVP members, the local Sinhalese and Muslim community, local vendors and fishermen, helping them understand each others needs and priorities bringing them together to complete the renovation of the road.

The Matara office supported the complete reconstruction of a fishing facility building for the Totamuna community in Matara²⁹. The small community building that existed previously was totally destroyed by the tsunami, removing one of the most important buildings for this fishing community. A new, 2 storied fishery facility building that includes a net mending hall, community meeting space, office and storage room for the village fishery cooperative society consisting of 260 members has

²⁷ Grant DAIC528

²⁸ Grant DAIC554 - Activities identified through community consultation under grant DAIC387 in March 2005

²⁹ Grant DAIC555 IOM

now been built. Following the destruction caused by the tsunami, much of the village was abandoned. With the completion of this fishery facility building and other tsunami reconstruction activities taking place, there is once again life and positive interaction in this community. The village chairman and midwife requested space from the society building and a number of ceremonies have already taken place since the building was opened. The income generated by these events will be put into the fisheries cooperative society and used for common activities, and building maintenance.

One fisherman from the Totamuna Fisheries Cooperative society that uses the building, Mr. Pushpakumara says *“We can easily observe the fishermen from the top floor of our building, and can see if any boats have a problem and we can go and help.”* In addition to the provision of the new building, in a supporting grant, the Matara office has provided disaster management training to all divisions in Matara, Weligama and Dondra divisions³⁰. The fishermen of Totamuna have participated in the training consisting of evacuation simulation and community emergency mapping and planning as part of the training. One of the participants recognizing the importance of this training said *“Now*



The tsunami dumped tons of sand in the Kirinda harbor and damaged the harbor’s dredger and excavator. Grant DAIC549 repaired these machines and supported the dredging of over 133,000 cubic meters of sand enabling 6,000 fishermen to use their harbor again. The harbor cooperation sells the sand (US\$15 per cubic meter) to the road development authority to build roads.

we are better prepared for another Tsunami and we know what to do and what not to do and how to help each other. We are stronger now and we know there are officers like Disaster Management Committee to support us in another Tsunami or disaster.”

The loss of livelihoods for tsunami affected communities in parts of Hambantota district especially Tissamaharama, Tangalle and Matara town, has further heightened existing political and ethnic tensions due to

increased economic destitution, a sense of isolation and the disparate provision of aid and resources.

To address these priority livelihoods recovery needs, the Matara office supported the renovation of Kirinda Harbor that brought the Sinhalese Fishery Cooperative Society, the Muslim Fishery Cooperative Society and the Ceylon Fisheries Harbor Cooperation (semi-government) together for monthly operations meetings to manage and monitor the reconstruction process and to design an

³⁰ Grant DAIC618

operational plan for future management of the harbor³¹. This opportunity to work for a common priority served to improve relationships between these previously opposed groups. A Muslim religious leader involved in the project said *“Before the tsunami, Muslims and Sinhalese in Kirinda pretty much minded their own business. Now the Sinhalese fisheries association, and the harbor cooperation and our Muslim association are working together on common problems. Why did we need to have a disaster for that?”* The operational meetings continue without the support of the Matara office and the harbor continues to make a sustainable profit from its effective operation, and a previously apathetic harbor cooperation staff is now passionate about their work, the harbor and the future. The Kirinda Harbor is located in the Tissamaharama Pradeshiya Sabha area of authority which is run by the JVP. The PS is a major stakeholder in the area and particularly around the harbor as they have a strong support base amongst the fishing communities.

Hambantota is a district where scarcity of water is prevalent and is therefore characterized by conflicts over common water sources leading to deep rooted divisions based on these conflicts. In Lunugamwehera, an inland village in Tissamaharama, tensions increased post tsunami as the main market for their vegetable produce was destroyed in Hambantota, leaving them without a viable market leading to increased economic vulnerability. A grant funded by the Matara office was designed to bring this divided community together, shedding their differences and work together achieve a common goal of getting water connections to households³². The grant included provision for community labor to dig trenches and lay the pipes, with support and supervision by the Water Board. Regular review meetings allowed the participants to reflect upon their experiences. At one meeting, a farmer reported *“Till now we were fighting and accusing each other when we getting water from common water taps. Now we are sharing one water bottle when we are working in Shramadana to get the water connections .We realized that without working together we wont be able to achieve this objective. This project would not only bring water to our village but it will bring peace as well.”* The grant achieved two results; it reduced latent tension in the community, and empowered the community as a whole to work together to increase pressure on the local authorities to deal with community issues. The grant also included a component to facilitate the improvement of the communities home gardening activities through the better supply of water. The farmers are now able to take their produce to the reconstructed Hambantota and Tangalle markets, thus ensuring a return to normalcy.

TO ENGAGE WITH AND SUPPORT THE LOCAL AUTHORITIES IN THEIR TSUNAMI RECOVERY ACTIVITIES

The role of the locally elected government authorities, the municipal and urban councils and the Pradeshiya Sabhas is provision of support and services for the local communities. Grants implemented by the Matara office aimed for a clear and demonstrable improvement of the relationships between the communities and the local authorities in strategic locations of the Matara office. Working with the local authorities to increase their capacity to manage and implement collaborative, community recovery projects was also a key focus of the Matara office. Building the capacity of these locally elected authorities also provided opportunities to demonstrate to them the importance of good governance and sustainable management, ensuring that roles and responsibilities

³¹ Grant DAIC549

³² Grant DAIC499

for ongoing management and maintenance are clearly defined and where necessary, skills are developed to be able to implement such management. The Matara office implemented grants that provided a variety of training courses, equipment, and asset replacement for locally elected authorities to allow them to better serve their communities.

Several of the local authorities were directly affected by the tsunami and were not able to respond effectively and efficiently to address the needs of their communities due to lack of resources, facilities and skills. The Dikwella Pradeshiya Sabha (locally elected council) was totally destroyed by the tsunami. A grant to reconstruct and re-equip the building, and provide training for the PS staff on good governance³³ was implemented. The Secretary of the PS office said *‘Since we were hit by Tsunami we tried to reestablish ourselves to conduct our services to the community ...no-one offered proper support; instead we were supported with small things that had no impact. USAID has done a great job not only providing all the facilities we need in the office but training our staff to deliver a better service for people. This project will be a historical one for Dickwella and its impact is huge.’*

A grant to support the renovation and reequipping of 10 tsunami affected schools in the Hambantota district also included renovating and re-equipping the ZED office to improve the ability of the ZED to provide enhanced services to the schools in the zone. For the director the ZED this was especially important as the lack of equipment and appropriate office space for his staff hindered their ability to conduct their duties³⁴.

The civil servants in Hambantota division serve a multi ethnic community of Muslims, Tamil, Malay and Sinhala families and therefore the ability to speak a common language is important and the inability to do so effectively hindered the distribution of aid to some sections of the community. Language training provided by grants funded by the Matara office, provided English and Tamil language lessons to civil servants in the Divisional Secretariat to ensure they could effectively communicate important information to their constituents and to the NGOs seeking to provide aid³⁵. One trainee, State Administrative Assistant D.G.N. D. Kumari who underwent Tamil and English Language training programs stated *“Now I feel comfortable to talk in English and Tamil languages, especially in Tamil language. Now I can serve the Tamil and Muslim people in their own language. We have also named all the departments and sections in all three languages as a step towards language equality.”*

Language training complemented by the involvement of local authorities in the identification and setting of priorities as part of community consultation programs conducted by the Matara office has brought communities and local authorities together, reducing barriers and improving relationships. It is also significant that a blame culture is not as obvious, as stakeholders made decisions jointly on what activities were to be prioritized.

The Matara office sought where possible to work directly with the locally elected authorities in the consultation and priority setting and also the implementation of priority activities, working in partnership with the local authorities to renovate community resources under their area of responsibility. The Matara office has supported Urban and Municipal Councils and Pradeshiya

³³ Grant DAIC438

³⁴ Grants DAIC559 and DAIC560

³⁵ Grants DAIC467

Sabha's in Weligama, Matara, Hambantota, Galle, and Tangalle to respond to damaged tsunami infrastructure and services including roads, libraries, community centers, polas, and parks. The implementation of these activities has improved the relationship with the community and the authorities, has helped the authorities meet their targets and commitments to the communities, and has facilitated the much needed completion of projects and activities.

The renovation of the Hambantota children's playground was a good example of partnership between urban council authorities, the community and a private enterprise. The playground was constructed by USAID's Humanitarian Affairs unit in the centre of Hambantota town. Following the construction of the playground, the Hambantota UC (HUC) Chairman expressed concern that some basic infrastructure to make the site safe was required. The Matara office worked with the HUC office to construct a retaining wall, fence and drains to ensure that the site was safe during the evenings for the community to use. On the handover of the site officially to the HUC and the community, the HUC chairman said *"After the tsunami there was no well equipped children's playground for the children to play in a safe area and the site was covered by tsunami debris. Now the site provides a safe children's playground and is used by hundreds of children each day. We have arranged with the national supermarket chain, Cargills, to sponsor all maintenance and costs related to the site so it is truly a Hambantota community playground."* Since the tsunami, Hambantota town has been like a ghost town due to the mass relocation of families to new housing sites. The playground acts as a focal point for parents to bring their children each evening, bringing life and families back to the town.

CONCLUSION

Since the office in Matara opened in 2005, the office has cleared 111 grants for a total of \$6.63 million. The process of community consultation ensured that correct assessments were made to identify the gaps in reconstruction and the needs of the wider community, not just those directly affected, were met. The flexibility and size of the office has also allowed the program to respond to diverse needs some of which have been large scale, like the renovation and rehabilitation of the Kirinda Harbor.

Whilst the influence of the JVP remains strong in the southern province, the grants implemented in JVP strongholds demonstrated to the communities and to the local authorities the importance of collaborative decision making, the role of peaceful negotiation, and the impact of fair distribution of aid and resources that are neither politically or religiously motivated. The program also focused on supporting the local authorities in implementation and has been able to identify and fill gaps left by some other organizations that supported the communities and local organizations directly.

OPERATIONS

SECURITY

The SLTI program has operated in areas considered by many to be insecure since the beginning of the program. The program's strategic areas in coastal Ampara, portions of Batticaloa, Trincomalee District and the North Central Province—Anuradhapura-Vavunia border areas frequently experience significant disruption and at times even volatility due to the ongoing conflict. As a peace-building program, working in these areas offers tremendous opportunity to assist communities with reconciliation at a grass roots level, but also requires in depth knowledge of the conflict, actors, potential threats, and sound decision-making.

As one of the only USAID programs with field-based offices, SLTI has often been in a unique position to provide on the ground information regarding the conflict and security environment to both the Mission and U.S. Embassy officials. During the life of the program, the senior management team has met on a monthly or six weekly basis in Colombo to review program progress. During these meetings, the Regional Program Managers meet with the Regional Security Officer (RSO) and Political Officer at the Embassy, and the Mission Director to brief them on latest security information obtained in the field. The RPMs are frequently called upon as an information resource to both the Embassy and USAID when planning high level visits. The RSO often recommends that travelers meet with the program's RPMs when they arrive in the field to get an in depth briefing of what is happening

SECURITY PLAN

What enables the team to provide this service and continue to operate safely in an environment where the security situation is constantly changing is a sound, operational security plan that is multifaceted and a project continuity plan. Following the November 2005 elections, the security situation in the country became increasingly volatile and levels of violence were on the rise. To assist the team in reviewing security procedures in place, DAI's Security Manager, John Reid, visited the program in early 2006. He visited areas of North Central Province, Ampara and Batticaloa, and Trincomalee Districts to review both facility and staff safety and provide key inputs into a revised security plan.

DAI's security plan defines the roles and responsibilities of team members, the security concept for the program, methodology and the security and contingency plans of each regional office. The program has standard operating procedures for the program as a whole, such as dawn to dusk travel restrictions, instructions on how to handle checkpoints, vehicle accidents, and satellite phones in all vehicles. The security plan also provides SOPs for key emergency situations such as a bomb threat, robbery, or gunfire.

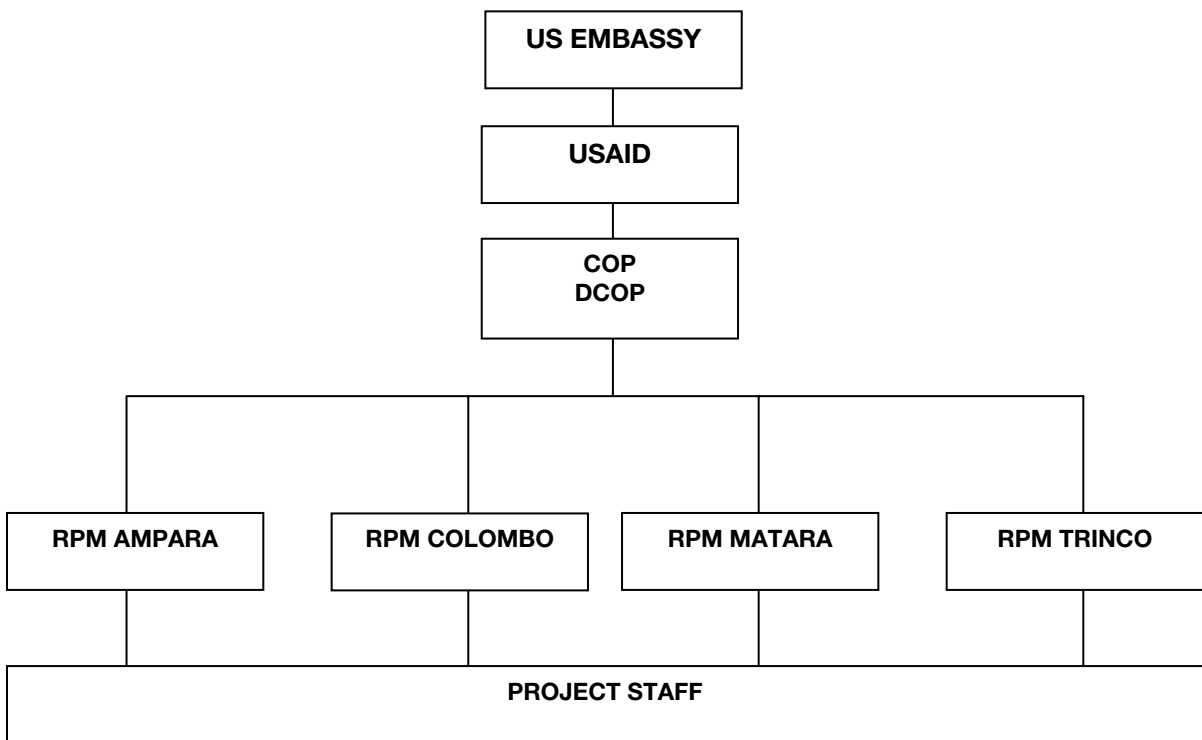
Communication

Roles and responsibilities are differentiated in the security plan to help ensure proper coordination and implementation of emergency continuity plans. Chief of Party has overall responsibility for the safety of personnel and program assets. As such, other managers work through him and he reports to and consults with USAID on matters of security. Regional Program Managers have developed and

update their regional security plans. They coordinate on operational contingency plans and report to the Chief of Party or Deputy Chief of Party on any proposed changes to plans. They are also responsible for working in concert with the Deputy Chief of Party to determine the risk rating for the areas in which they work on a frequent basis.

RPMS are responsible for reporting to the Chief of Party and documenting any threat or incident that directly affects staff safety or project continuity. They provide regular updates on the security in their region and maintain weekly travel plans for any high risk areas. They ensure that proper approvals and notifications have been made to the RSO regarding any travel in high risk areas. Proper communication is key to the effective management of security. To ensure that all relevant parties have critical information, the program follows the following security chain of command. Information passed from the lower levels up the chain of command often assists in informing operational decisions at other levels within USAID or other programs.

FIGURE 7: ORGANIZATIONAL STRUCTURE



To facilitate communication within and across offices, a more detailed emergency telephone tree has been established for each program office. Any party in the tree can report security information to the RPM at the top of the tree who will determine whether the tree should be activated. Typically, the tree is activated in the event of a significant security event which could impact operations or staff, such as a claymore mine attack or bomb, or when reports of instability are received and staff are not physically in the office. The emergency telephone tree allows the RPM to quickly ascertain the whereabouts of all staff and report that information up the management chain, ultimately to USAID.

In addition to sharing information among the program's own staff, a critical component of the program's security strategy is participation in the international organization network. Both RPMs in Ampara and Trincomalee participate in weekly international organization meetings. Security issues are a component piece of the meetings that allow all of the international actors, such as the UN agencies, INGOs, local NGOs, and other contractors to share information. Given the high degree of diversity in organization and their coverage of the eastern districts, this provides a good complement to the information the program obtains from its own network of staff, grantees, and vendors. INGO security telephone trees are maintained for Trincomalee, Batticaloa, and Ampara districts and the program participates as a member of these trees. Daily incidents, such as road closures and newly added checkpoints are quickly reported to the entire international community so that good forward planning can be done prior to travel to field sites.

The SLTI program has often taken a leadership role in communicating and managing security information, not just within the USG network, but across the international community. The RPMs have served as head of the area security trees, a significant responsibility, given the number of actors working in the districts where our offices are located, especially post tsunami.

Regional Security Plans

In addition to the program's overall standard operation procedures, each office has a regional security plan with standard operating procedures that address the risks relevant to that operating environment. Since each area has different actors, populations and tensions, it has been critical to ensure that the approach is customized to meet the needs of each office. The program's security plan also includes a project continuity plan (PCP) and an evacuation plan. These are specifically geared to serve the higher risk areas in the east—Trincomalee and Ampara. The security plan provides an overall framework within which the program can operate with a reasonable sense of security, but it is not a static document. Key portions are revised as staffing and the environment change.

Each regional office security plan identifies current potential threats to program personnel and assets. The plans include an overview of the security situation, current threats, a security concept—or how the program can implement project activities in the unique security environment which affects that office, standard operating procedures for drivers, use of vehicles, guards, field staff, and proper reporting procedures. In addition, the offices in Ampara and Trincomalee maintain a project continuity plan which includes contingency plans, medical information and evacuation planning.

Security Plan Tools

One of the key tools the program uses to assess risk is the Risk Category Matrix. The RPM continually assesses the security situation on the ground and triangulates information across organizations. A risk rating is determined by the RPM using the Risk Category Matrix which identifies areas as Low, Medium, High, or Extreme High Risk. The matrix identifies indicators in the environment which leads the user through the process of determining a rating. The matrix describes the relative levels of incidents of violence, the prevalence of criminality, freedom of movement, acceptance of Western activities and the activity of the local population.

FIGURE 8: RISK CATEGORY MATRIX

LOW RISK
Complete freedom of movement for international organizations. No attacks on military, LTTE, community violence. Acceptance of Western activities, no threats issued. Local population activity within the town normal Criminality negligible.
MEDIUM RISK
General freedom of movement for international organizations. Monthly attack on military, LTTE, community violence. Acceptance of Western activities by locals. Local population activity within the town normal Criminality prevalent but contained.
HIGH RISK
Limited freedom of movement for international organizations. Once weekly attack on military, LTTE, community violence. Threats issued to Western agencies, activities not necessarily accepted by locals. Local population activity within the town limited due to curfews, imposed or self imposed. Criminality prevalent.
EXTREME HIGH RISK
No freedom of movement for international organizations. Daily attacks on military, LTTE, or community violence. Western agencies targeted, activities not accepted by locals or unsafe to carry out. Local population migrate from the town. Criminality, looting ongoing.

The risk category matrix, with its pre-determined indicators, allows the program to change its security posture at any given time. When one or more of the elements in one category are present, this trips a standard set of operating procedures by which the program operates in that environment. A risk category is set not only for the town in which the program office is located, but for the areas where individual grant sites are located to ensure that proper precautions are taken as staff move about to implement and monitor grant activities. The operating procedures goals are targeted to mitigate the level of risk to which staff and assets are exposed, helping to ensure staff safety and critical project continuity.

These risk category matrix and its trip wire planning methodology has allowed the program to continue to operate safely through some extremely challenging circumstances. Activities are only suspended if the risk rating is at “extreme high risk” where there environment is not conducive to any sort of aid activities. The program’s experience has been that while some areas move in and out of ‘extreme high’ ratings, it is often still possible to conduct programs in and around these areas when the environment changes. The security situation is extremely fluid, so ratings are continually reassessed and RPMs consult with the Chief of Party, RSO and USAID to determine if they are experiencing a temporary spike in activities which threaten the security environment and whether

activities should be temporarily suspended. The matrix provides a common language from which all parties can discuss the situation and can provide some peace of mind to counterparts that the program is operating prudently and cautiously.

Another critical tool is post incident reporting. Post incident reports document any incident in which staff are directly involved or that staff witness which they believe may impact the project or their safety or that of our grantee partners. Staff record an incident as soon after its occurrence as possible, once they have reached a calm, safe environment. When the incident is complex, each individual involved writes their own report to assist in correlation of facts. The reports are clear, concise documents whose goal is to provide accurate details about what happened, when, why it happened and to whom. To the extent possible, staff members try to remain objective and impartial and record those key things necessary to understand the situation. No blame is assessed. Post incident reports aid program management staff in analyzing the situation to determine how future incidents may be avoided and what changes in procedures may be necessary to help minimize any future risk. Typical examples of incident reports may include staff harassment at checkpoints and detention of grantee or staff for questioning by police or military authorities.

TRAINING

A number of the program's expatriate staff have significant years of in country experience which is a valuable resource in analyzing the relative importance of changes in the security environment. To further expand staff capabilities to program and manage activities in a volatile environment, the SLTI program invested in security specific training for key staff members. The Chief of Party, Deputy Chief of Party, RPMs, and one local staff security contact in each office attended Safety and Human Security Management training provided by RedR in early 2006.

The training was extremely experiential and operational. It led participants through critical concepts such as context analysis, risk, threat and vulnerability assessment. It also reviewed situational awareness, image and acceptance, and reviewed security strategies commonly used by different organizations based on their mandate. SLTI team members created standard operating procedures and worked on development of a security plan, contingency planning, incident reporting and analysis and discussed interagency collaboration. The weeklong training was an important resource investment that helped to ensure that key actors in the security plan operate from a base set of knowledge on security management.

SECURITY ENVIRONMENT AND PROGRAM OPERATION CHALLENGES

It must be stated that the extremely fluid security environment does have an important effect on program operations at times. The program operates by reviewing security on a daily and weekly basis to determine what activities are possible and which activities must be curtailed, changed, or redesigned to allow us to continue working. The security environment affects not just program operations, but the lives of our staff members sometimes on a very personal level. A few of the key challenges that the team faces due to the changing security environment are identified in this section. It is by no means exhaustive or representative of the entire life of the program, but they provide important insight into the experience of undertaking a program in Sri Lanka.

Logistical & Personal Challenges

Security considerations and incidents affect the way the program functions on a very basic day to day level. Over the life of the program, the number of “hartals,” or strikes, which have stopped movements in towns along the coast in the east are nearly innumerable. When such incidents occur, staff are sometimes unable to report to work and grantees and beneficiaries may be unable to participate in events due to concern for their safety. Program activities must sometimes be rescheduled to accommodate such unanticipated security events and grants be extended in order for the program to complete all activities foreseen under the grant.

In addition to hartals, program staff must often travel routes that have a large number of security checkpoints operated by the police and military. Since the November 2005 elections, the number and frequency of checkpoints traveling from the West to the East of the island and within the Eastern portions of the island have increased exponentially. Checkpoints are now typically manned by armed personnel and thorough searches of both the vehicle, staff belongs, and staff’s person are performed. All USAID vehicles carry letters from the U.S. Embassy indicating they are official project vehicles, but these do not deter searches in the current environment.

On the road from Habarana to Trincomalee for instance, there are sometimes eight checkpoints at which travelers must stop and undergo searches. At the beginning of the SLTI program, trips to and from Trincomalee routinely took five and a half hours. The trip is now often seven and a half of eight hours due to the increase in checkpoints. There is no longer a feeling of safety for international organizations or donor organizations when passing through security checkpoints. Given the increased intensity of the conflict during 2006, all travelers are subjected to the same level of scrutiny.

In early 2006, the military began requesting work permits from expatriate employees of international actors, such as INGOs. Staff were told that unless a work permit was processed in Colombo for each expatriate staff member that listed the areas in which they were allowed to work, they would not be able to operate in the country. This work permit process was a previously unheard of requirement. Previously, all that had been required for work was a resident visa, duly supported by one’s sponsoring agency. While this may sound like a simple bureaucratic requirement, it was in fact not so. It proved impossible to actually obtain work permits despite interventions at many government ministries on behalf of the program.

Many have speculated that the work permit process was put in to effect simply as an effort to limit the number of actors in given area and to discourage international actors and NGOs from working in Eastern portions of the island. While the work permit process created considerable administrative burden on the program, the issue subsided in late 2006 and the documentation is no longer requested by security personnel. Similarly, expatriate visa renewals have become increasingly difficult to obtain.

The process for visa application and renewal and the required letters of support from numerous government ministries who require different amounts of program information continues to evolve. At present, letters of support are required from three different agencies before one may submit an application to the Department of Immigration. With an expatriate staff of seven, this can be cumbersome at times. The process often requires more than a month. Given the security situation and large number of security checkpoints, it is not advisable for expatriate staff members to be without their passport and current visa for an extended period of time. Recently, an INGO expatriate staff

member was arrested and jailed overnight for traveling with a copy of his passport while the passport was at visa renewal.

In late 2006, a vehicle pass requirement was introduced in Ampara, Batticaloa, and Trincomalee districts. The vehicle pass process requires all vehicles departing the districts to register the vehicle and have the vehicle inspected at the local police station twenty-four hours prior to departure. No passes are required to enter the districts, only to exit the districts. The process was introduced prior to solid guidelines being in place to ensure smooth implementation. The program was caught up along with all other organizations and Sri Lankan citizens in the effort to limit the movement of people out of the East. While the process is now more straightforward, the manpower required from program staff to meet the paperwork requirements is sizeable. The procedure is still rather rigid and limits the ability to operate effectively sometimes. The driver and vehicle registered with the police must be the driver and vehicle presenting the pass when exiting the district. So, if a driver suddenly falls ill, travel must be delayed while another driver goes through the pass registration process.

Local staff have suffered the most from the changes in security over the last year and a half of the program. The number of disappearances and abductions across the island has increased. A number of staff have had relatives abducted or killed in the increasingly hostile environment.

Operational Challenges

In April and early May 2006, two significant security incidents occurred which led to the closure of the Trincomalee office and the evacuation of the Regional Program Manager. In mid April 2006, a bomb was thrown into the main market in Trincomalee town. Communal violence erupted which destroyed property, displaced families and resulted in many injuries and deaths. The authorities put a dusk to dawn curfew in place in order to quell violence and regain law and order within the community.

Later on April 25th, there was an assassination attempt on of the Army Commander, General Sarath Fonseka in Colombo. The assassination attempted prompted immediate action from the Sri Lankan Government who launched air, sea and land strikes on LTTE controlled areas in Trincomalee District. On April 26th the U.S. Embassy ordered the evacuation of the Regional Program Manager to Colombo and the Trincomalee office was temporarily closed for a two week period in light of the deteriorating security situation.

Despite the office closure and RPM evacuation, staff were able to continue implementing programs working remotely through grantee partners, especially in the northern areas of Trincomalee district which were less affected by the military engagement. Staff continued to be in contact with grantees, vendors, and beneficiaries to ensure continuity of the program and to maintain confidence that the program would continue to operate as the security environment improved.

The office was able to reopen for a limited number of daylight hours after May 4th and the RPM returned to her post following meetings with senior management in Colombo. The program returned to normal operating hours as the security situation improved later in the month.

Disruption of Grant Activities

Over the course of the program, there have been a number of security situations which have disrupted temporarily or altered the course of implementation of activities. A few illustrative examples are included which demonstrate the security environment under which the program operates.

Muthur

Muthur, south of Trincomalee District, has been an important strategic location for the SLTI Program since the beginning. Part of the quadrangle of Muthur, Seruvila, Kantale and Kinniya, it represents a majority Muslim community, with a sizeable Tamil population and minority Sinhalese. Up until the recent offensive by the Government Muthur DS Division was divided between Government controlled and LTTE controlled areas, with the Government controlling the main town and surrounding villages and the LTTE in control of the eastern coastal area, overlooking the main harbour mouth to Trincomalee.

Although, the communities are inextricably linked economically and socially the area has a history of communal conflict between the Muslim and Tamil communities. Abductions and sporadic killings have been regular occurrences since the late 1980s. Even after the signing of the Ceasefire Agreement between the Government and the LTTE in 2002 violent clashes have, at times, taken place.

An initial grant supported a group of local peace activists to undertake a number of community based projects in the area which had been identified as priorities through a series of consultations. The grantee, formed in 2001, involving key community representatives had already built a substantial reputation in Muthur for the work they were doing in trying to mitigate ethnic clashes and racial disharmony by taking measures to reduce mistrust and miscommunication between Tamils and Muslims. From this entry point the Program continued to expand its operations in Muthur, aimed at maintaining the momentum of peace activism among communities; an on the job training program for multi-ethnic youth to repair damages to tsunami damaged public transport; community action planning to promote an inclusive approach to prioritizing common needs, and a program to further engender peace activism among youth were developed

However, during early December 2005 communal violence dramatically increased in Muthur; sparked by the shooting of a Muslim man, which resulted in a tit-for-tat killing of a Tamil youth, a series of abductions and killings followed resulting in displacement of both communities. Although Muslim and LTTE leaders met to try to resolve the situation, the environment of mistrust and fear continued for some time, spilling over to neighboring Seruvila Division. Travel to the area was restricted due to the situation, limiting the Program's physical presence in the area, however, contact was maintained throughout with the grantee to keep abreast of the situation and the impact on activities, some of which were able to continue, such as the seminar program for students, albeit on a limited basis.

As the situation improved in Muthur during the early part of 2006 staff were able to again visit the area, in February the official opening of the community centre built under the initial grant was officially opened by the Chief of Party. In addition, staff met with the grantee to reschedule the on the job training program for youth to repair buses to support the regeneration of transport links damaged during the tsunami. Activities, although delayed, were again able to be implemented.

The relative calm, however, was not long lasting, by April 2006 the situation throughout the District had deteriorated, this time the violence was more militarized than communal with the government and

LTTE clashing. The Government's offensive towards the LTTE controlled areas of Muthur after the attempted assassination of the Army Commander in Colombo on April 25th and the expansion of hostilities after the LTTE cut off water supply to the Sinhala majority Seruvila Division, had a major impact on programming in Muthur, with no new grant development possible until February 2007 when the Program was able to again visit the area on a semi-regular basis. However, although no new grant development was possible, through remote support and contact with the grantee, ongoing grant activities have, in some instances, continued, facilitated through extensions to grant periods in consultation with the grantee and USAID.

Kathankudy

Kathankudy is a Muslim community which is between two Tamil communities. The communities live in an uneasy calm and are subject to conflict arising from politics, fiscal, and power manipulations. The local political groups are armed and often use ethnicity to divide the communities in order to obtain political control or votes. There are also significant tensions within mono-ethnic communities arising mostly from differing political affiliations. The SLTI program has been working in this coastal location since the program began precisely in an effort to find ways to reduce inter community tension. One particular grant in the focused in the community has been included here as an illustration of the degree to which tensions can flare up over community goods.

The SLTI program has been assisting in Kathankudy and its neighboring communities through locally identified community infrastructure programs. In cooperation with the Kathankudy Urban Council, a grant was developed to strengthen public transport facilities and services. The grant supported the construction of a modern common bus stand which would bring together 1500 daily commuters of diverse ethnicities as they transferred from one line to another. The goal was to provide a daily opportunity for the communities to interact on a casual basis and to assist the Urban Council to improve its public service provision. The bus stand was designed to be just off the main road in order to centralize transfers, as well as reduce traffic jams and accidents caused by transfers. The area chose was convenient to commuters in this densely populated area of the coastline.

The grant kicked off during a period of relative normalcy in the area without significant security events or heightened tensions in the area. Initial construction work began to clear the site and ready it for building. On the eve of the stone laying ceremony in March 2007, a hand grenade was thrown into the site and an unknown gunmen fired shots in the area, causing damage to a shed erected by construction workers. Given the highly trafficked area, and propensity for security incidents, the event was not immediately associated with the grant activity. In compliance with the program's security plan and as a precaution, USAID staff canceled their travel to the area and were unable to attend the stone laying ceremony.

It was reported that during the ceremony a former minister in attendance took credit for bringing the project to the community and angered a rival political group. Immediately following the incident, the construction workers refused to return to work. A few days, the local area implementing contractor managed to convince his workers to return and work resumed at a good pace for approximately a week without incident. On the morning of March 7, an unknown armed group shot up the vehicle and home of an engineer working for the implementing contractor. In response, work at the bus stand construction was suspended.

The following day, the SLTI grant team met with members of the Urban Council, Federation of Mosque leaders, other religious leaders, as well as representatives from the Kathankudy business community, school representatives, the implementing contractor and local police. While broad support for the program was voiced, it was determined that the activity would remain suspended until an environment without violence could be maintained. The Regional Program Manager met separately with key parties to ascertain the nature of the dispute. During discussions, it became clear that while the vast majority of the community supports the activity, a few members object to the placement of the bus stand. It is on valuable property and sits just in front of a cemetery. The statements of a politician at the stone laying ceremony provided an impetus for physical action to be taken, rather than voicing objections and seeking resolution through community meetings.

At the writing of this report, the grant remains open and activities are suspended. The grants team continues to monitor community relations, consulting parties when on field visits in order to ascertain a timeframe under which the activity may be able to move forward. While the community is complex and sometimes volatile, the SLTI program continues to fund and work in the area, using different types of activities to foster dialogue and promote cooperation among the politically and ethnically diverse population.

MANAGING INFRASTRUCTURE GRANTS

Rehabilitation and reconstruction of community infrastructure has been a key component of the small grants portfolio since the inception of the Sri Lanka Transition Initiatives Program. Following the December 2004 tsunami, the volume, breadth, and type of infrastructure undertaken changed dramatically and had significant effects on the way in which the program manages grants.

THE “HANDS ON” APPROACH

Prior to the tsunami, the majority of infrastructure work undertaken by the program was comprised of small scale, community driven rehabilitation projects. It was common for communities to identify shared needs which they wanted to redevelop, such as schools, vocational training centers, water tanks, community centers and small medical clinics. To undertake a rehabilitation or reconstruction activity, the grants management team would support the grantee by providing in kind technical services.

A validation was performed by a qualified engineer or engineering firm, dependent on the scope of the activity. The validation outputs included a bill of quantities (BOQ), technical drawings, and other documents, such as soil tests, when necessary. Occasionally, the grantee or government authority would provide the necessary bill of quantities, technical drawings, and other key approvals.

An implementation grant was then designed based on the outcome of the validation and included the components of the BOQ agreed upon between SLTI and the grantee. To undertake the implementation, SLTI would procure the services of a qualified engineer to serve as implementation engineer and an engineer to serve as a CMIS, or quality control engineer. The procurement team identified the labor required to perform the work and engaged small scale contractors, such as masons and joiners, and procured all materials required to undertake the reconstruction. Project coordinators were employed by SLTI to assist the grants management team and engineers in monitoring progress on the site. Storage of materials, materials management at the site and security were all arranged by the SLTI team.

A frequent component of these small scale infrastructure grants was one or more “shramadama” activities whereby the community participated in the rehabilitation process. For example, they might assist with clearance of land, landscaping, or other similar activities. The implementation approach to these grants was very labor intense, with many moving parts needing to come together at one time for each site to be properly rehabilitated on schedule and in accordance with government standards. The team frequently experienced difficulty in obtaining key materials, with pricing of materials due to the relatively small quantities the program was purchasing for each individual grant, and the scarcity of qualified labor in some of the more difficult areas in which the program worked.

ENGINEERING ASSISTANCE

Following the tsunami, the challenges of implementing infrastructure activities increased significantly. The number of international and local actors in the market increased exponentially, the price of construction materials skyrocketed, and labor became more scarce. In addition, the program was asked to now focus more directly on implementing infrastructure activities as a significant component of the total grants value the program was awarding. The program continued to operate using the in kind mechanism, with a very hands on approach to implementing infrastructure grants— purchasing all materials directly, sourcing labor, and identifying engineering support for each grant project. The pace and volume of work stretched the capacity of the non-technical grants management team. It became clear that in house technical capacity was needed both to ensure sound decision making and to relieve the burden on non-technical staff. The program began the process of preparing documentation to request proposals from qualified engineering support firms.

To assist the team in identifying the best method by which to streamline processes and add technical capacity, the program invited a short term technical consultant to review the infrastructure portfolio. The engineering consultant concentrated on key areas:

- He took over as lead in the tender process by which engineering consultancy services would be identified.
- He finalized the terms of reference for the engineering consultancy firm.
- He worked with senior management to formalize the system of managing the new consultancy firm, ensuring that adequate communication between the program and the consultancy firm would be in place and that proper oversight mechanisms were identified and codified.
- He performed site visits for all four regional offices, with the goal of identifying the types of infrastructure interventions being undertaken and planned to ensure that activities being identified were viable and appropriate.
- He provided input in the environmental impact assessment process which is a key component of each grant clearance process.
- He expanded the resource network of professional agencies available for the program to draw upon—such as soil and water testing, quality control, and environmental services.
- He drafted the statements of work for a proposal to add an in house infrastructure manager and infrastructure officer to provide critical technical monitoring and management assistance to the grants team.

- He coordinated with other contractors and the USAID Mission engineer to ensure that a common understanding of approach existed across programs.

The consultant identified some key areas of concern which required mitigation to ensure successful implementation of infrastructure grants.

- Most contractors were overstretched due to the abundance of tsunami rehabilitation work.
- A large number of experienced and reliable contractors were largely based in Colombo and might be hesitant to travel to conflict affected areas of the island. Local competent contractors within Ampara, Batticaloa, and Trincomalee existed, but most have more work than they can handle.
- Site contractors frequently use site managers who are poorly qualified and qualifications must be verified.
- Some contractors may be unfamiliar with important project management techniques such as total quality management, work scheduling and milestone planning.
- Contractors may attempt to cut corners to save money, using poor or inadequate equipment.
- Government permits may be delayed due to high demand.
- Other organizations were experiencing the same significant problems with labor availability, compounded in the east.
- Implementation in the East may be slowed due to security concerns.
- It was highly likely that medium to large projects would go over their allotted time by two to three months given all of the challenges occurring in the operating environment.
- Other organizations have found that penalty clauses have not been an effective tool in ensuring that contractors adhere to agreed upon schedules.

One key recommendation the consultant made to the program was to appoint an expatriate Infrastructure Manager (engineer) to be a day to day contact with the engineering consultancy firm identified and to ensure a second set of technical expertise is brought to bear in the design of a program and review of BOQs. The in house Infrastructure Manager would serve as a vital link between the engineering firm, the contractor and the grants management team. He would be responsible for understanding all sides of the process and liaising with each group in the manner necessary to reach agreement—he would be the key link between grants and technical requirements. He would ensure transparency and provide crucial oversight to the procurement and construction process.

A STREAMLINED PROCESS

The consultant's contribution to the program was invaluable as it improved the process by which complex infrastructure grants were managed and expanded the potential types of grants the program could undertake. The expatriate Infrastructure Manager position was approved and now serves as the authorized technical officer representing DAI for infrastructure related grants. In addition, the program has a local Infrastructure Officer who assists in managing to portfolio, providing support to the grant management team, reviewing BOQs, and providing additional monitoring capability. The program has one subcontractor who provides engineering and monitoring oversight to all

infrastructure projects, and nearly all infrastructure grants now utilize an implementing contractor to undertake the required materials purchase, labor sourcing, and construction work.

The design, implementation, management, and monitoring of the infrastructure portfolio is now a much more robust and streamlined process. The process has five basic stages: (1) Concept Design, (2) Validation, (3) Appointment of an Implementing Contractor, (4) Implementation, and (5) Beneficiary Handover.

The challenge of managing a significantly expanded infrastructure portfolio provided a valuable opportunity to the program. It has allowed the program to identify increasingly complex projects that benefit all members of the communities—such as road renovation or market rehabilitation. Bringing communities together around a common good can provide important opportunities for reconciliation across boundaries.

VALUED-ADDED TAX (VAT)

One of the continual challenges to program implementation throughout the life of the program has been the process by which value-added tax (VAT) exemption has been addressed. Under the USG and GoSL bilateral agreement, USAID funded projects are to be exempted from VAT. Changes in the GoSL interpretation of local law over the life of the program has affected the way in which grants are implemented and has, at times, strained the existing relationships with key vendors and service providers.

At the inception of the contract, the GoSL Department of Inland Revenue issued DAI a letter indicating that as a USAID contractor, the organization was eligible for VAT suspension. The suspension letter did not specify an expiration date and instructions to vendors on how to use the letter were clear. The basic guidelines which governed the procurement process and its relationship to VAT were that:

- If goods or services were invoiced on behalf of USAID, these should be considered as VAT exempt.
- If the goods or services were invoiced to DAI to be paid out of funds provided by USAID, the VAT component should be suspended. In other words, not collected from the buyer.
- The vendor was then responsible for attaching a copy of the suspension letter to its relevant tax invoices when submitting its tax return.

The underlying principle was that the sponsoring ministry would maintain a fiscal relationship with the Department of Inland Revenue, and the suspended VAT amounts would be moved between GoSL accounts, with no affect on USAID or its implementing partners. Under this initial system, only a very small percentage of vendors refused to provide goods or services without invoicing VAT. There were no restrictions placed on the type of assistance for which VAT-free purchases could be made and the timeframe was open ended. One letter was required for the organization and covered all purchases.

A few key vendors expressed concern with the suspension procedure and indicated that the local government officials responsible for implementing VAT in the regions where they operated were unfamiliar with the process established by central government authorities. During the annual tax audit period, this disconnect between levels of government led to a significant burden on one key national

medical supply vendor who had assisted in with reconstruction and equipment of hospitals and clinics. Following their annual audit with local government officials, the organization was required to pay back all VAT for which it had not invoiced USAID under the DAI contract.

In the immediate period following the December 2004 tsunami, a large number of international organizations arrived in country. The number of those organizations eligible for VAT suspension or exemption increased exponentially. In addition, government officials indicated that the suspension process was not in line with Sri Lankan law and set about changing the process for USAID partners from suspension to exemption. In May of 2005, the Ministry of Finance and Planning under which the Department of Revenue is housed, issued a notice regarding tax concession guidelines for relief work in the first quarter of the year which conflicted with the suspension system in place for partners who had been implementing programs prior to the tsunami.

Some of the very significant challenges arising out of the GoSL newly proposed exemption system included:

- Requirements to itemize procurement to a high level of detail.
- Requirements to submit all invoices to GoSL for review.
- A limited date range for the period in which exemption would be in effect.
- Operational equipment purchases were excluded.
- A cumbersome organizational identification process.
- Direct scrutiny of USAID implementing partner procurement records by GoSL officials. Exemption agreements were proposed to be drawn up between the GoSL and the partner organization, rather than USAID and its partners.
- New letters required for each purchase.
- Non-tsunami funded procurements were not included in the revised system.

As implementer of a primarily in-kind grant making program, DAI procured thousands of goods and services on a monthly basis and continued to undertake both tsunami focused work as well as work outside tsunami affected districts. The new exemption system posed a significant threat to the ability of the program to continue operations as laid out in the grants under contract mechanism.

DAI worked with USAID representatives to respond to concerns raised regarding the addition of significant reporting requirements and the apparent limitation of the application of exemption to tsunami relief work. In coordination with the OTI Country Representative and Mission staff, a counter proposal was put forward that incorporated key elements of the earlier system, such as one exemption letter per organization and application of the exemption to all USAID funded goods and services. The proposal also incorporated the GoSL's need to guard against misuse or abuse of exemption and ensure accountability. A system of quarterly reporting on all procurement was instituted whereby expenditure detail was provided for all purchases above a \$1000 or LKR 100,000 threshold and a summary of those expenditures below the threshold were reported. The implementing partner was to maintain original purchase documentation and examination by GoSL officials was limited to those items of interest in the quarterly summary report.

USAID's proposal was accepted by the Ministry of Finance and Planning and the SLTI program made significant adjustments to accommodate the new reporting requirements. Given the program's high volume of procurement, it became necessary to add an additional staff person for each office to track the procurement information and maintain VAT registration information for the bank of more than 12,000 service providers used by the program. Programming changes were incorporated into DAI's financial management and procurement systems to allow for more detailed tracking and targeted reporting of each and every purchase or procurement.

The VAT exemption system developed in 2005 remains in place as OTI hands over to the USAID Mission. The program's administration of VAT exemption is implemented well in partnership with USAID and the administration has developed into a straightforward system whereby any good or service procured by DAI is routinely exonerated from paying VAT. In those cases where a local service provider has met with great difficulty in documenting VAT exemption, DAI has dealt quickly with the issue—terminating services and changing providers if needed or assisting the vendor in securing required approvals and working through the process.

However, there are remaining areas which challenge the day to day operations of the program. Some of the challenges are:

- Continued lack of information at the regional level of government on the proper way to implement and audit the exemption process outlined for USG partners.
- Vendor dissatisfaction with the tax risk taken by them when working with a USAID program.
- The application of the exemption process to subgrantees and subcontractors.

At present, it is quite cumbersome to request VAT exemption letters for cash grantees who are themselves responsible for procurement under their agreement with the SLTI program. Often, the letters cannot be obtained during the period of the grant given the short timeframe of the activity. Grantees may be liable for VAT which they cannot bill to USAID if a timely exemption cannot be obtained or program activities may be unacceptably delayed while awaiting the needed exemption.

Similarly, contractors implementing infrastructure programs are challenged by the system as it places significant liability and burden on them for reporting exemptions they have provided to the SLTI program. For example, a contractor hired to implement a reconstruction project under an in kind grant must purchase all supplies and materials and may not bill VAT. However, they are not eligible to receive a VAT exemption for the individual project they are implementing for the USAID program and the narrow implementation timeframes leave little or no room for a cumbersome letter request process. Given the large number of ongoing grant programs at any given time, the process of issuing letters for the program's grantees would be untenable for the responsible ministry. Contractors are provided a copy of DAI's exemption letter for reference prior to beginning work. The firm must negotiate the supplies procurement indicating clearly on all records the activity number and the USAID program name. At present, no resolution to this challenge has been identified.

The growing portfolio of grants utilizing through local reconstruction contractors coupled with increased demands for civil works program will continue to keep the issue of VAT exemption on the program's front burner. The significant increase of scrutiny and requirement for tireless follow up continues. As new programs are designed, VAT should be a primary design consideration and alternative methods of working with local tax authorities identified through government to government dialogue to reduce the resource allocation required by implementing partners operating in the Sri Lankan context.