



ஈர்பீக சஂலரீ஁யச துரீன் சீனா சலீ஁லௌன்லீதீ லயச஁நீச
பௌருளாதார அபிவீருத்திக் கருத்திட்டத்தீனுடாக மக்களை வலுவூட்டல்
LOCAL EMPOWERMENT THROUGH ECONOMIC DEVELOPMENT (LEED) PROJECT

Local Empowerment through Economic Development (LEED) Project

W O R K P L A N

2012 - 2013

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ILO Country Office for Sri Lanka and the Maldives Contact	Donglin Li Country Director ILO Country Office for Sri Lanka and the Maldives 202-204 Bauddhaloka Mawatha, Colombo 7. Tel : (011) 2500539 Fax : (011) 2500865 Email : lidl@ilo.org	
LEED Project Contact	Joseph Connolly Chief Technical Advisor 30, Temple Road, Kurumankadu, Vavuniya. Tel : (077) 308 2204 Email : connolly@ilo.org	
LEED Project Staff	Nihal Devagiri Abdul Razzak Farzaan Semarasa Vasudev Thabesan Sivalinganathan Suganthan Suntharalingam Kiruja Sivasubramaniam Mathiyaparanam Sevatkodiyaon Ramesh Kumar Subramaniam Thirumaran	Local Economic Development Analyst Programme Assistant (Value Chain Development) Field Coordinator Field Coordinator Admin/Finance Assistant Field Assistant Driver Driver Driver

TABLE OF CONTENTS

01. INTRODUCTION	1
02. STRATEGIC CONTEXT	2
03. OWNERSHIP AND PARTICIPATION IN THE RECOVERY PROCESS	3
04. SUSTAINABILITY	6
05. REFLECTION ON STRATEGIC CONTEXT, THE ACRP 3 FRAMEWORK OF CHANGE AND THE LEED PROJECT	6
06. REVIEW OF PROJECT PROGRESS	7
07. PROJECT IMPLEMENTATION APPROACH:	9
08. PROPOSED WORK PROGRAMME FOR YEAR 3.....	9
09. MONITORING AND EVALUATION PLAN	14
10. RISK ANALYSIS	15

01. INTRODUCTION

This document presents a work plan, implementation strategy and proposed budget for the Local Empowerment through Economic Development (LEED) project for the period **June 2012 to May 2013**.

The work plan for the previous year (2011-2012) was prepared 8 weeks after the arrival of the Chief Technical Advisor in Sri Lanka. It was based on what information could be gathered, analyzed, assessed within that short period. It was also influenced by the demands and inputs from the donor and other parties with whom communications and working relationships were just developing. In hindsight it is obvious that some assumptions were made and impressions developed that may not necessarily have been entirely valid. These have had both negative and positive impact on project output.

Now, however after one full year of operations, relationships and understandings have developed, the project itself has a deeper contextual appreciation of the resettlement and recovery process. It also has an appreciation of its own capacity to influence change and its potential added value.

It has been a challenging task to deliver two years of activities in one year and still maintain quality and focus on long term outcomes. The project has managed to do so and have initiated sub-projects and committed funding in accordance with the original budget and expenditure requirements. As a result there will be a continuation of activities from year two into year three. By the end of year three, there will be complete alignment between the planned and actual outputs and outcomes as described in the project document.

For Vavuniya and Kilinochchi Districts, the plan has been prepared following consultations with the District Secretary, District Director of Planning, officials of various provincial ministries and departments in each of the three districts in which the project proposes to operate. Consultations were also held with the Office of the Governor – Northern Province, the private sector, current project partners, UN agencies and NGOs. Consideration was also given to the new economic recovery/ livelihood projects that will be commencing in 2012 in the Northern Province and the District Development Plans.

In the case of Mullaitivu District, the project has carried out several assessment missions to the district. It has held discussion with government officials, other agencies, the chamber of commerce, fishermen, farmers and local producers etc. It has identified key sectors, constraints and opportunities and has carried out an initial design of possible interventions in year three. However it will be necessary to obtain Project Advisory Committee (PAC) and Presidential Task Force (PTF) approval prior to commencing operations and while the project is confident that this will be obtained, it will not invest additional resources in further design and preparatory activities until official approval has been obtained.

It is also important to note that the proposal to expand project activities to Mullaitivu is based on the assumption that the existing arrangement between ILO and AusAID will be extended beyond June 2013.

The most significant features of the work plan will be;

- **The consolidation of the gains made in 2012 by reinforcing the existing partners, through a combination of institutional development, marketing training mentoring and more emphasis on “software” support in Vavuniya and Kilinochchi Districts**

- The expansion of project activities to Mullaitivu District in the second half of 2012¹.
- An initiative to revitalize the cooperative movement on a provincial level through the Department of Cooperatives Development – Northern Province and support it to develop into a member-driven organization with pro-poor policies and practices.
- The completion of a five-year Technical and Vocational Education and Training (TVET) Plan that will identify labour market demand and develop a vocational training plan for the Northern Province.
- Continuation of the strategy that support inclusive development in key economic sectors with growth potential.
- A number of interventions in the construction supply sector to increase local involvement and take advantage of opportunities in the planned large scale housing programmes.
- Support to the local Chambers of Commerce to pioneer Business Development Services (BDS) and information services through electronic media.
- Support to develop formal linkages between the Employers' Federation of Ceylon (EFC), Federation of Chamber of Commerce and Industry of Sri Lanka (FCCISL), the local Chambers of Commerce and the various consortia, interest groups involved in the rehabilitation and training of People with Disabilities (PwD) to enhance advocacy, marketing and job placement

02. STRATEGIC CONTEXT

Northern Sri Lanka continues to enjoy peace and stability. This has facilitated the return of almost all families displaced during the conflict.² On the ground the most visible sign of the recovery is the large investment in infrastructure, roads, houses, government buildings, water supply, electricity distribution and tank renovation etc. There is in effect a construction boom taking place with thousands of jobs being created.

In the agriculture sector, data from the Department of Agriculture indicate a continued increase in the area of land under cultivation and increases in crop production. The catch in the fishery sector is also increasing as more fishermen obtain boats and fishing gear.

The recovery, including the resettlement process that has occurred over the past two years has been rapid and intense. The emphasis has understandably been on hardware, quick delivery and meeting immediate needs. Overtly, it is a "success story" in so far as people are resettled, output of main economic sectors is increasing, social services are being restored, essential infrastructure is being improved. People appear generally to be content and the sentiment and environment appears to be positive. The war is over and people can get on with their lives.

However, closer examination of the process raises concerns in regard to equality and equity, land ownership, participation and sustainability that may not necessarily affect the recovery that is taking place now but may have implications on the longer term peace and reconciliation within the island.

While agriculture production has increased, it has not yet been matched by an increase in the development of local supply chains, agro-processing or markets. As a result, primary producers are often forced to sell at less than production cost thus increasing poverty levels. A similar but opposite situation exists in terms of manufactured or processed products. In simple terms, raw

¹ Preparatory reconnaissance has already occurred. PTF approval will be required prior to commencement of activities

² UNHCR Notes on Menik Farm

materials, primary products in all sectors are procured at low cost and processed goods imported at high costs.³ This result in a net loss of revenue, an increase in poverty, the reinforcement of imbalanced markets, creates a cycle of poverty and ultimately creates social tensions.⁴ Ironically, the investment in infrastructure which itself is absolutely necessary and which has improved access may unintentionally have facilitated this imbalanced market situation.

So, a more balanced investment strategy needs to be pursued, one that matches increased production with improved processing, with job creation in agro-processing, with the development of markets and generally with creating a more level trading platform if wealth is to be retained and accumulated at the local level. This is not only in relation to government investment but is also relevant to the policy and activities of Government, donors, UN agencies and NGOs that at times may unintentionally undermine local market development.

While part of this strategy will require hardware support in terms of rice mills, factories, packing sheds, ice plants and boatyards etc., it will be equally important that attention and support is given to reestablishing/ strengthening producer organizations such as cooperatives, farmers associations, business organizations such as chambers of commerce and the relevant government departments that support them.⁵

The next challenge is of course how can that additional local wealth can be distributed so that it addresses poverty and vulnerability. So, it is not only a case of what is done to increase production and retain wealth but it is also about with whom and how it is done so as to ensure that it will benefit the local private sector, the ordinary workers and the excluded poor. Both issues are linked, however it will be ultimately futile to attempt to address poverty reduction and vulnerability if we do not address market systems.

The LEED project will continue to use sector studies to identify key opportunities and constraints in key economic sectors. It will continue to use value chain studies with a gender and disability lens to understand the sub sector market system and identify the current involvement and potential for increasing in scope and value the involvement of excluded groups in an improved market system.

03. OWNERSHIP AND PARTICIPATION IN THE RECOVERY PROCESS

Local private sector

This is a sensitive and complex issue with many layers and many points of view. However it is felt that perceptions of exclusion which themselves were at the center of the conflict are not being sufficiently addressed. This may not be due to any deliberate policy but rather a lack of appreciation of the need for inclusion of the local private sector in a post-conflict environment. As an example: at national / regional level; whilst acknowledging the efforts of the government in the infrastructure sector one can see that the contracts have been awarded to large scale even international contractors. There is almost no participation by small local contractors.⁶

³ Paddy; Lowest producer price 18 Rs/Kg. Mean Price Processed Rice 57 Rs/Kg, Actual Cost of production 1Kg Rice; (18Rs*1.35)+4.Rs Milling and 2Rs/Transport and Handling , 1 Rs Marketing = 32Rs. Production cost Paddy 22Rs/Kg.

⁴ While it is acknowledge that there are structural inequities to agricultural development and market access at the international and national levels it is felt that measures can be taken at local level to improve the market system and benefit the primary producers

⁵ As an example: The Department of Cooperatives Development. An important task of the Department is the annual audit of cooperative accounts. This is a critical regulatory function that supports transparency, accountability, governance and sound management.

⁶ There are probably good reasons for this: lack of capacity of local contractors' unfavorable sub-contracting conditions and practice, inflexible procurement practices, but the fact is that the involvement of the local population and construction sector is confined to lower echelon low skilled jobs.

A similarly situation exists in relation to the motor trade and agro-equipment sub-sectors. At present there almost no authorized service centers for many of these products North of Omanthai⁷. This is in spite of the fact that the Northern Province has been the largest market for many of the leading companies in the last three years.

Discussions with several of the main dealers indicate that there may be several reasons for this;

- Difficulties in obtaining land so as to establish service centers, workshops etc.
- Lack of investment incentives. Why should they go up North when they are already making good business?
- Poor procurement practices of agencies and NGOs and others. Decisions on procurement are based on sale price only.
- Poor communications between local and Colombo-based businesses.
- Difficulty in finding local partners with sufficient capital and business experience, (Have all local entrepreneurs emigrated?)

In response, the project strategy will continue to focus on strengthening of local SMEs and Chamber of Commerce with support of FCCISL and EFC and support networking and partnerships between local and national level private companies. It will also continue its support to producer organization to strengthen their bargaining position and facilitate networking with private business through “private public partnerships” as it is already doing with large national enterprises such as “CR Exports,” “Neil Marine”, “Tarpobane” and various local producer organizations.

Inclusion of vulnerable groups

At the community level, it is not clear to what extent the more vulnerable; women, Female-Headed Household (FHH) and the PwD are benefiting from the recovery. The most visible sign of exclusion⁸ is the fact that there is still large numbers of families living in temporary housing even in places where resettlement commenced in 2009.

Reviews of past efforts particularly small enterprise development initiatives that were targeted at specific vulnerable groups e.g. FHH reveal a general lack of sustainability. This is felt due to a number of reasons: insufficient economic and markets appraisal, lack of linkage between new entrepreneurs and markets, lack of business management skills, lack of appreciation of the need for business management training. While there will always be a need to make special provision for vulnerable groups any initiative must as far as possible link the economic activities of the vulnerable groups into mainstream markets if it is to be sustainable.

With all of the LEED project initiatives, there is an attempt to mainstream excluded groups into sustainable economic activities and integrate them into the relevant sector organizations. It also must be borne in mind that both FHH and PwD face addition cultural challenges in regard to the way they are dealt with in their society. Issue such as these and factors such as the caste system, which anecdotal information indicates is re-emerging, will take time to change.

⁷ There are two service centers, but these are located in Jaffna.

⁸ There may be other reasons such as people officially resettling but not actually resettling in the homestead.

The challenge to the LEED project is to appreciate that these factors are present and be resolute in ensuring that any initiatives do not at the very least unintentionally reinforce those inequalities. It will be proactive and inventive in addressing these issues.

Land tenure

At present the issue of land tenure is a contentious issue throughout the Northern Province and is complicated and contentious. It is a possible trigger for future conflict in the North if it is not addressed. From our own project experience with CR Exports, it is a major constraint to investment.

There is little that a project can do address this issue. This needs to be discussed at the highest levels so as direction from Government regarding land allocations and access is provided. At a project level this issue directly impacts on Outcome 1. Bullet point 4 "access to land is easier for female-headed households." In the longer term it has the potential to undermine the overall objectives of the project, undermine the broader objectives of the ACRP 3 and ultimately undermine efforts at reconciliation and peace.

Ownership by local government

Due to the different stages of the recovery process in which the three proposed districts find themselves in, Vavuniya Districts is considered separately from Kilinochchi and Mullaitivu.

In Vavuniya District, the past year has witnessed a period of change. With the reduction of humanitarian needs and subsequent reduction in the presence of humanitarian agencies and NGOs there is a gradual shift towards more long-term development. It is felt that the LEED project due to its focus on development rather than humanitarian response and its advocacy at inter agency meetings from 2011 has accelerated this process. At district level, the office of the GA and the various ministries and department are steadily assuming more responsibility and control. The process is slower at divisional level where the capacity and leadership may not be as strong and where external actors have more influence. However, the overall situation is generally improving.

An issue of concern however is what is perceived as the creation of parallel service delivery systems through the implementation of planned donor funded projects in 2013. While this may be understandable in a transition or humanitarian phase, it is not required in Vavuniya at this time. It may even have negative impacts as regards institutional development and governance. In the case of Vavuniya, it is felt that technical cooperation projects should be implemented through the relevant departments, coordinated by the Office of the District Secretary. If there are capacities constraints or additional staffs are required then the DS office or relevant department can be supported to hire them. If technical assistance is required it should be integrated into the DS office and report to the DS or the Assistant Commissioner of the relevant department.

In the other two districts, the humanitarian needs are more acute and there is a higher humanitarian footprint. In the case of Kilinochchi, it is reducing quickly, however in Mullaitivu the needs are much greater and it will take longer. As in many other situations, the local authorities battle with balancing immediate needs and long term goals and have little time to plan and really provide effective coordination. There has been little effective leadership or innovation in regard to the design and management of humanitarian activities such as "cash for work" so as they could act as a spring board or contribute to more long term interventions. This is not a criticism of the district and divisional officials who are overwhelmed by so many other demands but rather a reflection on the

consequences of multiple actors, parallel funding, parallel implementation, and the various reporting systems that are present.

As will be explained in detail in the report, the LEED project policy is to support local institutions and to implement project activities through these institutions as much as is possible. This we have done with the various cooperatives, the statutory bodies and through our support to the Pradeshiya Sabha, Divisional Secretary offices and various ministries who provide services and play an integral part in all stages of sub- project implementation.

04. SUSTAINABILITY

Experience from elsewhere indicates that an economic recovery that is dependent to such a large degree on infrastructure investment is fragile and prone to a rapid collapse. One is not attempting to be an alarmist or killjoy in this situation. Rising interest rates and a growing balance of payments deficit may force government to reduce expenditure. This may happen sooner than expected. When it does there will be a decrease in economic activity, unemployment will rise and the trickledown effect of this current large infrastructure investment may dry up. Even in countries with strong social safety nets and with more diversified local economies this has led to social upheaval. In Northern Sri Lanka, where there are issues of ownership and participation and where the scars of the conflict are still raw, the consequences may be even more severe.

The project response will be to continue support to the development of local supply and value chains so as to build local added-value capacity thus reducing vulnerability and exposure to any rapid economic downturns.

05. REFLECTION ON STRATEGIC CONTEXT, THE ACRP 3 FRAMEWORK OF CHANGE AND THE LEED PROJECT

In spite of and even because of the challenges described in regard to the context in which the LEED project and the ACRP is being implemented, it is felt that its results areas are relevant and necessary and the objectives and goal are achievable.

At the macro level, there are obvious concerns in regard to government budget deficit and the consequences that any major reduction in expenditure on infrastructure in the North or a general reduction in indirect subsidies to the agricultural sector (fertilizer, guaranteed paddy prices etc.) would have on the recovering economies and vulnerable communities. For example, recent fuel price hikes are already effecting costs and margins, profitability and putting additional strain on fragile businesses and vulnerable households who are just getting back on their feet.

The LEED project has concerns and is challenged in regard to the issue of FHH. There is a general widely held assumption that providing a means of livelihood will address the problem. There is no doubt that this will fulfill a need and address a very obvious and important consequence of widowhood and exclusion. However, whether it can address some of the more deep-rooted societal attitudes that are central to the issue of widowhood and perhaps even on issues of disability and caste in Tamil society is questionable.

It is felt that in the general response by agencies and NGOs in regard to exclusion and particularly FHH, there is an over reliance on project specific initiatives that tend to focus on the most obvious economic results of exclusion. For many reasons; technical, lack of basic business and market appreciation, focus on outputs and numbers, they fail. When they do, they reinforce the fact of

exclusion and do nothing for the confidence of women whose feelings of self-worth may already be weak. While some of the societal issues may be beyond the scope of the project, they may affect output.

The activities in the project will benefit if complemented by an active awareness creation strategy targeting the community. There is a need to create awareness and disseminate the message among the community members - women and men – that the future rests in creating an enterprising spirit to build a vibrant local economy. In this message, a clear emphasis needs to be placed on women as equal partners in the household, community and at work. Such a message should also be targeted to break the dependency of women on men for securing income generating opportunities, or market access.

In spite of these concerns⁹ that have been raised, the three results area of ACRP; the challenges of good governance, increased access to economic opportunities, and capacity of local actors to promote peace and social inclusion are being addressed directly and indirectly to varying degrees by the LEED project, and thus they are contributing to the ACRP goals.

o6. REVIEW OF PROJECT PROGRESS

The project has made significant progress in year two. It is now operational in Vavuniya and Kilinochchi. It is currently managing a total of 40 sub-projects to a value of US\$ 1.07 million.

Significant challenge and achievements

The most significant challenge has been to balance the demands of making up for the lack of project delivery in year one, delivering in effect two years of activities in one year and still carrying out the necessary analysis, dialogue and preparatory work necessary to maintain quality and focus on long term outcomes. We have managed to do so and have initiated sub projects and committed funding in accordance with the original budget and expenditure requirements. As a result, there will be a continuation of activities from year two into year three. By the end of year two (June 2012), there will be complete alignment between the planned and actual outputs and outcomes as described in the project document. On an operational level, the environment for development is continuously improving. While there is poverty and in some cases humanitarian needs there is a gradual realization by all that these needs cannot be met by humanitarian actions alone. As a result, the presence of humanitarian agencies, NGOs and the humanitarian mindset is decreasing which it is felt is a positive development.

Delays were experienced in relation to support to SME development and job placements for people with disabilities. The initial idea was that sub-projects would be identified through divisional level public-private partnership forums and through a skills forum at district level respectively. These forums never really got off the ground. It is felt this was due to the project's over optimistic assessment as regards the local SME sector, business associations and a less than complete appreciation of the inter agency /NGOs dynamics of district level vocational training sector. As a result of this experience, the project intends to tackle these issues in a different approach using the item budget savings in year three.

One of the achievements of the LEED project has been the fact that it has brought a different dimension to the recovery agenda in the North. Through its implementation of sub projects, it has

⁹ With the exception of land tenure (Please see work plan 2011-2012)

to various degrees introduced the concept of inclusive development with a market focus or at times a market development with an inclusive focus. In its dealings with local authorities, other agencies and local implementing partners, it is felt that it has contributed to them adopting a more long term developmental approach.

By far the most significant achievement is the quality of partnership between the project and the local authorities and implementing partners (co-ops and chambers etc). A true partnership has developed that provides the platform and the atmosphere to tackle more systemic and institutional issues and constraints.

Innovation

The implementation of support projects has given the LEED project the opportunity to introduce a number of innovative ideas and models in regard to pro-poor sector, market development and private-public partnerships. Two of the more innovative sub projects are described below.

Targeted paddy purchasing and Profit sharing scheme:

1. The MPCS Poonakari, Kilinochchi has no milling capacity. It was completely destroyed. The LEED project has entered into agreement with the MPCS Poonakari to finance a paddy purchasing scheme that requires the MPCS to purchase paddy at government guaranteed prices from 200 poor households each year for a period of three years. In addition, an arrangement between the MPCS and three small mills whose upgrading the LEED project is supporting, will allow the paddy to be milled and packaged locally under the MPCS brand name. The MPCS will then sell the processed rice through their retail outlets. A profit sharing scheme will then provide an additional dividend to the targeted families. It is estimated that this will increase the paddy incomes of the households by 45% from what they are presently earning. The households were selected by the office of the Divisional Secretary. At the end of the three year period, the MPCS can use the grant of US\$ 80,000 plus any profits earned to re-equip the new mill that is planned to be constructed with Government support in 2014.

Joint venture between small fruit and vegetable growers and a major Exporter:

2. In Vavuniya North, the project has linked 200 vulnerable families to a leading fruit exporter. Through the provision of a grant of US\$ 100,000 for share capital the growers association will purchase 49% of a joint venture company (growers association and exporter) that will guarantee a market for a minimum of 200 metric tons of fruit per month (mainly red lady papaya). This will ensure a major increase in incomes of the targeted group. The grant of US\$ 100,000 will contribute to the construction of an export standard processing plant south of Omanthai that will be owned by the growers and the exporter. A separate support package through the Department of Agriculture and will assist the growers to improve production and quality of crops. A contract with the Divisional Secretary's office will allow them to monitor and support the participants, most of whom are widows. A total of 20 full time jobs will also be created at the processing plant. This has been a complicated and time consuming process, involving issues such as land, cooperative registration, company formation and legal services. It is felt that it will eventually prove to be a very worthwhile project.

As a side note, the exporter has previously concluded forward purchasing agreements with 38 larger farmers through a visit facilitated by the LEED project.

o7. PROJECT IMPLEMENTATION APPROACH

The project's approach has been pragmatic, conflict sensitive and inclusive, based on sound development principals and in the knowledge that there is "local capacity". We have used the implementation of the various sub-project, which themselves are addressing key constraints or opportunities, not as an end in themselves, but as entry points in which to build credibility and gain the trust of local partners: cooperatives, chambers of commerce, departments, divisional and district secretaries etc.

From the beginning, we have avoided the "direct execution procurement model"¹⁰ and have instead delegated responsibility for implementation of sub-projects with the local partners. For example, the re-equipping of Vavuniya North rice mill was procured through a grant to the MPCs who received funding through a series of payments and who were responsible for the procurement and installation of the equipment. Technical support was provided by the Institute of Post-Harvest Technology (IPHT). This approach placed responsibility for delivery, accountability and reporting squarely with the MPCs. In doing so, it revitalized an organization that for a number of years had acted mainly as a food distribution point for humanitarian organization. It was now required to activate management systems and governance structures so as this sub-project could be delivered **with their (MPCs) money**. In addition there was close monitoring of the project by LEED staff and the Department of Cooperatives Development. This allowed all parties (LEED, MPCs, Department of Cooperatives Development and IPHT) to develop a rapport and mutual trust so as the project can now address more systemic issues necessary for the development of the organization and the improvement of services to its 4,500 members. This and other initiatives have in turn had similar outcomes with the Department of Cooperatives Development and others with whom the project is now preparing a "re-awakening programme for all cooperatives in the Northern Province".

In addition, the project's approach to "local capacity" technical assistance has been to support the relevant institutions and departments to provide technical support when required. Thus, the project has entered into agreements to financially support the office of the Divisional Secretary, the local Pradeshiya Sabha (PS) and the Department of Agriculture to recruit the necessary staff to provide technical support. This is a cost effective approach that again pays dividends in terms of ownership, institutions building and relationships.

On the technical side, the project has continued to use sector and value chain studies to identify where the LEED project resources can be applied to lever maximum benefit in terms of inclusive growth and the development of that sector.

o8. PROPOSED WORK PROGRAMME FOR YEAR 3

The proposed work programme will continue to focus on key economic sectors using the sector studies and value chain tools. The implementation strategy will basically remain the same as in year two although there will be a more focus on software support with partners with whom we engaged in year two. On the ground, the main implementing partners will be the cooperatives movement, producer organizations, chambers of commerce, a number of private sector partners, the EFC and the various district and divisional level departments and offices. The project is now more certain of the appropriateness and efficacy of its approach and in general better positioned than it was 12

¹⁰ This type of method usually involves agencies directly procuring: buildings, equipment etc. and then handing them over to the beneficiary to operate. It does nothing for institutional building, governance or transparency.

months ago to accelerate project delivery in year three. In the coming year, the project will implement 18 sub-projects to the value of US\$ 827,000.

For the purpose of the work plan, we have classified projects according to key economic sectors and cross referenced them with geographical location

Proposed activities

A. Paddy processing sector:

The project will continue its support to the paddy processing sector. The reason for the project's support to this sector is because paddy provides income to a large proportion of the population in Northern Province.

In addition to creating direct employment and maintaining revenues within the division, the project's engagement with the MPCs provides the entry point through which the project can jointly develop more effective services for the membership, include services such as input loans, guaranteed prices and in general pro-poor policies and practices. The project's support in this sector will include the re-equipping of cooperative-run medium scale mills, support to the upgrading of small privately-owned mills, technical support to both cooperative and private mills through IPHT, the development of the traditional par-boiled rice market, possible interventions in rice flour production to small mills that were supported in year 2, and the development of a niche market for Mottai Karuppan Rice (Poonakari Rice).

The following table outlines our proposed projects in the paddy sector in year 3.

Description	Location	Budget	Project Document			Direct Beneficiaries		
			Objective	Outcome	Output	FHH	PwD	Youth
Kilinochchi District								
Re-equipping one medium scale rice mill	Kandavalai	120,000	05	5.2 / 5.2/ 5.3	5.1 / 5.5	150	25	250
Upgrading 8 small rice mills	Kilinochchi	40,000	01 / 04	1.1 / 4.1/ 4.4	4.2 / 4.3	30	10	200
Development of Market for Mottai Karuppan Rice	Poonakari	10,000	02 / 05	2.2/ 5.3	2.2/ 5.6	30	05	75
TOTAL Allocation		170,000						
Vavuniya District								
Support to develop traditional par-boiling market	VN DS	8,000	2	2.1	2.1	25	10	50
Mullaitivu District								
Re-equipping one medium scale rice mill	Visuvamadu	100,000	05	5.2 / 5.2 / 5.3	5.1 / 5.5	150	30	300
Upgrading 10 small rice mills	Mullaitivu	50,000	01 / 04	1.1 / 4.1/ 4.4	4.2 / 4.3	40	15	250
TOTAL Allocation		150,000						
ALL DISTRICTS								
Tech. support by IPHT to all mills being supported by the LEED Project	N/A	9,000	03	3.1	3.1 / 3.8	These projects are not directly targeting / supporting to these target groups. Its aim to provide technical support all		

Technical Support from Pradeshhiya Sabha in various divisions for technical supervision of any construction works	N/A	10,000	03	3.1	3.1 / 3.8	required sectors.
Technical support from Department of Agriculture	N/A	10,000	03	3.1	3.1 / 3.8	
TOTAL		29,000				
GRANT TOTAL		357,000				

Fisheries sector:

In Kilinochchi District: the project will continue to support the fisheries sector through the various cooperatives, the fisheries federations with the Department of Fisheries and Aquatic Resources (DFAR).

There are three initiatives already identified that will follow on from our work in year two.

1. These include support to develop a private sector supply chain for chandlery fishing gear and safety equipment.
2. Support to the fishery federation to initiate a leasing finance agreement with outboard engine main dealers.
3. Support to improve the cold chain for finned fish between Kilinochchi and the main market in Peliyagoda.

Description	Location	Budget	Project Document			Direct Beneficiaries		
			Objective	Outcome	Output	FHH	PwD	Youth
Kilinochchi District								
Develop a private sector supply chain	Kilinochchi	10,000	5	5.1/ 5.2/ 5.3	5.1/ 5.2/ 5.5/ 5.6	150	50	250
Support to the Fisheries Federation to support their equipment financing scheme	Kilinochchi	30,000	1	1.6	1.5 / 1.7	10	20	150
Support to improve the cold chain Poonakari to Peliyagoda main market	Kilinochchi	40,000	5	5.1/ 5.2/ 5.3	5.1/ 5.2 5.5/ 5.6	40	20	350
TOTAL BUDGET		80,000						

In Mullaitivu District: Support to improve the cold chain for tinned fish between Kilinochchi and the main market in Peliyagoda

Support to fish drying SMEs and development of external markets:

Description	Location	Budget	Project Document			Direct Beneficiaries		
			Objective	Outcome	Output	FHH	PwD	Youth
Mullaitivu District								
Support to fish drying/ smoking enterprises in Mullaitivu.	Mullaitivu	20,000	5	5.1/ 5.2/ 5.3	5.1/ 5.2 5.5/ 5.6	150	25	350

Support to improve the cold chain from Mullaitivu to national markets	Mullaitivu	50,000	5	5.1/ 5.2/ 5.3	5.1/ 5.2 5.5/ 5.6	50	100	2000
TOTAL BUDGET		70,000						

Support to the cooperatives movement:

B. Proposed training programme for cooperatives by the Department of Cooperatives Development

The cooperative movement was historically been relatively strong in the Northern Province. It has suffered during the conflict: lost assets, damaged infrastructure, direct political interference, displacement of members and loss of membership etc. However, it is recovering and its presence throughout the region in all sectors is an asset and presents an opportunity through which primary producers can be organized so that ordinary people can benefit in very practical ways from the economic recovery. It is estimated that almost 90% of all rural households in Northern Sri Lanka are affiliated in some way to a local cooperative. However, the cooperatives movement requires revitalization. As a first step, it is proposed to develop a re-awakening and revitalize capacity of the cooperatives through an awareness and empowerment capacity building programme that will be implemented by the Department of Cooperatives Development, supported by the LEED project. The goal of the project will be to develop a member-driven effective accountable and transparent organization with pro-poor policies and practices that provides practical and beneficial services to its members.

The broad areas of attention will be;

Component 1: An awareness campaign for ordinary members to build awareness, increase membership and active participation. This will include a media campaign. The purpose of this is to develop an informed motivated and participative membership base.

Component 2: A training programme for elected members, branch, general body and board members. This will cover areas of responsibility of each level, legal requirements, consultative techniques, social responsibility, planning and strategy and developing and implementing pro-poor policy programmes.

Component 3: A training programme for management staff employed by the cooperatives.

Component 4: An intensive mentoring programme for individual cooperatives to develop long-term business and development plans.

The estimated budget is US\$ 50,000.

C. Support to job placement for PwD, SME Development through enhanced BDS services

In view of the experiences in year 2, it has been decided to combine a number of objectives and partners into one initiative that will combine efforts in relation to BDS for SME development, with job placement for PwDs and the improvement of businesses linkages with southern and businesses. It will involve the local Chambers of Commerce, the FCCISL and the EFC who will engage with the gamut of agencies, NGOs and various other bodies involved with PwD through the existing "District

Disabilities Forums". These are forums established by these bodies to coordinate their efforts. The initiative will have a number of components;

1. The provision of enhanced BDS services for SME through the radio. An awareness building and advocacy campaign for job placement for PwD by the Chambers of Commerce at local level and for national level employers in the North by the EFC.
2. The attachment to the Disability Forum of a resource person from EFC to advocate, develop a marketing campaign and provide linkage with its existing national level disability network.
3. An enhanced job placement service through the disability forum for PwDs.

A budget of US\$ 60,000 has been allocated for this sub-project.

D. Agro-processing and improving markets for fruit, vegetables other crops

In Kilinochchi, the project intends to support an initiative to develop market linkage for fruit and vegetables linking it with the project's market development work with the Vavuniya fruit growers and CR Exports.

In Mullaitivu District, the project has already SMEs tentatively identified 12 agro-processing SMEs that require support, following technical and financial assessment we intend to support four of these in year 2.

Description	Location	Budget	Project Document			Direct Beneficiaries		
			Objective	Outcome	Output	FHH	PwD	Youth
Kilinochchi District								
Market linkage with national fruit and vegetable markets	Kilinochchi	50,000	5	5.3	5.6	200	50	300
Vavuniya District								
Support to improved market access (vegetables dealers)	Vavuniya	10,000	5	5.3	5.6	25	10	200
Mullaitivu District								
Support to four SMEs in agro-processing	Mullaitivu	50,000	2 / 3	2.2 / 3.4	2.2 / 3.8	150	50	600
TOTAL BUDGET		110,000						

E. Construction sector building supplies

The planned construction of over 30,000 permanent houses under various housing programmes over the next four years in Kilinochchi and Mullaitivu presents many challenges and opportunities for the building supplies sub-sector. This represents an investment of US\$ 160 million at current prices. Some of the main items that will be required include: 50 million roof tiles, 75 million blocks, 500,000 cubic meters of sand. The current building supplies sub-sector in both districts is poorly developed. It is felt that support to public-private partnerships block making and pre-cast concrete suppliers could create local employment, local added value and would provide a much needed

service to accelerate the re-housing efforts and compliment the current housing procurement models currently being implemented by UN HABITAT and other agencies.

A summary of planned initiatives in the building supplies sub-sector is contained in the following table.

Description	Location	Budget	Project Document			Direct Beneficiaries		
			Objective	Outcome	Output	FHH	PwD	Youth
Kilinochchi District								
Support to strengthen existing or establish 10 new pre-cast concrete and block making SMEs in rural divisions	Kilinochchi	50,000	1	1.6	1.1 / 1.4	20	2	500
Mullaitivu District								
Support to strengthen existing or establish 10 new pre-cast concrete and block making SMEs in rural divisions	Mullaitivu	50,000	1	1.6	1.1 / 1.4	20	2	500
TOTAL BUDGET		110,000						

09. MONITORING AND EVALUATION PLAN

A comprehensive monitoring and evaluation system has been put in place. It includes the gathering of baseline information, regular field monitoring and systemic reporting.

The monitoring and reporting system includes regular field visits by the respective District Field Coordinator (FC) of the project. The frequency of visits is dependent on the complexity of the project, perceived capacity and actual performance of the partner. The reporting system comprises monthly progress reports prepared by the implementing partner and endorsed by the FC. These also include financial report and statement of expenditure. The FC also prepares his own independent report. In addition, there are weekly staff meetings at which the progress of each project is reviewed by the project team and CTA. As a supplement to the regular monitoring visits by the FC, irregular site visits are undertaken by the CTA and discussions held with partners.

At the end of project implementation, separate final reports are prepared by the implementing partner and the FC. The LED specialist who also acts as Deputy Programme Manager reviews the FC's final report and comments on lessons learnt etc.

At district level, annual plans are submitted to the office of the District Secretary and six monthly updates provided to each government agent. In addition updates are provided to the PTF's 3W database on a quarterly basis.

At national level, the PAC meets twice a year to review work plans and progress, In addition there are two AusAID TST mission per annum. In year three, it is planned for a full internal ILO evaluation mission. The evaluation in terms of outcomes is more complex but data is obtained on measurable issues such as producer prices and increases in income etc. Provision has been made to address the measurement of less tangible outputs such as empowerment, attitudes through training of field staff in evaluation methodologies. Please see **ANNEXURE I** for implementation plan.

10. RISK ANALYSIS

The LEED implementation strategy, the method of procurement, the focus on partnership, and long term development has been welcomed and appreciated by our local partners. This has also given us the space and opportunity to have frank and open exchanges regarding all aspects of the process. The sub-projects are locally owned and this in particular reduces risk and enhances performance.