

Lagging Regions Development and Pro-poor, Pro-Growth Initiatives



3.1. Lagging Regions Development and Pro-poor, Pro-Growth Initiatives

The need to ensure equitable distribution of benefits accruing from the improved economic activities in the country is one of the major concerns being addressed in the medium term development programme of the Government; “A Ten Year Horizon – Development Framework 2006 – 2016”.

In the past, special emphasis had been placed for the development of conflict affected areas, particularly in the northern and eastern provinces. The impact of the on going conflict in terms of wasted resources and lost opportunities were evident in these areas with increased incidence of poverty. The displacement of people and the disruption of social and economic infrastructure have reduced the contribution of this region to the national output from about 14% in the pre-conflict period to about less than 8% thereafter. Therefore the need has arisen to pay special emphasis for development of these regions.

With the unfortunate experience of Tsunami in December 2004, the majority of areas in the coastal belt of the country was affected and the social and economic infrastructure in these areas were disrupted in an unprecedented manner forcing the government to pay urgent attention to the reconstruction and rehabilitation of the entire coastal belt affected by the tsunami. These attempts have particularly identified the districts such as, Hambantota., Matara and Galle as areas needed special attention in the post –tsunami rehabilitation and

reconstruction, in addition to the conflict affected areas.

However, there is yet another group of districts with large areas of extreme poverty in the central part of the country which were not directly affected either by the ongoing conflict or by tsunami but remained as poor since the time of colonization, such as Badulla, Moneragala, Ratnapura, Kegalle etc. including the plantation sector. The living standards of the majority of people living in these regions have not seen any significant improvement from the increased economic activities of the country in spite of the fact that plantation sector has been a major contribution in the economic output.

Therefore, the need to pay special attention to the development of all these areas which can be generally categorized as “**lagging regions**” comprising of conflict affected, tsunami affected and also other economically backward regions was recognized in “A Ten Year Horizon – Development Framework 2006 – 2016”. Special projects have been identified for the improvement of economic activities in these regions while attention has also been paid for the rehabilitation of existing infrastructure such as roads, supply of water and electricity etc. Some of the major infrastructure projects are also being implemented in these areas such as power generation, establishment of air port and sea port which will indirectly contribute to the improvement of overall economic landscape in addition to the main focus of such projects.

North East Community Restoration and Development Project (NECORD)

The following projects are being carried out in the eight districts of Northern and Eastern Provinces for improving the living conditions and well being of communities that has been affected by the conflict by selecting sub projects for community development, rehabilitation of access roads and developing institutional infrastructure as a multi sectoral project

NECORD project has been completed on 30th June 2007 by utilizing 98% of the total loan of US\$ 40 mn. The project has implemented 596 sub projects in the Agriculture, Health, Education and vocational training, Road and Bridges, fisheries, Irrigation, community development and water supply and sanitation sectors. Around 898,244 people benefited from the project.



Kilinochchi General Hospital

The ADB has further strengthened their support in rehabilitation and relief efforts in the Northern and Eastern Provinces by providing US\$ 10 mn in 2004 and US\$ 40 mn (US\$ 26 mn as loan and US\$ 14 mn as grant) in 2005 under the North East Community Restoration and Development Extension

Project and NECORD II . Being a multi sectoral project, as of 30th September 2007, the NECORD-Extension and NECORD II projects have incurred expenditure of Rs 541 mn and Rs. 1723 mn respectively. These two projects will be completed on 30th June 2009



Reconstruction of Hostel - Agriculture Training Centre Vavuniya



Reconstructed T/Bathiyagama Vidiyalayam, Kantale, Trincomalee District

Conflict Affected Area Rehabilitation Project (CAARP):

The project commenced operation in March 2004 and will be closed on 30th June 2008. The ADB has provided assistance of US\$ 80 mn for the Conflict Affected Area Rehabilitation. Of which, US\$ 23.9 mn has been allocated for community restoration and development activities. As at 30th of September 2007, the total expenditure amounted to Rs.1609.74 mn. Being a multi sectoral project, 256 out of 376 sub projects have been completed. Approximately 755,104 people benefited by the project.



*Reconstructed Sinhala MV,
Trincomalee*

Community Development & Livelihood Improvement Gemi Diriya Project

Gemi Diriya project which applies a community-driven development approach supports the poverty alleviation strategy of the Government. The project enables the rural communities to improve their

livelihoods and quality of life through facilitating income generating activities, savings and investment promotion among the rural poor in Badulla, Moneragala, Galle, Matara, Hambantota, Ratnapura and Polonnaruwa.



Cause Way in Alugalge in Madulla division in Moneragala

Gemi Diriya project is financed with a grant of US\$ 51 mn from the World Bank. Over a period of three years it has covered 836 villages and reached 150,000 families. Their savings have reached Rs.83 mn and they have invested Rs.422 mn to generate income in the village economy reinvesting Rs 33 mn of interest income maintaining 98% loan recovery rate. With the basic facilitation from Gemi Diriya Foundation the Communities have invested on infrastructure such as roads, culverts, causeways, drinking water projects, irrigation and IT services. Cash and labor contribution of the community on these infrastructure development projects is very high and the savings can be used to fulfill next priority need of the

village. A community professional service has emerged with more than 500 community professionals of young and adult from these communities and they help the scaling up of the project to other villages.

The World Bank will also provide technical assistance to Nama Neguma Programme of the Government, which will be piloting in four selected Divisional Secretarial divisions. Under this, Gama Neguma officials and communities will be trained to adopt the basic principles of community participation, inclusion, transparency, accountability and cost sharing and learn the procedures of community driven development

Pro-poor Eastern Infrastructure Development Project

The Government of Japan has provided a loan of Japanese Yen 4,460 mn (approximately US\$ 39 mn) to reconstruct the road section of 98 km between Akkaraipattu and Trikkandimadu on A 4 and A 15 roads including the construction of a new Kallady Bridge with a length of 291 metres in Batticaloa in order to improve the access within and outside the Eastern region.

Under this project, the Institute for Construction Training & Development (ICTAD) is providing training programmes on Operation and Maintenance of Construction Equipment to the local communities of the area, free of charge.

The construction activities are expected to commence in November 2007.

Pro-poor Rural Development Project

A loan of Japanese Yen 4, 085 mn (approximately US\$ 35 mn) was provided by the Government of Japan to improve or rehabilitate national, provincial and rural roads in economically backward areas in the districts of Monaragala, Badulla Hambantota and Ampara. Under this project, around 145 – 150 roads with a total length of 650 – 700 km will be

improved or rehabilitated in these districts. The project will be complementary to the “Maga Neguma” programme of the Government.

Road improvement works of national roads implemented by the Road Development Authority have already been commenced. The road improvement works of the provincial

roads and rural roads are expected to commence in October 2007.

It is expected to mitigate regional inequalities by enhancing accessibility through improving and rehabilitating these roads.



Tangalle – Weeraketiya Road

Pro-Poor Economic Advancement and Community Empowered (PEACE) Project

This project is aimed to develop a more profitable agriculture sector and provide higher standards of living for rural farm households through infrastructure facility rehabilitation, more efficient use of water with participatory management, improved input supply and support services including credit and marketing facilities to attain sustainable development of regional agriculture, improve socio economic status of the farming community.

The project covers Anuradhapura, Kurunegala, Kilinochchi, Mullaitivu, Vauniya, Mannar, Ampara, Batticaloa and Trincomalee districts. There is a provision under this project to rehabilitate Irrigation Infrastructure of 8 major, 12 medium and 80 minor irrigation schemes. It also creates rural credit support and enterprise development facilities and improves agricultural marketing and productivity in the project area.



Further, 9 major and medium irrigation schemes covering irrigable area of 6,080 ha in Northern and Eastern Provinces will be rehabilitated and renovated under this project. The project will also support to enhance the facilities for farmer organizations, improve agriculture and income generation activities and strengthen agricultural support services.

Government of Japan has provided a loan of US\$ 52 mn for the implementation of this project. The project is expected to be completed in 2011.



Southern Province Rural Economic Advancement Project (SPREAP)

The project aims to accelerate economic growth of the Southern Province through promoting private sector investment in agriculture related enterprises and creating a conducive environment for sustainable economic development. The ADB has provided a loan of US\$ 25 mn to cover total cost of the project.



***Manampita Banwelgodella Road-
Ambalangoda***



Agunakollapellassa market

The project has provided credit facility to 4257 enterprises which create employment opportunities for 11,646 people. Under the improvement of rural road component, 75% of the works have been completed and the rehabilitation of flood damaged bridges is in progress. Overall the project has achieved 70% progress. The project is expected to be completed in end June 2008

North East Coastal Community Development Project (NECCDP)

ADB has allocated US\$ 21 mn for the implementation of NECCDP from 2004 to 2010 aiming at reducing poverty to meet basic needs in coastal communities

who lives in three districts of Eastern province Trincomalee, Batticaloa and Ampara. Construction of two fishery harbours at Valachchenai and

Pudawaikattu is one of the major components of the NECCDP.

Micro Credit facilities will be provided through the National Development Trust Fund for livelihood enterprise development for poor households. Several sustainable livelihood Improvement activities such as Rural Roads, Pre-schools, Playgrounds, Community Buildings, market Buildings Public Wells and Drainage systems are being established. The Special Areas Management Plans will be introduced in Trincomalee bay, Batticloa Lagoon and

Ampara Bio Diversity area by improving solid waste management systems.



Community Building with Library at Karaitivu – Ampara

Infrastructure and Housing Development Project in Puttalam

“Infrastructure and Housing Development Project in Puttalam” is a part of Government’s strategy to meet the development needs of all conflict affected, displaced people to encourage return to their homes where possible, and otherwise to integrate them in their location of choice. Project would finance housing, drinking water, roads and sanitation for 20,600 families living in Kalpitiya, Mundal, Puttalam and Vanathavilluwa Divisions of Puttalam Districts.

The project would support construction of 5,653 new houses to replace the temporary thatched houses and the completion of 2,232 partly completed houses. Construction of 100km of internal roads to link with the main highways in the Puttalam District to provide connectivity for the project beneficiaries with the urban centres in the North Western province is one of the main components of the project. These

roads will come under the purview of pradeshiya subhas and North Western Provincial Council.



The project also aims at developing 34 water supply schemes to provide drinking water to 16,875 families living in 34 Grama Niladari Divisions. This will be done by extraction of ground water or an expansion of existing rural water supply schemes with assistance from the National Water Supply and Drainage Board. Further, provision of sanitation facilities and environmental mitigation by sewerage water treatment and controlling the threat of flooding

through improved drainage system will be addressed by this project. So far, 1,425 beneficiaries live in 18 welfare centres have been paid the first installment of housing cash grant to

commence their housing construction work. Preliminary engineering designs are now under way for water schemes and internal roads.

Renewable Energy for Rural Economic Development Project

This project is being implemented with a loan of US\$ 75 mn from the World Bank and a grant of US\$ 8 mn from its Global Environment Facility. This project aims to improve the quality of rural life by increasing access to off-grid renewable energy technologies and providing energy services to remote communities, and promote private sector participation in grid based power generation using renewable energy sources.

Presently, this project has contributed to increase 100 MW to the national grid and also well over 100,000 rural homes are electrified through off-grid renewable energy solutions, mostly through solar home systems, and independent mini grid powered by community based micro hydropower schemes. As of now; about 3% of households in Sri Lanka have access to electricity services through this project.

The World Bank has approved a supplementary loan of US\$ 40 mn to the ongoing project considering the strong progress made in promoting private

investments in renewable energy in rural areas and also to cater to the demand for long term investment capital to the private sector for grid connected projects. This additional financing will help installation of 50 MW grid-connected electricity power generation capacity, provision of direct electricity access to 60,000 households and 500 rural small and medium enterprises and public institutions directly through off grid systems such as solar, community hydro and bio mass



Mobile Shop with Solar Lighting

Empowerment of Poorest of the Poor Women and Young Girls Project

“Empowering the Poorest of the Poor Women and Young Girls” is a project focused on the most poverty-stricken areas of Hambantota in Southern,

Northern and Eastern Provinces. The project activities are being carried out by the Women Development Federation and the Sewa Lanka Foundation. This project

promotes self-help livelihood development activities to generate income and build capacity of the village women to empower them to take charge of their economic, social and financial affairs. The project has supported construction of water storage tanks, agro wells, renovation of 10 small tanks and also involved in post- tsunami reconstruction activities.

The project is scheduled to be completed by 31st December 2007. Nearly 80% (Rs. 91.8 mn) of the work assigned to Women Development Federation and

approximately 64% (Rs 46.7 mn) of the work assigned to Sewa Lanka Foundation has been completed to date.



Second North East Irrigated Agriculture Project (Yali Pibidemu Project)

The World Bank has provided a loan of US\$ 64.7 mn to the Second North East Irrigated Agricultural Project to enhance agriculture and other productions and income of the conflict- affected communities in the Northern and Eastern Provinces. This will be done mainly through rehabilitation and improvement of 153 irrigation schemes and construction of 227 roads. Further, construction of 523 wells and 226

multipurpose buildings will also be undertaken by this project.



Sea weeds clearing in Raja Ela – Allai Extension Scheme

So far, rehabilitation of 21 irrigation schemes and construction of 93 rural roads have been completed. Major irrigation schemes such as Allai in Trincomalee, Rugam in Batticaloa, Karawahu in Ampara, Giant Irrigation Scheme in Mannar and Iranamadu Irrigation Scheme in Kilinochchi have been identified for rehabilitation. More than 170 wells and 180 multipurpose building have also been constructed under the project

North East Housing Reconstruction Programme (NEHRP)

The World Bank has provided a loan of US\$ 75 mn to the North East Housing Reconstruction Programme (NEHRP) to facilitate the reconstruction of 34,784 conflicts affected, damaged houses among the vulnerable families in the Northern and Eastern Provinces. This programme covers all eight Districts (Ampara, Batticaloa, Trincomalee, Vavuniya, Mannar, Jaffna, Klinochchi and Mullaitivu) in the two provinces. The European Union has also provided a grant of Euros 5.88 million for the project to scale up the project activities.

The Government's effort in resettlement of conflict affected persons is addressed by this project through owner-driven housing construction approach by providing cash grants to the beneficiaries to construct their houses. The technical assistance for construction work is provided by the project.



Out of the target of 34,784 houses to be completed in 2010, so far 11,364 houses have been reconstructed and 14,741 houses are under reconstruction. Rs.250,000/- is provided to reconstruct a fully damaged house and Rs. 100,000/- is provided for a partly damaged house. NEHRP has provided training for skilled workers such as masons and carpenters. 424 masons and 290 carpenters have already been trained and 300 masons and 205 carpenters are now getting training in five project districts.

Centre for Non-Government Sector (CNGS)

The important contribution of NGOs in the rehabilitation, reconstruction and development efforts in the past few years is well recognized by the Government especially for their contribution in Government's tsunami recovery efforts. Overall, NGOs play an important role in supporting the provision of basic social services and participate in development activities in the needy areas. NGO support is mostly felt in remote areas and communities due to their penetration to the grassroots level. It is noted that

NGOs bring alternative models and approaches to development, emphasizing participation, equity, gender sensitivity and environmental sustainability.

The Center for Non-Government Sector (CNGS) of the Department of External Resources was set up in February 2005 to facilitate and streamline activities of NGOs and facilitate better coordination of Non Governmental Organization (NGO) activities to provide a platform for NGOs to become a development

partner. Assessing proposals for registration as international NGO(INGO) / local NGO (LNGO) and make recommendations for registration to the Ministry of Social Service & Social Welfare, and collecting of information on INGO/ NGO activities in main sectors and maintain records to streamline the operations of NGO in Sri Lanka are its key activities.

Already, there are 1,210 organizations registered as national level LNGOs, of which 8% has obtained their registration after tsunami catastrophe in December 2004. The total INGOs in Sri Lanka 328 and 40% of this were registered after tsunami. From its inception in February 2005, CNGS has recommended 132 organizations and 96 organizations as registration as international NGOs and local NGOs respectively. Further, there were about 136 requests assessed and submitted to Ministry of Foreign Affairs and Ministry of Defense seeking

clearances on funding and defense. Time to time, the CNGS has collected and disseminated information on assistance received from major INGO/LNGO to sectors such as housing, education, health, fisheries, water and sanitation, environment and natural resources and other livelihood development activities.

Further, the CNGS, through the Ministry of Finance and Planning has taken steps to issue guidelines to NGOs with a view to ensure that their involvements and operations fall within the Government's development framework and that the funds channeled to various development projects are not associated with "Money Laundering" and/or "Terrorist Financing" and/or any other activity undermining national interest. A series of meetings were conducted at the Treasury with the INGOs/LNGOs to provide guidelines, facilitation of project implementation and monitor development/ social activities.