



# Completion Report

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Project Number: 33249  
Loan Number: 2027  
August 2012

## Sri Lanka: North East Coastal Community Development Project

Asian Development Bank

## CURRENCY EQUIVALENTS

Currency Unit      –      Sri Lanka rupee/s (SLRe/SLRs)

		<b>At Appraisal</b>	<b>At Project Completion</b>
		03 November 2003	30 June 2011
SLRe1.00	=	\$0.0105	\$0.0091
\$1.00	=	SLRs94.80	SLRs109.61

## ABBREVIATIONS

BCR	-	borrower completion report
CBO	-	community-based organization
CCD	-	Coast Conservation Department
CEA	-	Central Environment Authority
CFHC	-	Ceylon Fishery Harbours Corporation
CIRM	-	Centre for Information and Resource Management
CRMP	-	coastal resource management planning
CZMP	-	coastal zone management plan
DMF	-	design and monitoring framework
DPD	-	deputy project director
EEZ	-	exclusive economic zone
EIRR	-	economic internal rate of return
EPC	-	Eastern Provincial Council
EPICRMP	-	Eastern Province Integrated Coastal Resource Management Plan
FHH	-	female-headed household
GAP	-	gender action plan
GND	-	<i>Grama niladhari</i> division
HIES	-	Household Income and Expenditure Survey
IAPG	-	interagency planning group
IEC	-	information, education, and communication
IPNGO	-	implementing partner nongovernment organization
LEDs	-	livelihood enterprise development services
LTTE	-	Liberation Tigers of Tamil Ealam
MED	-	Ministry of Economic Development
MFNGO	-	microfinance nongovernment organization
MTR	-	midterm review
NARA	-	National Aquaculture Research Agency
NDTF	-	National Development Trust Fund
NECCDEP	-	North East Coastal Community Development Project
NEPC	-	Northeastern Provincial Council
NGO	-	nongovernment organization
PCR	-	project completion report
PMU	-	project management unit
PNA	-	participatory needs assessment
PPMS	-	project performance monitoring system
PPS	-	provincial planning secretariat
RDS	-	rural development society
RRP	-	report and recommendation of the President
SAM	-	special area management

SMA	-	special management area
SMAC	-	special area management committee
TAARP	-	Tsunami-Affected Areas Rebuilding Project
VDP	-	village development plan
WRDS	-	women's rural development society

## NOTE

- (i) In this report, "\$" refers to US dollars.

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## BASIC DATA

### A. Loan Identification

1.	Country	Sri Lanka
2.	Loan Number	L2027 SRI (SF)
3.	Project Title	North East Coastal Community Development Project
4.	Borrower	Government of Sri Lanka
5.	Executing Agency	Ministry of Economic Development
6.	Amount of Loan	SDR14,009,000
7.	Project Completion Report Number	PCR: SRI 1333

### B. Loan Data

1.	Appraisal	
	– Date Started	18 August 2003
	– Date Completed	05 September 2003
2.	Loan Negotiations	
	– Date Started	29 October 2003
	– Date Completed	30 October 2003
3.	Date of Board Approval	28 November 2003
4.	Date of Loan Agreement	16 June 2004
5.	Date of Loan Effectiveness	
	– In Loan Agreement	16 September 2004
	– Actual	16 November 2004
	– Number of Extensions	1
6.	Closing Date	
	– In Loan Agreement	30 June 2010
	– Actual	24 January 2012
	– Number of Extensions	2
7.	Terms of Loan	
	– Interest Rate	1% during grace period and 1.5% per annum thereafter to be paid semiannually
	– Maturity (number of years)	32 years
	– Grace Period (number of years)	8 years
8.	Terms of Relending (if any)	
	– Interest Rate	Average weighted deposit rate (From 01 July 2009 relending rate was fixed at 6%)
	– Maturity (number of years)	20 years
	– Grace Period (number of years)	5 years
	– Second-Step Borrower	National Development Trust Bank

## 9. Disbursements

## a. Dates

Initial Disbursement	Final Disbursement	Time Interval
07 February 2005	23 November 2011	81.53 months
Effective Date	Original Closing Date	Time Interval
16 November 2004	30 June 2010	67.53 months

## b. Amount

Category	Original Allocation		Last Revised Allocation	Amount Disbursed		Undisbursed Balance
	SDR	\$	SDR	SDR	\$	SDR
01A Civil works—fish harbors	1,478,000	2,110,072	1,540,253	1,476,381	2,278,751	63,872
01B Civil works—others	3,033,000	4,33,074	6,178,939	6,132,104	9,483,015	46,835
02 Equipment/materials	413,000	589,621.5	620,730	599,526	922,869	21,204
03 Consultants/services	3,678,000	5,250,910	2,483,290	2,381,631	3,670,833	101,659
04 Credit line	2,802,000	4,000,286	1,562,224	1,451,232	2,255,596	110,992
05 Project management	574,000	819,473	635,285	547,527	840,556	87,758
06 Interest charge	385,000	549,647	381,898	203,906	312,456	177,992
07 Unallocated	1,646,000	2,349,918	606,381	0	0	606,381
<b>Total</b>	<b>14,009,000</b>	<b>20,000,000</b>	<b>14,009,000</b>	<b>12,792,307</b>	<b>19,764,076</b>	<b>1,216,693</b>
					<b>6</b>	
<b>Total (\$ equivalent)</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>21,641,756</b>	<b>19,764,076</b>	<b>19,764,076</b>	<b>1,877,680*</b>
					<b>6</b>	

\*Note: Identified loan savings of SDR1,182,435.39 (\$1,853,408.35) were cancelled and allocated to L2758: Secondary Towns and Rural Community-Based Water Supply and Sanitation Project (Additional Financing). An undisbursed balance of SDR34,256.94 (\$52,573.10) was cancelled at loan closure.

## 10. Local Costs (Financed)

- Amount (SDR)	8,491,021
- Amount (\$ million)	13.12
- Percent of Local Costs	95.28%
- Percent of Total Cost	41.76%

## C. Project Data

## 1. Project Cost (\$ million)

Cost	Appraisal Estimate	Actual
Foreign Exchange Cost	8.24	7.16
Local Currency Cost	20.20	24.28
<b>Total</b>	<b>28.44</b>	<b>31.44</b>

## 2. Financing Plan (\$ million)

Cost	Appraisal Estimate	Actual
Implementation Costs		
Borrower Financed	5.60	10.98
ADB Financed	19.41	19.46
Other External Financing		
Government of Netherlands	1.50	0.52
Beneficiaries	1.34	0.17
<b>Total</b>	<b>27.85</b>	<b>31.13</b>
IDC Costs		
Borrower Financed	0.00	0.00
ADB Financed	0.59	0.31
Other External Financing	0.00	0.00
<b>Total</b>	<b>0.59</b>	<b>0.31</b>

ADB = Asian Development Bank, IDC = interest during construction.

## 3. Cost Breakdown by Project Component (\$ million)

Component	Appraisal Estimate	Actual
<b>A. Base Cost</b>		
1. Livelihood improvement	11.50	16.63
2. SMA resource management	1.90	4.75
3. Coastal resource planning	2.70	1.76
4. Fisheries development	5.20	5.37
5. Project implementation	2.90	2.62
<b>B. Contingencies</b>	<b>24.20</b>	<b>31.13</b>
<b>Subtotal (A)</b>		
1. Physical Contingencies	2.05	0.00
2. Price Contingencies	1.60	0.00
<b>Subtotal (B)</b>	<b>3.65</b>	<b>0.00</b>
<b>Interest During Construction (C)</b>	<b>0.59</b>	<b>0.31</b>
<b>Total (A + B + C)</b>	<b>28.44</b>	<b>31.44</b>

## 4. Project Schedule

Item	Appraisal Estimate	Actual
<b>Main Consultants</b>		
LED providers	Q3 2004 - Q4 2009	Q2 2007 - Q4 2010
Design and supervision for harbors	Q3 2004 - Q4 2009	Q1 2007 - Q3 2010
Puduwakaddu harbor/anchorage feasibility study <sup>a</sup>		Q4 2007 - Q2 2008
Consultancy For coastal resource planning and resource management In special management areas	Q1 2005 - Q4 2007	Q2 2006 - Q3 2010
<b>Main Civil Work Contracts</b>		
Construction of Valaichchenai Harbor	Q3 2005 - Q4 2006	Q3 2008 - Q4 2010
Construction of Cod Bay Harbor	Q3 2008 - Q4 2009	Q3 2009 - Q4 2010

LED = livelihood enterprise development services, Q = quarter.

<sup>a</sup> Puduwakaddu was not identified in the original RRP, but later considered for rehabilitation as Cod Bay area was declared as high security zone until 2007.

## 5. Project Performance Report Ratings

Implementation Period	Ratings	
	Development Objectives	Implementation Progress
From 29 November 2003 to 29 April 2004	Satisfactory	Satisfactory
From 30 April 2004 to 30 May 2004	Satisfactory	Unsatisfactory
From 31 May 2004 to 29 April 2006	Satisfactory	Satisfactory
From 30 April 2006 to 29 September 2006	Partially Satisfactory	Satisfactory
From 30 September 2006 to 31 December 2010	Satisfactory	Satisfactory
<b>After the change of ADB performance rating system (effective from 01 January 2011)</b>		
From 01 January 2011 to 30 June 2011	On track	

## D. Data on Asian Development Bank Missions

Name of Mission	Date	No. of Person s	No. of Person-Days	Specialization of Members
Fact-finding	18 May – 07 Jun 2003	9	171	a,b,c,d,e,f,g,h,i
Appraisal	18 Aug – 05 Sep 2003	11	198	a,b,c,d,e,f,g,h,i,j,k
Special loan administration	10 Jan – 19 Jan 2004	1	9	l
Country consultation	13 May – 18 May 2004	1	5	b
Inception	10 Dec -21 Dec 2004	4	44	f, k,l,m
Inception and post-tsunami needs assessment	10- 19 January 2005	1	9	l
Review	20 Nov – 08 Dec 2005	2	36	f,m
Review	16 Oct – 23 Oct 2006	2	74	f,m
Review	17 Oct – 26 Oct 2007	5	195	f,j,m,m,n
Midterm review	7 Jul – 24 Jul 2008	3	51	f,j,m
Review	03 Apr – 09 Apr 2009	3	18	j,m,o
Review	12 Oct – 22 Oct 2009	2	20	m,o
Review	10 May – 19 May 2010	3	27	p,j,o
Review	17 Oct– 04 November 2010	4	68	f,j,o,p
Project completion review	21 Feb – 1 Mar 2012	6	45	j,q,r,s,t,u

a = project economist, b = principal project economist, c = senior counsel, d = natural resource management specialist, e = poverty reduction specialist, f = project implementation officer, g = staff consultant ( financial analyst), h = staff consultant ( harbor engineer), i = staff consultant ( community development specialist), j = gender specialist, k = post conflict specialist, l = environment specialist, m = project analyst, n = senior infrastructure specialist, o = assistant project analyst, p = associate portfolio management analyst, q = portfolio management officer, r = associate project analyst, s = staff consultant (rural development specialist), t = staff consultant (social financial and economic analyst), u = staff consultant ( gender and social development specialist).

## I. PROJECT DESCRIPTION

1. The North East Coastal Community Development Project (NECCDEP) was formulated and appraised during 2002–2003 and approved by the Asian Development Bank (ADB) in November 2003.<sup>1</sup> A loan of SDR14,009,000 (\$20,000,000) was provided and became effective on 16 November 2004, with an original closing date of 30 June 2010. The project cost at appraisal was \$28.4 million, to be funded jointly by the Government of Sri Lanka, ADB, the Government of the Netherlands, and the beneficiaries.

2. The report and recommendation of the President (RRP) classified the project as a core poverty intervention, with themes of gender and development and environmental protection. It aimed to reduce poverty and meet basic needs in coastal communities in Ampara, Batticaloa and Trincomalee districts of Eastern Province, with emphasis on improving sustainable livelihoods and sound management of natural resources. The project area included 396 *grama niladhari* divisions (GNDs), which were considered to be vulnerable. The GND is the lowest administrative level in Sri Lanka and commonly consists of 2 – 3 villages. The project initially targeted 150 coastal GNDs for support through community-based livelihood interventions and was to focus on women in particular, using a gender action plan (GAP). The design included support for resource management in three special management areas (SMAs), coastal resource management planning, and fisheries development. The project also planned to strengthen the planning and coordination capacity of the government agencies involved in it.

3. The project had five components. Component A was to support sustainable livelihood improvement, giving equal access to women and men. It was to include (i) provision of livelihood and enterprise development services (LEDS) to identify market opportunities in farming and non-farm activities, develop livelihood clusters, and provide entrepreneurship and skills training, (ii) developing a microfinance system to support these livelihood activities, and (iii) construction and rehabilitation of community infrastructure. Component B aimed at improving natural resource management and addressing acute environmental problems in ecologically sensitive areas upon which local people depended for livelihoods in three SMAs (Trincomalee Bay, Batticaloa Lagoon, Ampara–Potuvil Lagoon). It was to do this by (i) mapping resources to identify hot spots for intervention, (ii) implementing selected community-based interventions to rectify problems, (iii) public awareness programs, (iv) habitat conservation activities undertaken by local resource management groups, (v) consolidating community plans into SMA plans and strategies, and (vi) implementing any larger environmental interventions through suitable partners. Component C, coastal resource planning, was to establish a planning and management framework. The component was to include (i) developing shoreline management and tourism, with links to the national coastal zone management plan (CZMP); (ii) improving management and enforcement regulations and institutional capacities; (iii) conducting a study of Northern Province coastal resource management; and (iv) building capacity and providing equipment for government agencies. Component D, fisheries development, aimed to enhance the efficiency and productivity of the east coast fishing industry by (i) rehabilitating two major fisheries harbors and (ii) providing training in improved post-harvest fish handling. Component E, was the project implementation support.

4. When the project was appraised in 2002–2003, the people of the country's east coast had just emerged from 20 years of violent civil conflict.<sup>2</sup> Up to 50% of the 110,000 households targeted by the project were estimated to be living in poverty that was largely related to the

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<sup>1</sup> ADB. 2003. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the North East Coastal Community Development Project*. Manila.

<sup>2</sup> The conflict was between government forces and members of the Liberation Tigers of Tamil Ealam (LTTE). A ceasefire took effect in February 2002.

destruction of livelihood assets, displacement of people, loss of male family members, the traumatizing of communities, and the disruption of government institutional capacity. The percentage of households headed by females averaged 20% and reached up to 54% in parts of Ampara District.<sup>3</sup> During and after the conflict, pressure on the environment had grown due to a lack of effective protection and enforcement. The area's natural resource base, which most communities depended on, had degraded as a result, aggravating poverty. The project's direct benefits were expected to be (i) increased production and incomes for the poorest households, (ii) reduced economic losses from environmentally inappropriate resource management, and (iii) increased productivity of fisheries. The design mainly targeted about 40,000 households in the most vulnerable category, with emphasis on female-headed households (FHHs). Special provisions included conflict-sensitive approaches and a positive focus on women. An overall cost benefit assessment was impracticable due to largely unquantifiable benefits. The economic internal rate of return (EIRR) for the fisheries development was estimate at 30%.

5. The executing agency was the Ministry of Home Affairs, Provincial Councils, and Local Government (MHAPCLG).<sup>4</sup> The Eastern Provincial Council (EPC) was the lead implementing agency for components A, B, and C.<sup>5</sup> The National Development Trust Fund (NDTF) was the implementing agency for the microfinance provision under component A.<sup>6</sup> The Central Environment Authority (CEA) was implementing agency for the environmental protection capacity building and training elements of component C and the Ceylon Fishery Harbours Corporation (CFHC) was the implementing agency for component D.

## II. EVALUATION OF DESIGN AND IMPLEMENTATION

### A. Relevance of Design and Formulation

6. The project was designed to reduce poverty and was in line with the government's poverty reduction strategy.<sup>7</sup> It was consistent with the poverty partnership agreement<sup>8</sup> between ADB and the government and with ADB's country strategy and program for Sri Lanka,<sup>9</sup> under which ADB offered support to address conflict-related poverty and endorsed the government's focus on reducing poverty and facilitating sustainable natural resource management to improve livelihoods and sustain long-term economic growth. The design conformed with ADB's country strategy themes of improving gender in development and addressing the poverty-environment nexus, and to ADB's policy on fisheries.<sup>10</sup> The design addressed the needs of conflict-affected areas identified jointly by ADB, the United Nations Development Program, and the World Bank, and complemented ongoing assistance from ADB and other agencies.

7. The project was designed under ADB project preparation technical assistance (TA).<sup>11</sup> The TA undertook a comprehensive study of the east coastal area and included extensive

<sup>3</sup> ADB. 2003. *Technical Assistance to Sri Lanka for Preparing The Eastern Province Coastal Community Development Project*. Consultant's report. Manila (TA 3479-SRI).

<sup>4</sup> The executing agency later renamed as the Ministry of Rehabilitation and Reconciliation, then the Ministry of Nation Building and Estate Infrastructure Development, and finally the Ministry of Economic Development (MED).

<sup>5</sup> The lead implementing agency when the project was designed was the North East Provincial Council (NEPC), but it became the EPC after the de-merger of the Northern and Eastern provinces in 2006.

<sup>6</sup> This entity was later renamed the microfinance development division of Sri Lanka Savings Bank but is referred to as the NDTF throughout this report.

<sup>7</sup> Government of Sri Lanka. 2002. *Regaining Sri Lanka: Vision and Strategy for Accelerated Development*. Colombo.

<sup>8</sup> ADB. 2002. *Poverty Reduction Partnership Agreement between Democratic Socialist Republic of Sri Lanka and the Asian Development Bank*. Manila.

<sup>9</sup> ADB. 2001. *Country Strategy and Program Update: Sri Lanka, 2002–2004*. Manila.

<sup>10</sup> ADB. 1997. *The Bank's Policy on Fisheries*. Manila.

<sup>11</sup> ADB. 2000. *Technical Assistance to the Democratic Socialist Republic of Sri Lanka for Preparing the Eastern Province Coastal Community Development Project*. Manila (TA 3479-SRI), \$1,000,000, approved on 16 August).

consultations with stakeholders. Lessons were drawn from other projects, such as ADB's Coastal Resource Management Project.<sup>12</sup> The design and monitoring framework (DMF) is in Appendix 1.<sup>13</sup> The intended outcome in the original DMF was sustainable livelihood improvement and sound management of natural resources in Eastern Province.

8. Preliminary project activities began with loan approval in late 2003 and full operations started with loan effectiveness in November 2004, following government's compliance with effectiveness conditions. On 26 December 2004, Indian Ocean tsunami devastated the coastal areas. Civil conflict re-erupted in 2006 and peace was not restored until May 2009. Appendix 2 reviews the impact of these events and a timeline of project implementation is in Appendix 3.

9. The tsunami drastically changed the vulnerability profiles of coastal communities and renewed fighting caused further dislocation of the people of the project communities and restricted accessibility by project staff. These externalities disrupted the project and led to an agreement by ADB to change it significantly:

(i) The RRP had targeted 225 vulnerable GNDs for intervention. In early 2005, the ADB grant-funded Tsunami-Affected Areas Rebuilding Project (TAARP) was launched<sup>14</sup> and responsibility for tsunami-affected GNDs, including 70 of the GNDs that had originally been under the NECCDEP, was assigned to the TAARP's component B. This narrowed the direct scope of the NECCDEP to 130 GNDs (Appendix 4). Component B of TAARP was implemented in 258 other tsunami-affected GNDs under separate funding but in partnership with the NECCDEP. Additional staff were recruited to provide implementation support to component B of the TAARP.

(ii) In April 2005, the project's original budget ceiling of \$20,000 per GND was raised to \$40,000, with approval of the national steering committee. This was to make use of savings arising from the reduction of the NECCDEP's target GNDs.

(iii) Demand for microfinance declined due to the reduced number of NECCDEP target GNDs and because subsidized credit schemes made available after the tsunami were offering cheaper terms. Funds were therefore reallocated from the project credit line to civil works (\$1.0 million in May 2007 and \$0.9 million in September 2010).

(iv) In February 2010, loan closure was extended from 30 June 2010 to 30 November 2010. Closure was extended again to 30 June 2011, to process additional financing to meet the government's request to extend activities to Northern Province.

10. ADB also approved the following minor changes:

- (i) In November 2006, parallel funding by the Government of Netherlands expired.
- (ii) In May 2007, CFHC funds were routed via the Northeastern Provincial Council's imprest account. In February 2008, an NDTF imprest account was set up.
- (iii) In September 2010, ADB's ceiling for the local cost financing was increased.

11. The project's design, which focused on post-conflict rehabilitation, was highly relevant. The tsunami and renewed hostilities could not have been envisaged at appraisal but, even after changes made during implementation, the project remained highly relevant at all times.

<sup>12</sup> ADB. 1999. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the Coastal Resource Management Project (Sri Lanka)*. Manila.

<sup>13</sup> The project framework in use by ADB in RRP's at the time of the project design was later replaced by the design and monitoring framework.

<sup>14</sup> ADB. 2005. *Report and Recommendation of the President to the Board of Directors: Proposed Grant and Loan to the Democratic Socialist Republic of Sri Lanka for the Tsunami-Affected Areas Rebuilding Project and North East Community Restoration and Development Project II (Sri Lanka)*. Manila.

## B. Project Outputs

12. Outputs are reviewed against the performance targets in the revised DMF in Appendix 1, which reflects changes agreed at the 2008 midterm review to accommodate tsunami impacts. Most outputs were achieved by closure but completion dates slipped due to renewed conflict.

### 1. Component A: Sustainable Livelihood Improvement

13. By closure, activities were completed in 129 or 130 target GNDs. Kanchurankuda GND in Ampara District continued to be affected by conflict-related displacement of villagers.

14. Implementing partner nongovernment organizations (IPNGOs) were recruited to mobilize communities and prepare participatory village development plans (VDPs). This was done by strengthening 60 existing men's rural development societies (RDSs) and forming 69 new women's rural development societies (WRDSs). Plans were prepared and reviewed on a 3-year rolling program. LEDS providers identified market opportunities in farm and non-farm activities and developed livelihood clusters.<sup>15</sup> About 13,500 people received skills and entrepreneurship training in such areas as food processing, poultry raising, tailoring, fishing, running retail shops, and making handicrafts.

15. Microfinance nongovernment organizations (MFNGOs) were recruited, registered with the NDTF, and provided with microfinance to support livelihood activities under the NDTF credit line. They made 7,583 microfinance loans of up to SLRs75,000 each to beneficiaries (6,585 female and 998 male) from 7,460 households for livelihood activities. Overall lending totaled SLRs255.4 million. This compared with a revised target of 8,000 loans at midterm review, which had been reduced from the original RRP target of 40,000 loans. The reduction reflected (i) the lowering of the number of target GNDs, (ii) the fact that many trainees funded enterprises themselves, and (iii) slow credit uptake at first due to high initial MFNGO interest rates and competition from low-cost credit offered under tsunami relief programs. In 2009, the government reduced lending rates to the NDTF, which reduced their MFNGO's on-lending rates, and credit uptake increased (Appendix 4). The NDTF reported a very low default rate of 2.3%.

16. After social and environmental needs assessments were conducted under the project, communities built or rehabilitated 596 small-scale community infrastructure projects, such as minor roads, wells, multipurpose buildings, preschools, markets, fishers' restrooms, and environmental schemes. Because the communities lacked the capacity to manage these projects, progress was slow and some inferior work occurred, which was later rectified through IPNGOs. Some GNDs were clustered so they could pool funding and create larger, common structures.<sup>16</sup> A total of 65 of these cluster infrastructure projects were completed, including livelihood development and training centers, grain stores, markets, milk chilling centers, rural roads, a shopping complex, and playgrounds.

17. **Key project community infrastructure being used.** All the community infrastructure projects are being managed and maintained by beneficiary communities, most of them WRDSs. The social and economic impact assessment study and the income and livelihood survey conducted for the project completion report (PCRILS) showed high levels of appreciation for the choice, quality, and maintenance of infrastructure (Appendix 4). The multipurpose buildings are used for training, handicraft making, and meetings. Some are rented out for community events to provide income for operating costs. Cluster projects, such as regional training centers, are

<sup>15</sup> LEDS providers specialized in different skills. For example, Agromart Foundation had expertise in women empowerment, Practical Action in intermediate technologies, and Sarvodaya Economic Enterprise Development Services (SEEDS) in microfinance.

<sup>16</sup> This effort was supplemented by funds reallocated from savings from the credit line.

shared with centers operated by the Ministry of Science and Technology, an organization that has a mandate to provide vocational training. This ensures that they are properly maintained. These centers are used by the Rural Development Department for skills training, especially for women.

18. **Livelihoods improved by project's skills training and microfinance.** Under the project's 488 LEDS programs, 13,546 beneficiaries were given skills and entrepreneurship training (7,761 women and 5,785 men). Over 80% of recipients established the enterprise for which training was given, including 7,583 who took at least one loan and many others who funded their undertakings themselves. The LEDS training was sometimes out of step with the MFNGOs' activities, which caused a lag between training and loan provision. The positive gender-related outcomes were the active involvement of women in the WRDSs and greater social and economic empowerment resulting from their access to skills training and formal credit and their home-based livelihood activities (Appendix 5).

19. **Indigenous people.** The design called for special support for coastal communities of indigenous people, the Veddah. These activities were intended to improve their livelihoods in a sustainable manner but the Veddah refused any special treatment and the activities were consolidated within the overall support provided under component A.

## 2. Component B: Resource Management in Three Special Management Areas

20. This component aimed to improve livelihoods by promoting community-based environmental and natural resource management activities and by making investments in priority locations in the SMAs. The objective was to ensure long-term sustainability of livelihoods, especially in fisheries, agriculture, and tourism (Appendix 6). The CEA helped prepare 24 draft resource maps but not the proposed detailed resource profiles for each GND. This was because funding for this purpose from the Government of the Netherlands ceased in 2006.

21. **Community-level resource management improved.** IPNGOs used participatory resource mapping to help SMA communities identify natural resource management issues and acute environmental hot spots and to formulate community-level interventions. Maps were prepared for 167 GNDs.<sup>17</sup> The design envisaged that the maps would be consolidated at the district level under special management area committees (SMACs). The international consultants later prepared coastal resource profiles that brought together the SMA plans and resource maps for all district secretariat divisions.

22. The design planned many community-based projects that proved to be beyond the capacity of communities to carry out. The DMF was revised at midterm review to emphasize projects to save firewood and manage waste at community level (Appendix 1). Larger interventions were contracted out under supervision of the SMACs. Firewood use in the communities was reduced by distributing 7,444 energy-efficient stoves that cut wood consumption by 20% and 1,387 paddy husk stoves that use no firewood.

23. **Resource management improved.** The project completed 68 environment-related interventions and helped improve resource management in the three SMAs. Interventions included (i) solid waste management, (ii) demarcation of lagoon boundaries and mangrove restoration, (iii) tree planting, and (iv) coastal conservation. Broad-based interventions enhanced coastal tourist amenities and raised public environmental awareness (Appendix 6). An integrated solid waste management scheme was built in Batticaloa District, while other agencies installed a similar system in the district of Ampara.<sup>18</sup> EPC proposed a site for

<sup>17</sup> These included GNDs covered under component B of the TAARP.

<sup>18</sup> This was constructed by the United Nations Office for Project Services and funded by the European Union.

Trincomalee District but it was in the forest reserve and not accepted by ADB. No alternative site was found. Bins for compost and other waste and guidance handbooks were supplied to 67 schools and school children were made aware on solid waste management and make compost.

### **3. Component C: Coastal Resource Planning**

24. This component established a framework for coastal planning and management, including improving enforcement regulations, establishing a database and a planning system for coastal resources management, tourism planning, and strengthening of institutional capacities (Appendix 6). Results from technical studies were used in special area management (SAM) plans, the Eastern Province Integrated Coastal Resource Management Plan (EPICRMP), and by the Coast Conservation Department (CCD) to develop the Ampara SMA. Gender balance and equity principles were mainstreamed in the planning. Implementation was hindered by the continuing conflict, which delayed the arrival of the international consultants.

25. **Coastal resource planning capacity in Eastern Province strengthened.** The provincial planning secretariat (PPS) and district planning secretariats were given computers and other equipment. Provincial and district planning officers and CEA planners were trained in spatial information systems and planning techniques. A database was created in geographic information system (GIS) Arc format to present spatial information on coastal resources to aid planners. It was impossible to develop an updateable provincial resource management database system due to limited support from the PPS and inadequate time.

26. An interagency planning group (IAPG) established at the provincial government level coordinated planning activities. In 2006, the IAPG was transferred to the national level under the secretary of the executing agency to involve agencies covering critical, non-devolved subjects such as coastal resource management. Meetings were held regularly with the CCD, the CEA, the National Aquatic Research and Development Agency (NARA), and other relevant national agencies. Engaging provincial and national agencies through the IAPG facilitated coastal resource management planning.

27. **Environmental enforcement capacity in Eastern Province strengthened.** Enforcement capacity was weakened by the tsunami and the civil conflict. The project facilitated the posting of CEA regional officers to each district and constructed a regional office for the CCD. The CEA was provided with vehicles for their officers. It reports a tenfold increase in the issuance of environmental protection licenses over the project period, partly due to recent rapid local development.

28. The project provided specialized laboratory equipment and a mobile environmental testing laboratory to Eastern University in Batticaloa to help it monitor pollutants and water quality. The equipment is being used regularly. The Department of Agriculture is seeking use of a mobile laboratory for soil testing. The design envisaged a review and amendment of coastal management legislation through the EPC. However, only a draft statute for tourism was prepared for the provincial council, as it was one of the subjects in the concurrent list for possible delegation. Local officers were trained in legal guidelines for coastal resources planning.

29. **Provincial coastal resource management planning.** A comprehensive EPICRMP was prepared under the project after wide consultation that involved fair representation by women. The plan was finalized with the CCD and published in January 2010. This plan analyzed the role of the public sector administration, the social and economic factors, and management issues relating to coastal erosion in Eastern Province (Appendix 6). Recommendations included conserving and managing coastal habitats and species and controlling coastal pollution. Ways were presented to integrate coastal agriculture, fisheries, aquaculture, and forestry resources,

especially to address their vulnerability to climate change. The document provides key indicators, targets, means of verification, and budgets, with cross-references to the CCD's CZMP. The consultants finalized the district and divisional coastal profiles and SAM plans.

30. **Tourism development planning.** Technical studies were completed and a strategic plan for tourism development was prepared (Appendix 6). The plan analyzed the current status and the opportunities for tourism in the districts, using a tourist circuit strategy. It provided guidance on delivery of a sustainable, world-class tourism industry, with branding of the Eastern Province product. The plan provides 13 innovative development concepts to realize the plan vision and 24 proposed actions to address particular issues. Several of the actions were implemented by the project, including Batticaloa beautification, establishment of a visitor centers, and improving coastal amenities.

31. **Awareness campaigns.** The project carried out awareness campaigns on gender and environmental subjects through 112 street dramas, 16 school events, and via radio, the press, and leaflets. Local officers were trained on coastal resources planning.

32. **Study of coastal resource management issues in Northern Province.** The study was to be made by the CEA consultants under funding by the Government of the Netherlands. However, the conflict situation in the province precluded field work even though some provincial planning officers were trained by the project. The funding expired at the end of 2006. In 2009, ADB agreed to a government request to use project funds for the study as a precursor to a process loan for Northern Province but the government later reallocated the funds to road sector.

#### 4. Component D: Fisheries Development

33. The country's two main east coast fishing harbors, Valaichchenai and Cod Bay, were in poor condition after the conflict. This component aimed to rehabilitate the harbors and enhance the efficiency and productivity of the east coast fishing industry through ancillary training. Progress on this output was hindered mainly by organizational changes at the CFHC and adverse security conditions, especially at Cod Bay. A new harbor was proposed at Pudavaikaddu to replace Cod Bay and a feasibility study was completed but the site was rejected by local communities. After security conditions improved at Cod Bay, the rehabilitation works were commenced as planned and bids were called for in 2007.

34. **Harbor facilities at Valaichchenai and Cod Bay rehabilitated.** During planning, consultations were held with fishermen's cooperative societies. Design and construction supervision consultants were appointed for each harbor but delays occurred during procurement. Under international competitive bidding, bids for Valaichchenai were extremely high. They were re-packaged and let under national competitive bidding. Work started in early 2009 and both harbors were completed by the end of 2010.<sup>19</sup>

35. The design anticipated that the number of fishing boats using Valaichchenai and Cod Bay harbors would increase by 65% and 70%, respectively, between 2000 and 2010. Since the harbors were not maintained and almost abandoned during this period due to prevailing conflict in the country, the percentage targets became somewhat irrelevant. In March 2012, 14 months after completion, the number of fishing boats using Valaichchenai Harbor had increased by four times and Cod Bay by over five times since 2000.

36. **Harbor management and operational efficiency at Valaichchenai and Cod Bay improved.** The CFHC posted trained staff to manage the harbors and engaged local community organizations to operate some services. Private sector participation in harbor operations, as

<sup>19</sup> The facilities at Valaichchenai were opened in July 2011. By March 2012, the new facilities at Cod Bay had still not been formally opened but were operating.

proposed in the corporate plans, is being introduced (Appendix 7). Plastic fish boxes are now used, improving the efficiency of handling and reducing post-harvest losses. Fishers report faster turnaround times due to easy access to services, increased quay space, and direct quayside access by traders' vehicles.<sup>20</sup> At Valaichchenai Harbor, complaints by fishers decreased by 50% after the reopening of the rehabilitated harbor.

**37. Productivity of east coast fishing industry improved.** In 2003, the Fisheries Department estimated that harvests of large pelagic fish off the east coast could be doubled sustainably.<sup>21</sup> The two rehabilitated harbors were well suited to serve as bases for exploiting this resource efficiently and are now attracting new multiday boats from other parts of the country. Because the harbor rehabilitation was completed only at project closure, it was too early for the PCR mission to measure productivity changes (Appendix 7). Crews of boats registered at Valaichchenai and Cod Bay are applying new skills. The project established onshore processing facilities at each harbor but the envisaged processing and export of 40% of the tuna catch was not achievable because all the tuna was being bought and sold by traders in domestic markets.

## **5. Component E: Project Implementation Support.**

**38.** A PMU was established in the city of Trincomalee in November 2003. It was responsible for project management and monitoring services and was supported by three district PMUs, each headed by a deputy project director. The PMU became fully operational at loan effectiveness in November 2004. Staff were engaged and district offices were established. An online management information system and performance and process monitoring systems were introduced in 2005 and helped process adjustments to the evolving implementation conditions. A coastal resource planning unit was set up for the planning consultants in the PPS but this later moved to the PMU premises. In 2005, the PMU assumed responsibility for supporting the component B activities of the TAARP in each district and more staff were recruited. The staff size peaked at 145 persons in 2009. Consultants were recruited to support the project and contracts were awarded to 22 IPNGOs in early 2005 and to three LEDS providers, beginning in 2006. Work was completed by November 2010 after a 5-month extension.

### **C. Project Costs**

**39.** The total project cost at completion was \$31.4 million, compared with \$28.4 million estimated at appraisal (Appendix 9). The \$3.0 million increase (7%) was attributable mainly to a higher contribution by the government. This resulted from reallocations to the civil works category (to finance cluster projects in component A) from loan savings under the consultancy and credit categories. It was estimated at appraisal that 70% of the cost would be financed by ADB, 20% by the government, and that the Government of the Netherlands and the beneficiaries would finance 5% each. The actual shares of ADB and the government at completion were 63% and 35%, respectively. The share of the Government of the Netherlands was only 1% (\$0.52 million) as unused funds were cancelled when its funding expired in November 2006. Mobilizing credit disbursements was slow (Appendix 4). At the borrower's request, \$1.9 million was moved from the credit category to the civil works category in 2007 and 2010. At completion, only 56% of credit line funds had been disbursed (\$2.26 million of \$4.00 million). The original budget was reallocated among categories in 2007, 2008, and 2010.

<sup>20</sup> One fishing crew at Valaichchenai told the PCR mission that this was now the best harbor in Sri Lanka.

<sup>21</sup> ADB. 2003. *Project Preparatory Technical Assistance for Eastern Province Coastal Community Development Project*. Consultant's report. Manila (TA 3479-SRI).

## **D. Disbursements**

40. Disbursements were slow initially but picked up and improved significantly after 2007 with the decline in the armed conflict and the start of the cluster works and fishery harbor construction. More than 50% of disbursements were in 2010 and 2011 (Appendix 9). No disbursements were made under the credit component until 2007.

41. Two imprest accounts were established at the Central Bank of Sri Lanka to expedite project implementation and ensure timely release of funds: one for the NEPC and one for the CFHC. However, ADB approved a minor change in implementation arrangements in May 2007 to accommodate the borrower's request that it manage CFHC project finances through a single imprest account under the NEPC. The initial advance of \$600,000 for the NEPC was increased to \$1,600,000 in October 2009 to cover expenditure on the CFHC's component.

42. The loan agreement had no provision for opening an imprest account for the credit line. In February 2008, ADB approved the borrower's request to open an account. A statement of expenditure procedure was used to replenish funds spent from the NEPC imprest account, which helped to eliminate liquidity constraints and ensured smooth project implementation. Larger civil works contracts, including harbor works were settled by direct payment procedures.

## **E. Project Schedule**

43. Appendix 3 shows the project's original schedule and actual progress, as well as a timeline of administrative milestones and significant events. The start was delayed by 1 year to await compliance with loan effectiveness conditions. The tsunami interrupted implementation and made a revision of the targets necessary. This led to the partnership with component B of the TAARP (para 9). A subsequent renewal of civil conflict seriously affected project operations (Appendix 2). Security concerns delayed development of the fishery harbors. Nevertheless, the PMU managed to complete project activities in November 2010 after a 5-month extension

## **F. Implementation Arrangements**

44. The RRP identified the executing agency as the MHAPCLG but the government changed this to the Ministry of Rehabilitation and Reconciliation, then the Ministry of Nation Building and Estate Infrastructure Development, and finally to the Ministry of Economic Development. These changes had no material impact on the project. The lead implementing agency was initially the North East Provincial Council and became the EPC after de-merger of the two provinces in 2006. The project director was a competent senior administrator and remained at the post throughout the project, providing continuity of leadership. As anticipated at design, the capacities of the IPNGOs and local authority technical officers proved to be inadequate initially but the project strengthened their abilities through training programs (Appendix 10). Capacity was also boosted by supplementary project staff recruited for tsunami relief. The NDTF managed the credit line under component A. The CEA was responsible for the elements of components B and C that were funded by the Government of the Netherlands and continued to support the project after this funding ended in 2006. Formally making the CCD the coordinating agency for component C coastal planning could have enhanced ownership. The CFHC, as the implementing agency for component D, established a project implementation unit in Colombo.

45. A national level steering committee included in the design was set up under the executing agency. A provincial project coordinating committee under the chief secretary and district and divisional project steering committees and SMACs were also established. The IAPG was effective in coordinating activities until project closure. Appendix 11 shows the

organizational structures. The design had anticipated that the government and the Liberation Tigers of Tamil Eelam would negotiate a transitional administration for the Northern and Eastern provinces and that any new administrative mechanisms that resulted would need to be incorporated into the project operational procedures. This was superseded by events, including the renewal of hostilities and the changed conditions when the conflict came to an end.

#### **G. Conditions and Covenants**

46. Loan effectiveness was delayed due to late signing of the subsidiary loan agreement between the NDTF and the government, pending a legal opinion for the participatory agreement between the parties. Most covenants were complied with by the specified date or within a reasonable time (Appendix 12). One precondition prior to the rehabilitation of either of the two fishery harbors was CFHC to submit Borrower and ADB cost recovery plans for sustainable operation and maintenance of the relevant harbor; private sector participation in harbor activities; and consistency with long-term development plans for the area. The two harbors have been operated and managed by the CFHC according to these plans including promoting private sector participation in harbor activities. However, the handing over the operation of the Valaichchenai harbor to stakeholders, as stated in the plan, was unrealistic. Every CFHC harbor has efficiently used harbor development committees to handle operations and ADB agreed that this mechanism was the most appropriate approach.

#### **H. Consultant Recruitment and Procurement**

47. The loan provided for 416 person-months of consultant services—35 person-months international and 381 person-months domestic—as well as other packages for services by consultants and NGOs. No major recruitment issues arose but the fielding of the international team and one LEDS provider was delayed by the conflict. The categories of consultants actually engaged, which are shown in Appendix 13, differed slightly from what was envisaged in the RRP. The project management support consultants functioned effectively. Several contract variations were agreed with the international firm to adjust inputs to fit evolving needs. The project employed nearly 800 person-months of consultant services in addition to planning and technical studies through contracts with consulting firms.

48. Civil works procurement for hundreds of community projects, which included preparing contract agreements, post facto approval, and monitoring payments, was time consuming and PMU found procurement procedure cumbersome. In July 2008 and May 2009, the procurement mode for rehabilitation of the two fishery harbors was changed from international to national competitive bidding and bid packaging was altered to offer three bid packages instead of one, with dredging packages awarded to the CFHC on a force account basis.

#### **I. Performance of Consultants, Contractors, and Suppliers**

49. The Borrower's Completion Report rated the consultants satisfactory (Appendix 13). The administrative and technical capacities of the IPNGOs were initially weak due to heavy workloads after the tsunami and competition for trained staff during the relief effort. Community organizations responsible for building community infrastructure lacked experience and skills to manage the projects and over 70% of contracts had to be extended. About 30% of the small-scale SMA projects were implemented in a satisfactory way. The performances of the contractors for the larger projects were satisfactory. Eight contracts were let for the fishery harbors, two of which went to the CFHC. Progress was slow at first and all contractors were affected during the conflict period by (i) reduced community support, (ii) lack of skilled labor, (iii) minimal technical support by the government, and (iv) restrictions on the transport of materials.

## J. Performance of the Borrower and the Executing Agency

50. The performances of the government as borrower and of the executing agency are rated *highly satisfactory*. Despite the fact that the role of executing agency was shifted between ministries several times, coordination at national level for the steering committee remained effective. The executing agency also chaired the IAPG, which was switched from the provincial to the national government level because some project elements were non-devolved. The performance of the Provincial Council as lead implementing agency is rated *satisfactory*. It worked closely with the PMU, facilitating institutional links at the district and divisional levels and reviewing project outputs. However, the Provincial Planning Secretariat did not fully engage with the project as the focus on the routing of planning activities.

## K. Performance of the Asian Development Bank

51. ADB's performance was highly satisfactory as rated by the borrower.<sup>22</sup> The borrower initially experienced delays in responses from ADB headquarters but this problem was resolved by delegating the project to Sri Lanka Resident Mission in late 2006. Formal monitoring was accomplished by 11 ADB missions (Appendix 3). ADB accommodated several changes to the project. The PMU appreciated the ADB's flexibility in permitting changes in approach to maintain progress with minimal disturbance, as well as the clear coordination between the ADB officers concerned. ADB responded promptly to the tsunami crisis, establishing the TAARP and arranging the partnership between the project and the TAARP's component B.

## III. EVALUATION OF PERFORMANCE

### A. Relevance

52. The project was *highly relevant*. It was designed to reduce poverty and was thus in line with the government's poverty reduction strategy<sup>23</sup> and with the ADB's poverty partnership agreement and country strategy and program for Sri Lanka.<sup>24</sup> At completion, it remained highly relevant to government's poverty reduction policy framework.<sup>25</sup> Key elements of the project continued to conform to the ADB's country partnership strategy for the country for 2009–2011.<sup>26</sup> These focused on socially inclusive economic growth through greater access to economic and social services for the poor and those living in conflict-affected areas, with themes of (i) gender mainstreaming, (ii) conflict-sensitivity in implementing projects in conflict-affected areas, (iii) improved governance through stronger public service delivery, and (iv) environmental capacity strengthening to implement environmental and social safeguards.

53. Designed during a ceasefire in 2002–2003, the project's original focus was post-conflict rehabilitation and it was expected to be implemented in the aftermath of hostilities. When the civil violence resumed in 2007–2009, the project was inevitably interrupted (Appendix 2). In addition, the tsunami in 2004 had radically altered the conditions in the coastal communities upon which the design was premised. This necessitated significant changes, including the reduction of the component A output targets and the application of the original design approach to component B of the TAARP, the new ADB grant-funded partner project that took responsibility for tsunami-affected communities (para. 9). Some more minor midcourse design

<sup>22</sup> Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

<sup>23</sup> Government of Sri Lanka. 2002. *Regaining Sri Lanka: Vision and Strategy for Accelerated Development*. Colombo.

<sup>24</sup> ADB. 2001. *Country Strategy and Program Update: Sri Lanka, 2002–2004*. Colombo.

<sup>25</sup> Government of Sri Lanka, Department of National Planning, Ministry of Finance and Planning. 2010. *The Emerging Wonder of Asia: Mahinda Chintana–Vision for the Future*. Colombo.

<sup>26</sup> ADB. 2008. *Country Partnership Strategy: Sri Lanka, 2009–2011*. Manila.

changes were also required. For example, the government took on the costs of reducing interest rates for the credit line. However, because but most changes were in response to the tsunami or renewed conflict, the design principles remained highly relevant throughout the project.

## **B. Effectiveness in Achieving Outcome**

54. Overall, the project was *effective* in achieving its intended outcome, despite disruptions by the tsunami disaster and civil conflict (Appendix 2). The intended outcome in the amended DMF was, “Livelihoods sustainably improved in 130 target GNDs and natural resources managed sustainably in coastal areas of Eastern Province.” The project was highly effective in achieving the livelihood and poverty interventions, which were completed in 129 GNDs.<sup>27</sup> The design envisaged a 50% reduction in vulnerable GNDs but the vulnerability profiles changed after the tsunami and renewed conflict and some vulnerability criteria were neither within the control of the project nor comparable with data from the PCR sample surveys (see Appendix 4). Consequently, household incomes were used as a proxy for “livelihoods” and access to formal credit for “indebtedness.” Poverty was reduced. The incomes of loan beneficiaries increased by 39% in real terms and this seems to have benefitted the poorest people. Vulnerability to indebtedness declined, with 29% of households relying on formal credit systems after the project, compared with their prior universal dependence on money lenders. The credit facilities and awareness raising by MFNGOs enabled 71% of the project households, none of which had borrowed for income generation activities before, to access formal credit (Appendix 4). Other households applied skills from training to set up enterprises with their own or their families’ funds. These households accounted for 32% of the overall investment. Real increases in incomes of at least 20% are likely for the rest of the 50,000 project households.

55. Community organizations are now managing most of the new community infrastructure that was provided for the target GNDs. Years of conflict had opened a communications gap between the villagers and government and interaction through the project’s VDP process helped narrow it. Community centers have provided venues for training, especially of women, which has enhanced the livelihood skills base. The GAP was followed but changing gender roles resulting from the conflict and tsunami made this a challenge. Tangible evidence of gender-related outcomes is the continued involvement of women in the WRDSs, in helping lead their communities, in socioeconomic empowerment via skills training and access to credit, in continuation of their home-based livelihood activities, and in the greater well-being of families overall. The increases in their incomes brought about by livelihood activities were invested in educating their children, improving their homes, and growing their savings. The project made women responsible for infrastructure contracts, providing them with an entry to non-traditional ways to generate income and contribute to communities. The project’s intangible benefits for women were greater independence, self-esteem, and decision making powers and a better status in the home and community.

56. The EPICRMP and provincial strategic tourism plan (Appendix 8) offer frameworks for future coastal development and management but late their completion precluded reviews. Establishing CEA district offices and a CCD regional office strengthened environmental management but revising coastal management legislation was not possible for institutional and jurisdictional reasons. The environment-related outputs under the SAM plans have raised public awareness, reduced lagoon pollution and encroachment, and enhanced tourism assets. (Appendix 6). The fishery harbors provided efficient facilities for the east coast fishing industry (Appendix 7) but the 3-year delay in harbor completion due to the conflict, problems with the CFHC administration, contractor selection, and procurement precluded follow-up monitoring of harbor operations. The overall the project is rated as *effective*.

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<sup>27</sup> Continued conflict-related disruption prevented completion in one GND.

### C. Efficiency in Achieving Outcome and Outputs

57. The project is rated *efficient* in attaining the intended outputs and outcomes cost effectively in the face of difficult operating conditions after the tsunami and during a period of civil hostilities. The conflict restricted activity in 40% of the project area at times. Project management was highly efficient and displayed flexibility and conflict sensitivity in coping with the security limitations and fluid social conditions at the community level. ADB provided supportive management and responded very efficiently to the tsunami crisis by introducing a partnership between the project and component B of its new TAARP. The performance of some community organizations and IPNGOs was less than efficient, requiring supplementary support and mentoring, but this was to be expected since the project aimed at strengthening and empowering communities. High interest rates reduced credit uptake by beneficiaries at the start but the government rectified this by reducing their on-lending rates to the NDTF. Some unspent credit line funds were transferred to community civil works. Some civil works contracts were completed late due to a mixed performance by contractors, some of it conflict-related. Community organizations should have managed contracts themselves but many outsourced work to contractors, thereby reducing the financial benefits to their communities. This was especially true of the rural development societies (RDSs). Preparation of the SMA plans and the EPICRMP was delayed due to late mobilizing of international consultants. Nonetheless, with a 5-month extension, the project managed to complete work without significant cost variation. The CEA, funded by a Government of the Netherlands grant of \$1.5 million, successfully regionalized its operations and partially completed activities under components B and C but midcourse internal problems impaired its performance.

58. No overall cost benefit analysis was done at design (para. 4) but the EIRR for the fisheries development was estimated at 30%. The harbors were completed late but a reevaluation shows a highly efficient EIRR of 56% (Appendix 14).

### D. Preliminary Assessment of Sustainability

59. The project's sustainability is *likely*. The government remains committed to developing conflict-affected areas in this coastal region and to reducing poverty. MFNGOs those accounted for 87% of the credit disbursements continue to operate in these project areas. Most community organizations remain active and 62% of the project communities considered the microfinance links to be sustainable. About 25% of credit-funded livelihood enterprises continue to function well or to expand. This is a highly acceptable success percentage compared with similar past programs in Sri Lanka. MFNGOs continue to disburse NDTF credit. Most community infrastructure is functioning and managed by communities. This includes multipurpose buildings that are used for training, meetings, preschools, handicrafts, and an office for the *grama niladhari*, or village head. The cluster-based vocational training centers are well supported except in a few places and subletting to training organizations assures future maintenance. The empowerment of women and their predominant involvement in livelihood enterprises, community infrastructure, and training centers supported by the project should be sustainable, although the post-project sense of ownership varies from community to community.

60. The coastal resource plans are being used by district government planning staff and are included in the Eastern Province plan. The CCD is using them as a baseline for coastal planning and the EPICRMP findings will be in the national CZMP.<sup>28</sup> The sustainability of these plans will depend on regular updates by a responsible government agency. The CCD is implementing the SAM plan for Ampara District. The tourism plan was accepted by the EPC and the Tourism Development Authority. Sustainability of the Batticaloa solid waste management scheme will

<sup>28</sup> This is required under the new Coastal Conservation Act of 3 December 2011.

depend on Batticaloa municipality taking the urgent action needed to maintain the landfill system. Demarcating lagoon boundaries has given riparian users legal protection against encroachment but mangrove replanting schemes may not all succeed. Municipal councils have a sense of ownership for the coastal and lagoon beautification schemes and tourist facilities and outsourcing management to community organizations bodes well for sustainability. Similarly, community management of the Batticaloa environmental learning center and ecopark favor sustainability. These centers will improve public awareness of the need to conserve biodiversity and natural resources. Environmental enforcement has now been established through the CEA but coastal management legislation is yet to be revised. The Valaichchenai and Cod Bay fishery harbors, under sound management by the CFHC, are highly likely to be sustainable.

## **E. Impact**

61. The project made positive contributions to the intended impact of reducing poverty and meeting basic needs in coastal communities of Eastern Province. The revised target was “real incomes of 25,000 coastal households increased by at least 20% by December 2010.”<sup>29</sup> Real incomes of at least 19,000 households are expected to have increased by up to 20% by the end 2012 due to the NECCDEP, the extension of community livelihoods activities by nongovernment organizations, added employment of fishing boat crews and onshore workers at the two harbors, and new jobs in coastal tourism ventures (Appendix 4). Project resource management plans have been incorporated in the Eastern Province plan for 2012–2016.<sup>30</sup> The EPICRMP will be incorporated in the 2013 national CZMP and in the strategic plans of the EPC. Thus, measures to protect the coastal environment and natural resource base should be incorporated into future policy.

## **IV. OVERALL ASSESSMENT AND RECOMMENDATIONS**

### **A. Overall Assessment**

62. The project is rated *successful* overall. After initial changes in the number of target GNDs to accommodate the impact of the tsunami and despite the disruption of a ceasefire by renewed civil conflict, it was implemented broadly as conceived. Community infrastructure was enhanced and the livelihoods of 7,500 households were improved through community-based planning, training, and credit provision for enterprise development, especially among women and the poor. Poverty was reduced, with real incomes of loan beneficiaries increasing by 39%. The project implemented a pro-women strategy, particularly in providing loans and training and identifying small-scale social infrastructure. The WRDSs were strengthened by training managers and encouraging responsibility for small infrastructure projects. Applying the GAP gave greater independence, self-esteem, and decision making powers to women and raised their status in the home and community. SAM plans and coastal resource profiles were completed and some elements of the SAM plans were implemented to improve livelihoods and protect environmentally sensitive areas. The comprehensive EPICRMP provided a policy framework for coastal resource management that is being adopted by government. The strategic tourism plan should contribute to the development of the east coast tourism industry. Rehabilitation of the two fishery harbors provided efficient facilities that enabled the expansion of offshore fishing and showed a high EIRR. The project supported and trained members of relevant provincial agencies and key national agencies, involved them in its activities, and

<sup>29</sup> The DMFs in the RRP and midterm review impact target was by year 2009. However, for the purpose of evaluation target dates were taken from the date of loan effectiveness. So the target for impact was taken as 30 December 2010 instead of December 2009. The details are in Appendix 1.

<sup>30</sup> Eastern Provincial Council. 2012. *Eastern Development Plan 2012–2016*. Volume III, Environment and Disaster Management. Trincomalee.

provided them with equipment and facilities. Most outputs and outcomes were achieved within 6 years, compared with 6.5 years planned at design. A further 6-month extension could have allowed the project to implement SAM projects, revise the EPICRMP, resolve issues with the Batticaloa solid waste management system (Appendix 6). Performance monitoring and online MIS aided implementation, supplemented by process monitoring, and a terminal socioeconomic impact study.

## **B. Lessons**

63. A strong PMU with qualified staff under a competent project director who remained throughout the project enabled implementation despite disruption from a tsunami and renewed conflict.

64. The GAP provided a framework for gender-balanced activities but a PMU gender specialist should have been included in the project design to manage the plan. Implementing the GAP separately through the RDSs and the WRDSs gave women space for involvement but reduced opportunities for fully gender-balanced operations.

65. Providing initial training for the government field staff, which had been weakened by the civil conflict, would have helped implementation. The capacities of the IPNGOs were overestimated at the design stage and PMU spent a lot of time on guidance and training.

66. No legal precedents for the SAM planning safeguards existed and no single agency was empowered to handle legal aspects of coastal resource planning. Implementation of coastal planning needed better interagency coordination and the CCD should have been included in the design as the implementing agency for component C to give a greater sense of ownership.

67. Channeling credit through community organizations rather than individuals could reduce defaults through peer group pressure and lower administration costs. Credit lending terms should be consistent with the prevailing local microfinance conditions.

68. Inclusion of an innovative process monitoring system enabled the correction of processes during implementation. This was especially important given the volatile and uncertain security conditions. Process monitoring helped in assessing the work of nongovernment organizations and modifying village planning, LEDS, and microfinance processes.

## **C. Recommendations**

### **1. Project Related**

69. **Future monitoring.** Monitor the actual use of the EPICRMP, SAM, and tourism plans.

70. **Further action or follow-up.** The Ministry of Economic Development, with CEA support, should ensure proper management of the Batticaloa landfill scheme by the municipality. The government should set up a post-project maintenance team for all projects to ensure that they continue in a sustainable manner.

71. **Additional assistance.** No additional assistance has been sought but the executing agency remains interested in seeking funding to replicate the NECCDEP's approaches in Northern Province.

72. **Covenant.** The CFHC should implement the agreed actions of the corporate plans for Valaichchenai and Cod Bay fisheries harbors.

73. **Timing of project performance evaluation report.** The project performance evaluation report should be carried out in early 2015 to allow sufficient time to pass before the reviews of the fishery harbors and the progress on adopting SAM plans and the EPICRMP.

## PROJECT FRAMEWORK

1. The original design and monitoring framework (DMF) in the report and recommendation of the President (RRP) for the North East Coastal Community Development Project in Sri Lanka was prepared in 2003. According to Asian Development Bank (ADB) guidelines for preparing a project completion report (PCR), this DMF should have been the basis for review in this evaluation. This was challenging in this PCR for several reasons.
2. The DMF in the RRP did not conform fully with latest ADB guidelines.<sup>1</sup> In addition, the conditions for which the project had been designed and the course of its implementation were severely affected by extraneous events beyond the control of ADB or the borrowers during 2005–2009. These were the 2004 Indian Ocean tsunami that devastated parts of the coastal project area and the breaking of a ceasefire during which this post-civil conflict rehabilitation project had been conceived, along with the operational difficulties renewed hostilities posed for carrying the project out (Appendix 2). Some original outputs and activities had to be altered as a result and the project was eventually extended by 5 months. The project was due to start in late 2003. Most outputs in the original DMF were time-bound for completion by December 2009 but the project was prolonged to loan closure (30 June 2010) and extended to November 2010. Loan effectiveness was delayed to November 2004 (year after the approval). Therefore, December 2010 was taken as the basis for the project completion evaluation.
3. Much of the component A work was transferred to component B of ADB's Tsunami affected Areas Rebuilding Project after the tsunami. This reduced the original outcome targets and the component A output expectations in a revised DMF prepared by project and ADB at the July 2008 midterm review. The new version updated the outputs and activities of the DMF to reflect the actual situation of the evolving project. It consolidated activities, which had been included with the outputs in the RRP, into a separate section at the end of the DMF. It also added an inputs section. Component headings in the original DMF were omitted in the new version and no reference was made to component E: project implementation support.<sup>2</sup> The midterm review version was later included unchanged in the May 2009 review mission report.
4. An abbreviated DMF was included in the borrower's completion report. It adhered largely to the elements of the midterm review version but, as in the RRP, some confusion remained between the activities and the outputs, which the midterm review version had largely rectified.
5. In both the original DMF and the revised version, the performance targets given under "Impact/Goal" relate specifically to the project. According to the ADB guidelines, they should have reflected a wider goal beyond the immediate scope of the project period—"A statement of desired medium-term impact that is partly, but not exclusively, attributable to the project." The goal also should have included reference to natural resources. The impact presented in the RRP's DMF would have been more correctly cited as an outcome.
6. The DMF as revised during the midterm review represents the most recent and logical version for evaluation of the project's achievement and is therefore used as the basis of the PCR evaluation. However, the names of components used in the RRP DMF but deleted from the revised DMF are retained in this table, where possible, because they link to the appraisal text and enable comparison with the original design. The table employs the terminology of ADB's current DMF template, i.e., the headings of Impact, Outcome, Output, Activities, and Inputs. Components are designated A, B, C, D, E, as they were during project implementation, rather than 1, 2, 3, 4, and 5, as presented in the RRP.

<sup>1</sup> ADB. 2007. *Guidelines for Preparing a Design and Monitoring Framework. Second Edition*. Manila.

<sup>2</sup> Although project implementation support could be more properly considered an activity, it was included in the RRP DMF as an output of a separate component.

**Table A1.1: Revised Design and Monitoring Framework<sup>a</sup>**

Design Summary	Performance Targets	Actual Achievements	Assumptions and Risks
<b>Impact/ Goal<sup>b</sup></b>			
Poverty reduced and basic needs are met in coastal communities in Eastern Province .	By <i>December 2010</i> , real incomes of 25,000 coastal households increased by at least 20%.	Real incomes of at least 19,000 coastal community households increased in real terms by 20% by end of 2012 (at evaluation) The details are in Appendix 4.	Project interventions are adopted and sustainable, and peace process is sustained.
<b>Outcome/ Purpose</b>			
Livelihoods sustainably improved in target GNDs and natural resources managed sustainably in of Eastern Province. <sup>c</sup>	<p>By <i>December 2010</i>, number of vulnerable GNDs within the project area GNDs reduced by at least 50%.<sup>d</sup></p> <p>Consistence framework for provincial coastal resource management and planning established.</p> <p><i>Compliance with environmental standards improved (RRP target deleted at MTR but incorporated for PCR).</i></p>	<p>Vulnerability profiles were changed.<sup>e</sup></p> <p>Household incomes were used as a proxy for livelihoods and access to formal credit was used to substitute for indebtedness (Appendix 4).</p> <p>2012 Post-project sample surveys of the 7,500 project households showed (i) household incomes increased by mean of 39% in real terms; and (ii) vulnerability to indebtedness declined, with 29% of households relying on formal credit systems, instead of previous dependence on moneylenders.</p> <p>Planning resources were strengthened and publications widely disseminated. These included the Eastern Province Integrated Coastal Resource Management Plan, district coastal resource profiles, DS division coastal resource profiles (Tamil language), SAM plans, and the provincial tourism plan.</p> <p>Project planning outputs were included in the provincial Eastern Development Plan for 2012–2016 and will be in the CCD national Coastal Zone Management Plan (2013), which should ensure continuity of sound coastal natural resource planning principles.</p> <p>CEA offices in each district deal with environmental compliance.</p>	Vulnerable groups obtain access to services. Institutional capacity for resource management and planning is strengthened. CEA regionalization carried forward.

Outputs			
Component A: Sustainable Livelihood Improvement			
Design Summary	Performance Targets	Actual Achievements (as of March 2012)	Assumptions and Risks
A.1 Key community infrastructure provided by project are in use.	By <i>December 2010</i> , 525 community infrastructures in 130 GNDs improved. (Yearly construction targets: 2006, 100; 2007, 200; 2008, 150; 2009, 75).	By 2010, 596 small-scale structures completed by communities in 129 GNDs (2006, 252; 2007, 170; 2008, 101; 2009, 50; 2010, 23). Nearly all are in use.  65 larger clustered community infrastructure projects completed by 2010 and operational.	IPNGOs have capacity to deliver.  Security situation does not deteriorate.
A.2 Beneficiaries use skill training and microfinance provided to improve their livelihoods.	By <i>December 2010</i> , 60% of trained beneficiaries engage in sustainable livelihood activities.  By <i>December 2010</i> , 8,000 households in project area access microfinance (50% of loans by volume go to women).	By June 2010, 13,546 beneficiaries had been trained (7,761 women, 5,785 men). Sample survey data show that people without income-generating activities fell from 36% to 5%. 25% of enterprises were sustained.  By June 2010, 7,583 loans totalling SLRs255.4 million were made to beneficiaries in 7,460 households (6,585 to females to 998 males) for various types of livelihood activities.	Proper coordination among IPNGOs, MFNGOs & LEDS providers in selection of beneficiaries.  Microfinance system is able to efficiently deliver credit. Livelihood support interventions are financially viable and sustainable.
A.2 Livelihoods of coastal Veddah communities improved in a sustainable manner (RRP output was dropped at MTR but incorporated for PCR).	By <i>June 2007</i> , community infrastructure provided in all Veddah communities. By <i>June 2005</i> , PNAs completed for all Veddah communities User groups established in all Veddah communities receiving community infrastructure.	Members of the Veddah communities identified in the RRP refused any special treatment, which they considered as derogatory to them.  This output was consolidated within component A, output 1.	
Component B: Resource Management in 3 Special Management Areas (SMAs)			
B.1 Community-level resource management improved.	By <i>December 2010</i> , quantity of firewood used per household reduced by 20%.  25 hectares of sand dunes are protected and risk of erosion reduced.  Improved waste management in 50 schools implemented by using 3 Rs (reduce, recycle, reuse).	7,451 Anagi energy-efficient stoves and 1,387 paddy husk stoves issued to households. Anagi stoves reduce firewood consumption by 20%. Paddy husk stoves do not use firewood  SMA plan identified 25 hectares in Ampara District. Fencing and tree planting was carried out on 0.5 hectares of exposed dunes in Potuvil but local government chairman in Panama refused permission for the project to implement protection on 24 hectares.  15% of school children are aware of importance of solid waste management. 67 schools preparing compost for use in their gardens.	IPNGOs are effective in mobilizing communities to identify and implement environmental subprojects.

Design Summary	Performance Targets	Actual Achievements (as of March 2012)	Assumptions and Risks
B.2 Resource management in the three SMAs is improved.	<p>By <i>December 2010</i>, quantity of waste disposed of at landfill sites in three districts reduced by 20%.</p> <p>Encroachment into two lagoons reduced.</p> <p>By <i>December 2009</i>, 50 large-scale resource management interventions implemented in environmental hot spots. (RRP target deleted at MTR but incorporated for PCR).</p>	<p>By 2010, modern solid waste management systems implemented in Batticaloa, collection service enhanced with CEA, and community to facilitate separation of recyclable waste and compost making, both for sale. Links established to buyers. Post-project, the Batticaloa municipal council failed to maintain the landfill adequately. In Ampara District, a system was implemented by EU/UNOPS. CEA identified a site on forest land in Trincomalee District but ADB objected.</p> <p>Lagoons in Potuvil and Kinniya were formally demarcated by the project, giving legal protection against encroachment.</p> <p>By the end of 2010, 65 large-scale resource management interventions completed by contractors. 8 supplementary interventions to be completed.</p>	<p>Interagency coordination mechanisms are effective.</p> <p>Various interest groups reach agreement on and adopt and implement integrated management plans.</p>
<b>Component C: Coastal Resource Planning</b>			
C.1 Coastal resource planning capacity in Eastern Province strengthened.	<p>25 government officers trained in spatial information systems and using it as a planning tool.</p> <p>Interagency planning group continues to function after the project.</p> <p>Digital coastal resource profiles are used for planning by officers in local government, divisional, and district offices of East Province.</p> <p>Coastal Resource plans updated annually between 2006 and 2010 (RRP target deleted at MTR but incorporated for PCR).</p>	<p>Planning officers of EPC and district offices trained and using SIS/GIS. Three CEA officers trained overseas are applying GIS techniques in planning. GIS for coastal resource planning established and operating.</p> <p>Interagency planning group established at provincial level. After 2006, transferred to national level, under secretary of the EA. Meetings held regularly with CCD, CEA, NARA, UDA, and other relevant national agencies. IAPG was set up to coordinate the project but ceased after project closure.</p> <p>By 2010, profiles being used by district offices of EPC and elements included in the province's eastern plan for 2012–2016. As plans cover only the coast, they have limited utility for CEA regional offices. Posted on NECCDEP website in 2010.<sup>9</sup></p> <p>Eastern Province Integrated Coastal Resource Management Plan published only in Jan 2010. CCD to incorporate into the new National Coastal Zone Management Plan following passing of new Coastal Conservation Act in December 2011. A strategic tourism plan was completed in 2009.</p>	<p>Government institutions fill cadre positions and retain trained staff.</p> <p>Government adopts recommended planning processes.</p>

Design Summary	Performance Targets	Actual Achievements (as of March 2012)	Assumptions and Risks
	<i>By December 2006, all relevant national and provincial agencies participating in coastal planning process (RRP target deleted at MTR but incorporated for PCR).</i>	<i>This was a continuous process of engaging provincial and national agencies, leading to production of the coastal resource management plan, aided by the IAPG at the provincial and then the national level.</i>	
C.2 Environmental enforcement capacity in Eastern Province strengthened.	By December 2010, the number of environmental protection licenses issued by the regional CEA officers and/or local authorities increased by 50%. <i>By December 2004, accredited laboratory established &amp; mobile environmental unit fully operational. (RRP target deleted at MTR but incorporated for PCR).</i>	CEA reports that issuance of environmental protection licenses increased by at least 10 times, partly reflecting rapid development in the area after tsunami and years of conflict.  <i>Specialized laboratory equipment and mobile environmental testing laboratory operational at Eastern University, Batticaloa. It has not been fully used. Department of Agriculture has requested use of the mobile lab.</i>	CEA decentralization process proceeds according to plan.
C.3 Study of coastal resource management issues in Northern Province (Incorrectly placed in Component B in RRP DMF).	<i>By December 2004, consultant team recruited.</i> By December 2004, study monitoring team established. <i>By December 2005, study completed.</i>	<i>The prevailing conflict situation in Northern Province precluded fielding of consultants for the study by CEA under parallel financing by the Government of the Netherlands. This funding expired at the end of 2006.</i> <i>Some planning officers from Northern Province were later trained by the NECCDEP.</i>	<i>Cofinancing is obtained in a timely manner.</i> <i>Peace and order is maintained in the Northern Province.</i>
<b>Component D: Fisheries Development</b>			
D.1 Harbor facilities at Valaichchenai and Cod Bay rehabilitated <sup>1</sup> (The MTR DMF output D1 was moved to Activities but incorporated as an output for PCR).	<i>By June 2009, construction of Cod Bay facility completed.</i>  <i>By June 2007, construction of Valaichchenai facility completed.</i>	<i>Both harbors were completed and operating by the end of 2010 but Cod Bay had not formally opened by March 2012.</i>	
D.2 Harbor management and operational efficiency at Valaichchenai and Cod Bay improved (The MTR DMF identified Pudaivikaddu but Cod Bay was reinstated for PCR).	Number of fishing boats using Valaichchenai Harbor increases by 65% between 2000 and 2010.  Number of fishing boats using Cod Bay Harbor increases by 70% between 2000 and 2010.	The harbors were largely derelict during this time due to civil conflict so target percentage changes were not relevant. 14 months after completion (March 2012), the number of fishing boats using Valaichchenai Harbor had increased by four times since 2000, and the number using Cod Bay Harbor by over 5 times.	Security situation does not worsen.  CFHC is willing to implement agreed-upon procedures and plans for improved management.

Design Summary	Performance Targets	Actual Achievements (as of March 2012)	Assumptions and Risks
<i>D.3 Productivity of east coast fishing industry improved</i>  <i>(The MTR DMF this was dropped and indicated as ‘Fish processing and handling techniques improved’. RRP version is reinstated).</i>	By December 2007, efficiency of fishing increased through enhanced skills of crews on boats  By December 2007, fishers using efficient fishing boxes.          By June 2011, 25% of all tuna processed at harbor facilities exported.	By Nov 2010, crews of boats registered at Valaichchenai and Cod Bay were applying new skills .   Plastic fish boxes used at both harbors, improving efficiency of handling and reduced post-harvest losses .  <i>Turnaround times reduced by easy access to services, increased quay space, and direct quayside access by traders’ vehicles. 50% reduction in fishers’ complaints at Valaichchenai.</i>   Not achieved by Nov 2010 because (i) no surplus tuna available since all bought and transported to domestic markets by traders, and(ii) lack of suitable access to airfreight services.	Fishers are willing to adopt improved practices.          Traders respond to market opportunities.
Component E: Project Implementation Support			
<i>E.1 Project management and monitoring services established.</i>  <i>(The MTR DMF output E.1 was removed but incorporated as an output for PCR).</i>	<i>Project implementation carried out in line with predetermined implementation schedule.</i>	<i>Project implementation was completed by November 2010, after a 5-month extension necessitated by adverse external events (tsunami and renewed conflict). Project PMU additionally supported TAARP-B activities under separate funding.</i>	<i>Appropriately qualified staff are recruited.</i>  <i>Loan funds and project counterpart funds are channeled in a timely fashion.</i>  <i>Competent consultants, IPNGOs, and LEDS providers are recruited.</i>
Activities <sup>i</sup>			
Component A: Sustainable Livelihood Improvement			
A.1.1 Select IPNGOS by 2005 A.1.2 Formation/strengthening of CBOs in130 GNDs  A.1.3 Conduct participatory needs assessment and develop 54 VDPs by December 2006, 41 VDP’s in 2006, and 35 VDP’s in 2007 (Total 130) A.1.4 Prepare and implement 400 subproject proposals for community infrastructure by December 2009		24 local IPNGOs selected in late 2004. Two later withdrew.  Existing 129 RDSs were strengthened. 60 existing WRDSs were strengthened and 69 new WRDSs were formed.  By 2007, 129 VDPs prepared for GNDs, facilitated by IPNGOs: 2005, 54; 2006, 41; 2007, 34. Plans were updated annually over 3-year rolling program. Plans could not be prepared for Thankavelayuthapuram GND (Ampara District) due to displacement of villagers.  581 subprojects prepared and started, including community infrastructure (regular), fisheries development, environmental. 15 supplementary subprojects incomplete by 2010.	
A.2.1 Mobilize at least 3 LEDS providers by June 2005  A.2.2 By December 2008, at least 15 MFNGOs in project area registered with the NDTF for delivery of NECCDEP credit		From early 2005, 3 LEDs providers engaged in districts (Sarvodaya Economic Enterprise Development Services, Practical Action, Agromart Foundation in Trincomalee, Batticaloa, & Ampara, respectively)  By late 2007, 20 MFNGOs registered with NDTF. NDTF cancelled registrations of two. One MFNGO registered for three districts and one for two districts	
Component B: Resource Management in 3 SMAs			

B.1.1 Prepare community resource maps	167 resource maps compiled for each SMA by IPNGOs, from community VDPs (including VDPs for TAARP-B communities)
B.1.2 Identify and prioritize resource management interventions	Community resource management needs in SMAs identified & prioritized, small-scale ones by communities and larger ones by SMACs at district level
B.1.3 100 awareness programs including street drama, school competitions, and demonstration programs implemented B.1.4 Implement community level resource management interventions	Campaigns conducted on gender & environment subjects via street drama (112), schools (16), and radio, press, and leaflets Implemented by local community-based organizations
B.2.1 Establish SMA committees B.2.2 SMA draft plans with budgets prepared, by June 2006 B.2.3 Prepare interventions for identified environmental hotspots and conduct identified studies. B.2.4 Endorsed final SMA plans published by October 2010	Three SMACs established and met quarterly, chaired by GA Three draft SAM plans reviewed by CCD, endorsed by ADB by 2006 From late 2005, 68 large-scale resource management interventions identified. Assisted by CEA, completed by consultants, approved, and agreements signed in 2007 CCD contributed to the plans. Endorsed by 2009
<b>Component C: Coastal Resource Planning</b>	
C.1.1 Establish provincial and central interagency planning groups C.2.2 Recruit consultant resource planners for packages I & II by November 2008 C.1.3 Spatial database for coastal resources established by December 2009 C.1.4 Procure relevant equipment and data for EPC C.1.5 Prepare a strategic coastal resource plan for the eastern province by June 2010 C.1.6 Conduct training programs for 150 provincial, district, division and local government officials C.1.7 Tourism development plan for Eastern Province, within the framework of the national tourism strategy, prepared by January 2010 C.1.8 Implement the 10 pilot tourism subprojects in Eastern Province by November 2010	Provincial IAPG established in 2005. In 2007, national IAPG established Package II consultants selected by November 2005 but mobilization delayed to November 2007 due to conflict conditions The development of a spatial information system was not implemented because of concerns about sustainability. Software and digital data for District Secretariat Divisions to access their coastal resources profiles developed and provided by 2009 Office equipment provided Draft prepared in June 2009. Public consultations held. IAPG (provincial & national levels) reviewed drafts in late 2009. The latter requested revisions to conform to the 2004 national Coastal Zone Management Plan. By 2010, training provided for 300 officials Strategic Tourism Development Plan completed mid-2009. General acceptance by EPC. Public communications materials produced By Nov 2010, 11 projects completed, including Batticaloa Environmental Learning Center, lagoon and coast beautification, parks, nature reserves, & tourist services
C.2.1 Review and, where appropriate, revise relevant legislation for the management of coastal resources by the EPC as provided for under the 13 <sup>th</sup> Amendment	EPC, as a non-devolved subject, and the NECCDEP were not empowered to review the legislation. CCD had responsibility for only 300 meters from sea (extended to 2.0 kilometer's in 2011).
C.2.2 Publish legal guidelines for coastal resource management and drafting of statutes, ordinance, or acts for coastal resources under the 13 <sup>th</sup> Amendment by June 2010	Not possible for reasons cited above for actual achievement of under Activity C.2.2. Draft tourism development statute was prepared by project for EPC

<p>C.2.3 Establish regional offices of the CEA in the north and east by December 2007</p> <p>C.2.4 Conduct training programs about the legislative framework for coastal resource management in Eastern Province for local government officers</p> <p>C.2.5 Establish an accredited laboratory and mobile environmental unit by December 2007</p>	<p>CEA posted three divisional environment officers to new regional offices in each district.</p> <p>CEA conducted training for divisional secretaries in each district on their responsibilities in implementing environmental laws at the local level.</p> <p>In 2006, CEA purchased a vehicle modified as a mobile soil &amp; water testing lab and provided laboratory equipment for the Eastern University (under Government of the Netherlands funding)</p>
<b>Component D: Fisheries Development</b>	
<p>D.1.1 Conduct community consultations</p> <p>D.1.2 Recruit consultants and undertake feasibility studies and detailed designs of harbors</p> <p>D.1.3 Complete construction of Valaichchenai Harbor by February 2010 and Pudaivikaddu (if found feasible) by May 2010</p> <p>D.1.4 For Pudaivikaddu design and implement resettlement implementation plan</p>	<p>Three conducted with fishermen's cooperative societies at each harbor</p> <p>Lanka Hydraulic Institute recruited as design &amp; construction supervision consultants for Valaichchenai &amp; Cod Bay harbors</p> <p>By end 2010, Valaichchenai and Cod Bay harbor construction completed</p> <p>Feasibility study completed by RDC by August 2008 but site rejected</p>
<p>D.2.1 Develop O&amp;M and procedures and plans with provision for engagement of private sector prior to completion of construction of harbors</p> <p>D.2.2 Organize and train harbor management staff on management procedures</p> <p>D.2.3 Contract commercial activities out to the private sector</p> <p>D.2.4 Construct waste management systems for solid, liquid, and oil waste</p>	<p>Included in corporate plans prepared for each harbor by CFHC, as per ADB covenant.</p> <p>CFHC provided trained staff.</p> <p>CFHC encouraging private sector participation in onshore commercial activities (cold rooms, ice plants, canteens)</p> <p>Included as part of the designs and implemented by CFHC</p>
<p>D.3.1 Conduct training on improved handling and post-harvest technology</p> <p>D.3.2 Disseminate information on new technologies and practices</p> <p>D.3.3 By Nov 2010, conduct training on improved onboard management practices</p> <p>D.3.4 By Nov 2010, fishing boxes distributed to all registered boats</p>	<p>Training provided to fishing industry participants in fish handling, post-harvest methods, and safety in 2010</p> <p>Information provided in long-line fishing techniques</p> <p>Onboard training provided in new fishing techniques, hygiene, on-board storage, and safety in 2010</p> <p>Plastic fishing boxes provided by FAO in 2010</p>
<b>Component E: Project Implementation Support</b>	
E.1 Establish project office and district offices	PMU established in November 2003, district offices in November 2004.
E.2 Hire complementary project staff	Staff recruited, peaked at 145 in 2009 (with TAARP-B team)
E.3 Recruit project consultant teams	Domestic consultants commenced early 2005, technical support by late 2005, international (package II) by late 2007
E.4 Award contract for civil works, IPNGOs & LEDS providers	Contracts awarded to 22 IPNGOs by early 2005 and for 3 LEDS providers from 2006 onwards.

E.5 Conduct necessary training and workshops	Staff trained during period to 2009					
E.6 Procure necessary vehicles and equipment	Procurement of vehicles and office equipment completed for PMU & 3 districts offices by end of 2005					
E.7 Implement, organize, coordinate project activities	Undertaken over project period to November 2010					
E.8 Establish PPMS, IEC, and project reporting systems	Systems implemented & operational by from early 2005					
E.9 Evaluate project impacts	CIRM impact and process monitoring reports 2006, 2007, & 2008. Social and economic impact study late 2010					
Inputs						
Costs (\$ million)	RRP	Actual	Input Costs by Category (\$ million)		RRP	Actual
Base cost	28.20	31.13	Harbor civil works		10.64	5.28
Contingencies and interest	4.22	0.31	Other civil works			14.67
Total	32.42	31.44	Equipment & materials		5.22	1.95
			Consultant/ services		6.65	4.66
			Credit line		(4.00)	2.26
			Project management/salaries		1.69	2.31
			Unallocated		0.00	0.00
			Base cost		28.20	31.13
			Contingencies/interest charges		4.22	0.31
			Total		32.42	31.44

CCD = Coastal Conservation Department, CEA = Central Environment Authority, CFHC = Ceylon Fishery Harbours Corporation, DMF = design and monitoring framework, EPC = Eastern Provincial Council, GA = government agent, GND = *grama nilhadari* division, IPNGO = implementing partner nongovernment organization, LEDS = livelihood enterprise development services, MFNGO = microfinance nongovernment organization, MTR = midterm review, NGO = nongovernment organization, PNA = participatory needs assessment, RDS = rural development society, RRP = report and recommendation of the President, SAM = special area management, SMA = special management area, SMAC = special management area committee, TAARP = Tsunami-Affected Areas Rebuilding Project, TAARP-B = component B of the Tsunami-Affected Areas Rebuilding Project, WRDS = women's rural development society.

<sup>a</sup> For the purposes of performance targets, the target years in the revised DMF were calculated from the date of loan effectiveness (6 years from November 2004). Outputs and targets from the RRP DMF (2003), which were deleted or significantly amended at the MTR (2008), are shown and explained in italics.

<sup>b</sup> The impact should refer to the sector, subsector, or even national objectives. The impact is wider in scope, will accrue at a date in the medium to the long term after project completion, and is influenced by many factors other than the project itself. The impact statement provides the link between the project and the ADB's Country Partnership Strategy (CPS). Specifically, the project impact represents one of the outcomes of the CPS. (ADB, 2007. *Guidelines for Preparing a Design and Monitoring Framework*. Manila). MTR wording adopted. Impact relates to coastal communities of Eastern Province and Outcome to the target GNDs.

<sup>c</sup> The RRP targeted 396 GNDs, with the 225 most vulnerable GNDs for initial intervention. From April 2005, component B of ADB's grant-funded TAARP took responsibility for tsunami affected GNDs, including 70 of the original NECCDEP vulnerable GNDs. These were implemented separately by TAARP-B but in partnership with the (North East Coastal Community Development Project (NECCDEP), using NECCDEP staff to cover 258 tsunami-affected GNDs. The original NECCDEP initial target of 225 GNDs was thus reduced to 130 GNDs. In total, 365 out of the 396 coastal GNDs in the three districts were covered by NECCDEP and

TAARP-B (Appendix 4).

<sup>d</sup> A vulnerability index was developed by the Project Preparatory Technical Assistance (PPTA 3479-SRI) consultants to prioritize GNDs. It was based on the following indicators: (i) Access to safe drinking water (households having access to wells or piped water); (ii) access to sanitary facilities (number of households per toilet); (iii) percentage of households headed by females; (iv) number of displacements experienced by a community over the last 10 years; (v) number of restrictions affecting sustainable livelihoods within the community (income generating activities, mobility, procurement and transport of essential items such as food and energy sources); and (vi) level of indebtedness.

<sup>e</sup> Vulnerability profiles changed drastically with the tsunami and renewed conflict. Moreover, some of the original vulnerability criteria were outside the control of the project (numbers of female heads of household and displaced persons and restrictions affecting livelihoods). The water and toilet access data referred to numbers of households per facility but the sample surveys reported the percentage of all households with the facility.

<sup>f</sup> Includes initiating new business ventures and improving on ongoing small businesses.

<sup>g</sup> Posted on [www.neccdep.com](http://www.neccdep.com). This includes a downloadable web-based mapping tool that gives access to a wide range of GIS-based maps of the coastal resources.

<sup>h</sup> Pudaivikaddu was proposed by the NPC as an alternative to Cod Bay. Studies of the feasibility were made but the local community objected to the harbor. The project reverted to developing Cod Bay Harbor as proposed in the RRP.

<sup>i</sup> Activity numbering and content is taken from the MTR DMF but separated under component outputs headings in the RRP DMF.

Sources: ADB. 2003. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the North East Coastal Community Development Project*. Manila: Asian Development Bank project completion report mission survey of income and livelihood, 2012: Eastern Provincial Council. 2012. *Eastern Development Plan 2012-2016*. Volume III (f)—Environment & Disaster Management. Trincomalee.

## CONFLICT AND TSUNAMI ISSUES

### A. Introduction

1. This appendix reviews the general impacts of the tsunami and periods of violent civil conflict on the eastern region of Sri Lanka in which the Asian Development Bank (ADB) carried out the North East Coastal Community Development Project (NECCDEP), as well as the specific impacts on the project itself.<sup>1</sup>

2. The NECCDEP was launched in late 2004. Loan closure was set for June 2010. During its design and at project launch, the eastern region was peaceful, having emerged from mid 2009 almost 20 years of conflict between government armed forces and the Liberation Tigers of Tamil Eelam (LTTE). In December 2004, a major tsunami devastated the region's coastal areas. Civil conflict re-erupted in the area in 2007 and peace was not finally restored until 2009.

3. As a result, the project team and the project beneficiaries operated under very adverse and stressful conditions for most of the project's duration. Even so, to the credit of all concerned, the intended outcome was mostly achieved, with only a 5-month extension.

4. Immediately after the tsunami, the government, donors, and development partners, including ADB, launched missions to assess damage and implement rehabilitation programs. ADB launched the Tsunami-Affected Areas Rebuilding Project (TAARP) in early 2005. The TAARP was designed with links to the NECCDEP. Component B of the grant-funded TAARP worked successfully in a partnership with the project until late 2009 on the NECCDEP's component A, involving sustainable livelihoods, and collaborated with components B and C of the NECCDEP, which dealt with coastal resource planning..

5. In Report and Recommendation of the President to the Board of Directors (RRP) for the TAARP describe the scope of the component B as follows. 2

Coastal communities in the districts of Jaffna, Mullaitivu, Kilinochchi, Trincomalee, Batticaloa and Ampara that were affected by the tsunami will receive support under this component. Communities that have been affected by the tsunami in terms of loss of life, destruction of assets, and disruption of livelihoods will be identified for support. Communities—i.e., Grama Niladhari divisions—that meet the criteria will receive support for: (i) construction of small-scale community infrastructure; (ii) livelihood development activities; and (iii) community development planning and coordination at the local authority level. In addition, this component will support restoration and sustainable management of natural habitat damaged during the tsunami and support coastal resource planning and management at district and provincial levels.

6. In preparing the TAARP, ADB reviewed the impacts of the tsunami and the conflict on the country's people and development, which were summarized in the report and recommendation of the President. These also set the scene in which the NECCDEP had to operate.

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<sup>1</sup> ADB. 2003. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the North East Coastal Community Development Project*. Manila.

<sup>2</sup> ADB. 2005. *Report and Recommendation of the President to the Board of Directors: Proposed Loans to the Democratic Socialist Republic of Sri Lanka for the Tsunami-Affected Areas Rebuilding Project and the North East Community Restoration and Development Project II (Sri Lanka)*. Manila.

## **B. Impacts of Tsunami and Civil Conflict on the North East Coastal Community Development Project**

7. The physical, environmental, and administrative devastation caused by the tsunami and the resulting trauma for the people and the project team were immense. Most of the project staff met on the project completion report mission had lost family members or friends. The ensuing resumption of civil conflict further disrupted NECCDEP activities.

8. **Positive effects.** Apart from these obvious effects, the tsunami and civil hostilities had more specific impacts on project implementation. Although most were negative, some were positive, including the following:

- (i) During the conflict, the kind of political manipulation that can sometimes affect project priorities and staff recruitment was absent. The PMU was able to recruit project staff and manage the project implementation with no interference from higher authorities, creating a team of dedicated, committed, hard-working staff.
- (ii) An influx of outside development agencies, donors, and Implementing Partner NGOs (IPNGOs) brought additional funding for the reconstruction works.
- (iii) The partnership with component B of the TAARP enabled the project to increase its budget for each *grama niladhari* division (GND), the smallest local government unit, under the revised design. This helped meet the additional needs for community infrastructure that resulted from tsunami and renewed conflict damage.
- (iv) Government services were weakened but this meant that people were in greater need of the activities offered by the NECCDEP, especially under component A. Gaining community participation was therefore easier and the community infrastructure offered by the project was welcomed.
- (v) Because of the real need for rehabilitation, communities were in a position to capture the opportunities made available by the project after the participatory village development plans were prepared.
- (vi) The project staff and the IPNGOs gained job satisfaction by attending to the real needs of the people in distress.
- (vii) Because the full support from the local authorities that had been assumed during project design was not forthcoming, too few technical officers and engineers were available for the NECCDEP. The engineers and technical officers recruited under component B of the TAARP in the wake of the tsunami assisted significantly in implementing NECCDEP activities.

9. **Negative effects.** The tsunami and civil hostilities had a wide negative impact on project implementation:

- (i) At the height of the conflict and during subsequent localized government clearing operations, many project areas were inaccessible to project staff, despite the needs of the people. This was especially the case west of the Batticaloa Lagoon and much of Ampara District.
- (ii) Some GNDs were in high security zones with restricted access. The Sampur high security zone and Trincomalee District were examples of areas where the project could not carry out activities in the sequence foreseen in the design: community mobilization, Livelihood enterprise Service Providers intervention, followed by microfinance activities of the Micro Finance Non Governmental Organizations (MFNGOs).

- (iii) In areas west of Batticaloa Lagoon, the project had to reconstruct some physical assets it had provided after their suffered conflict damage.
- (iv) The social profiles of target communities upon which the project design was based were completely changed by the resettlement due to the tsunami and resurgent hostilities. Community mobilization often had to be repeated.
- (v) Conditions in project communities not only differed but were highly fluid. Residents had been displaced in some villages but not in others. Some had returned long ago or only recently or not at all. The numbers of households headed by females also ranged widely and were often in flux. This made it difficult to implement component A activities in the same phasing in all GNDs.
- (vi) Conflict periods were marked by a scarcity of construction materials and a decline in available contractors and skilled labor. This reduced competition and threatened the quality of construction. Project engineers attached to the district Project Management Units ensured the quality.
- (vii) Disruptions to the transport of materials during the conflict often delayed completion of community infrastructure construction.
- (viii) The post-tsunami influx of domestic and international nongovernment organizations heightened competition for personnel. Project MFNGOs and IPNGOs lost competent staff to other nongovernment organizations. This problem was overcome by continuous training, close monitoring, and setting reasonable salaries for officers.
- (ix) The rehabilitation works at Cod Bay Harbor were delayed because the area was declared a security zone.
- (x) Differences between the operating procedures under the project and those under component B of the TAARP—especially the latter project's lower microfinance interest rates and its ability to devolve credit through community societies—initially reduced the ability of the MFNGOs to disburse microfinance credit under the NECCDEP.
- (xi) Poor security delayed the fielding of the consultant team for coastal resource planning and resource management in special management areas until late 2007. Their main input was to components B and C but they were unable to make significant impact on component A due to the late start.

10. **Conflict Sensitivity.** The project adopted several practical approaches to limit the negative effects of the renewed hostilities on project outcomes and outputs:

- (i) It distributed benefits equally between uncontested and contested areas to ensure equitable treatment of ethnic groups and avoid widening ethnic divisions.
- (ii) It engendered a sense of local ownership by organizing exit celebrations on completion of work and handing over large infrastructure subprojects to the community rather than to local government. An example was the Batticaloa learning center. .
- (iii) Important documents were translated into the Tamil language.
- (iv) Good relationships were maintained with all stakeholders at all levels, which helped in making quick on-the-spot decisions and resolving problems promptly.

11. ADB prepared operational guidelines for working in conflict areas, partly based on lessons from the NECCDEP. ADB country partnership strategy highlights key operational stratifies fro working in Sri Lanka's Conflict Affected Areas as follows.<sup>3</sup>

- i. Projects should emphasize transparency and the involvement of all stakeholders and beneficiaries, while trying to ensure that public relations are not used by either side for political purposes
- ii. Because of the complexity of the situation, several conflict analyses might be needed for one project if it covers several areas with different stakeholders.
- iii. Consultations have to be clear and simple, and all relevant documents must be shared up front.
- iv. During project implementation, all implementation partners and stakeholders have to be made aware of ADB's policies on ethnic, gender, environment, and resettlement issues, as well as how ADB procurement guidelines work.
- v. Expectations regarding the benefits of a project need to be managed carefully. All stakeholders must respect the project management staff, who in turn must be able to build trust between the communities.
- vi. Resources must be allocated equitably to ensure no community feels advantaged (or disadvantaged) compared with other ethnic groups.

12. **Team building.** Much depended on building up a dedicated and sensitive team and ensuring the transparency of the project activities. Adopting a flexible approach and delegation built up a team spirit among the project staff during the conflict period and enabled them to operate in an efficient manner.

13. PMU staff regularly visited the districts individually or in a team to guide and assist the project staff, the IPNGOs, and the communities and to monitor progress. Deputy project directors (DPDs) attended monthly coordinating meetings at the PMU and prepared regular weekly, monthly, and quarterly reports from the district project management offices.

14. All members of the staff, including the drivers and the DPDs themselves, were made aware of the project objectives and ADB guidelines, including zero tolerance of corruption. The project director conducted frequent discussions with staff on subjects like leadership, teamwork, project management, and organizational culture. The online management Information System (MIS) helped the DPDs undertake self-monitoring.

15. There was a dire need in the affected villages for rehabilitation. Most project officers were from the NECCDEP areas and so empathized with the communities and were committed to the project's activities. This provided an opportunity to build a dedicated team.

16. Component B of the TAARP ended in 2009 and its staff contracts were concluded. The staff of NECCDEP efficiently took up the challenge of committing and disbursing loan savings of \$2 million that had been identified under other components of the TAARP. This was done in 1 month in December 2010 after reopening the NECCDEP accounts.

17. **Project design.** The project had originally been designed to support post-conflict rehabilitation, especially of livelihoods, after the first round of hostilities had ended in a ceasefire. Components A and D of the project became even more appropriate after the tsunami and the

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<sup>3</sup> ADB. 2008. *Country Partnership Strategy: Sri Lanka 2009–2011*. Manila.

renewal of conflict. The project came at a time when most local government systems had been disrupted and it served as a community-based rehabilitation project.

### **C. Tsunami Impact**

18. The report and recommendation to the President (RRP) for the TAARP summarized the effects of the tsunami. The summary illustrates the changed conditions that were brought to bear on the NECCDEP and led to the revision of its design and approach.

On the morning of Sunday 26 December 2004, a 9.0-magnitude earthquake off Sumatra sent several tsunami waves radiating out into the Bay of Bengal, the Andaman Sea, and the Indian Ocean. These waves struck over two thirds of Sri Lanka's coastline and caused catastrophic destruction and considerable loss of life. As of February 2005, official figures indicated that over 31,000 people in Sri Lanka lost their lives in the tsunami, thousands more remained missing, and over 440,000 were displaced. The tsunami-affected population was between 1 and 2 million people, out of a total population of about 19 million.

The Government estimated that nearly 100,000 houses were destroyed during the tsunami and another 46,000 were damaged. Nearly 170 public schools, 4 universities, and 18 vocational and training centers were affected. The health sector suffered not only from damage to health-related infrastructure, but also through loss of services and human resources. Coastal courts and labor tribunals, prisons, and police stations, and district offices that contained personal and property documents were partially or completely destroyed.

About 1,400 km of the national and provincial road network, and another 1,100 km of local and village access roads were damaged. Bridges and culverts were also destroyed or displaced and embankments were eroded by the advancing and retreating tsunami. Flooding before and after the tsunami along the east coast further damaged the road network. The tsunami destroyed several sections of coastal railway lines. Water supply schemes and distribution networks along the shoreline were impacted, along with at least 12,000 water wells damaged mainly by saltwater intrusion; about 50,000 others were abandoned. Salinity contamination of standing crops of paddy and other crop fields or home gardens was expected to limit or inhibit crop production for the next 3 to 4 years, until salinity was naturally flushed away through rain.

The damage sustained to coastal livelihoods ranged from destroyed fishing boats to damaged informal guesthouses, through the loss of business inventories to the loss of simple tools and workshops. About 65% of the nation's sea fishing boat fleet was either damaged or destroyed. About 3,500 hotel rooms out of about 14,000 rooms in medium to large-scale hotels were put out of action. In the small guesthouses, about 1,200 rooms out of a total 4,000 were affected.

### **D. Conflict Impact and Needs Assessment**

19. The TAARP RRP also reviewed the impacts of the earlier years of conflict.

The coastal areas of the Northern and Eastern provinces had only recently begun to emerge from the devastating effects of the nearly 20-year civil conflict between the Government's armed forces and the LTTE, when the tsunami hit. The lengthy civil conflict had left over 65,000 dead, several times as many people disabled, and nearly 800,000 people displaced from their homes. In February 2002, the Government and the LTTE signed a cease-fire agreement, thereby beginning a period of reconciliation,

restoration, and reconstruction. However, a large percentage of people directly affected by the conflict still lacked basic infrastructure and social services.

In early 2003, multilateral agencies operating in Sri Lanka undertook a comprehensive assessment of reconstruction needs for the conflict-affected areas, primarily in the eight districts that make up the North East.<sup>4</sup> The assessment, which was presented to the international community at the Sri Lanka Reconstruction and Development Conference held in Tokyo in June 2003, identified about \$2 billion for immediate and medium-term needs, and \$1 billion for longer-term needs.

The design of NECCDEP took the disruption caused by the 20 years of conflict into account by focusing on restoring livelihoods of the coastal population.<sup>5</sup> However, it could not anticipate the resurgence of the conflict in early 2007, which seriously affected the eastern coastal districts, especially the areas west of the lagoons in Batticaloa and most of Ampara District, both involving project areas. This caused disruption to the post-tsunami reconstruction, as well as further loss of life and of the livelihoods of the people, and additional displacement. Peace was finally restored in early 2009 but clearance of land mines and other munitions was required before the most affected areas became safe for development activities.

## **E. Analysis of Key Problems and Opportunities**

20. The TAARP RRP also included an analysis of the problems and opportunities created by the earlier conflict and the tsunami.

The tsunami needs assessment emphasized the importance of key guiding principles, such as conflict sensitivity, subsidiarity, community empowerment, transparency, multi-hazard risk management, and coordination between stakeholders, during the development of a comprehensive recovery strategy. The guiding principles, were agreed by all concerned parties. The international community responded generously with pledges of tsunami assistance. However, if not approached and delivered sensitively, the provision of this tsunami assistance could have risked exacerbating preexisting tensions, by creating a perception of unequal treatment of people affected by the conflict.

In addition to the problems and needs described above, the destruction wrought by the tsunami had generated legal issues for tsunami-affected people, including the loss of documents: titles to property; birth, death, and marriage certificates; identification cards; court records; and bank account documents. They also faced family, custody, adoption, inheritance, insurance, property rights and entitlement issues. The Department of the Registrar General (within the Ministry of Public Security, Law and Order) attempted to reissue birth, death and marriage certificates, and the Department of the Registration of Persons (within the Ministry of Public Security, Law and Order), attempted to issue identification cards to all tsunami-affected persons. To the extent copies of documents remained, record-keeping and retrieval in these departments was currently manually done, making it almost impossible to respond to some requests for replacement documents.

Data collection from tsunami victims had not been coordinated amongst departments. Additionally, divisional and district level government officials (district secretaries, divisional secretaries, and grama niladhari<sup>7</sup>) needed to understand the new legal

<sup>4</sup> The North East Province comprised what became Northern Province and Eastern Province after a demerger in 2006.

<sup>5</sup> ADB. 2003. *Report and Recommendations of the President to the Board of Directors on a Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the NE Coastal Community Development Project*. Manila.

requirements, and document processing procedures and to proceed along appropriate channels. They needed legal assistance to resolve any legal questions that arose. In the tsunami-affected areas, already poor and vulnerable people had difficulty negotiating formal avenues, and clearly needed assistance if they were to benefit from the new laws and procedures. In addition, the legal and factual issues generated by the tsunami were likely to lead to increased disputes and grievances, both among tsunami-affected people, and possibly against government officers and departments. The volume and scale of all tsunami-assistance provided to Sri Lanka could also have (led) to corruption. Current institutional structures might not have been sufficient.

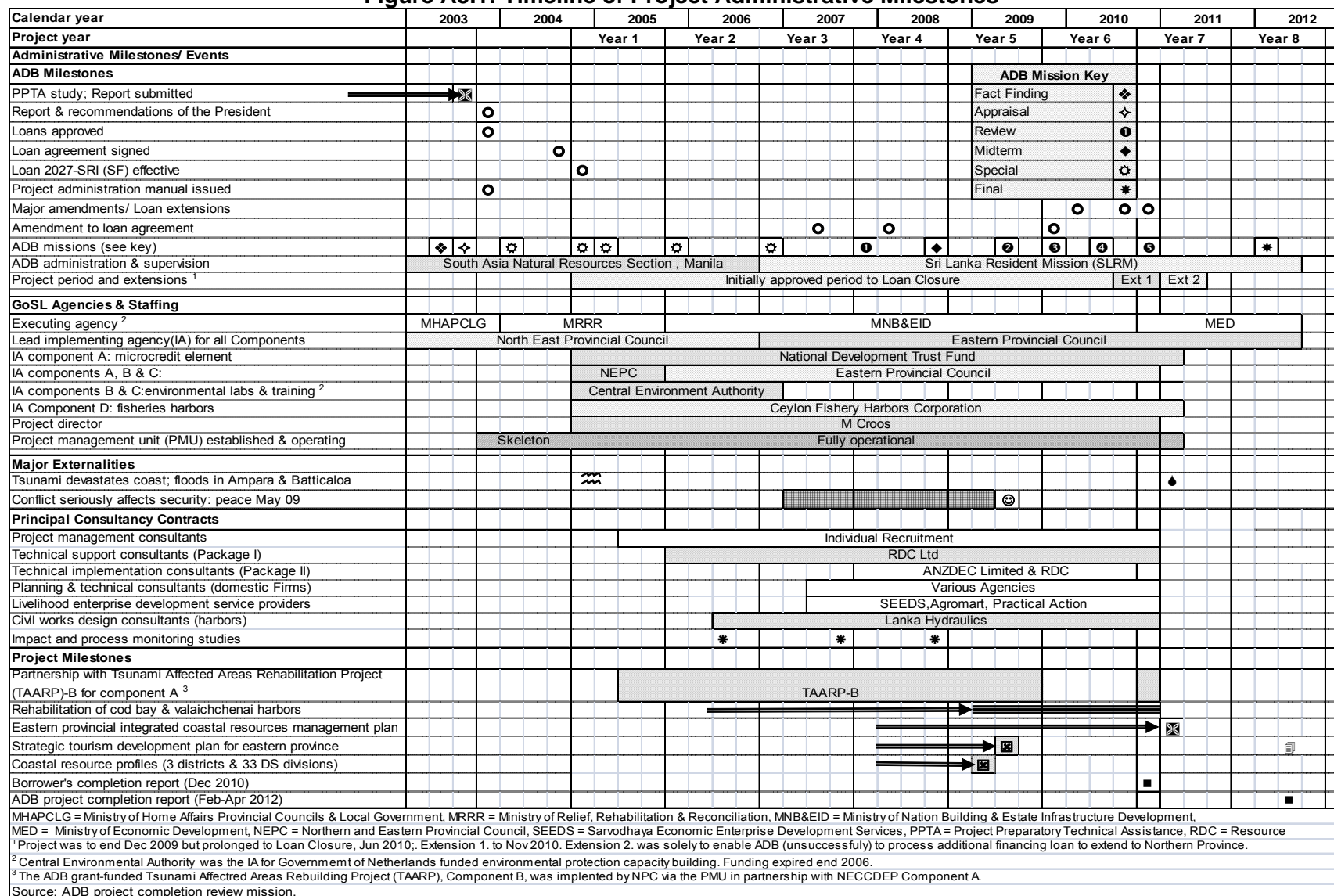
The extent of debris, waste material, and rubble requiring disposal was expected to lead to significant disposal costs. The dumping of debris in inappropriate locations must be addressed immediately to prevent long-term problems of flood control, waterway blockages, contamination of the groundwater table, and pollution on beaches, for example by using debris as construction material when possible.

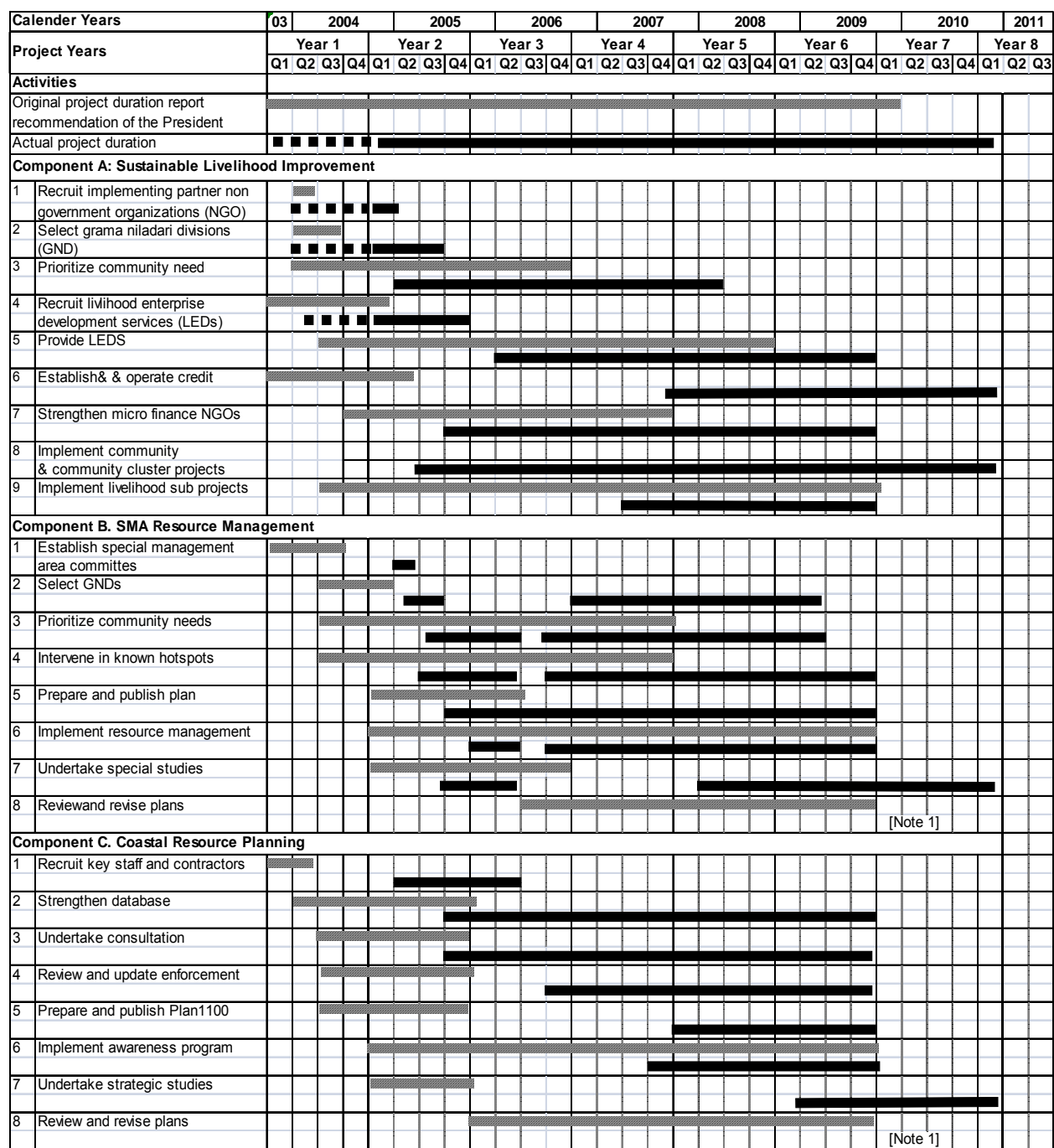
Because of Sri Lanka's vulnerability to global warming, climate change, sea level rise, and extreme weather events, the United Nations Environment Programme (UNEP) and other development partners conducted environmental assessments of the devastation caused by the tsunami. Their objective was to identify follow-on projects and further studies into the likelihood of similar or localized natural disasters in the future, including the role of natural resources in minimizing the effect of natural disasters. As a result of the assessment by UNEP and its partners, tsunami reconstruction subprojects needed to identify ways to (i) respond to the vulnerability of coastal populations to such disasters; (ii) prevent or reduce the magnitude of such disasters; (iii) educate coastal populations on disaster preparedness and mitigation; (iv) improve information and communication systems; and (v) enhance coastal protection through natural barriers such as green zones or green belts of forests, coastal vegetation, or mangroves.

Both disasters (tsunami and conflicts) radically transformed gender roles. Women face the burden of caring and providing for the family, while contributing to community life in welfare centers or refugee camps. Conflict-related disability, often of males, has placed additional burdens on women and other family members. Family and household structures have been recast, with many families forming one household, households headed by one person (female and male), or families composed of grandparents and grandchildren. The conflict left many widows who took on the role of head of household, combining the traditional roles of breadwinner and caregiver. The tsunami reversed this trend and left a large number of households headed by men.

# PROJECT IMPLEMENTATION TIMELINE AND SCHEDULES

Figure A3.1: Timeline of Project Administrative Milestones



**Figure A3.2: Project Implementation Schedule at Inception and Loan Closure**

Component D: Fisheries Development												
1	Valaichchenai Harbor											
a	Community consultations											
b	Engage consultants											
c	Design and supervision											
d	Construction											
e	Training operation (communities)											
2	Cod Bay Harbor											
a	Community consultations											
b	Engage consultants											
c	Design and supervision											
d	Construction											
e	Training operation (communities)											
Component E: Project Implementation Support												
1	Recruit key staff/ contractors											
2	Recruit consultants											
3	Provide support services											
4	Establish project performance and monitoring system											
5	Undertake Project Monitoring and Evaluation											
6	Support Mid Term Review/ Borrowers' Completion Report											
7	Manage Impact Assessments											
<p>Q = quarter.</p> <p>Proposed schedule as per RRP  Actual Schedule (preliminary preparations)  Implementation </p> <p>Note 1: Plans finalized only by end of project, no opportunities to review.</p> <p>Source: Government of Sri Lanka. 2010. <i>North East Coastal Community Development Project: Borrower's Project Completion Report</i>. Colombo.</p>												

## LIVELIHOODS AND POVERTY

### I. BACKGROUND

1. Although the activities undertaken by the North East Coastal Community Development Project (NECCDEP) were diverse, its central focus was the improvement of livelihoods in the vulnerable communities in the project area. This vulnerability grew partly out of the violence of a 30 years of civil conflict. Until a ceasefire in 2002, hostilities had disrupted livelihoods by damaging productive assets, displacing or causing the death of family members, limiting access to resources, and destroying infrastructure. The project was designed during this ceasefire and centered on post-conflict rehabilitation. However, its actual outcome was strongly affected by the two events that were unforeseen at that time: the Indian Ocean Tsunami of December 2004 and the resumption of the conflict in 2007.

2. This appendix describes the NECCDEP's impact on improving the livelihoods of the targeted segments of the population. This assessment defines "livelihood improvement" in its broader sense and takes it to involve improvements not merely in financial capital but also in human and social capital as well as in natural resources and infrastructure. All these factors were integral elements of the design and implementation of the project.

### II. METHODOLOGY AND DATA AVAILABILITY

3. A process monitoring system was in place during project implementation and used by the Center for Information Resource Management (CIRM) three times each year during 2006–2008. No ongoing impact monitoring system was employed and no baseline socioeconomic studies were made. An ex post impact assessment was conducted in November–December 2010.<sup>1</sup> This study used a 10% sample of the project's *grama niladari* divisions (GNDs)—which are the smallest local government units in Sri Lanka—and discussions with stakeholder focus groups. The Development Assistance Committee Score Card methodology was used for the assessment, with the respondents providing rankings on such score card parameters as relevance, efficiency, and sustainability. This assessment has limitations because data are not available on the actual measurable impact—for example, the extent to which the project affected incomes and overall quality of life. However, data on the microfinance schemes were available from the microfinance nongovernment organizations (MFNGOs) involved in the project.

4. The project completion report (PCR) mission conducted a separate socioeconomic survey (PCRILS) during the 27 February–7 March 2012 mission. This involved a sample that was representative of the MFNGO activities and of the geographic distribution of the beneficiaries. A total of 112 households were surveyed, with the focus on income and expenditure and overall quality of life. A parallel survey (gender survey) conducted concurrently (sample size: 150) focused mainly on gender and community development (Appendix 5).

### III. SUSTAINABLE LIVELIHOOD IMPROVEMENT

#### A. Pre-project Situation

5. The Eastern Province is one of the poorest regions in Sri Lanka on the basis of most measures of poverty incidence. The GNDs chosen for the project were the most vulnerable in the province based on the indicators used as selection criteria. The marked urban character of the physical features along the eastern coastline helps mask the presence of poverty in these

<sup>1</sup> Ministry of Economic Development, Government of Sri Lanka. 2011. *Social and Economic Impact Study, North East Coastal Community Development Project*, Colombo. (Loan 2027-SRI).

communities. The predominant vocation in the project area is fishing. Agriculture is also important. Both these economic activities had been disrupted by the decades-long conflict and the 2004 tsunami.

**Table A4.1: Livelihoods in the Coastal Regions of Eastern Province**

District	Population (No.)	Households (No.)	% of households		
			Fishing	Agriculture	Other
Ampara	184,436	46,184	33	18	na
Batticaloa	244,652	62,030	22	26	45
Trincomalee	116,385	27,759	35	24	36
<b>Total</b>	<b>545,473</b>	<b>135,973</b>	<b>28</b>	<b>23</b>	<b>na</b>

Source: ADB. 2003. *Project Preparatory Technical Assistance for Eastern Province Coastal Community Development Project*. Consultant's report. Manila (TA 3479-SRI).

## **B. Targeting of Beneficiaries**

6. The methodology adopted to target communities for the project had six vulnerability indicators. The indicator data had been obtained from the village profiles prepared by the divisional secretariat offices. The tsunami of December 2004 changed the vulnerability profiles completely.

7. The three project districts included 470 GNDs, with a total population 1.5 million. The core project area was to cover the 396 GNDs that bordered the coast or major lagoon systems, including more than 800 villages with a population of 550,000. Using basic human indicators to derive a vulnerability index, the project preparation technical assistance (TA) project had identified about 150 GNDs, including 146 assessed as "most vulnerable" and requiring initial assistance—35 in Trincomalee, 88 in Batticaloa, and 23 in Ampara. Of these 146 GNDs, 84 were in the Special Management Areas (SMA). A GND's vulnerability index was based on the number of households headed by females, the number of displacements, access to drinking water, access to toilets, levels of indebtedness, and restrictions on access to a livelihood.

8. The loan inception mission fielded in November 2004, just before the tsunami, clarified the scope of the project's work:

- (i) The number of GNDs to be selected for initial targeting was revised to 140 from 150 and the total expected to be supported under the project to 225 (with a total allocation of \$4.5 million, or \$20,000 per GND).
- (ii) The PMU was to select the additional 85 GNDs by 31 October 2005, using the vulnerability criteria adopted in the TA. The PMU was advised to use technical services of the CIRM for this task because it had refined the vulnerability indicators and collected the relevant information.
- (iii) In addition, non-vulnerable GNDs in designated environmental hot spots within the SMAs were to receive funds for resource management and environment improvements.

9. The changes in GND vulnerability profiles brought about by the tsunami made adjustments to project targeting parameters and priorities necessary. A total of 258 GNDs in the project area were affected by the tsunami. Of these, 70 were in the original list of vulnerable GNDs. GNDs affected by the tsunami but not in the original vulnerable list totaled 72. In late 2005, the CIRM identified a further 58 GNDs for project support.

10. The project's post-tsunami GND vulnerability criteria were disaster-linked and covered (i) the number of lives lost, (ii) the number of houses and property destroyed or damaged, and (iii) the number of people whose livelihoods were lost. The project finally targeted 130 GNDs, of which 72 met both the original and tsunami vulnerability criteria and 58 met the tsunami criteria (Table A4.2). From the community infrastructure data in the borrowers complete report indicates a population of around 193,000 and 49,472 households in 125 GNDs (out of 130 GNDs) covered by the revised scope of the project.

**Table A4.2: Impact of Changes in Targeting Criteria**

Item	GNDs
<b>At Project Preparation (2003)</b>	
Project area	396
Identified by PPTA as vulnerable, for project support	146
<b>At Inception Mission (2004)</b>	
Revised initial target (inception mission)	140
Additional to be selected	85
Total proposed for project support (November 2004)	225
<b>After the 2004 Tsunami (2005)</b>	
Total tsunami-affected	258
1. In NECCDEP original list	70
2. Balance not in NECCDEP original list	72
3. Additional identified by CIRM (2005 survey)	58
<b>Total NECCDEP GNDs (2 + 3)</b>	<b>130</b>

GND = *Grama niladhari* divisions, NECCDEP = North East Coastal Community Development Project, CIRM = Centre for Information Resources Management.  
Source: ADB review mission findings.

11. This appendix presents the findings of the PCR mission on the effectiveness of the targeting of project activities.

### **C. Interventions**

12. The project interventions under the component A of the project—sustainable livelihood improvement—included several activities:

- (i) Livelihood and enterprise development services (LEDS) were provided to the beneficiaries to facilitate identification of market opportunities, technology transfer, and entrepreneurship training. These were to be delivered by selected LEDS providers.
- (ii) A microfinance delivery system was established to support livelihood improvement. It was implemented by microfinance nongovernment organizations (MFNGOs).
- (iii) A needs assessment was conducted for community infrastructure. This was facilitated by implementing partner nongovernment organizations (IPNGOs and followed by project-funded community infrastructure investments.

### **D. Impact**

13. **Livelihood and Enterprise Development Services.** The LEDS providers were each assigned a district. Agromart Foundation (Ampara District), Practical Action (Batticaloa District), and Sarvodaya Economic Enterprise Development Services (SEEDS for Trincomalee District) provided the services. The training provided was diverse. It included broad generic training in

market identification and entrepreneurship and training in such specific skills as sewing and food processing. The skills training was oriented toward beneficiary needs. These are reflected in the end use of the microfinance loans (Table A4.3). The gender surveys show that 31% of the 150 loan beneficiaries in the sample received entrepreneurship training and 19% underwent skills development. The selection of participants gave priority to individuals who had both been affected by the conflict and had the potential to start up microenterprises.

**Table A4.3: Livelihood Enterprise Development Services Providers and Details of Training Programs**

District	Number of Programs	Service Providers	Number of Beneficiaries		
			Male	Female	Total
Trincomalee	114	SEEDS	1,694	2,340	4,034
Batticaloa	157	Practical Action	1,889	2,420	4,309
Ampara	197	Agromart Foundation	2,202	3,001	5,203
<b>Total</b>	<b>488</b>		<b>5,785</b>	<b>7,761</b>	<b>13,546</b>

Source: Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

14. The LEDS providers—Practical Action (115), Agromart Foundation (177), and SEEDS (128)—conducted 430 programs of training for several categories of stakeholders. No details are available on the number of loan beneficiaries who received training. Entrepreneurship training was a precondition for skills training. SEEDS estimates that 25% of the trainees went on to commence enterprises. Similar programs conducted earlier at other locations in Sri Lanka have reported that 10%–15% of recipients of entrepreneurship training have set up microenterprises (the United States Agency for International Development's entrepreneur development training programs in Mahaweli Areas in 1987–1988). By this benchmark, the performance SEEDS reported for the NECCDEP program is satisfactory.

15. Some MFNGOs said that the LEDS training was not efficiently linked to their lending activities. LEDS providers have reported weak linkages between the IPNGOs and the MFNGOs. The average beneficiary interacted with both of these nongovernment groups as well as the LEDS providers, or three kinds of nongovernment organizations in all. This design feature came under the scrutiny of the PCR mission, especially since the mobilizers of the IPNGOs had been replaced regularly due to staff turnover. Some MFNGOs such as AHAM in Trincomalee have, where possible, selected their loan recipients from among those provided with skills training by the LEDS provider, however it was not with all MFNGOs as they followed their own criteria to select the beneficiaries.

16. Resource limitations restricted the entrepreneurship training sessions to only 2 days, less than ideal given that other earlier programs on similar projects lasted 10–20 days. Subject to this constraint, all the customary topics were covered, including cash management and the selection of business ideas. The participants even prepared a small business plan. The gender survey shows that 89% of those who skill enhancement training had replicated in their income generation activity.

# **1. Implementing Partner Non Governmental Organizations and the Planning Process**

17. The NECCDEP engaged the IPNGOs for implementation of the sustainable livelihood development component. The choice of the community infrastructure to be rehabilitated was

made during preparation of a village development plan (VDP) by each community under the IPNGOs' guidance. The 22 IPNGOs prepared 129 VDPs covering 26 divisional secretariat divisions during 2005–2007. They were reviewed on an annual basis. About 60% of the participants at the VDP planning sessions were women. Youth representation was 20%–40%.

18. Villagers were generally satisfied with the planning process. This was the first exposure to participatory planning for most and the involvement of government representatives was seen as a novelty. Years of conflict had opened a communications gap between the villagers and the government and the VDP process had helped to narrow it. The process also led to high expectations, which often exceeded what could be provided by the budget of SLRs 4.0 million per GND. In addition, some of the projects identified were beyond the project's implementation capabilities, such as irrigation works and bridges. This has led to some disillusionment with the process.

19. After the tsunami, a number of social mobilizers left the NECCDEP for better prospects offered by the large number of tsunami relief projects in the area. This affected VDP preparation and updating adversely and part of the burden for this work fell to NECCDEP staff. IPNGOs have generally appreciated the support provided by the project office to the planning process.

## 2. Small-Scale Community Infrastructure

20. The PCR mission visited a number of community infrastructure subprojects and they were being used and maintained well. Around half of the component A investment went into subprojects that were directly related to production and thereby improved income generation.

21. Roads accounted for the highest share by value of both the cluster infrastructure undertakings and the individual GND infrastructure projects. This is justified by the fact that roads directly benefit communities by improving access to markets and social facilities.

**Table A4.4: North East Coastal Community Development Project Community Infrastructure Subprojects**

Subproject	Number	Percent of Total	Cost (SLRs million)	Percent of Total Cost
Rural roads	220	37	158.0	34
Multipurpose buildings	118	20	155.9	34
Preschools	42	7	27.1	6
Wells	93	16	29.5	6
Drainage	42	7	32.8	7
Market buildings	11	2	10.1	2
Production centers	28	5	27.0	6
Playgrounds	2	0	1.3	0
Fishers' restrooms	22	4	15.5	3
Environmental	4	1	0.3	0
Additional works	14	2	2.9	1
<b>Total</b>	<b>596</b>	<b>100</b>	<b>460.2</b>	<b>100</b>

Source: Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

22. The NECCDEP's impact assessment studies show that the communities appreciated the facilities constructed by the project. The project completion report income and livelihood survey (PCRILS) carried out by the PCR mission showed almost universal appreciation of the relevance of this infrastructure, the quality of construction, and the maintenance standards. The

mission saw that the community multipurpose buildings were being used for their intended purpose with a sense of ownership by the community. Such interventions have fallen into disuse in other similar projects.

### 3. Cluster-Based Community Infrastructure

23. The cluster-based community infrastructure investments have a distinct economic benefit. The PCR mission visited several of these subprojects, including paddy stores, markets, the milk-chilling center, rural roads, and resource centers. Table A4.5 provides details on the cluster infrastructure developed by the NECCDEP. Up to 76% of total investment in these projects went to activities with a direct link to production, which is an indication of the efficacy of the selection process. Among the cluster projects the mission visited was a milk chilling center at Sittandi that has helped improve the quality of the milk available for purchase by the public and thus increased the income of the dairy farmers that produce it. The facility serves 150 cooperative members from whom it collects up to 2,000 liters of milk per day.

**Table A4.5: Cluster-Based Community Infrastructure**

Type	Total	Expenditure (SLRs)	Portion of Expenditures Overall (%)
Public market	8	91.2	13
Livelihood development centre	3	8.6	1
Paddy stores	8	45.0	7
Strengthening of DATC Building	2	13.6	2
Parasite breeding centre	1	4.3	1
Community centre	4	26.8	4
Regional training centre	2	16.0	2
Milk chilling centers	3	20.0	3
MPCS stores	2	16.8	2
Fertilizer stores	3	7.5	1
Rural roads	13	235.6	35
Resource centre	4	55.2	8
Production centre	1	3.4	0
Shopping complex	5	60.5	9
Gabion wall	1	12.6	2
Village development center	2	29.7	4
Playgrounds	1	6.9	1
Salt water exclusion embankment	1	14.2	2
Coast conservation department	1	13.2	2
<b>Total</b>	<b>65</b>	<b>681.1</b>	<b>100</b>

DATC=District agricultural training centre, MPCS= Multi purpose cooperative society.

Source: Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

### 4. Microfinance Schemes

24. The project's approach to microfinance was based on ADB's experience in the Rural Finance Sector Development Program, in which the National Development Trust Fund (NDTF)

served as the apex body for the distribution of credit.<sup>2</sup> The NDTF, which subsequently merged with the Sri Lanka Savings Bank, was to work with partner organizations that would in turn funnel credit to small-scale borrowers. The NECCDEP, for its part, used 18 MFNGOs to provide 7,573 loans under its microfinance scheme.

**Table A4.6: Microfinance Schemes**

<b>District</b>	<b>Number. of Beneficiaries</b>	<b>Total Loans Released (SLRs million)</b>
Trincomalee	911	36.6
Batticaloa	2,980	95.9
Ampara	3,682	128.8
<b>Total</b>	<b>7,573</b>	<b>261.3</b>

Source: Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

25. The credit scheme was expected to expand to include the commercial banks during the project period but this did not occur. The MFNGOs that the PCR mission met expressed confidence in the sustainability of their post-project operations due mostly to a high demand for credit and repayment rates of above 90%. Their presence and outreach in local communities have given them an advantage over the commercial banking system. Some beneficiaries told the mission that MFNGO lending allows them to avoid both the formalities and documentation required by the commercial banks and the high interest rates demanded by local moneylenders.

26. The design initially linked the project rate of interest to the prevailing average weighted deposit rate but the latter was very high during 2006–2009, which held back disbursements. This required a change in the interest rate strategy and the final on-lending rate to the borrower was changed to a fixed 15%. Disbursements improved. In the view of the NDTF, the performance of the credit scheme was also negatively affected by the generous interest rate subsidies provided by tsunami relief-driven programs. The government absorbed the burden of this interest rate adjustment.

27. TCCS Union Limited, an MFNGO in Kalmunai, told the PCR mission it had received only 76.5% of the scheduled repayments. This is the highest level of default recorded by the project. The MFNGO attributed this to floods that had damaged borrowers' abilities to repay. The NDTF has ceased on-lending to this MFNGO. The NDTF reports that nonperforming NECCDEP loans is only 2.3% of the project portfolio (SLRs5.92 million against the total lending of SLRs261.3 million). This is highly satisfactory by banking standards and norms in Sri Lanka.

28. About 25% of the borrowers have used the funds for poultry and livestock, a traditional home industry in the project area and the largest single end use of MFNGO financing. Retail shops were also a popular activity among the borrowers. Although the MFNGO records show that 87% of the loan recipients were female, the PCRILS showed that 84% of the households that received the microfinance loans were headed by a male, indicating a high possibility that the decision making regarding the investment may have been in the hands of men. The same survey showed that 36% of borrowers were not engaged in any income generating activity before they received a loan but that percentage dropped to 5% afterwards. The PCR mission found it significant that the survey showed that 72% of the loan beneficiaries were able to provide some equity of their own to their enterprise. The average debt–equity ratio for the entire sample was 68:32, a ratio not unlike that seen in regular financial markets.

<sup>2</sup> ADB. 2003. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the Rural Finance Sector Development Program (Sri Lanka)*. Manila.

29. On Average 34% of beneficiaries took a second loan and another 28% had progressed to a third. This illustrates the success and the potential for sustainability of the loan scheme. However, 93% of loan recipients surveyed reported that they were not provided with support on market linkages.

**Table A4.7: Distribution of Finance by Sector under North East Coastal Community Development Project Microfinance Component**

Sector	Ampara	Batticaloa	Trincomalee	Total
Food processing	2%	3%	1%	2%
Livestock development	34%	31%	23%	25%
Paddy cultivation	10%	5%	12%	8%
Vegetable cultivation	4%	6%	7%	5%
Small industries	6%	8%	12%	8%
Fishing	3%	4%	11%	4%
Fish trade	1%	3%	0%	2%
Small enterprise	40%	42%	34%	40%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

## E. Sustainability of Interventions

30. The microfinance schemes have a high potential to remain sustainable. The PCR mission observed that many project beneficiaries were continuing their association with the MFNGO that provided the first loan. While some MFNGOs first became partners of the NDTF due to the project, others, such as HOPE in Trincomalee, had an earlier association. Most of the MFNGOs will continue this partnership, thus ensuring the sustainability of the microfinance process in the project area. Eight of the 18 MFNGOs accounted for 87% of the credit disbursements during the project period are continue to operate in the project areas.

31. Continuing to update the VDPs may not be feasible. These village plans were useful tools in prioritizing the needs of the villagers under the project but they likely need to be updated regularly to remain relevant and the village or regional level administrations cannot be expected to dedicate the trained resources required for this exercise. The fact that the PCR mission saw—and the PCRILS confirmed—that project village infrastructure such as multipurpose buildings was being heavily used and well maintained may result in part from the relatively high population density in some of the GNDs supported by the project.

32. The maintenance of facilities constructed by the project is now in the hands of either the community organizations or government institutions. The divisional secretariats have trained social service officers and rural development officers who will be responsible for ensuring that these facilities are maintained.

## IV. POVERTY ASSESSMENT

### A. Pre-Project Poverty Situation

33. Due to the longstanding conflict situation in the Eastern Province, no detailed poverty assessment had been done in the region for many decades at the time of project design. The project preparation TA for the NECCDEP estimated that 25%–50% of the province's 1.5 million people could be classified as poor, based the lower poverty line in 1995–1996 of SLRs869 per person per month. Qualitative data collected during the TA placed the estimates at even higher.

34. Poverty assessment at project appraisal as well at the TA stage focused on the fishing community. In the coastal villages, around 50%-60% of the population was classified as very poor. These residents were mostly day laborers. Another 20%–30% of the population was classified as poor. This group had more than one family member with earning capacity and had better access to employment. The dominant factor in determining poverty was the loss of productive assets, displacement and loss of family members, limitations on access to resources, and destruction of infrastructure, all due to the civil conflict.

## **B. Poverty and Social Strategy of Project**

35. The strategy for poverty reduction in the design of the NECCDEP was also governed by factors related to the conflict. The strategy proposed non-violent conflict mechanisms, recognizing the increased ethnic segregation due to the conflict. The project was to address the difficulty the conflict had created for people wanting to move freely to access livelihood opportunities providing new alternate livelihood opportunities in their communities. In recognition of the increased strain on women due to the loss of male household members during the hostilities, the livelihood support interventions were aimed mostly at women.

36. The project strategy was both to enhance traditional livelihoods such as fishing and to open up new opportunities. A cluster concept was proposed to promote backward and forward linkages. Substantial investment was proposed for improving the environment to sustain the natural resource base that the poor depended on as a source of livelihood.

## **C. Project Impact on Poverty**

### **1. Impact on Incomes**

37. Details on household incomes were collected from households in the PCRILS in February–March 2012. The sample comprised households that benefitted directly from project interventions as beneficiaries of the microfinance scheme. In the absence of income and expenditure data from either baseline or monitoring surveys under the project, the collected data was compared with national level data in the Household Income and Expenditure Survey (HIES) for 2009–2010 conducted by the Department of Census and Statistics. To ensure compatibility, the HIES data was expressed in 2012 prices by using inflation indices.

38. Table A4.8 shows the monthly household income by province in Sri Lanka. The overall poverty status of the Eastern Province is illustrated by both the mean and median incomes, which were the lowest of all the provinces. The mean income was around half the national average. (Northern Province had been excluded from the HIES due to the post-conflict situation prevailing at the time).

**Table A4.8: Household Income Nationally and by Province in Sri Lanka, 2009**  
(SLRs per month)

<b>National/Province</b>	<b>Mean Income</b>	<b>Median Income</b>
Sri Lanka	39,045	26,517
Western	49,451	33,455
Central	38,610	25,006
Southern	35,134	24,454
Eastern	21,681	19,176
North Western	35,332	24,608
North Central	38,759	30,320

Uva	30,513	23,306
Sabaragamuwa	37,252	23,844

Source: Government of Sri Lanka. Department of Census and Statistics. 2011. Household Income and Expenditure Survey 2009–2010.Colombo.

39. Table A4.9 provides a summary of the income data collected under the PCRILS. The data indicated that the mean monthly income of households had increased by an average of 39% during 2002-2009. This significant increase was due to project interventions as well as to an environment free of civil conflict from around 2007. It must be viewed in the context of the low income levels at the time the project began. No income data had been collected at the time of the project preparation TA or at appraisal. The pre-project incomes used in this assessment are sourced from the project beneficiaries themselves from the sample survey using their recall ability.

**Table A4.9: Monthly Income of Survey Sample**  
(SLRs per month)

	After the Project	Before the Project	% increase Post Project
<b>Mean</b>	22,627	16,261	39%
<b>Median</b>	21,500	16,250	30%

Source: Asian Development Bank project completion report mission survey of income and livelihood, 2012.

## 2. Impact on Expenditure

40. Trends in household expenditure also provide an insight into the levels of poverty in a community. Detailed household expenditure data was collected under the HIES, as shown in summary form in Table A4.10. The national average expenditure for a household was SLRs35,691 per month. As in the case of incomes, the Eastern Province shows the lowest average expenditure, which at SLRs 26,731 per household is 75% of the national average.

**Table A4.10: Sri Lanka—Mean Household Expenditure Nationally and by Province, 2009–2010**  
(SLRs per month)

National/Province	Mean Household Expenditure
Sri Lanka	35,691
Western	47,603
Central	32,663
Southern	32,417
Eastern	26,731
North Western	30,084
North Central	36,202
Uva	27,651
Sabaragamuwa	27,484

Source: Government of Sri Lanka. Department of Census and Statistics. 2011. Household Income and Expenditure Survey 2009–2010.Colombo.

41. Table A4.11 shows the expenditure statistics for the NECCDEP project beneficiaries, as collected under the PCRILS. The average total expenditure for a month reported in 2012 by the

project beneficiaries is SLRs18,454. This is substantially lower than the inflation-adjusted average for the Eastern Province collected under the HIES survey using a sample that also covered non-project areas located away from the coast. This indicates that the beneficiaries of the project were of a lower socioeconomic status than the district average. The percentage of households in the PCRILS using firewood for cooking (86%) and having access to electricity (86%) are similar to the national norms for the rural sector.

**Table A4.11: Household Expenditure by Sample of North East Coastal Community Development Project Beneficiaries**

<b>Category</b>	<b>Expenditure (SLRs per month)</b>	<b>Share of Overall (%)</b>
Food	11,906	65
Fuel and light	850	5
Clothes and footwear	1,173	6
Health	591	3
Transport	503	3
Phone	414	2
Education	959	5
Entertainment	613	3
Liquor & tobacco	453	2
Consumer durables	604	3
Other	388	2
<b>Total</b>	<b>18,454</b>	<b>100</b>

Source: Asian Development Bank project completion report mission survey of income and livelihood, 2012.

### 3. Food Ratio

42. The food ratio, which represents expenditure on food as a percentage of total household expenditures, is a clear illustration of socioeconomic status. Table A4.12 shows the food ratio for the country's provinces using the HIES data. A high food ratio indicates poor socioeconomic status since the share of expenditure on food decreases as income levels rise. Eastern Province has the highest food ratio in the island. As seen in Table A4.11, the NECCDEP beneficiary sample shows a food ratio of 65%, higher than the average for Eastern Province. This shows that the project interventions captured the poorer segments of the population in the target areas.

**Table A4.12: Sri Lanka—Food Ratio Nationally and by Province**

<b>National/Province</b>	<b>Total Household Expenditures (SLRs per month)</b>	<b>Food Expenditure (SLRs per month)</b>	<b>Food Ratio<sup>3</sup></b>
Sri Lanka	35,691	14,210	0.40
Western	47,603	15,850	0.33
Central	32,663	13,784	0.42
Southern	32,417	13,563	0.42
Eastern	26,731	16,432	0.61

<sup>3</sup> Food ratio is calculated by food expenditure / total household expenditure.

North Western	30,084	13,124	0.44
North Central	36,202	12,527	0.35
Uva	27,651	12,496	0.45
Sabaragamuwa	27,484	12,808	0.47

Source: Government of Sri Lanka. Department of Census and Statistics. 2011. Household Income and Expenditure Survey 2009–2010. Colombo.

#### 4. Poverty Lines

43. The official poverty line is the main measure of the incidence of poverty in Sri Lanka and is based on the cost of basic needs. The poverty line is the minimum expenditure required to emerge from poverty. The data for the measure is collected from the HIES surveys. The national poverty line per person per month as of January 2012 was SLRs3,316. The poverty line for Eastern Province was SLRs3,432. It was SLRs3,382 for Ampara District, SLRs3,531 for Batticaloa District, and SLRs3,488 for Trincomalee District.

44. The poverty head count ratio shows the percentage of the population that lives below the poverty line. This ratio is 7.6% nationally and 7.7% for the rural sector. The ratio for the Eastern Province is the highest for all the provinces in Sri Lanka, while Batticaloa District shows the highest ratio in the country. Table A4.13 shows the poverty head count ratios for the three project districts.

**Table A4.13: Poverty Head Count Ratio**

<b>National, and Project Districts and Beneficiaries</b>	<b>Poverty Head Count Ratio 2009–2010</b>
Sri Lanka	7.6%
Ampara District	11.8%
Batticaloa District	20.3%
Trincomalee District	11.7%
Project beneficiaries surveyed (2012)	23%

Source: Household Income and Expenditure Survey 2009-10, Department of Census and Statistics, Sri Lanka and PCR Mission Income and Livelihood Survey 2012.

45. The poverty head count ratio of the NECCDEP beneficiaries that took part in the PCRILS was 23%, another indication of the effectiveness of the project in its targeting of the poor.

## V. CONCLUSIONS ON POVERTY OUTCOME AND IMPACT

### A. Outcome

46. An assessment of the findings from the PCRILS Survey shows that the sample of NECCDEP project beneficiaries had a poverty Head Count ratio of 23%. The project preparation TA and appraisal stages of the project design faced an absence of reliable statistical data on poverty and of head count data on income poverty in the project area. Project targeting was therefore based on proxy data for poverty and qualitative information. The project used these data to derive a vulnerability index for targeting (para. 7). For this reason, direct comparison of poverty data before and after the project is not possible. The significant increase in the incomes of the beneficiaries has been due to such project interventions as improved access to credit and investments in rural infrastructure and to the cessation of conflict, which occurred earlier in the project area (2007) than in the other conflict areas (2009). Incomes are expected to continue to rise in the project areas. The project beneficiaries included a greater percentage of the poor

than the overall population nationally, provincially, and by district. This was due to the project's use of vulnerability criteria to target GNDs. Comparison of the income and expenditure data from the PCRILS with national HIES data shows that, despite the significant income increases in the target population, the income and expenditure indicators of the latter still lag behind national and provincial levels. So does the very high poverty head count ratio of 23%.

47. Vulnerability profiles of project area communities changed drastically after design due to the 2004 tsunami and the renewal of armed conflict. Moreover, some of problems of vulnerability encompassed by the original design criteria were beyond the ability of the project to address or solve. These included such results of the civil conflict as the high number of female heads of households and displaced persons and the effects hostilities and ethnic tension had on access to livelihood opportunities. Data on water and toilet access were not compatible with data from the sample surveys. The only criteria that were directly measurable both before and after the project were livelihoods and indebtedness. Moreover, the vulnerability-based classification of the GNDs was based on a 100% census of household data from divisional secretariats, and other offices and other agencies. Much of this data was lost during the tsunami and a valid comparison with post-project data would have been impractical in any case because it would have required such an extensive census to have been repeated for the PCR review.

48. Assessing outcome achievements consequently required an alternative to the vulnerability indices. Household incomes were used as a proxy for livelihoods and access to formal credit for indebtedness, which in turn were taken to reflect levels of poverty.

49. The NECCDEP interventions to reduce poverty were appropriately timed, aimed as they were at communities devastated by a decades-long conflict and an unprecedented natural disaster. The PCRILS results show that the mean income of the beneficiaries who participated in the project's microfinance scheme improved by 39% and vulnerability to indebtedness declined, with 29% of households relying on formal credit systems after the project rather depending on moneylenders. The credit facilities and awareness raising provided by MFNGOs enabled 41% of the households surveyed to access formal credit systems for income generation activities for the first time (Appendix 5).

50. The survey also showed that, as intended, project benefits have been received by the poorer segments of the project communities. The PCR mission learned from interviews in the field that the greater use of credit that began with the project is sustainable and some beneficiaries had graduated to their second and even their third microfinance loans. Despite the interventions, the income levels in Eastern Province remain among the lowest in the country, with poverty head count ratios and food ratios among the highest.

## **B. Impact**

51. The targeted impact in the revised Design and Monitoring frame work was, "Poverty reduced and basic needs are met in coastal communities in Eastern Province." The performance indicator was, "By December 2009, real incomes of 25,000 coastal households increased by at least 20%."

52. Table A4.14 provides estimates for the number of households that could be expected to have real incomes increased by end of 2012 as a result of the project and of the associated contributions from the projects and related activities. The figure is only the direct contribution and therefore this shows that the target figure of 25,000 households is attainable, especially if other ongoing development programs in coastal areas are considered. However, a 20% real increase in incomes cannot be substantiated.

**Table A4.14: Project —Estimated Contributions by Project Activities to Increases in Incomes**

<b>Item</b>	<b>Contribution</b>	<b>Estimated Number of Beneficiary Households</b>
1. Component A Skills development and micro credit activities	Mean increase of real incomes 39% in 129 GNDs loan beneficiaries (accurate figures)	7,500
2. Component A Skills Development	6,500 of 13,546 other persons trained in livelihood enterprises who did not seek microcredit, assumed 50% took up enterprises through own or family funds (estimate based on PCR surveys)	3,250
3. Former NECCDEP Project MF-NGOs & LEDS providers	Post-project extend microfinance/ livelihood activities in coastal communities (estimate)	1,500
4. NECCDEP rehabilitated harbors attract 400 incremental multiday boats (Appendix 14)	6 crew members each (2,400), plus on-shore employees (100), total 2,500 persons, apply multiplier x 3.4 (estimate)	8,500
5. Tourism enterprises (Passekudah 14 new hotels (Note 1))	Mean 100 local staff per hotel (estimate)	1,400
<b>Total</b>		<b>22,150</b>

Note 1: Only partly attributable to NECCDEP but positive impacts on coastal villages.  
Source: PCR Mission collation.

## GENDER

### I. INTRODUCTION

1. This appendix reviews the Gender Action Plan (GAP) of the North East Coastal Community Development Project (NECCDEP) in Sri Lanka and assesses its implementation and the benefits attained through the project compared with those envisaged in the original design. The actual achievements against GAP targets are shown in Table A5.1. The project-related documents, the report and recommendation to the President (RRP), the GAP, the borrower's completion report (BCR), a social and economic impact assessment study, and publications of the Asian Development Bank (ADB) were reviewed to analyze what was planned and achieved by the project with respect to the GAP.

2. A sample gender survey was conducted in parallel with and complementary to the Income and Livelihood Survey (PCRILS) covering project loan beneficiaries and officials of community based organizations and implementing partner non-governmental organizations (IPNGOs), microfinance organizations (MFNGOs), livelihood enterprise development service (LEDS) providers, independent experts, project staff, and staff of the Asian Development Bank to determine the impact of project activities, the usefulness of the GAP, and its contribution to women's empowerment through the project as defined by the gender strategy of the project.

### II. GENDER ACTION PLAN

3. The context in which the project operated and was implemented needs to be kept in mind when reviewing its results. The Indian Ocean Tsunami of December 2004 and the resumption of heavy armed civil conflict in the country and some of the project areas in 2006–2007 presented problems that could not have been anticipated in the project design. These made continuity of project activities very difficult. Communities that the project was to work with were displaced and their households lost family members as well as their belongings and assets. They often were still returning or were being resettled while the project proceeded. As with other reconstruction, rehabilitation, and development activities in this region, the project also faced institutional difficulties. Human resources were scarce, staff turnover was high, and the financial and staff capacity of local non-state agencies were limited. Mobility was restricted and target communities suffered the psychological and physical consequences of human-made and natural disasters. There were high numbers of war widows, households headed by women, and single women with elderly dependents. Gender roles and responsibilities were fundamentally recast and women now shouldered additional tasks of being provider and protector in addition to their traditional role as caregiver. Women also had to interact more within the public sphere and engage with local officials, as well as the military, in an environment in which traditional attitudes regarding gender roles continued despite the fact that the realities of gender responsibilities had changed.

#### A. Component A: Sustainable Livelihood Improvement

4. A key focus of the project—represented by Component A—was to improve the livelihood of target communities and especially of the vulnerable groups within them. The GAP aimed to ensure that the most vulnerable *grama niladhari* divisions (GNDs) with a high proportion of households headed by women would be selected for the project. The GNDs are the most basic local government units and 130 of them were selected because they conformed to an index of six vulnerability criteria used for this purpose. The criteria included the number of female-headed households.

5. The project coordinating committee and divisional coordinating committee at which development activities are identified, selected, and monitored are attended by heads of departments in the province. Because most department heads were men, women had limited representation.

6. The project recruited local implementing partner nongovernment organizations (IPNGOs) to support community mobilization, conduct participatory needs assessments, and prepare village development plans (VDPs). IPNGO selection criteria required them to be gender sensitized in their staffing structure and the selection of at least one women's nongovernment organization (NGO) as implementing partner in each district was designed to encourage women's empowerment in this component. It was difficult to find IPNGOs with the required institutional gender capacity. Furthermore, once the IPNGOs were recruited, they required considerable and repeated capacity development owing to less-than-expected organizational strength and high turnover of staff, especially when major relief and rehabilitation efforts began after the tsunami. The project was therefore forced to invest a lot of time in training the IPNGOs.

7. VDPs were developed by the IPNGOs after separate consultations with men and women during participatory needs assessments. The VDPs were to identify village priorities for small-scale community infrastructure—common wells, for example, or multipurpose buildings that could be used for meetings, training activities, community events, and markets that could provide space for women to sell agricultural and other produce. The people were to determine which infrastructure was to be provided through the project. Women's participation was generally considered to be higher in these assessments and their needs were prioritized.

Livelihood-related skills training and business development training were provided by the LEDS providers, which were three national NGOs. The GAP intended that at least one LEDS provider with experience in providing business skills training to women would be contracted and that a female business advisor would be provided for each district to ensure that training, technology transfer, and market opportunities would be provided without gender bias. The three LEDS providers—Practical Action, Agromart Foundation, and Sarvodaya Economic Enterprise Development Services (SEEDS)—all had experience in working with women beneficiaries. However, the conflict environment in the province and project areas prevented implementation of this mentoring system because female business advisors could not be found to be mentors for the women engaged in home and community-based livelihood activities.

8. Female participation exceeded 50% in the training overall. For example, 3,752 females (65%) and 1,993 males (35%) took part in the LEDS skill development training. The LEDS training was based primarily on the trainees' preferences. Because 36% of the 5,745 trainees requested tailoring and dressmaking courses, 28% of the SLRs40 million skills training budget was invested in this kind of training for 1,576 females and 479 males across the three project districts. In Batticaloa District, Practical Action trained 277 males and 145 females in traditional fishing and farming practices with an investment of SLRs11.58 million (29% of the budget). The project distributed knowledge material on gender at every training program.

9. The LEDS providers formed the livelihood clusters envisaged in the design. Practical Action in Batticaloa and SEEDS in Trincomalee District formed poultry, tailoring, milk products, bag-making, and food processing enterprise groups. Female participation was high. However, the activities under the livelihood component did not always occur in the order that had been planned. The PMU aimed to have a study on resources and marketing conducted before the formation of livelihood clusters and the start of the training but a delay in hiring consultants that was due to the conflict situation meant the training had to begin before the cluster was formed.

10. The GAP included a plan to step up project information centers with women-friendly hours, gender-specific material, and information and links to women's NGOs but delayed start on the component prevented this from happening. The project was able, however, to establish four library facilities with materials on gender and environment in Trincomalee, Batticaloa, Addalachchenai, and Alayadivembu cities.

11. As part of the project's environmental conservation and restoration activities, it provided women in the Eastern Province with 7,444 energy-efficient *Anagi* stoves and 1,387 paddy husk stoves. The aim was to reduce the use of firewood for cooking.

12. The small-scale community infrastructure projects were highly responsive to women's needs. Many communities identified the construction of a multipurpose building as a priority. In addition to a community hall, these buildings had two rooms and toilets for both women and men. These buildings were also venues for meetings of the Women Rural Development Societies (WRDS) and Rural development Societies (RDS), training programs, regular (usually monthly) maternal and child clinics conducted by the public health nurse or midwife, and nursery schools. They were also rented out for functions.

13. The project also provided slightly larger infrastructure for communities through cluster projects that served several GNDs. These included markets, production centers, milk chilling and processing facilities, paddy storage, and fishermen's restrooms have contributed to the development and growth of local industries and home-based livelihood enterprises. Some of the community infrastructure, including multipurpose buildings, were built under contract by Community Based Organizations (CBOs) and carried out with community labor. Many WRDSs won contracts for community infrastructure—an outcome of the project training in bidding for and managing contracts. This gave women an opportunity to enter nontraditional spheres of activity and make a different type of contribution to their communities.

## **B. Component B: Natural Resource Management in Three Special Management Areas**

14. The GAP envisaged 30% female participation in the consultations on environmental impact that were part of this component but women's involvement in the workshops was actually 40%. In Trincomalee District, 18 of the 24 community-based organization members consulted were women. The female participation figures were 6 of 19 in Batticaloa District and 12 of 51 in Ampara District. The project carried out 42 public awareness programs on environment and gender for communities in the three districts, using street drama, leaflets, and discussion.

## **C. Component C: Coastal Resource Planning**

15. This component covered the strengthening of planning capability, coastal plan preparation, strengthening of enforcement authorities, and conducting a strategic study for northern coastal area. Capacity building programs for government officials included three coastal resource management planning (CRMP) training sessions for senior management staff in each district. Of 74 participants, 68 were males and 6 were females, due to small number of females at senior management level. Forty-two males and sixteen females participated in the Coastal Resource Management Planning training for middle management officers. The project conducted two training programs on Geographic Information System and its application for planning staff in Eastern Province and 12 females took part. Gender awareness modules were not integrated into these capacity building trainings.

16. The project director obtained donor funding to establish a web-based management information system that provides subproject summaries and includes sex-disaggregated data. This website will continue until 2020, providing useful data including data related to gender.

17. The coastal resource profile prepared by the project says the project was constrained in ensuring participatory approaches in mapping coastal resource usage and the perceptions of the dependent stakeholders because the IPNGOs contracted to undertake the field surveys had little understanding of the resources to be profiled. The documents make no mention of any special consideration given to including women's use of coastal natural resources in this activity.

18. Participation by women was high in managing some of this component's tourism-related subprojects. Community consultations were also held that also involved women. The Environmental Learning Centre established by the project where is managed by the local community engaging women. Three women were employed as part of the management team. The Kallady beach area, another subproject, is also managed by the local community and women are in charge of canteen facilities.

#### **D. Component D: Fisheries Development**

19. The rehabilitation and expansion of two fisheries harbors was the key focus of this component. Because women have a support role in this sector by sorting, selling, and processing catches rather than a direct involvement in the fishing, only a few women boat owners or traders were available for training or awareness programs. However, the project did train 100 women in each harbor community in the making of such fish products as dried and smoked fish.

#### **E. Component E: Project Implementation Support**

20. Although the PMU staff did not include a gender specialist, the project director recruited a gender consultant to support GAP implementation. Although recruiting and retaining qualified and experienced staff was difficult, given great demand for these human resources during the large relief effort after the 2004 tsunami, a new gender consultant was recruited without undue delay when the first left at the end of 2007 and gender-related activities continued without disruption.

### **III. IMPACT ON PROJECT BENEFICIARIES**

#### **A. Sample Survey and Analysis**

21. The PCR mission carried out survey of a sample of beneficiaries under component A to map changes in income through the project's loans and livelihood activities as well as to measure such factors such as the perception of women's empowerment in decision making. The survey was based on a proportional quota sampling of the beneficiaries who had received loans from the microfinance nongovernment organizations (MFNGOs) under the project. It was assumed that the beneficiaries who had accessed loans from the MFNGOs would have gone through the project community consultation phase, the training phase, and would have been involved in or aware of NECCDEP activities in their respective village. A sample size of 150 having a confidence interval of 7.92 and confidence level of 95% was chosen, based on the total loan beneficiary number of 7,573 indicated in the BCR. This sample of 150 included 73 loan beneficiaries from Ampara District, 59 from Batticaloa District, and 18 from Trincomalee District, based on the proportion indicated in the BCR (Table 11).

22. Any MFNGO that had provided services to fewer than 15% of the loan beneficiaries in the district was disregarded in the selection of the loan beneficiary sample as being too negligible to have an effect on the survey results, provided that the cumulative number of loan beneficiaries of such MFNGOs did not exceed 30% of the total loan beneficiary population in that district. An independent team of enumerators (2 males and 8 females) from Ampara and

Batticaloa, who were trained in gender, leadership, or community mobilization, was used for the data collection in 18 GNDs in the three districts.

## **B. Access and Control over Financial Resources through the Loans**

23. The project's pro-women strategy in livelihood training and loans for self-employment aimed to encourage women to undertake income generation activities. Of the loan beneficiaries in the survey sample, 93% were women and 20% were from Female Headed Households (FHHs). Not only was access to financial resources of women increased by the project, but their control of the resources was also increased.

24. The loans provided through the NECCDEP have had a positive impact on the real income of households and 99% of recipients stated that a loan had benefitted them. An increase in income of SLRs2,501–SLRs5,000 was the range of increase in income due to the NECCDEP loans. Those who reported no increase in income attributed this mainly to natural events such as floods. A few survey respondents had utilized the loan for their daily living expenses and not for income generation.

25. The survey found that the number of household assets such as houses, land, motorbikes, jewelry, and livestock had increased to three from two before the loans were received. This indicated rising consumption in the households of loan recipients due to income generated from the loan, assuming that the number of other income generating persons in the household and their incomes had remained constant. Of the 150 loan recipients surveyed, 81% said that they were carrying out the income generation activity for which the loan was taken themselves. The remaining recipients had taken the loans for their husbands, fathers, or children. The percentage of loan recipients who stated that they had no family members supporting their income generating activity was 31% while 64% said that their husband or family members supported them in their activity.

26. The decision on how to use the income generated was taken directly by 31% of those surveyed, while 16% stated that they made joint financial decisions in their households and 37% said their spouse or other family members made the decision on income utilization. The remaining 16% could not say who had this decision making power or responsibility.

27. From the survey it is confirmed that the project loans have also reduced the number of recipients using other sources of money-lending services. 29% of loan recipients stated that they had accessed loans from private money-lenders at interest rates ranging from 1% to 30%, prior to receiving the NECCDP loans. However, three-fourths of this 29% had repaid at rates less than 3%/month.

## **C. Skill development provided to loan beneficiaries**

28. Training provided by the project to loan recipients either prior or after the loans were granted had positive outcomes. Of the 28 persons surveyed who received skill enhancement training—17 women from Ampara, 9 women from Batticaloa, and 1 woman and 1 man from Trincomalee—25 (89%) said they had replicated their learning in their income generation activity. Many said they had received training in poultry rearing and food processing. Of the forty-seven persons surveyed—30 women from Ampara, 11 women from Batticaloa, and 4 women and 2 men from Trincomalee—15 (31%) said they had been given enterprise development training and 42 (91%) of these individuals had replicated the learning, mostly in their shops, small business, or poultry rearing.

## D. Market Linkages of Loan Recipients Formed or Strengthened

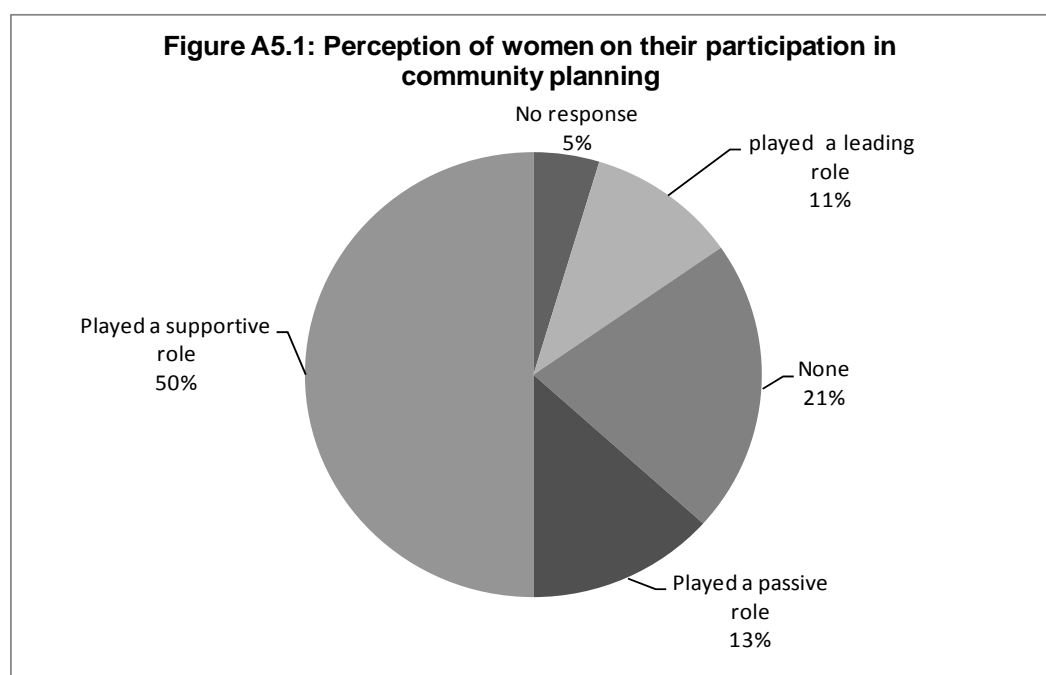
29. Almost all those surveyed (93%) said they had not had not been provided support with market linkages for the enterprises their loans financed. They said they established market linkages within their village through their own efforts or through the support of their spouses, relatives, or friends. Four persons said that that PEEDO, a NGO in Ampara, helped them establish market linkages and that they were continuing to use these links.

30. This post-tsunami and conflict environment made it extremely difficult to establish and strengthen market linkages beyond a loan recipient's immediate village or GND area. Furthermore, the livelihood activities were on a very small scale and mobility was limited. Most of those engaged in home-based livelihood activities sold their produce within the village, although some who engaged in food processing—for example, making packaged snacks—were able to transport and sell these items in nearby towns.

## E. Participation and Decision Making by Women in the Private and Public Spheres

31. Most of those surveyed (95%) felt that women's participation in community activities had increased. A large number (90%) said that the mobility of women within the village had increased in recent years and another 60% said that women were also more mobile outside the village, which they attributed to a reduced sense of insecurity following the end of hostilities.

32. In the private sphere, 57% of those surveyed (86 persons) felt that women played a supportive role in the decision making of their household and 34% (51 persons) felt that women played a leading role in decision making at home. While only 17% of respondents mentioned a factor that was enabling this positive role of women in the household sphere, the one mentioned as a deciding factor was the attitude of husbands. When it came to community planning, 50% of loan recipients felt that women and female CBOs played a supportive role to men and male dominant CBOs and only 11% felt that women played a leading role (Figure A5.1) The spent caring children was mentioned as key factor constraining women participation in community activities.



Source: Asian Development Bank project completion report mission gender survey. 2012.

33. However, the women in all three districts often told the PCR mission of the tangible and intangible positive outcomes of their participation in the CBOs, of their access to credit, and of their improved income generating capacity. They spoke of the benefits of earning their own money, including the ability to purchase things without depending on funds from their husbands and their increased independence and self-esteem. The greater presence of women in economic activities, their contribution to the family income, and their involvement in community leadership has led to a better status in the home and in the community.

## **IV. LESSONS**

### **A. General Observations**

34. The GAP was designed to mainstream gender into project interventions and ensure that women are targeted by and benefit from projects. Owing to the limited understanding of Project Management Unit (PMU) and IPNGO staff and government officials on gender, as well as the overt project focus on women—especially war widows and households headed by women—gender was often equated with women. During discussions, PMU staff felt that gender had been addressed by giving loans to women or forming women’s rural development societies. Gender awareness training was carried out for project and IPNGO staff in the early stages of the project. Despite the constraints caused by the high turnover of NGO staff and the general limited awareness of project staff on the subject, they showed a strong commitment to fulfill the requirements of the project by supporting women beneficiaries. Regular retraining on gender for project and IPNGO staff would have benefitted the project, especially in changing the attitudes of project, IPNGO, and government officials.

### **B. Participatory approach**

35. The project incorporated and carried out participatory practices in project implementation. Participatory needs assessments were conducted and the VDPs were developed with the support of the relevant IPNGOs. Where possible, the project attempted to continue this participatory approach to ensuring the sustainability of community infrastructure assets by vesting responsibility and ownership in CBOs such as RDSs and WRDSs as well as larger institutional entities such as cooperative and fisher’s societies. The participatory approach created a positive environment for women to engage and make decision in project planning and implementation.

### **C. Women’s Empowerment**

36. The NECCDEP initiative to reestablish and strengthen a large number of WRDSs was very positive because it invested in developing leadership by women in small groups in a supportive environment. While they are registered with the local authorities, these CBOs receive little support from the divisional secretariat women development officers due to the officers’ limited resources. The WRDSs now focus on microfinance, livelihood activities, and community responsibilities. While these activities may seem limited, the WRDSs have been constrained by the context in which they have been functioning. Nonetheless, they have made a significant contribution to the social and economic empowerment of women and have been instrumental in expanding the parameters for women in both the public and private spheres.

## **D. Sustainable Livelihood Improvement**

37. The projects LEDS providers gave training to 13,546 individuals, 7761 females and 5785 males, in the three districts on skills including tailoring, food processing, and traditional farming and fishing practices. Loans for starting or expanding an income generation activity or business also yielded positive results. The incomes of beneficiaries increased, as did their quality of life. Many women beneficiaries said an important part of this improvement was having more money to invest in their children's education. Access to credit has now been established for many of women beneficiaries because some of the MFNGOS continue their operations in the project area.

## **E. Project Implementation**

38. The project's capacity building programs aimed at strengthening the project staff and government officials. This included training on sustainable livelihood approaches, the project management cycle, and participatory monitoring and evaluation. While there were gender training sessions for staff at the start of the project, it would have been useful to have had periodic programs because staff turnover was high.

39. With the project staff handling a total portfolio of \$48.4 million dollars (combining both NECCDEP and component B of the Tsunami Affected Areas Rebuilding Project and the operating context in the aftermath of the tsunami of 2004 and the conflict escalation in 2006–2007, the fact that they were able to attend the activities of the gender action plan in a positive manner is commendable.

## **V. CONCLUDING REMARKS**

40. The project focused strongly on gender overall but achieved its gender goals best in the sustainable livelihoods component, where it targeted women in community mobilization and provided them with skills training, access to credit, and support in starting and strengthening livelihood activities.

41. The project interventions were implemented and continued during a time of conflict, which made them all the more valuable, especially given the added burden placed on women by the hostilities and the 2004 tsunami. The beneficiaries continue these activities now in a peaceful post-conflict environment war that offers them more possibilities to strengthen their home and community-based economic activities.

42. While the project met many of the practical needs of women, it also began addressing their strategic needs by helping increase their control of resources, their decision making power, and their visibility in the public space.

43. Some WRDS members have taken second and even third loans from the MFNGOs and have expanded their microenterprises. While returns vary, they bring tangible benefits to individuals, families, and communities, who have more to invest in housing, household assets, children's education, and a better quality of life.

44. Women often lack the collateral required by banks and other formal lenders and access to credit through MFNGOs has therefore been critical in improving their economic situation. Access to the MFNGOs and their success in home-based economic activities also increased the possibility that these women can begin borrowing from formal credit sources.

45. The continued presence of the MFNGOs in the project communities and the financial and organizational strengthening the project provided them are very positive features because they ensure that credit options are available for women and men in the communities who cannot gain access to formal channels.

46. The NECCDP project created or improved a large number of physical assets, including small-scale community infrastructure, larger infrastructure serving clusters of communities, and two fisheries harbors. The project interventions also strengthened community-based organizations—the WRDSs, for example. While the infrastructure should be maintained by the relevant CBO, cooperative society, local government authority, or government agency, the CBOs also require monitoring and support at local government levels by relevant officers. Larger physical assets handed over to government entities should also be monitored to ensure maximum use and maintenance.

47. Maximum usage and the long-term sustainability of these assets could be ensured by establishing a post-project monitoring unit in the relevant ministry for continued monitoring and support to ensure that project outputs and outcomes are sustained. The post-project monitoring unit should liaise with the relevant government entities to ensure the maintenance of physical and organizational assets. This task should be replicated at divisional secretariat level where relevant officers should monitor and support the assets within their purview.

**Table A5.1: Gender Action Plan Targets and Achievements**

<b>Project Components/ Activities</b>	<b>Design Features/Measures</b>	<b>Achievements at Completion</b>
<b><i>Component 1 - Sustainable Livelihood Improvement</i></b> Select communities  Establish district secretariat-level steering and monitoring committees and Provincial Project coordinating committee	The proportion of households with female heads was one selection criterion.  The committees must have at least 30% female membership in and gender awareness programs will be conducted for officers.	130 most vulnerable GNs were selected in Trincomalee, Batticaloa, and Ampara districts. Number of FHH is one of the criteria in the calculation of vulnerability index. The PPCC and DCC are attended by the head of the department in the respective province and districts. Most heads of departments are men. Therefore, less representation of women is observed in the meetings. 22 males and 6 females (21%) participated in 24 PPCC meeting.
Establish project information centers  Select implementing partner IPNGOs	With women-friendly opening hours, gender-specific information material, available links with women's NGOs, and enterprise development service providers will be maintained.  At least one IPNGO in each district will be a women's NGO (to qualify, 70% of clients and staff, including top management, should be women. They will strengthen existing local women's networks bridging across ethnic groups. Other IPNGOs will show demonstrated gender awareness (as evidenced in their project documents, e.g., gender	Although ground conditions did not allow the establishment of project information centers, 4 library facilities in Trincomalee, Batticaloa, Addalaichchenai, and Alayadivembu were established. These libraries are mainly for the gender and environment subjects.  In 22 NGOs (7 in Trincomalee, 8 in Batticaloa, and 7 in Ampara) were selected as IPNGOs for NECCDEP, including 3 women's NGOs—one in each district. 6 programs were conducted for IPNGO members to maintain the gender equity in all activities and create the supportive environment for women IPNGO members. IPNGOs conducted various

Project Components/ Activities	Design Features/Measures	Achievements at Completion
	disaggregated monitoring and reporting). At least 50% of clients and 30% of staff are women, and there is commitment to increase the female ratio in top management to 30% by project's midterm review.	community development awareness programs.
Conduct participatory needs assessments	PNAs will be conducted separately with men and women, and should reflect women's and men's needs separately.	126 PRA and PNA were conducted in the three districts and separate PNA was conducted in each GN division for women's needs. Community infrastructure was requested by beneficiaries. Common well (93), multipurpose buildings (118), production centers (28), playgrounds (02), preschools (42), markets (11) have been completed.
Provide livelihood and enterprise development services	At least one LEDS provider to be on contract will specialize in providing business skills training to women, will provide a female business advisor for each district, will ensure that training, technology transfer, and market opportunities will be provided without gender bias.	The three LEDS providers—Practical Action, Agromart Foundation, and Sarvodaya Economic Enterprise Development Services (SEEDS)—had experience in working with women beneficiaries. Constraints in the conflict environment prevented the project from implementing the mentoring system because it was not possible to find female business advisors as mentors for women who did home and community-based livelihood activities. In Ampara, Agromart Foundation conducted 206 skill training programs for 5,421 women, while Practical Action conducted 157 skills training sessions for 4,309 women in Batticaloa. In Trincomalee, 4,034 women participated in 41 trainings by SEEDS to develop their technical and entrepreneurial skills.
Form and strengthen appropriate livelihood clusters and other interest groups (producer and user groups)	At least 50% of members of these interest groups will be women. Separate women's groups will be formed where appropriate.	In Batticaloa, Practical Action formed various enterprise groups with a high number of women participants. Poultry, milk products, and tailoring enterprise groups were supported with necessary training and skills and they engage successfully and fully in business activities. In Trincomalee, SEEDS have formed a variety of entrepreneur groups for bag making, food processing, and tailoring. These groups are functioning well. They are earning a reasonable income from self-employment activities.

<b>Project Components/ Activities</b>	<b>Design Features/Measures</b>	<b>Achievements at Completion</b>
Establish mentoring systems for microenterprises and small entrepreneurs through chambers and service-oriented clubs	The project will ensure that 50% of participants in the mentoring program are women clients and will aim to persuade successful women entrepreneurs to serve as mentors and role models to increase self-confidence among rural women micro and small entrepreneurs. Gender awareness modules will be developed.	Ensured that 50% of participants in the mentoring program were women clients. The LEDS providers conducted monitoring and evaluation for each step of the program. Gender awareness modules were also provided for participants.
Implement small-scale community infrastructure projects	Subprojects will reflect women's needs as defined in PNAs. At least 50% of subprojects will be designed according to women's needs. Day-care facilities and playgrounds will be part of this design.	Separate PRA & PNA were conducted during the preparation of VDPs. The needs were identified and prioritized. Women's needs were given high priority in selecting subprojects. 50% of subprojects targeted women, e.g., common wells, multipurpose building, roads markets, and resource centers were provided for women. Multipurpose buildings have a community hall, two or more rooms, and toilets for women and men. Very often the village-level government officer was given one room as an office at no cost as it was very useful to have the government official in the village. These buildings were also used for CBO meetings, training programs, maternal and child clinics conducted by the public health nurse and midwife, and nursery schools. They were also rented out for functions. Some WRDSs undertook contracts for community infrastructure—an outcome of the training by the project in bidding for and managing contracts—and constructed and provided labor for such infrastructure.
Implement environmental conservation and restoration projects	At least 50% women will participate in subproject planning. Women's natural resource use patterns (lagoon fisheries and harvesting, firewood and water collection) and specific needs will be taken into account in the planned interventions.	Generally, 50% of women participation is considered during resource planning process. 7,444 energy-efficient wood stoves and 1,387 paddy husk stoves were provided in the 3 districts with the aim of reducing women's usage of firewood for cooking.

Project Components/ Activities	Design Features/Measures	Achievements at Completion
Conduct training	All curricula designed (including livelihood improvement, enterprise development, technology transfer, and leadership training) under this component will be gender sensitive; gender awareness modules will be included; and 50% of participants in courses and exposures and exchange visits will be women.	Generally 50% of women participation was achieved when conducting training programs. Gender awareness training was also provided and gender handouts were provided in programs.
Separate set of livelihood interventions for coastal Veddah communities	In providing community infrastructure and livelihood interventions special focus will be on needs of women of the community and gender awareness on issues related to alcoholism and education.	There is no Veddah community in the project area. The GN divisions where people are considered part of the Veddah community were affected by the tsunami and these GN divisions were considered to be under component B or the TAARP.
<b>Component 2 - Resource Management in Three SMAs.</b>  Conduct consultations on environmental impacts  Carry out detailed resource mapping and identify resource management priorities  Select community-based resource management interventions including public awareness programs	At least 30% women will participate.  Equal participation of women in these activities and women's resource use patterns will be included.  Participation of women in conservation/ restoration activities and in community-based enforcement/management committees will be 50%.	In all consultation workshops, more than 40% of women participated.  Women were involved in the resource mapping process.  In Trincomalee 35 public awareness programs were completed for 2,417 males and 2,370 females. In two key environment-oriented subprojects, the environmental learning center and the Trincomalee beach facilities, women are in the forefront of CBOs that manage the infrastructure and services.
<b>Component 3 - Coastal Resource Planning</b>  Build capacity through training at provincial, district, and divisional levels	Training will have at least 30% women participants and will include gender awareness modules as an integral component.	3 Coastal Resource Management Planning training courses were conducted for senior management staff in each district. Of 74 participants, 68 were males and 6 were females because of the small number of females at the senior management level. 42 males and 16 females participated in the CRMP training for middle management officers. 2 training programs on GIS and its application were conducted for planning staff in Eastern Province and 12 female staff participated.

<b>Project Components/ Activities</b>	<b>Design Features/Measures</b>	<b>Achievements at Completion</b>
Establish databases and management systems  Prepare coastal resource management plan	Databases will be gender-disaggregated and gender focused. The social development consultant will provide assistance.  Plan to be designed will take into consideration women's use of natural resources, other gender issues, and benefits for women. The gender expert will review the plan.	A sex- disaggregated data base was established. The project took the initiative to set up a web-based database that will continue for 10 years after the project closed. 7 costal resource plans were completed.
Conduct technical and feasibility studies on coastal resource management issues in the Northern Province	Studies will include assessment of women's use of coastal natural resources, including involvement in marine and lagoon fisheries.	21 studies have been identified. 11 studies were awarded under stage I, one study was cancelled, 10 studies were completed. 8 studies were awarded under stage II, 7 studies were completed, and 1 study was to be completed.
Form committees.  Conduct stakeholder consultations	At least 30% of the members will be women.  Women will be included as separate stakeholders to ensure their voices are heard and included in decision making.	The 30% participation by women target in the committees was achieved.  In general, women were given more prominence in the project than men.
<b>Component 4 - Fisheries Development</b>  Revalidate needs assessment during in-depth preparation phase  Carry out feasibility study, detailed designs and environmental studies  Form public-private partnerships for providing onshore commercial activities	Women will be included as separate stakeholders.  The social development consultant will review the studies for gender concerns.  Participation of women entrepreneurs and producer groups will be encouraged.	Women participated in the consultation process.  Gender aspects have been considered during the feasibility study.  Women entrepreneurs and producer groups were encouraged. CFHC provided training in fish processing to 100 local women from fisher communities in the 2 harbors and is also looking to lease out the canteen at Valachchenai fisheries harbor to the WRDS.
Carry out awareness programs and training on improved fish handling and on-board storage methods, processing and marketing methods for marine fishers, boat owners and traders	Participation of women boat owners and traders, if there are any, will be encouraged.	As women play a supportive role in the marine fisheries sector, there are only a few women boat owners and traders and their participation was encouraged.

Project Components/ Activities	Design Features/Measures	Achievements at Completion
<b>Component 5 - Project Implementationsupport</b> Provide project specialist and financial management support	Selection criteria will specify experience in handling gender issues and the capacity to guide, monitor, and report on the implementation of the gender strategy and plan of the project.	A social development specialist was engaged and the experience of gender-related activities were considered during the selection of specialist and financial management support. The social & gender specialist in the TAARP B NECCDEP provided assistance in project implementation in relation to gender issues.
Engage NGOs and service providers	Selection criteria will include women's NGOs and service providers that specialize in delivering enterprise development services to women, as well as demonstrated gender sensitivity among other partner NGOs and service providers.	This matter was considered during the selection of NGOs and service providers
Establish a project performance management system (PPMS) and participatory monitoring and evaluation (M&E) system	PPMS and M&E systems with gender-disaggregated data and gender-specific indicators for effective monitoring systems will be reviewed by the social development consultant and external consultant engaged for process and impact monitoring	Complied with, as sex-disaggregated data was incorporated in the MIS system.

CBO = community based organization, CFHC = Ceylon Fisheries Harbours Corporation, DCC = district coordinating committee, GIS = geographic information system, IPNGO = implementing partner nongovernment organization, LEDS = livelihood enterprise service providers, NGO = nongovernmental organization PNA = participatory needs assessment, PPCC = provincial project coordinating committee, PPMS = project performance management system, PRA = participatory rural appraisal, VDP = village development plan, WRDS = women rural development societies.

## ENVIRONMENT

1. This appendix reviews the principal environment-related aspects and activities of the North East Coastal Community Development Project (NECCDP), as well as the lessons learned.

### I. PRINCIPAL ECOLOGICAL AREAS OF IMPORTANCE

2. The project preparation technical assistance (TA) for the NECCDEP described the key environmental features of Sri Lanka's eastern coastline.<sup>1</sup> These include extensive brackish water bodies (estuaries and lagoons), beaches, bays, islands, sand dunes, and coral reefs. Large areas of mangrove forest and seagrass beds occur in the intertidal areas along the shores of bays and estuaries and around lagoons.

3. Lagoons provide habitat for a wide range of aquatic organisms and serve as nesting and feeding ground for 60% of the migratory waterfowl that visit annually. Coastal salt marshes and wetlands are also feeding grounds for waterfowl and other wildlife. Coral reefs, such as those at Pigeon Island, act as wave barriers and support high biodiversity and habitat for economically important species of invertebrates and fish. Sand dunes stabilize coastlines and protect interior from storm waves.

4. Trincomalee Bay and Batticaloa Lagoon were seen as the two most important coastal ecosystems on the east coast of the country. Trincomalee Bay is important as a harbor, naval base, and fishery resource ecosystem. Batticaloa Lagoon supports the livelihoods of 8,000 fisher families and provides drainage and flood protection for the adjacent urban areas and paddy fields. It also serves as a nursery for the coastal fish stocks.

5. Pressures on the resources of Trincomalee Bay and Batticaloa Lagoon intensified during the long civil conflict due to the hostilities themselves and because effective coastal resource management and planning was lacking. The towns of Trincomalee and Batticaloa grew with an influx of refugees and the increased population caused chronic nutrient loading, especially in Batticaloa Lagoon.

6. The project's environmental activities were designed to identify the environmental features of importance, establish sound planning principles for their protection, and implement remedial measures to conserve and maintain these natural resources.

### II. RESOURCE MANAGEMENT IN SPECIAL MANAGEMENT AREAS

#### A. Features of the Special Management Areas

7. Trincomalee Bay, Batticaloa Lagoon, and a third sensitive area, the Southern Ampara Biodiversity Zone, were selected as special management areas (SMAs) for interventions to improve natural resource management and to address acute environmental problems. The three SMAs were selected on the basis of environmental and ecological criteria, such as having significant natural resource systems from which a very high proportion of the local population obtained their livelihoods:

- (i) **Trincomalee Bay.** The bay is a large natural harbor and has significant potential for economic development. Major areas of the lagoon were subjected to localized pollution, shoreline erosion, and coastal resource degradation that had affected the livelihoods of communities.

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<sup>1</sup> ADB. 2003. *Project Preparatory Technical Assistance for Eastern Province Coastal Community Development Project*. Consultant's report. Manila (TA 3479-SRI).

- (ii) **Batticaloa Lagoon.** The lagoon is a critical natural resource area and provides livelihoods for a very large proportion of the local population. It is also ecologically and environmentally significant and was at risk from overexploitation of its resource base and from shore-based pollution entering the lagoon system.
- (iii) **Southern Ampara biodiversity zone.** Key resource issues within this SMA included such unsustainable practices by resource users as sand mining and dynamite fishing, a lack of effective management of ecologically sensitive areas, and no integrated management of sanctuary areas. The area also had significant potential for tourism development.

8. Component B was designed to focus on the SMAs. The activities were to include resource mapping to identify natural resource management issues and acute environmental problems and 'hot spots'; formulating special area management (SAM) plans and implementing community-based natural resource management interventions at the level of the *grama niladhari* divisions (GNDs), which are the country's lowest level of local government, as well as larger interventions at the district level.

## **B. Planning and Mapping of Special Management Areas**

9. The resource mapping's main purpose was to identify the environmental hot spots and to formulate interventions in communities. These were to be coordinated by special management area committees (SMACs) to be established at district level. The process suffered from several constraints, which were described in the borrower's project completion report:<sup>2</sup>

- i. The process for selecting SMAs was not clear at the start and the areas selected were mostly too large for their resources to be managed by the local communities.
- ii. Access was restricted for security reasons during the initial period of implementation in nearly 75% of the areas. This interfered with the participatory planning processes.
- iii. The mobilization of the international consultants who were intended to assist with the SAM planning was delayed for 2 years. As a result, most of interventions were based on a draft plan and were limited to a particular area.
- iv. The impact on community management of natural resources was limited due to the delayed preparation of the SAM plans.
- v. The IPNGOs engaged in the planning and implementation of community-level interventions tended to be weak because they lacked personnel with the necessary environmental background and experienced high staff due to competition for human resources from other post-tsunami projects.
- vi. Community organizations provided less support to implementing environmental activities, which required continuous maintenance and monitoring.
- vii. Because the SAM plans were completed only in the last stages of the project, the proposed interventions could not be implemented.
- viii. The delay in awarding contracts for technical studies meant that their findings became available only in 2010, precluding their inclusion in and support for the SAM plans.

<sup>2</sup> Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

- ix. The cessation of the district environmental law enforcement committees resulted in less guidance on enforcement procedures during the implementation of activities in the SMAs.
10. The project established the special area management committees (SMACs) of relevant stakeholders in each district, including heads of departments of the relevant government agencies. Maximum effort was made to consult with communities and, to help make the plans sustainable, the communities participated with SMAC support in the planning process.
  11. SAM mapping was based on community resource plans for each GND that were facilitated by the project's implementing partner nongovernment organizations (IPNGOs). According to the project design, the SAM plans were to be prepared with assistance by the international consultants but mobilizing these consultants was delayed. Domestic consultants prepared draft plans with the support of the government's Central Environment Authority (CEA) but without the necessary technical guidance of the international experts. These draft plans were accepted by the Asian Development Bank (ADB), subject to later revision by the international consultants. The project's technical consultants prepared and revised the consolidated SAM plans in accordance with the Coastal Conservation Act of 1981 with community participation. The plans were accepted by the coast conservation department (CCD). The international consultants also prepared resource maps for all coastal divisional secretariat divisions, as well as divisional coastal resource profiles, which included the SMAs. Appendix 8 lists the documents produced.
  12. The draft plans were used to identify small and large resource interventions and to decide what technical studies would be required in each SMA. The subprojects implemented in the SMAs contributed to the overall outcome of improving management of natural resources. Communities were made well aware of the importance of conserving their natural resources and protecting the environment.
  13. All subprojects were approved by the SMACs, which included representation from all interested stakeholders. Subprojects were implemented through the relevant government agencies or by the respective community organization. The staff of all these government agencies were trained in natural resource management concepts and in the importance of conserving the environment. On completion, the subprojects were handed over to the government agencies for maintenance.
  14. The enforcement of environmental laws was identified by the project preparation TA as a key issue for the SMAs and it was highlighted in the draft SAM plans. The project attempted in vain to reactivate the district environmental law enforcement committees that had been responsible for guiding and monitoring environmental law enforcement but had become defunct during the conflict period.
  15. The technical studies undertaken to provide inputs into the SMA plans and the Eastern Province Integrated Coastal Resource Management Plan (EPICRMP) are summarized in Table A6.1. Details are in Appendix 8 and on the NECCDEP website.<sup>3</sup> Because most of them were published only in 2010, the project was unable to follow up on all the proposals. However, the plans for Ampara District have since been adopted by CCD for implementation.

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<sup>3</sup> [www.neccdep.com](http://www.neccdep.com)

**Table A6.1: Summary of Technical Studies Conducted**

Year	Title
<b>Eastern Province Studies</b>	
2010	Assessment of the Past and Current Extent of Mangrove Coverage
2010	Assessment of the Change in Shoreline Location
2010	Analysis of the Current and Future Economic Value of Coastal Resources
2010	Analysis of the Past, Present and Potential Impact of Rural and Urban Development on Coastal Resources
2010	Evaluation of Current Exploitation and Demand for Minerals
2010	Review of the Historical and Current Status of the Fisheries Sector
<b>Batticaloa Studies</b>	
2010	Participatory Assessment of the Dynamics, Seasonal Variation and Current Status of the Fishery in Batticaloa Lagoon
2010	Seasonal Variation in Water Quality in Batticaloa Lagoon, Identification of The Most Likely Sources of Key Pollutants Assayed and Recommendations to Improve the Future Water Quality
2009	Initial Environmental Examination and Detail Design for Proposed Composting Plant and to Improve the Existing Dumping Site at Thirupperumthurai, Batticaloa District
2010	Bathymetric Survey of Batticaloa Lagoon
2010	Assessment and Critical Evaluation of the Potential Pollution Impact of Current Land Use Practices, on Batticaloa Lagoon
<b>Ampara Studies</b>	
2010	Sand Dune Topography and Land Use Patterns in Pottuvil & Lahugala DS Divisions
2010	Seasonal Variation in Water Quality in Arugam Lagoon, Identification of Likely Water Sources, Assay of Key Pollutants, Recommendations to Improve the Future Water Quality
2009	Soil Erosion in <i>Chena</i> Cultivation Areas in Pottuvil & Lahugala DS Divisions and Assessment of the Potential for Agro – Forestry Demand for Fuel Wood
2009	Improving Surface Water Drainage in Pottuvil Town

Note: Publication details given in Appendix 8.

Source: Government of Sri Lanka. 2010. *Eastern Province Integrated Coastal Resource Management Plan*. Consultant's report. Sri Lanka.

### **C. Environmental Interventions in SMAs**

16. Table A6.2 summarizes the project's environmental interventions and illustrates their range. They included establishment of solid waste management (especially to reduce pollution of Batticaloa Lagoon), introduction of energy-efficient stoves to reduce firewood consumption, creation of an ecopark and an environmental learning center, execution of urban beautification schemes at Batticaloa, and interventions to restore mangrove habitats and tree cover.

**Table A6.2: Summary of Environmental Interventions**

<b>Interventions</b>	<b>Number of activities</b>
Solid waste management	16
Demarcation of lagoon boundaries	2
Mangrove planting	11
Salt Water Exclusion Bunds	10
Tree Planting	11
Beautification schemes	2
Anagi stoves supplied (7,451 in 3 Districts)	3
Paddy Husk Stoves supply (1,387 in 3 Districts)	3
Sand Dune Conservation	2
Protecting Fort Frederick walls	1
Establishing Environmental Learning Center	1
Coastal Conservation	1
Establishing an Eco Park	1
Construction of Gabion Retaining Walls, Small Bridges	1
<b>Total</b>	<b>65</b>

Source: Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

### 1. Mangrove Habitat Restoration

17. The project replanted mangrove trees in areas of each district where these trees had been destroyed for firewood or damaged by the 2004 tsunami. Some 150,000 saplings of *Rhizophora apiculata* were planted in affected areas. Survival rates were very low, however, partly due to dry conditions in 2009. Areas where survival rates were lowest were replanted.

18. Regenerating mangrove is not easy and more success may have been had through the introduction of a new range of species better (such as the genera *Avicennia*). Such an approach would have restored the areas to a natural ecosystem, if not to its exact previous state. Despite poor weather conditions and the low replanting survival rates, the project did achieve some of its other aims. Nearly 1.5% of the population of the three SMAs (mostly the fishers) are now well aware of the important ecological services of mangrove. In Trincomalee District, the replanting of mangrove at Muthur was successful and the fisher community observed an increase of fish in the lagoon, as well as a reduction in cutting of mangrove. Table A6.3 summarizes mangrove replanting activities.

**Table A6.3: Beneficiaries of Mangrove Replanting**

<b>District</b>	<b>Saplings Planted</b>	<b>SMA Population</b>	<b>Share of Total SMA Population %</b>	<b>Beneficiaries</b>	<b>Beneficiaries of total SMA population %</b>
Trincomalee	117,500	213,772	48.2	1,200	0.6
Batticaloa	14,210	199,410	45.0	1,450	0.7
Ampara	18,224	30,311	6.8	4,000	13.2
<b>Total</b>	<b>149,934</b>	<b>443,493</b>	<b>100.0</b>	<b>6,650</b>	<b>1.5</b>

Source: Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

## 2. Solid Waste Management

19. The project prioritized the important need to improve municipal solid waste disposal, making a number of different interventions that included construction of six solid waste collection points in the Trincomalee city area.

20. It provided financial assistance to the Batticaloa municipal council for an integrated solid waste management system. This was implemented in three phases: (i) establishing a recycling system by introducing the sorting of recyclable waste materials at the household level and providing a central sorting center; (ii) establishing a composting plant, facilitating collection of compostable waste materials, and identifying markets for compost; and (iii) establishing a landfill site for final disposal for the nondegradable waste.

21. The project introduced income-generating mechanisms for the marketing of recyclable waste and compost in Batticaloa. Linkages were created with the plastics industry, the Ceylon Glass Company, and Valaichchenai Paper Mills for recyclable solid waste and with users of compost, including the agriculture department, department of agrarian services, the Sri Lanka Coconut Development Board, and the Sri Lanka Cashew Corporation. Systems were introduced by the project to enable the Batticaloa municipal government to earn income in the long term from production of biogas for power generation from its landfill site. The CEA agreed to provide financial assistance and basic technical assistance and to monitor progress. The design effectively minimized the operational and maintenance costs for the Batticaloa municipal council.

22. Marketing of recyclable waste in Batticaloa under the project was successful. By project closure, the municipal government had collected nearly seven tons of plastic waste, which sold for nearly SLRs125,000. The PCR mission found the composting systems to be functioning well, with demand for compost remaining high. Communities were separating recyclable waste for collection. Because the recycling systems and landfill site were completed only at the end of the project, their performance could not be monitored. Post-project, the recycling systems are operational but the municipal council has failed to maintain the landfill site effectively due to financial constraints similar solid waste management project planned for Trincomalee city was not implemented. ADB did not support the proposal because the site was on designated forest land. No alternative land was found. The project did not support for a solid waste management project for Ampara District, as discussions were already initiated with European Union funds

23. The project supported solid waste management program for 67 senior schools— 23 in Trincomalee District, 35 in Batticaloa District, and 9 in Ampara District. Compost and waste collection containers were constructed for each school, which educated students in grade 8 and above, and 795 plastic bins were provided for compost and other waste. The project gave the schools training and explanatory handbooks.

## 3. Conservation Interventions

24. Conservation efforts targeted environmental sensitive areas and the project planned to enclose exposed and eroding sand dunes in Potuvil and Panama and to plant them with trees and shrubs. This was done at Potuvil, although with mixed success. The local government objected to the Panama dune conservation works and they were not carried out.

25. The boundaries of environmentally sensitive areas around Arugam Bay and Kinniya Lagoon were demarcated under the project with the assistance of the Forest Department. Defining the boundaries has given communities legal powers to counter encroachment on these ecologically sensitive areas, which are important to the lagoon fishery system.

#### 4. Urban Protected Area

26. The project's urban protected area environment component comprised three major activities:

- (i) **Beautification of Trincomalee Beach.** Conflict had left the Trincomalee Beach in an unusable condition. The shoreline was renovated for the municipal government and the improvements included a park and tourist facilities managed by community members.
- (ii) **Batticaloa Lagoon Environmental Learning Center.** This was established to demonstrate the importance of conserving Batticaloa Lagoon. The center teaches environmental conservation principles and demonstrates a wind turbine, solar panels, the use of bio-gas, and harvesting of rain water. It includes a library, conference hall, exhibition hall, and photo exhibits that portray the historic, ecological, and cultural value of the Batticaloa area. The center is linked to the new ecopark also established under the project. The center is managed by a local community organization. The number of visitors has been low, however. More marketing efforts are needed and the center should be made more user-friendly.
- (iii) Two schemes were supported to protect against coastal erosion at Fort Frederick and at Sally in Trincomalee.

#### 5. Reducing Depletion of Firewood

27. The project distributed 7,451 fuel-efficient Anagi wood stoves and 1,118 stoves that burn paddy husks to communities in the SMAs to reduce firewood use and help conserve mangrove trees. The paddy husk stoves convert farm waste that previously polluted the environment. Combined, these stoves were expected to cut firewood consumption in these areas by at least 20%.

28. Nearly 7,500 saplings were planted in the three districts under various programs, all by community-based organizations. Two tree planting schemes formed part of a Trincomalee District green belt program aimed at protecting the coast from damaging human activities and natural disasters. Others schemes mainly involved tree planting along roadsides. The project estimated that 1.3% of the population of the three SMAs directly benefited from this tree planting (Table A6.4).

**Table A6.4: Tree Planting Activities**

District	Saplings (No)	Total SMA population	Share of Total SMA Population %	Beneficiaries	Beneficiaries of total SMA population %
Trincomalee	6,044	213,772	48.20	1,550	0.7
Batticaloa	620	199,410	44.96	600	0.3
Ampara	800	30,311	6.83	3,700	12.2
<b>Total</b>	<b>7,464</b>	<b>443,493</b>	<b>100.00</b>	<b>5,850</b>	<b>1.3</b>

Source: Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

## 6. Salt Water Exclusion Bunds

29. Because protective embankments had been damaged during the civil conflict, large areas of paddy land in the SMAs were affected by salt water intrusion from the adjacent saline or brackish water bodies. The project rehabilitated selected salt water embankments based on the severity of the problem and the recommendations of the SMA committees. Table A6.5 shows that the rehabilitation has prevented or reduced salt water intrusion during cultivation in about 1,000 hectares of paddy lands, benefitting 2,500 families. By project closure, 50% of this area was under paddy production. The remainder required further leaching of salt through rainfall. The embankments were planted with the commercially valuable tree species *Terminalia arjuna*.

30. The embankments and irrigation-related works were handed over to the Provincial Irrigation Department for future maintenance, through the local community farmer organizations.

**Table A6.5: Salt Water Exclusion Embankments**

District	Bunds built (m)	Paddy land recovered (hectares)	Total SMA population	Share of Total SMA Population %	Beneficiaries	Beneficiaries of total SMA population %
Trincomalee	6,168	91.05	213,772	48.2	1300	0.61
Batticaloa	14,900	779.02	199,410	45.0	879	0.44
Ampara	2,310	111.29	30,311	6.8	270	0.89
<b>Total</b>	<b>23,378</b>	<b>981.36</b>	<b>443,493</b>	<b>100.0</b>	<b>2,449</b>	<b>0.55</b>

Source: Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

## III. COASTAL RESOURCE PLANNING

31. Component C of the project was to establish a framework for planning and coastal management in Eastern Province, covering tourism development, the improvement of enforcement regulations, and the strengthening of institutional capacities. The project was to be supported by international consultants in this effort but their arrival was delayed by 2 years due to the civil conflict. Nevertheless, district coastal resource profiles, divisional coastal resource profiles, and a strategic tourism development plan were completed in 2009 and the EPICRMP was finished in 2010 (Appendix 8).

32. The component was implemented in stages: (i) strengthening of planning capability, (ii) coastal plan preparation, (iii) strengthening of enforcement authorities, and (iv) a strategic study for northern coastal areas.

33. The design proposed that the provincial planning secretariat (PPS) coordinate and facilitate this component and that the materials produced be used by the PPS for future planning. To this end, the PPS was to develop implementation mechanisms with the CCD. PPS participation in implementing the coastal planning process was inadequate, however, and this put future sustainability in doubt.

### A. Strengthening of Planning Capability

34. The PPS and district planning secretariats were provided with equipment and given training to strengthen their institutional capacities. The training programs are listed in Appendix

10. These officers are now able to take an active part in planning, especially in the provincial government's major tourism developments on the east coast.

35. Despite the less than enthusiastic participation by the PPS, the training given, especially in spatial information systems developed by the project, has equipped planning officers with useful skills for future planning.

## **B. Coastal Planning**

36. An interagency planning group (IAPG) was established at the provincial level to coordinate coastal planning and an international consultant team was selected to undertake the plan preparation. The main activities were (i) coastal resource management plan preparation, (ii) training needs analysis, (iii) tourism development planning, and (iv) legal enforcement. Outputs were interlinked with the SAM plans prepared under component B.

37. The main task of the IAPG was to provide guidance and technical support for the preparation of EPICRMP and for its implementation at the provincial level. However, the IAPG was less supportive at provincial level because coastal resources management is of the mandate of government institutions at central level. A separate national-level IAPG was established and it was effective in helping prepare the EPICRMP and supported implementation. The 2-year delay in mobilizing the international consultants slowed progress on the EPICRMP.<sup>4</sup>

### **1. Coastal Resource Management Plan Preparation**

38. The project prepared the EPICRMP in accordance with the procedures in the Coastal Conservation Act (1981). The plan also conforms to the principles of the 2004 national coastal zone management plan (CZMP). The EPICRMP aimed at equitable and sustainable development, core objectives of the International Convention on Biological Diversity. It takes account of climate change risks such as (i) rising sea levels; (ii) rising temperature; (iii) increasing severity of storms and droughts; and (iv) global changes in currents, the pH of seawater, and the nature and productivity of fisheries. It incorporates the results of wide consultations with stakeholders.

39. The EPICRMP contains the following key elements:<sup>5</sup>

- i. The document provides a goal and purpose for the EPICRMP. Twenty key indicators, associated targets, means of verification, and activities to deliver these targets are proposed. An indicative annual budget of approximately SLRs70 million is proposed and is broken down by indicator and target.
- ii. Objectives, policies, strategies, and actions associated with delivering the targets for each indicator are also provided.
- iii. An institutional home for the EPICRMP is proposed as an Eastern Province level integrated environmental planning and audit unit. The plan recommends that posts for two environmental sustainability officers reporting to the unit be created per District Secretariat Division and one per GND. The officers should be paid under a recurrent budget. In addition a sustainability watchers system is proposed. The indicators and targets in the EPICRMP consultation document are presented.

<sup>4</sup> Consultants were selected in 2006 but could not mobilize until November 2007 due to the conflict.

<sup>5</sup> Government of Sri Lanka. 2010. *Eastern Province Integrated Coastal Resource Management Plan*. Colombo.

40. The document analyses the role of the public sector, social and economic factors, and issues related to coastal erosion. It contains recommendations for conserving and managing coastal habitats and species and for controlling coastal pollution. Means for integrating coastal agriculture, fisheries, aquaculture, and forestry resources are presented, especially in terms of the vulnerability of these resources to climate change. Implementation of SAM plans and protection and public access to sites of special significance are discussed.

41. A synthesis of EPICRMP includes key indicators, targets, means of verification, and budgets, with cross-references to the 2004 CZMP.

42. The design envisaged the project developing a provincial database management system for coastal resources that could be revised and updated during the project period. The consultants initially proposed to prepare a spatial information system on coastal resources. Other information was to be incorporated by the PPS in coordination with such other relevant departments as agriculture, animal husbandry, forests, industry. Due to the limited support by the PPS and inadequate time, the database was confined to the spatial information on coastal resources in a Geographic Information System Arc format that cannot be edited or updated.

43. The project disseminated all available information to all local, district, provincial, and central government stakeholders to encourage its use for future planning activities. This included hard and digital copies of technical and planning studies, divisional and district coastal resource profiles, the EPICRMP, and the tourism-related documents. The CCD will incorporate EPICRMP elements in a new national CZMP in 2013. The CCD is using the project data as baseline material and in support of other projects along the coast.

44. In his foreword message to the plan, the Director General of CCD states:

The plan addresses provincial issues but also responds to national and international concerns, such as climate change. In these respects, it complements and supports the CCD requirement under the Coastal Conservation Act, to deliver a national coastal zone management plan at four yearly intervals. It is my hope that the plan will be fully integrated into CCD work plans and the next Sri Lanka national coastal zone management plan. Over the last year CCD has assigned officers to all three districts in E Province and it is my hope and expectation that the plan request for significant participation of the CCD will be met.

## **2. Training Needs Analysis**

45. The project consultants assessed and identified training needs for 1,500 provincial, district, division, and local government officers and developed a training plan for 2,375 trainees in 73 events. The project undertook training for 300 officials, as detailed in Appendix 10, covering spatial and geographical information systems, regional planning, coastal resource management planning and legal aspects, and tourism.

## **3. Tourism Development Planning**

46. Developing tourism on the eastern coast is a priority for the government. The project prepared a strategic tourism development plan for Eastern Province.<sup>6</sup> The plan's vision was for tourism and recreation in the province "to be socially, economically and environmentally sustainable, enhance the lives of local communities, and provide a satisfying experience for domestic and international visitors."

<sup>6</sup> Ministry of Economic Development. 2009. *Strategic Tourism Development Plan for the Eastern Province of Sri Lanka*. Eastern Provincial Council, Trincomalee.

47. Three technical studies were undertaken to support planning: (i) a visual inventory of heritage sites, religious festivals and cultural groups in the coastal areas; (ii) an examination of potential and current constraints for the promotion of bird-watching nature tourism, and (iii) a review of the distribution, ecology, status of coral reefs on the east coast and of the threats to them. Publication details are in Appendix 8.

48. The comprehensive plan included an analysis of the current state of tourism development and looked at the opportunities for tourism in the three project districts, using a tourist circuit strategy. Guidance was provided on how to create a sustainable, world-class tourism industry. The plan made proposals for branding the Eastern Province tourism product. A set of 13 innovative development concepts were offered to realize the plan's vision. The plan included 24 proposed actions to address particular issues.

49. The plan received general acceptance by higher authorities and was accepted by the Eastern Provincial Council and the Tourism Development Authority. Information from the Strategic Tourism Plan was incorporated in the tourism section of the Eastern Development Plan for 2012–2016.<sup>7</sup> Some of the plan's proposed activities have been implemented and public communications materials on it were produced but budget resources have been too limited to implement it fully and make it sustainable.

50. Based on the plan, the project financed 12 tourism-related infrastructure subprojects, including beautification work in Batticaloa City, the construction of basic amenities at Passakudah, and the building of parking facilities in Trincomalee City. To enhance tourism services, training was provided in hotel management and skills development for 120 unemployed youths and women in the Arugam Bay tourism area received handicraft training. The consultants drafted a statute for tourism for Eastern Province.

### **C. Strengthening of Enforcement Authorities.**

51. The project preparation TA identified weaknesses in environmental law enforcement due to the poor security situation that had resulted in the unplanned use of coastal resources and destruction of natural resources. It proposed strengthening the CEA in the three project districts. The CEA posted divisional environmental officers to each district under the project and purchased vehicles, a mobile laboratory, and analytical equipment for the Eastern University's laboratories to enable testing for pollutants. Training programs were held on (i) the duties and responsibilities of Divisional Secretaries in the implementing environmental laws at local level, and (ii) environmental management for officers of local authorities. The divisional environmental officers in Batticaloa and Ampara districts were trained in natural resources management. Enforcement of environmental laws has been satisfactorily strengthened.

52. Project consultants reviewed the laws related to the coastal resource management enacted up to 2005 and their findings were incorporated in the EPICRMP. The Coast Conservation Department has the legal mandate to manage resources within the area declared as the Coastal Zone, while forest resources are managed by the Forest Department and protected areas by the Department of Wildlife Conservation. Water bodies such as lagoons are under the purview of various organizations, based on how they are used, and their management of lagoons falls within the mandate of the Fisheries Department and to certain extent under the Coast Conservation Department and the divisional secretariat. The EPC has a limited legal

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<sup>7</sup> Eastern Provincial Council. 2012. *Eastern Development Plan 2012-2016. Vol III (f) Industrial Development*. Trincomalee.

mandate to manage coastal resources within the province as a result and no national agency is responsible for coastal resources. This made the proposed revision of the laws impossible.<sup>8</sup>

53. The legal consultant guided the local officers at Provincial Council on coastal resources planning. During the project, a newly formed provincial council indicated it was considering taking over functions of two subjects including tourism in the concurrent list. The concurrent list is the Therefore, a draft statute for tourism for Eastern Province was prepared. However, this was not in acted by the council.

#### **D. Strategic Study for Northern Coastal Areas**

54. The project design envisaged that a strategic study of the country's northern coastal areas of coastal resource management issues in Northern Province could form the basis of an ADB project similar to the NECCDEP. The CEA was allotted the task but was unable to carry it out, initially due to security risks and later due to the expiry of the necessary funding from the Government of the Netherlands. Although the study was abandoned, ADB undertook at the government's request to do a needs assessment and planning for a supplementary loan and extension of NECCDEP to the Northern Province. However, the government later decided to transfer the funds for this proposed project to the transport sector.

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<sup>8</sup> At that time, the Coast Conservation Department's responsibility extended only 300 meters inland. This has since increased to up to 2 kilometers inland from the sea. The Coast Conservation Act (2011) extended this to include 100 meters of the lagoon riparian fringes.

## **FISHERIES DEVELOPMENT**

### **I. INTRODUCTION**

1. The fisheries sector occupies a central role in the livelihoods of population targeted by North East Coastal Community Development Project (NECCDEP). About 30% of these people are engaged in the industry. The NECCDEP worked to improve the status of the fishing industry in the project area in several ways, the most important being the rehabilitation of the two major fishery harbors at Valaichchenai and Cod Bay in Trincomalee District. This appendix summarizes aspects of the fishing industry relevant to the project's goals and outcome.

### **II. FISHERIES POLICY**

2. The National Fisheries and Aquatic Resource Policy (2006) is the document that determines government's strategy on fisheries. Its focus is to (i) improve food security, (ii) minimize post-harvest losses and improve quality, (iii) increase employment opportunities and improve the socioeconomic status of the fishing communities (iv) increase exports of fish and related products, and (v) conserve the aquatic environment.

3. Improving the food security of the country's people and increasing the availability of protein are prime objectives of this policy. The consumption of fish and fish products is comparatively low in Sri Lanka. The current annual per capita consumption of 13.5 kilograms compares with 17.0 kilograms in Asia overall and higher rates in the People's Republic of China, Indonesia, the Philippines, and Thailand, which all have rates that exceed 20 kilograms per capita per year.

### **III. BACKGROUND TO THE FISHERIES SECTOR**

4. The Sri Lankan fishing industry has three subsectors: (i) coastal fisheries (ii) offshore and deep sea fisheries and (iii) inland fisheries and aquaculture. The project involved the coastal and offshore and deep sea fisheries.

5. Coastal fishing takes place within the continental shelf and is the dominant subsector in terms of production and employment. In 2011, it accounted for 220,990 tons of output, which is around half of the total national output (Table A7.1). This fishing is undertaken by what are called day boats that comprise the majority of the east coast fishing fleet. The latest census of fishing boats, conducted in 2006–2007, showed 10,000 boats engaged in coastal fishing in the project area—about one-third of the national coastal fleet. The average catch of the outboard-motor day boats declined since 2000, as did the overall capacity of the coastal sector..

6. Offshore and deep sea fishing is done beyond the continental shelf and extends to the edge of Sri Lanka's exclusive economic zone (EEZ). Sri Lanka has about 1,700 kilometers of coastline. Its territorial sea area is 21,500 square kilometers and its EEZ is 517,000 square kilometers. Deep sea fishing can extend even beyond the EEZ and is the fastest growing segment of the national fishing industry. It contributed 36% of the total national output in 2011. The multiday boats that engage in this sector are the customary users of the fishery harbors around the island. The expansion of the offshore and deep sea fishing fleet on the east coast had been constrained before the project by the absence of suitable harbors and the shore services required to support the fleet. This problem was exacerbated by the conflict conditions during the country's civil strife.

**Table A7.1: Sri Lanka's Fish Production, 2011**

<b>Sectors and Subsectors</b>	<b>Tons</b>
Offshore/Deep Sea	160,270
Coastal	220,990
<b>Total Marine</b>	<b>381,260</b>
Inland Capture	50,060
Inland Culture	5,360
Shrimp Farms	4,150
<b>Total Inland</b>	<b>59,570</b>
<b>Total Sri Lanka</b>	<b>440,830</b>

Source: Sri Lanka Ministry of Fisheries and Aquatic Resource Development.

#### IV. EAST COAST FISHERIES AND RELEVANCE OF PROJECT INTERVENTIONS

7. The fisheries industry in Eastern Province is oriented towards coastal fisheries. The output of its fisheries was marked by a series of peaks and troughs that reflected the level civil conflict prevailing during 2000-2009. Table A7.2 shows the composition of the east coast fishing fleet according to the last comprehensive census of fishing boats conducted by the Ministry of Fisheries and Aquatic Resources in 2006–2007.

**Table A7.2: Composition of East Coast Fishing Fleet, 2006–2007**

<b>Boat Category</b>	<b>( % of national total)</b>		
	<b>Batticaloa</b>	<b>Trincomalee</b>	<b>Kalmunai<sup>a</sup></b>
	<b>%</b>	<b>%</b>	<b>%</b>
Inboard Multiday	0.0	3.6	0.3
Inboard Single Day	30	7	26
Onboard FRP Boats	7	11	5
Motorized Traditional Boats	1	0	20
Nonmotorized Traditional Boats	20	11	7
Beach Seine Crafts	14	2	14

Source: Census of Fishing Boats 2006-7, Ministry of Fisheries and Aquatic Resources Development.

<sup>a</sup> Kalmunai in Ampara administrative district is classified as a fishing district while Ampara is excluded in the classification.

8. The data which also reflect the situation of the fleet 2–3 years after the Indian Ocean tsunami of 2004. It shows that very few boats along the east coast project districts of Ampara, Batticaloa and Trincomalee are multiday boats with a deep sea fishing capability. This was partly due to the conflict and partly to the absence of the kind of mooring and servicing facilities these boats require. Valaichchenai and Cod Bay are the only fishery harbors on the east coast, all the rest having been built along the western and southern coastlines, and the government had constructed them precisely to correct this imbalance. The use of these harbors had been disrupted by the conflict situation due to restrictions of the access to the harbors.

9. Table A7.3 shows the 2005–2011 trend in annual production of marine fisheries off the project's coastal districts. They produced on average around 25% of the country's total marine catch during 2005–2011, but have the potential to produce more if investments are made in the area's deep sea fishing vessels. Moreover, the project preparation technical assistance reported

that the catch of pelagic fish from the east coast offshore and deep sea fisheries could be doubled and still remain sustainable.

**Table A7.3: Marine Fisheries Production by East Coast District: 2005–2011**

(tons)							
<b>District</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Batticaloa	8,840	8,930	11,710	21,850	24,530	39,610	29,950
Kalmunai <sup>a</sup>	9,940	11,490	12,810	15,050	16,260	16,380	43,280
Trincomalee	8,290	6,270	8,150	17,980	27,690	36,260	12,390
<b>Total</b>	<b>27,070</b>	<b>26,690</b>	<b>32,670</b>	<b>54,880</b>	<b>68,480</b>	<b>92,250</b>	<b>85,620</b>
<b>East Coast as % of National Total</b>	<b>21%</b>	<b>12%</b>	<b>13%</b>	<b>20%</b>	<b>23%</b>	<b>28%</b>	<b>22%</b>

Source: Ministry of Fisheries & Aquatic Resource Development.

<sup>a</sup> Kalmunai is classified as a fishing district while Ampara is excluded in the classification as a district.

10. Since the end of the conflict in 2009, the size of the multiday fleet registered at the two harbors improved by the project have grown to around 900 and has the potential to expand. The east coast fishing community will gradually shift its focus from coastal fishing to deep sea fishing due to a gradually diminishing catch along the coast. This will require capital formation by entrepreneurial segments of the communities, which is expected to take place eventually. The two newly rehabilitated harbors will provide the required infrastructure and the project design emphasis on investing in fishery harbors rather than in smaller anchorages for the coastal fleet was therefore appropriate and justifiable.

## **V. HARBOR MANAGEMENT**

11. As a precondition to utilize the funds for the rehabilitation of either of the two harbors under the Project, the CFHC submitted plans, acceptable to the government (borrower) and the ADB, to ensure cost recovery for the sustainable operations and maintenance of the relevant harbor; private sector participation in harbor activities; and consistency with long term development plans for the area. The plans provided details of the proposals for cost recovery, operations and maintenance and private sector participation, including the identification of commercial activities, possible participants and proposed legal arrangements. This section examines the extent to which the CFHC implemented these plans

### **A. Strategies for Promoting Private Sector Participation in Harbor Activities**

12. Progress review documents of the harbor management on their individual corporate plans show that action has been taken to promote private sector participation in the operation of the harbors. The following specific actions have been taken at each of the harbors.

13. Cod Bay Harbor. Ice plant, canteen and welfare shop and fishing equipment sales facility have already been leased out to private investors.

14. Valaichchenai Harbor: (i) tenders were called to lease out the canteen, (ii) the construction and operation of the ice plant was assigned to a private investor, (iii) tenders were called for lease out of two shops.

## **B. Strategies for Medium and Long-Term Management, Operation, and Maintenance**

15. An assessment by the PCR mission of the revenues of the two harbors indicates that berthing charges are the most important source of revenue, accounting for 37% of total revenue at Valaichchenai and 24% at Cod Bay in January 2012. The Ceylon Fishery Harbours Corporation (CFHC) had long realized that these revenues alone would not recover the cost of building, maintenance, and operations of the fishery harbors. An earlier proposal to levy a charge on the fish that entered the harbor auction was shelved because most of the fish landed are sold through direct sales rather than auctions. In 2002, the CFHC proposed the installation of vehicle weighbridges at the harbors to allow a levy to be charged on every kilogram of fish that left the harbor. This was suspended due to strong opposition from fish traders who have to pay the levy, and who comprise one of the strongest lobby groups in the national fishing industry.

16. A weighbridge installed at Valaichchenai harbor under the project in 2010 is now operational but generated only 12% of the harbor's revenue for the month of January 2012. This lower than expected revenue is partly due to a levy of only SLRe1.00 per kilo of fish that is much lower than the traders would be able to pay. It is evident that full implementation of the weighbridge system at both Valaichchenai and Cod Bay harbors will have to await the installation of this system at all CFHC managed harbors. Proper implementation may be a necessity if the harbor facilities are to be effectively maintained.

## **C. Strategies for Equitable Stakeholder Participation at Facilities**

17. CFHC harbor managers are generally competent and experienced and the notion of handing over the operation of Valaichchenai Harbor to stakeholders, as stated in the corporate plan, was unrealistic. All of the CFHC harbors have had harbor development committees (HDCs) for many years and these committees appear to work well in balancing the often divergent needs of the stakeholders. Depending on the harbor, Each HDC is dominated by one or the other of the competing groups and the harbor manager acts as a moderator. The PCR mission believes that an effective HDC Valaichchenai Harbor that met regularly would be adequate to ensure stakeholder participation.

The requirements in the corporate plan for private sector participation and the involvement of the stakeholders in operation of the harbors are both essential features of the 2007–2016 plan of the Ministry of Fisheries and Aquatic Resources.<sup>1</sup>

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<sup>1</sup> Ministry of Fisheries and Aquatic Resources: Ten Year Development Policy Framework 2007-2016, March 2007.

## TECHNICAL PUBLICATIONS

1. The North East Coastal Community Development Project (NECCDEP) prepared a series of technical publications as outputs from component B (resource management in three special management areas) and component C (coastal resource planning). These documents were published by NECCDEP and the Ministry of National Building and Estate Infrastructure Development (MNBEID) and/or the Ministry of Economic Development (MED) and are available for downloading from [www.neccdep.com](http://www.neccdep.com)
2. All digital material has been provided to the Eastern University and to the Batticaloa public library, as well as to district planning offices. The publications are listed below.
3. The Strategic Tourism Development Plan for the Eastern Province of Sri Lanka was published in 2009 by NECCDEP and ANZDEC Limited (The technical consultants) and Resource Development Consultants (RDC).
4. The Eastern Province Integrated Coastal Resource Management Plan was published in 2010 by NECCDEP and ANZDEC Limited (The technical consultants).
5. The Special Area Management (SAM) Plans for Trincomalee Bay, Batticaloa Lagoon Pottuvil-Arugam Bay were published in 2010 by NECCDEP and ANZDEC Limited.
6. The NECCDEP and the MNBEID published individual coastal profiles for the Ampara, Batticaloa and Trincomalee districts in English in 2010.
7. The NECCDEP and the MNBEID published District Secretariat (DS) Division coastal profiles for the Ampara, Batticaloa and Trincomalee districts in Tamil in 2010.
8. Supplementary tourism-related information from three studies by consultants was published (Table A8.1).

**Table A8.1: Tourism-Related Studies**

Consultant Firm	Date	Title
National Environmental Forum, University of Viharay	2010	Study 11. A Narrative Visual Inventory of Heritage Sites, Religious Festivals and Cultural Groups in the Coastal Areas of Eastern Province, Sri Lanka
Green Tech Consultants	2010	Study 17. Assessment of the Potential and Current Constraints for the Promotion of 'Bird Watching' Nature Tourism in Eastern Province
Green Tech Consultants	2010	Study 18. Review of Coral Reefs on the East Coast: Distribution, Ecology, Status and Threats

Source: ANZDEC & RDC. 2010. *Coastal Resource & Resource Management in Special Management Areas of NECCDEP, Final Report*. Trincomalee.

9. **Technical Studies.** Consultant firms and institutes prepared 15 technical studies for Eastern Province and for Batticaloa and Ampara districts (Tables A8.2, A8.3, and A8. 4).

**Table A8.2: Eastern Province Studies (English)**

Consultant Firm	Date	Title
Green Tech Consultants	2010	Study 9. Assessment of the Past And Current Extent of Mangrove Coverage in the Eastern Province, Using

		Remote Sensing Technology
Green Tech Consultants	2010	Study 10. Assessment of the Change in Shoreline Location along the Coast of Eastern Province, Using Remote Sensing Technology
EML Consultants	2010	Study 14. Analysis of the Current and Future Economic Value of Coastal Resources in the Eastern Province
Green Tech Consultants	2010	Study 18. Analysis of the Past, Present And Potential Impact of Rural and Urban Development on Coastal Resources in the Eastern Province
Green Tech Consultants	2010	Study 16. Evaluation of Current Exploitation and Demand for Minerals in Eastern Province and Recommendations to Improve the Current Management and Further Exploitation of Mineral Resources
EML Consultants	.2010	Study 19. Review of the Historical and Current Status of the Fisheries Sector along the Eastern Coast

Source: Government of Sri Lanka. 2010. *Eastern Province Integrated Coastal Resource Management Plan*. Consultant's report. Sri Lanka (L2027—North East Coastal Community Development Project).

**Table A8.3: Batticaloa Studies (English)**

Consultant Firm	Date	Title
Jugas Professional Services	2010	Study 4. Participatory Assessment of The Dynamics, Seasonal Variation and Current Status of the Fishery in Batticaloa Lagoon
Green Tech Consultants	2010	Study 5. Seasonal Variation in Water Quality in Batticaloa Lagoon, Identification of the Most Likely Sources of Key Pollutants Assayed and Recommendations to Improve the Future Water Quality in the Lagoon
EML Consultants	2009	Study 8. Preparation of Initial Environmental Examination and Detail Design for Proposed Composting Plant and to Improve the Existing Dumping Site at Thirupperumthurai, Batticaloa District
MG Consultants	2010	Study 12. Bathymetric Survey of Batticaloa Lagoon
EML Consultants	2010	Study 13. Assessment and Critical Evaluation of the Potential Pollution Impact of Current Land Use Practices, on Batticaloa Lagoon

Source: Government of Sri Lanka. 2010. *Eastern Province Integrated Coastal Resource Management Plan*. Consultant's report. Sri Lanka (L2027—North East Coastal Community Development Project).

**Table A8.4: Ampara Studies (English)**

Consultant Firm	Date	Title
Green Tech Consultants	2010	Study 1. Sand Dune Topography and Land Use Patterns in Pottuvil & Lahugala DS Divisions
Green Tech Consultants	.2010	Study 2. Seasonal Variation in Water Quality in Arugam Lagoon, Identification of Likely Water Sources, Assay of Key Pollutants, Recommendations to Improve the Future Water Quality in the Lagoon

EML Consultants	2009	Study 3. Study of Soil Erosion In <i>Chena</i> Cultivation Areas in Pottuvil & Lahugala DS Divisions and Assessment of the Potential for Agroforestry Demand for Fuel Wood in the Area
Lanka Hydraulic Institute	2009	Study 6. Improving Surface Water Drainage in Pottuvil Town

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Source: Government of Sri Lanka. 2010. *Eastern Province Integrated Coastal Resource Management Plan*. Consultant's report. Sri Lanka (L2027—North East Coastal Community Development Project).

10. **Web-based management information system.** A mapping tool is downloadable from [www.neccdep.com](http://www.neccdep.com) that gives access to a wide range of GIS-based maps of the coastal resources.

11. **Tourism maps.** Maps were prepared for Kallady and Palameen Madu in Batticaloa District, Pigeon Island in Trincomalee District, Potuvil, Vahari and Satturukondan in Ampara District.

## COST TABLES AND FIGURES

**TABLE A.9.1: Project Costs by Category and Donor, North East Coastal Community Development**  
(\$ million)

	ADB			GOVERNMENT			NETHERLANDS			BENEFICIARIES			TOTAL		
	FC	LC	Total	FC	LC	Total	FC	LC	Total	FC	LC	Total	FC	LC	Total
01A C/W-Fish Harbors	0.65	1.63	2.28	0.00	3.00	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.65	4.63	5.28
01B C/W-Others	6.32	3.16	9.48	0.00	5.01	5.01	0.00	0.00	0.00	0.00	0.17	0.17	6.32	8.34	14.67
02 Equipment/Materials	0.74	0.18	0.92	0.00	1.03	1.03	0.00	0.00	0.00	0.00	0.00	0.00	0.74	1.21	1.95
03 Consultants/Services	2.95	0.72	3.67	0.00	0.47	0.47	0.52	0.00	0.52	0.00	0.00	0.00	3.47	1.19	4.66
04 Credit Line	2.26	0.00	2.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.26	0.00	2.26
05 Project Management	0.20	0.64	0.84	0.00	1.47	1.47	0.00	0.00	0.00	0.00	0.00	0.00	0.20	2.11	2.31
06 Interest Charges	0.31	0.00	0.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.31	0.00	0.31
07 Unallocated	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>13.44</b>	<b>6.33</b>	<b>19.77</b>	<b>0.00</b>	<b>10.98</b>	<b>10.98</b>	<b>0.52</b>	<b>0.00</b>	<b>0.52</b>	<b>0.00</b>	<b>0.17</b>	<b>0.17</b>	<b>13.96</b>	<b>17.48</b>	<b>31.44</b>

C/W = civil works, FC = foreign currency, LC = local currency, SMA = Special management area

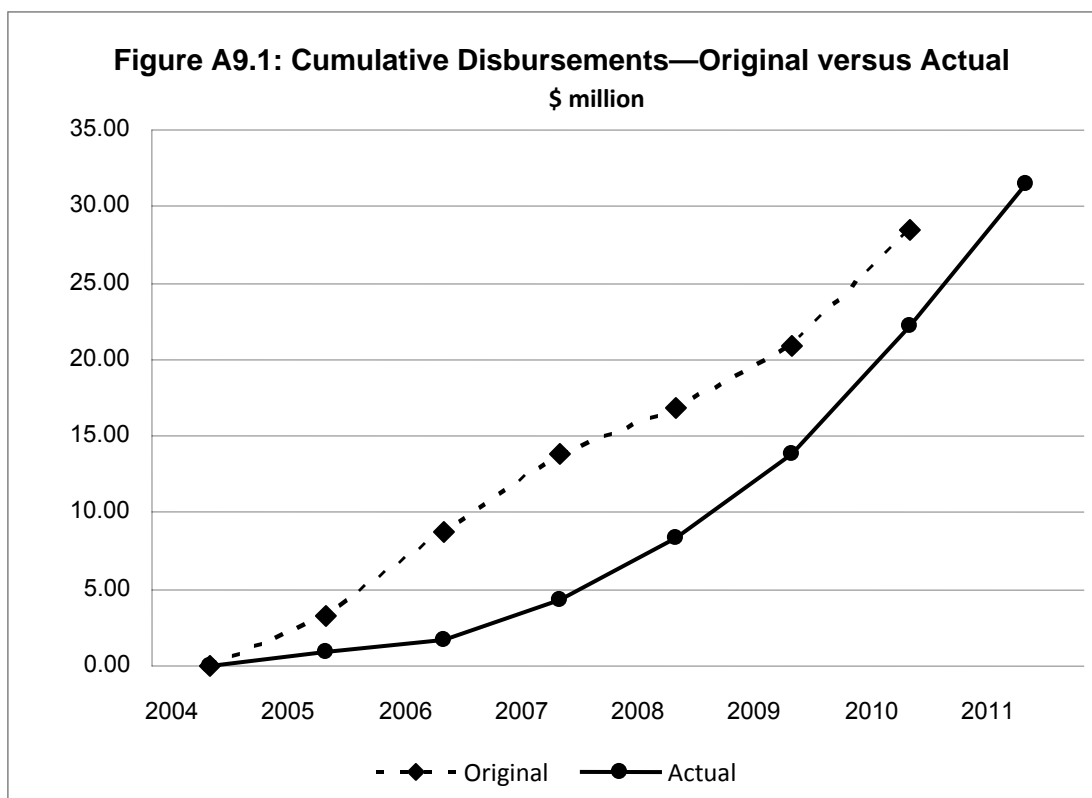
Source: Asian Development Bank estimates

**Table A9.2: Project Costs by Component and Donor, L2027**  
(\$ million)

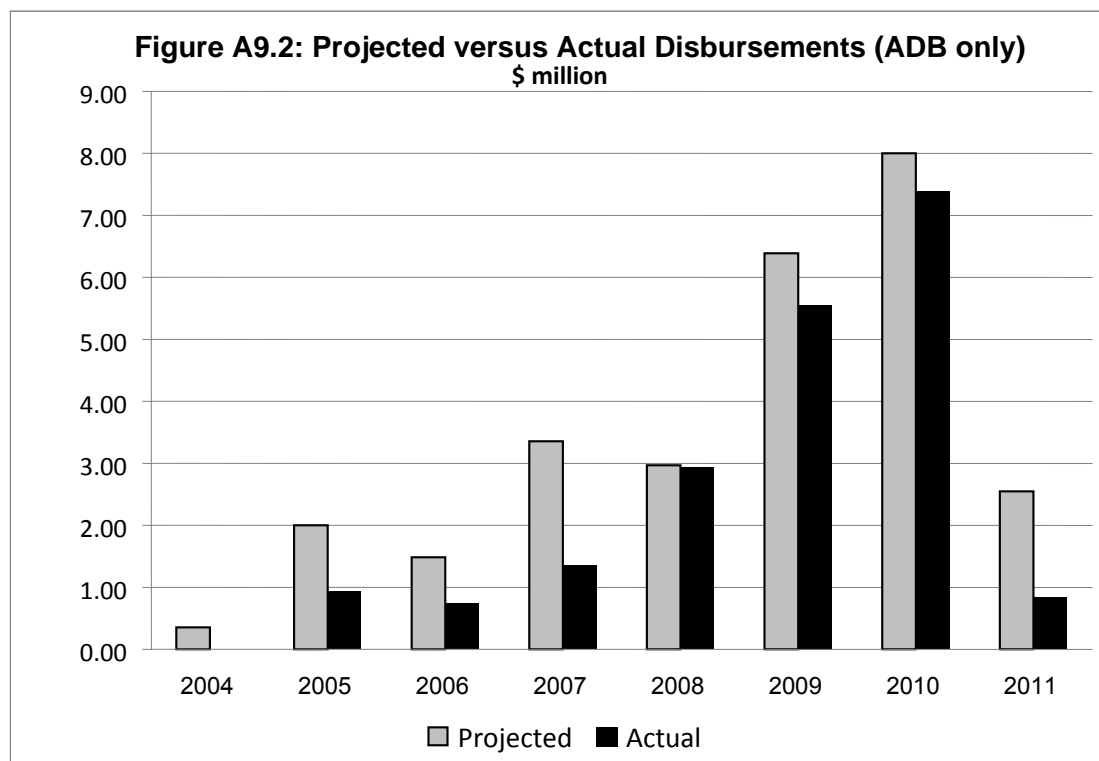
	ORIGINAL			ACTUAL			ADB			GOVERNMENT			NETHERLANDS			BENEFICIARIES		
	FC	LC	Total	FC	LC	Total	FC	LC	Total	FC	LC	Total	FC	LC	Total	FC	LC	Total
1.Livelihood Improvement	1.29	10.21	11.50	9.75	6.88	16.63	9.75	2.50	12.25	0.00	4.38	4.38	0.00	0.00	0.00	0.00	0.00	0.00
2.SMA Resource Manager	0.69	1.24	1.93	1.94	2.81	4.75	1.94	1.09	3.03	0.00	1.55	1.55	0.00	0.00	0.00	0.00	0.17	0.17
3.Coastal Resource Planni	1.19	1.49	2.68	1.11	0.65	1.76	0.59	0.47	1.06	0.00	0.18	0.18	0.52	0.00	0.52	0.00	0.00	0.00
4.Fish Harbours	2.36	2.84	5.20	0.65	4.72	5.37	0.65	1.63	2.28	0.00	3.09	3.09	0.00	0.00	0.00	0.00	0.00	0.00
5.Project Management	0.98	1.93	2.91	0.20	2.42	2.62	0.20	0.64	0.84	0.00	1.78	1.78	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Base Costs</b>	<b>6.51</b>	<b>17.71</b>	<b>24.22</b>	<b>13.65</b>	<b>17.48</b>	<b>31.13</b>	<b>13.13</b>	<b>6.33</b>	<b>19.46</b>	<b>0.00</b>	<b>10.98</b>	<b>10.98</b>	<b>0.52</b>	<b>0.00</b>	<b>0.52</b>	<b>0.00</b>	<b>0.17</b>	<b>0.17</b>
Physical Contingencies	0.65	1.37	2.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Price Contingencies	0.53	1.12	1.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Project Costs</b>	<b>7.69</b>	<b>20.20</b>	<b>27.89</b>	<b>13.65</b>	<b>17.48</b>	<b>31.13</b>	<b>13.13</b>	<b>6.33</b>	<b>19.46</b>	<b>0.00</b>	<b>10.98</b>	<b>10.98</b>	<b>0.52</b>	<b>0.00</b>	<b>0.52</b>	<b>0.00</b>	<b>0.17</b>	<b>0.17</b>
6.Interest charge	0.55	0.00	0.55	0.31	0.00	0.31	0.31	0.00	0.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Overall Total</b>	<b>8.24</b>	<b>20.20</b>	<b>28.44</b>	<b>13.96</b>	<b>17.48</b>	<b>31.44</b>	<b>13.44</b>	<b>6.33</b>	<b>19.77</b>	<b>0.00</b>	<b>10.98</b>	<b>10.98</b>	<b>0.52</b>	<b>0.00</b>	<b>0.52</b>	<b>0.00</b>	<b>0.17</b>	<b>0.17</b>

FC = foreign currency, LC = local currency, SMA = special management area

Source: Asian Development Bank estimates



Source: ADB project records.



Source: ADB project records.

## TRAINING PROGRAM

### A. Training Approaches

1. Training activities under the North East Coastal Community Development Project (NECCDEP) covered three target groups: project beneficiaries; project staff; and government personnel at the provincial, district, and divisional and levels

### B. Project Beneficiary Training

2. Project beneficiary training was conducted mostly by the three livelihood enterprise development services (LEDS) providers under component A (sustainable livelihoods improvement), which covered livelihood skills and enterprise management.

3. Skills training focused on a many types of livelihood enterprises, including food processing, farming, electrical wiring, tailoring, fishing, tourism, business skills, and handicrafts. It aimed to develop viable enterprises within the target communities. Additional training in technical skills was provided by government departments such as agriculture and industry. Table A10.1 provides details on 5,750 trainees, 65% of whom were women.

**Table A10.1: Skills Training Programs Conducted under Component A**

Programs and Providers	No. of Programs	No. of Beneficiaries				Total
		Male		Female		
		No	%	No	%	
LEDS Providers:						
community livelihood						
enterprise skills						
Ampara	122	996	30	2,342	70	3,338
Batticaloa	22	492	60	329	40	821
Trincomalee	52	344	28	875	72	1,219
Government						
Departments: technical						
skills						
All districts	12	161	44	206	56	367
Total	208	1,993	35	3,752	65	5,745

Source: Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

4. The LEDS providers also trained project beneficiaries in entrepreneurship and business management (Table A10.2). This training included 375 programs that reached 13,546 beneficiary trainees and aimed at establishing new businesses and strengthening capacity in existing businesses. In most cases, the beneficiaries were provided with the necessary equipment and tools to continue the activities. The borrower's completion report estimates that the training therefore covered some 6.5% of the total population of the project area.<sup>1</sup>

<sup>1</sup> It is probable that some trainees attended more than one training event, so the figure of 6.5% of the population may not be accurate.

**Table A10.2: Skills and Enterprise Development Training by Livelihood Enterprise Development Services Providers (Total)**

<b>District</b>	<b>LEDS Providers</b>	<b>Duration (days)</b>	<b>Programs (No.)</b>	<b>Beneficiaries (No.)</b>	<b>Total Population</b>	<b>Beneficiaries (% of population)</b>
Ampara	Agromart Foundation	475	132	5,203	33,672	15.5
Batticaloa	Practical Action	246	115	4,309	108,492	4.0
Trincomalee	SEEDS	120	128	4,034	50,903	7.9
<b>Total</b>		<b>841</b>	<b>375</b>	<b>13,546</b>	<b>193,067</b>	<b>7.0</b>

LEDS = Livelihood Enterprise Development Services, SEEDS = Sarvodaya Economic Enterprise Development Services.

Source: Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

5. Public awareness campaigns on environmental and gender issues were carried out by the project through the LEDS providers and the government's Central Environment Authority (CEA) through street theatre and the media and in schools.

6. Additional training was provided to fishers whose boats were registered at Valaichchenai and Cod Bay harbors and some other ports. This was arranged by the Ceylon Fishery Harbor Corporation (CFHC) through the National Aquatic Research and Development Agency. Subjects included fishing techniques, onboard fish handling, hygiene, usage of ice, fish export conditions, post-harvest methods, safety, and interaction with traders. The Food and Agriculture Organization of the United Nations conducted training for multiday fishing boat owners, through a program it funded separately. It dealt with fish quality improvement and awareness of the harbor facilities.

### **C. Project Staff Training**

7. The NECCDEP staff underwent training in sustainable livelihood approaches by GTZ. This included training in how to work with communities to develop people's vision documents to supplement the village development plans.

8. Staff were also trained in participatory monitoring and evaluation by the Centre for Information and Resource Management.

### **D. Government Personnel**

9. The ANZDEC and Resource Development Consultants (RDC) undertook a training needs analysis for some 1,500 officers at provincial, district, division, and local government levels. The objective was to improve the quality and capacity of planning staff. A training plan was prepared that included target groups and potential training providers. For coastal resource management planning (CRMP), the plan emphasized a focus on practitioners and learning by doing rather creating a suitable enabling environment in which practitioners could work.

10. Core training was recommended for 2,375 trainees in 73 events, covering coastal resource management planning for a wide range of officials and, for planning staff, capacity development, long-term capacity building planning, training on legislation, and training on spatial information systems and geographical information systems. Additional need was identified for language training and training in urban planning, including some overseas training.

11. The project management unit arranged training listed in Table A10.3. This included 300 officers from the province, districts and Division Secretariat (DS) divisions, as well as some NECCDEP staff and planning officers from Northern Province. The Coastal Conservation Department (CCD) provided 43 training sessions in CRMP and 6 other training courses were given in CRMP's legal aspects and 3 in tourism.

**Table A10.3. Training Programs Conducted for Government Staff**

<b>Name of Program</b>	<b>Target Groups</b>	<b>Organizing Body</b>
Sustainable Livelihood Approach (Stage I-IV)	Planning staff from PPS and DPS, NECCDEP staff, CIRM	PIP and GTZ
(i) Log frame Analysis (LFA)/ DMF.	Planning staff from PPS & DPS (DOs, Das, & PAs)	MDTU
(ii) Planning Techniques		
Project Management Cycle	Planning staff and NECCDEP staff	CIRM
Arc GIS	Planning staff from PPS & DPS (DOs, Das, & PAs)	University of Peradeniya
Preparation of quality documents using computer	Public servants from Northern & Eastern Province	MDTU / SLIDA
Certificate in Advance Computer Application for Management		
Sustainable Livelihood Approach	Planning staff from DPS, DS (EP)	MDTU/EP
Sustainable Livelihood Approach	Planning staff from DPS, DS (NP)	MDTU/NP
Programme Evaluation for Executives	PD, DPD, PMS	SLEVA

CIRM = centre for information and resource management, DA = development assistant, DO = development officer, DPS = district planning secretariat, MDTU = management development and training unit, PA = planning assistant, PIP = performance improvement project, PMS = project management specialist, PPS = provincial planning secretariat, SELVA = Sri Lanka Evaluation Association, SLIDA = Sri Lanka Institute of Development Administration.

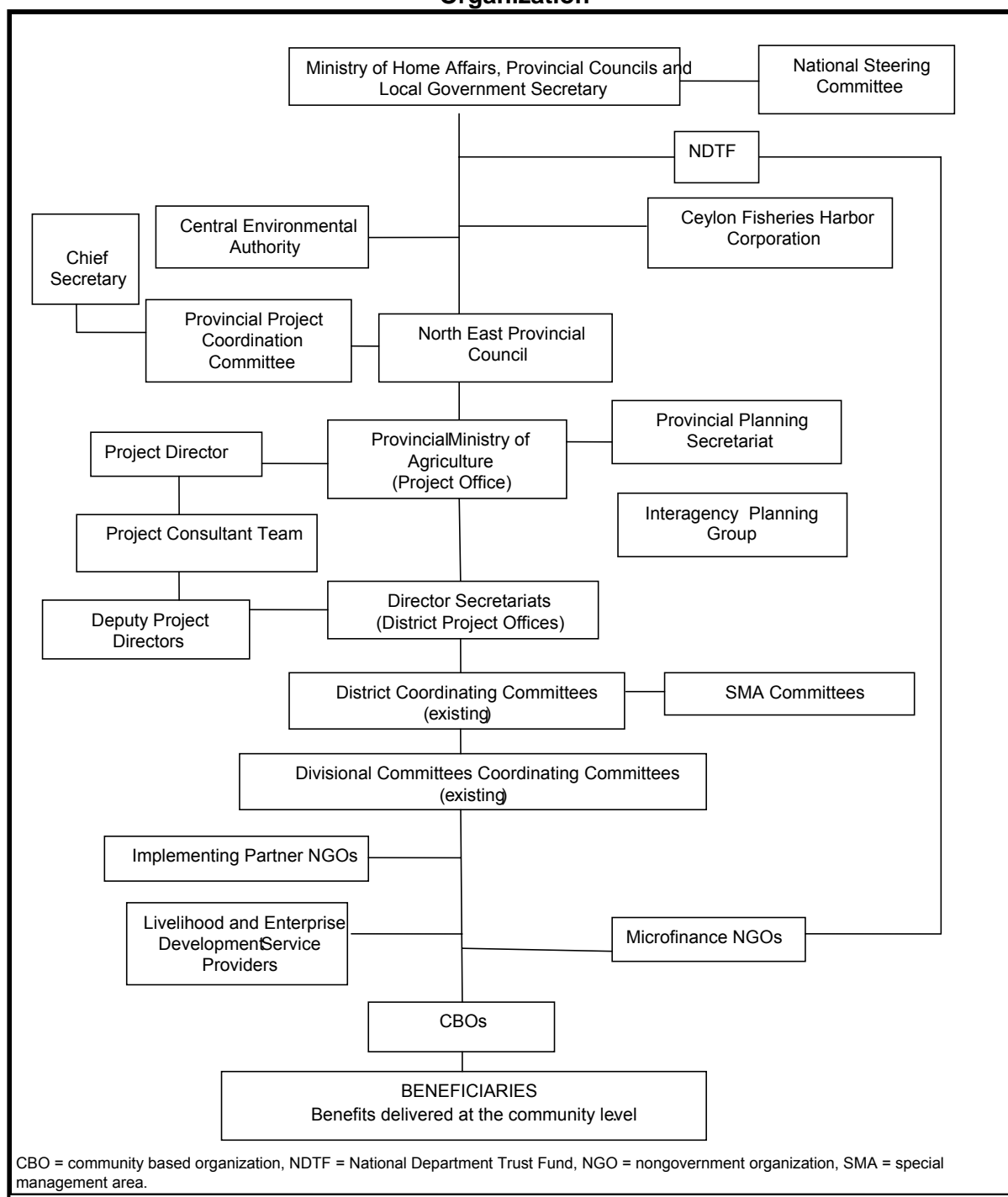
Source: Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

12. Additional training was provided in 2005 under funding from the Government of the Netherlands for three members of the CEA. This comprised a course in geographical information system applications at the International Training Centre in the Netherlands. The CEA reported that this significantly enhanced their planning skills, which were applied in preparing mapping for the NECCDEP component B Special Management Area (SMA) plans.

The CEA conducted a training program on the duties and responsibility of divisional secretaries in the implementation of environmental laws at the local level in the three districts. Three training programs were also provided on environmental management for officers of local authorities of Eastern Province.

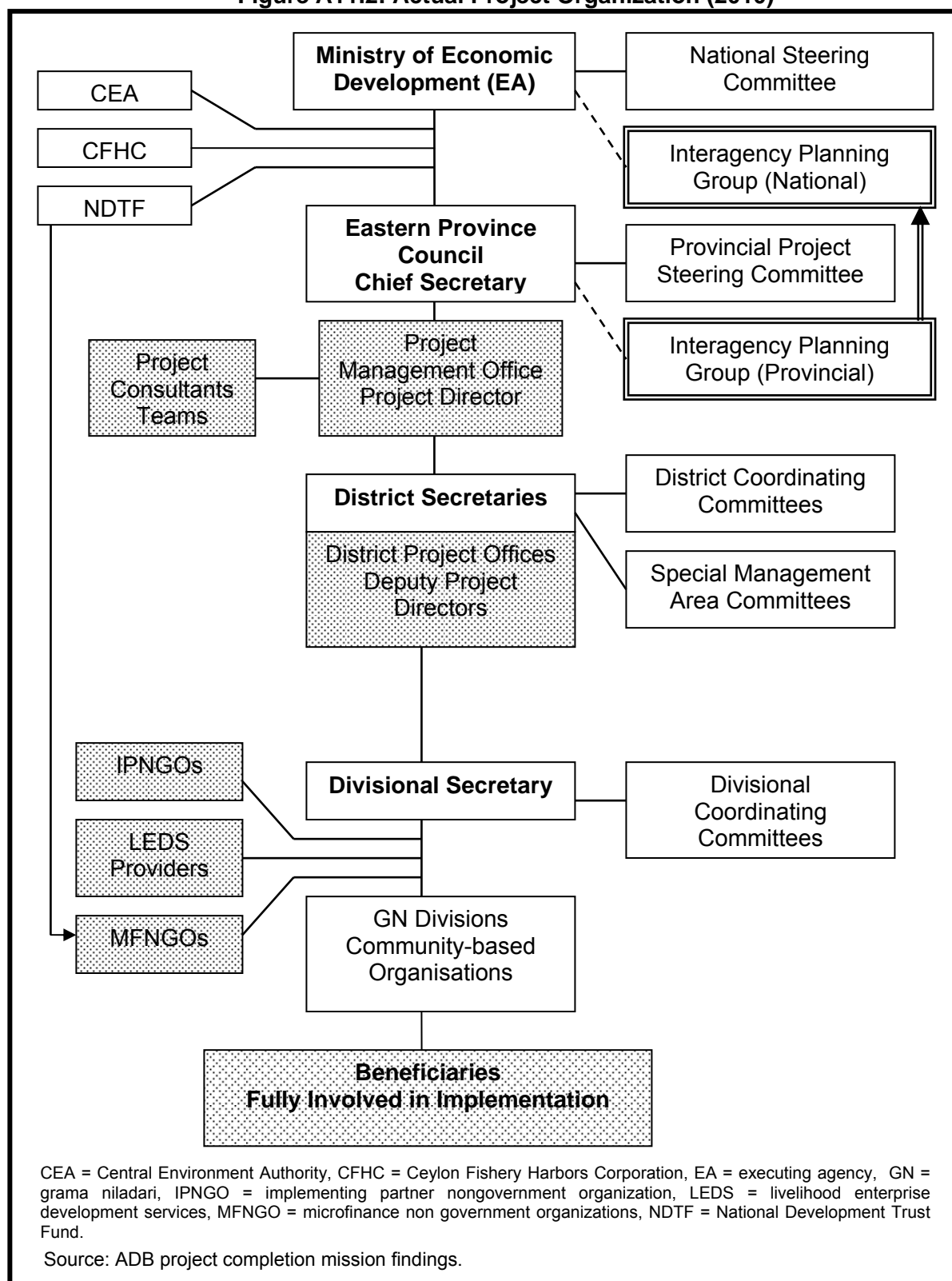
## ORGANIZATIONAL STRUCTURE

**Figure A11.1: Proposed Project Organization**



Source: ADB. 2003. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the North East Coastal Community Development Project*. Manila.

Figure A11.2: Actual Project Organization (2010)



### STATUS OF COMPLIANCE WITH LOAN COVENANTS

Covenant	Reference in Loan Agreement	Status of Compliance
No withdrawals shall be made from the Loan Account for civil works related to Cod Bay until CFHC has demonstrated to the satisfaction of ADB that the proposed activities are consistent with the planned- long term development of Trincomalee Bay.	Schedule 3 paragraph 10	Complied with.
In carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause the Project Implementation Agencies to perform, all obligations set forth in Schedule 6 to this Loan Agreement (LA): NEPC to perform all obligations set forth in the NEPC Project Implementation Agreement (PIA) and in this LA: CFHC to perform all obligations set forth in the CFHC PIA and in this LA: and NDTF to perform all obligations set forth in the NDTF PIA and the NDFT Subsidiary Loan Agreement (SLA).	Section 4.01 (b)	Complied with. NEPC, CFHC and NDTF performed all obligations set forth in respective PIA, LA, and SLA.
The services of IP-NGOs shall be utilized in the carrying out of the Project, particularly with regard to the carrying out of the community-level activities in Parts I and II of the Project and shall be selected by NEPC in accordance with the Borrower's competitive bidding procedures acceptable to ADB.	Schedule 5 paragraph 7	Complied with.
The Borrower shall establish a provincial level committee for Project coordination, direction and guidance, which shall meet monthly initially, and thereafter quarterly. The committee shall be chaired by the Chief Secretary of NEPC, and shall include representatives from all of the Project Implementing Agencies, as well as a representative from NGO sector. The national-level steering committee established by the Borrower prior to the effectiveness of this Loan Agreement, and chaired by the Secretary, M3R shall facilitate coordination between all projects implemented in the Northern and Eastern Provinces of the Borrower's territory that are executed by the M3R.	Schedule 6 paragraph 4	Complied with.
The Borrower shall ensure that Borrower's District Coordinating Committees (DCCs) and Divisional Coordinating Committee (DVCCs) assists with the implementation of Project as required and as requested by NEPC.	Schedule 6 paragraph 5	Complied with.
The NGOs, GN divisions, and subprojects under this part of the Project shall be selected by the PO in consultation with NEPC on the basis of criteria agreed with ADB and as set forth in Appendix 5 of the RRP. In selecting the participating NGOs and GN divisions, the Borrower shall ensure that (a) ethnic balance is maintained for the Project; and (b) the selection of IP-NGOs and MF- NGOs will not have any negative impact on the "do not harm" principle.	Schedule 6, para 9	Complied with.
For Part I (c) of the Project, NEPC shall ensure that the participating coastal fishing communities to receive fisheries support infrastructure are selected in accordance with criteria agreed with ADB and as set out in Appendix 5 of the RRP. NEPC shall ensure that the recipient communities understand that they shall be responsible for the operations and maintenance of the infrastructure facilities under the Project.	Schedule 6 paragraph 11	Complied with.

Covenant	Reference in Loan Agreement	Status of Compliance
The Borrower shall ensure that prior to the disbursement of the NDTF Loan, has submitted to the Ministry of Finance draft participation agreements, with each MF-NGO and any other partner financial institution.	Schedule 6 paragraph 13	Complied with. A draft participatory agreement was prepared prior to the NDTF loan disbursements.
The Borrower shall ensure that NDTF will implement the microcredit scheme as described in the ADB LA and in the NDTF Subsidiary LA, and performs obligations under the NDTF Subsidiary LA.	Schedule 6 paragraph 14	Complied with.
Within one month of the Effective Date, and in any event prior to the disbursement of the NDTF loan, NDTF shall have established and staff a project implementation cell acceptable to ADB.	Schedule 6 paragraph 15	Complied with.
<p>The borrower shall ensure that the subproject proposals for the sustainable livelihood interventions are processed on accordance with procedures agreed with ADB and set out below:</p> <p>(a) The IP-NGOs shall assist communities with the identification and prioritization of needs and in the preparation of subproject concept proposals in the standard format;</p> <p>(b) The subproject proposals that shall be submitted by the IP-NGOs to the relevant DVCC for clearance. The DVCC shall be chaired by the Divisional Secretary/ Divisional Assistant Director of Planning, and shall include the Divisional Environment Officer and IP-NGOs.</p> <p>(c) In the event a subproject proposal requires more detailed technical assessment, the DVCC shall have the authority to request such assistance from Project consultant team. Where appropriate, the IP-NGOs may assist the clearance of the subproject approved by the relevant government approving agency.</p> <p>(d) Once cleared, the subproject proposal shall be resubmitted to the DVCC final approval.</p>	Schedule 6 paragraph 16	Complied with. The agreed subproject approval procedures were followed.
The Borrower shall ensure that DCC, chaired by the District Secretary, with membership from relevant government agencies, NGO Consortia, and the private sector provides monitoring and oversight, The Borrower shall ensure that the DCCs meet at least monthly review implementation progress, and that at least two representatives from three main stakeholder groups (Government, private sector, and NGO) from the other districts attend the monthly DCC meetings in each district on a revolving basis.	Schedule 6 paragraph 17	Complied with.
The Borrower shall ensure that subproject proposals for the implementation of community-based resource mapping and resource management interventions are processed in accordance with procedures agreed with ADB.	Schedule 6 paragraph 18	Complied with.
The Borrower shall ensure that the DCCs monitor implementation of this part of the project, and that the IP-NGOs facilitate the linkage of the resource mapping activities at the community level with the preparation of SMA plans at the district level.	Schedule 6 paragraph 19	Complied with.

Covenant	Reference in Loan Agreement	Status of Compliance
Within three months of the effective date the Borrower shall ensure that the relevant DS establishes SMA committees comprising representatives of the relevant district departments and statutory bodies, municipal governments, IP-NGOs, the private sector and civil society to (i) approve the work plan and budget for the preparation of an SMA management plan; (ii) ensure that an adequate consultation process is followed; and (iii) provide overall policy guidance.	Schedule 6 paragraph 20	Complied with.
The Borrower shall ensure that proposed environmental interventions are cleared in accordance with relevant environmental screening procedures and receive prior approval from the DCC before implementation.	Schedule 6 paragraph 21	Complied with.
The Borrower shall ensure that the Provincial Planning Secretariat (PPS) acts as the focal point for implementation of the planning and capacity building activities (including training) at the provincial, district and divisional levels.	Schedule 6 paragraph 22	Complied with.
Within three months of the effective date the Borrower shall have established, through the PPS, a provincial Inter agency Planning Group to ensure coordinated input by relevant agencies involved in resource based planning activities, in particular in the preparation of provincial coastal resources management plans. The Planning Group shall be chaired by the Deputy Chief Secretary Planning and shall include the following agencies: Urban Development Authority, Ministry of Tourism, Sri Lanka Tourist Board, Sri Lanka Ports Authority, CFHC, CCD, Fisheries Department, CEA, National Aquatic Resource Agency, Department of Wildlife Conservation, Forest Department and the Sri Lankan Navy, National agencies that do not have provincial representation shall established operational functions in the region.	Schedule 6 paragraph 23	Complied with.
The Borrower shall ensure that the community is consulted and provided with information on any environmental enforcement procedures to be implemented under the project.	Schedule 6 paragraph 24	Complied with.
The Borrower shall ensure that prior to the rehabilitation of either of the two harbors under the Project, the CFHC submits to the Borrower and to ADB plans, acceptable to the Borrower and the ADB, to ensure cost recovery for the sustainable operations and maintenance of the relevant harbor; private sector participation in harbor activities; and consistency with long term development plans for the area. The plans shall provide details of the proposals for cost recovery, operations and maintenance and private sector participation, including the identification of commercial activities, possible participants and proposed legal arrangements. Upon acceptance of the plans, the Borrower shall ensure the implementation of the plans for at least 5 years from the date of approval. The Borrower shall also ensure that the private sector participants are selected in accordance with criteria agreed with ADB.	Schedule 6, para 25	Complied with.
The Borrower shall ensure that the land required for the rehabilitation of Valaichchenai Harbor will be made available without delay in order that Project activities can be implemented.	Schedule 6 paragraph 26	Complied with.

Covenant	Reference in Loan Agreement	Status of Compliance
The Borrower shall ensure that the operations and management of the Vallechenai and Cod Bay harbors are carried out by the CFHC under the policies set out in its Corporate Plan 2003-2007.	Schedule 6 paragraph 27	Complied with. A revision for the agreed harbor management mechanism for Valaichchenai harbor with agreement between ADB and government.(Refer Appendix 7)
The Borrower shall ensure that CFHC establishes a separate Project Implementation unit (PIU) and designates a PIU head for the rehabilitation of the two fisheries harbors.	Schedule 6 paragraph 28	Complied with.
The Borrower shall ensure that (a) the harbor facilities to be rehabilitated under the Project are provided with solid waste management system; wastewater collection, treatment, and disposal systems; waste oil collection systems; and adequate sanitation facilities; and (b) the effluent from fishery activities shall meet the Borrower's environmental laws and regulations and ADB's Policy on Environment.	Schedule 6 paragraph 29.	Complied with.
The Borrower shall ensure that project and financial management specialists are recruited at the provincial level and for each DPO.	Schedule 6 paragraph 30.	Complied with.
General and Counterpart Funding: The Borrower and MRRR shall provide adequate counterpart funding for the Project and shall ensure the Lead Implementing Agency receives its annual budget allocations without delay so as to enable the Lead Implementing Agency to properly discharge its responsibilities under this Project.	Schedule 6 paragraph 31	Complied with.
The Borrower shall use the existing debit system. In place for the North East Community Restoration and Development Project and the North East Emergency Reconstruction Program, for this project.	Schedule 6 paragraph 32	Complied with.
The Borrower (a) ensure that the Project is adequately and appropriately staff with qualified personnel through the Project implementation period; 9b) not transfer the Project Director and deputy Directors to the other functions without the concurrence of ADB; (c) seek ADB concurrence to proposed changes to the staffing of senior Project personal, and to any implementation arrangements; and to (d) give ADB adequate and prior notice of any administrative changes in the Borrower structure that may necessitate a change of Executing Agency, Lead Implementing agency, or any other agencies responsible for carrying out carious parts of the Project.	Schedule 6 paragraph 33	Complied with.
The Borrower shall ensure that the Lead Implementing Agency (a) carries out Project preparation and implementation activities in accordance with the implementation schedule agreed with ADB, and (b) uses its best efforts to meet the Project targets and deadline as agreed with ADB. The Borrower and the Lead Implementing Agency shall keep ADB informed of any significant deviations that could result in any delays in project implementation.	Schedule 6 paragraph 34	Complied with.

Covenant	Reference in Loan Agreement	Status of Compliance
Sustainability and Operation and Maintenance: The Borrower shall ensure that the Lead Implementing Agency, with the assistance of consulting services, shall have come up with long term operation and maintenance procedures and sustainable sources of funds to operate and maintain the assets rehabilitation under Parts IV (a) and (b) of this Project. With respect to the assets to be operated and maintained by communities, the Borrower shall ensure that each community or community organization has (a) prior to the commencement of any civil works, agreed in writing with the Lead Implementing Agency to be responsible for the operation and maintenance of the relevant upgraded or new assets, (and (b) put in place an O&M plan that is practicable and acceptable to the Lead Implementing Agency and ADB.	Schedule 6 paragraph 35	Complied with.
The Borrower shall ensure that any future development projects in and around Trincomalee District and the three Project SMAs to be financed by the Borrower during and for 5 years after the Project implementation period are coordinated with, and do not duplicate the activities of this Project. The Borrower shall also ensure that the coastal resource management plan prepared under this Project will be used in the development of any master plan for the development of the Project area.	Schedule 6 paragraph 36.	Complied with.
The Borrower and ADB agree that the project management arrangements reflect the present. Borrower administration structure in the Project areas in the North East, and that this may change during project implementation. If the Borrower proposes to change the administrative structure in the Project areas in the North East, the Borrower shall immediately notify ADB of such change and shall take all steps necessary to ensure that the project management arrangements are revised in consultation with ADB to reflect the new administrative structure and protect the viability of the Project. The Borrower shall take all steps necessary to ensure that any successor project management entities shall enter into such project or other agreements with ADB as ADB may request in order to document their rights and obligations under the Project.	Schedule 6 paragraph 37.	Complied with.
The Borrower and each Project Implementing Agency shall ensure that all Project interventions contribute to peace building and community reconciliation. In the event that during Project implementation any intervention has or is thought to have negative impact on peace building and reconciliation efforts, the Borrower agrees that ADB shall have the discretion to determine whether the intervention should be continued, redesigned, suspended or cancelled.	Schedule 6 paragraph 38.	Complied with.
The Borrower shall ensure that all boat owners and other users, irrespective of ethnicity, are provided equal access to any and all fisheries infrastructure upgraded, constructed or provided under the Project. The Borrower shall institutionalize the "equal access" concept by taking all of the necessary steps including (a) putting in place regulations/enforcement provisions: and (b) enforcing the measures taken in (a).	Schedule 6 paragraph 39.	Complied with.

Covenant	Reference in Loan Agreement	Status of Compliance
Environment, Social and Resettlement: The Borrower shall ensure that (a) all Project interventions are specifically targeted to the poor and to women; (b) the Project's Gender Strategy and Plan are implemented as set out in Appendix 3 of the RRP; and (c) specific interventions are developed to benefit the Coastal Veddahs in accordance with ADB's Policy on Indigenous People.	Schedule 6 paragraph 40	Complied with.
<p>The Borrower shall ensure that any land acquisition and resettlement activities that may occur under the Project are implemented in accordance with the Borrower's National Involuntary Resettlement Policy, ADB's Policy on Involuntary Resettlement. ADB's Handbook on Resettlement, 1998, and any agreed Resettlement Plan for the Project shall be placed in the relevant Project office and made available as a reference to affected persons. Among other things, pursuant to the Resettlement Plan, the Borrower shall;</p> <p>(a) ensure that land and rights-of-way acquired promptly and in proper manner.</p> <p>(b) provide counterpart funds, compensation and entitlements to affected persons promptly in accordance with terms stipulated in the resettlement plan.</p> <p>(c ) guarantee and promptly fund unforeseen obligations in excess of budget estimates;</p> <p>(d) Ensure that the Lead Implementing Agency and other involved Borrower agencies provide adequate supervision, monitoring and reporting of resettlement issues.</p> <p>(e) ensure that affected persons are provided with information on resettlement, and appropriately consulted.</p> <p>(f) ensure that the grievances of, and consultations with, affected persons are thoroughly documented.</p> <p>(g) ensure that Resettlement Plan is updated to reflect changes to the Scope of the project, if any; and</p> <p>(h) ensure that reports are provided to AB on resettlement issues.</p>	Schedule 6 paragraph 41	Complied with. No land acquisition or resettlement activities involved.
The Borrower shall ensure that an adequate Resettlement Plan based on the approved Resettlement Framework is prepared and submitted to ADB for approval for any subproject involving resettlement impacts as defined in the Government National Involuntary Resettlement Policy and ADB's Policy on Involuntary Resettlement.	Schedule 6 paragraph 42	Complied with.
The Borrower agrees that ADB's Policy on Involuntary Settlement shall prevail in the case of any difference with the Borrower's laws and regulations and that all compensation shall be at replacement cost. The Borrower shall take special care to ensure that the compensation is paid to the holder of legal title to the land.	Schedule 6 paragraph 43	Complied with.
The Borrower shall ensure that all environmental mitigation measures identified in the IEE conducted for this Project are incorporated into the Project Design and followed during Project implementation in consultation with the Borrower responsible line agency and in accordance with Borrower's and ADB's Policy on Environment.	Schedule 6 paragraph 45	Complied with.

Covenant	Reference in Loan Agreement	Status of Compliance
The Borrower shall ensure that (a) the Environmental Review Procedures (ERP), as agreed with ADB, for approving subprojects are strictly observed and agrees that no Projects and subproject activities will commence prior to the full and strict compliance with the ERP and receipt of approval; (b) all projects and subprojects' activities will be carried out in accordance with the Borrower's environmental laws, regulations and rules, and ADB's Environmental Assessment Guidelines.	Schedule 6 paragraph 46	Complied with.
The Borrower shall (a) ensure that adequate measures will be taken to strengthen the capacity of the Lead Implementing agency and the Project Implementing agencies in accounting and audit.	Schedule 6 paragraph 47.	Complied with.
The Borrower and the Lead Implementing Agency shall cooperate with ADB in the carrying out of its regular or special review missions. A detailed midterm review of the Project shall be carried out near of the third year of Project implementation. The midterm review shall include, among other things, high-level discussions with the Borrower on Project implementation in light of the "do no harm approach", progress on the development of a master plan for the development of Trincomalee bay, and the feasibility of proceeding with the rehabilitation of Cod Bay Fisheries Harbour. In the event that it is decided to proceed with the rehabilitation of Cod Bay Fisheries Harbor, the Borrower shall process the rehabilitation in accordance with all of ADB's procedures and policies on resettlement and environment.	Schedule 6 paragraph 48.	Complied with. Midterm review was done in July 2008.
The Borrower shall ensure that during first year of Project implementation NEPC prepares, in consultation with relevant agencies of the Borrower, Project management staff, and participating NGOs, a Project Performance Management System at the PO with links to each district and to each project division; and with performance indicators agreed with ADB.	Schedule 6 paragraph 49.	Complied with.
Without limiting the generality of Section 4.07 of the Loan Agreement, NDTF shall submit quarterly progress reports to the Lead implementation Agency on the progress of its part of part 1(a) of the project. The report shall be an aggregation of the MF-NGOs quarterly reports, which shall cover staffing, training, lending, collection, arrears performance, portfolio data, sub-borrowers' characteristics, and the impact of livelihood support activities. In its financial statements, NDTF shall segregate ADB Loan proceeds from its own statements and from other ongoing projects, and present statements of the project.	Schedule 6 paragraph 50.	Complied with.
Borrower shall maintain or cause to be maintained, separate accounts adequate to identify the goods and services of the expenditure financed out of the proceeds of the loan, to disclose the use thereof in the project record the progress of the project (including the cost thereof) and to reflect, accordance with consistently maintain sound accounting principles, the operations and financial conditions of the agencies of the borrower responsible for the carrying out of the project and the operation of the project facilities, or any part thereof.	Article IV Section 4.06(a).	Complied with

Covenant	Reference in Loan Agreement	Status of Compliance
<p>Submission of Quarterly Progress Reports to ADB: The Borrower shall furnish, to ADB quarterly reports, consolidating the reports of the Project Implementing Agencies, on the carrying out of the Project and on the operation and management of the Project facilities: Such shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the quarter under review, steps taken or proposed to be taken to remedy these problems, and proposed programs and activities and expected to progress during the following quarter.</p>	Article IV Section 4.07(b).	Complied with.
<p>Promptly after physical completion of the project, but in any event not later than three (3) months thereafter, or such later date as maybe agreed for this purpose between the borrower and ADB, the Borrower shall prepare and furnish to ADB, , a report in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the project, including its cost, the performance by the Borrower of its obligations under this Loan Agreement and the accomplishment of the purposes of the Loan.</p>	Article IV Section 4.07 (c).	Complied with

## PROJECT IMPLEMENTATION AND TECHNICAL SUPPORT CONSULTANTS

### A. Consultancy Contracts

1. The loan for the North East Coastal Community Development Project (NECCDEP) provided for 416 person-months of consultants during 2005–2009—35 person-months by international and 381 person-months by domestic consultants—as well as other packages for services by consultants and nongovernment organizations (NGOs) to support the NECCDEP. As envisaged in the design, consultant services were contracted by the project management unit (PMU). The categories of consultants actually provided, as reported in the borrower's completion report (BCR), was not exactly from those envisaged in the report and recommendation of the President.<sup>1</sup> The categories actually provided were

- (i) project management consultants (domestic, individual);
- (ii) technical support consultants (domestic firm), package I;
- (iii) technical implementation consultants (international and domestic firms), package II;
- (iv) fishery harbor design consultants (domestic firm);
- (v) planning and technical study consultants (domestic firms);
- (vi) implementing partner nongovernment organizations (IPNGOs); and
- (vii) livelihood and enterprise development services providers—including domestic nongovernment organizations (NGOs) and international NGOs.

2. All consultants and NGOs were recruited according to ADB's Guidelines on the Use of Consultants, 2006. No major issues were faced in recruitment. Nearly 800 person-months of consultants were used, excluding inputs by consultant firms for the planning and technical studies.

### B. Consultancy Services and Performance

#### 1. Project Management Consultants

3. Domestic project management specialists were engaged directly by the PMU to assist and support the planning officer and the three district planning officers in day-to-day management of project implementation. The BCR shows a total of 536 person-months of services used, of which 60% was accounted by the natural resource planners and engineers (Table A13.1). One was assigned to each of the three districts and effectively took on the role of project staff.

4. The BCR did not evaluate the performance of these consultants. Several changes in personnel occurred, especially for the posts of project management specialist and Batticaloa engineer.

#### 2. Technical Support Consultants (Package I)

5. Individual domestic consultants were engaged by the PMU from RDC Consultants of Colombo for package 1 of the technical support consultants category. A total of 140 person-months were used by five consultants (Table A13.2).

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<sup>1</sup> Ministry of Economic Development, Government of Sri Lanka. 2010. *Sri Lanka: North East Coastal Community Development Project, Borrower's Project Completion Report*. Colombo.

6. THE BCR said the performance of the individual consultants was mixed. The engineers were highly satisfactory but the microcredit specialist performed unsatisfactorily.

**Table A13.1: Project Management Consultant Inputs**

<b>Consultants</b>	<b>Input (person-months)</b>
Project Management Specialists	63
Procurement Specialist	66
IEC Specialist	20
Infrastructure Engineer	11
Engineer PO	11
Social & Gender Specialist	11
Natural Resource Planners (3 posts)	212
District Engineers (3 posts)	128
Livelihood & Enterprise Development (2 posts)	14
<b>Total</b>	<b>536</b>

IEC = information, education and communication, PO = project office.

Source: Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

**Table A13.2: Technical Support Consultant Inputs**

<b>Position</b>	<b>Input (person months)</b>	<b>Borrower's Performance Rating</b>
Social Development Specialist	42.8	Satisfactory
Infrastructure Engineer	18.0	Highly satisfactory
Civil/Environmental Engineer	40.5	Highly satisfactory
IEC Specialist	32.0	Satisfactory
Credit Specialist	6.0	Unsatisfactory
<b>Total</b>	<b>139.30</b>	

IEC = information, education and communication.

Source: Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

### 3. Technical Implementation Consultant (Package II)

7. A consultant firm was recruited by the PMU by November 2005 through international competitive bidding for the technical implementation consultant category.<sup>2</sup> However, due to continuing conflict conditions, the consultant could not mobilize until 12 November 2007, some 30 months after the project launch in May 2005. Eight contract variations were agreed with the Asian Development Bank to better match the team composition to the needs of the evolving project. The consultant input was scheduled to be completed by 11 November 2009 but, following a tripartite review meeting on 9 December, the contract was extended to 31 January 2010 to allow for delivery of the final products.

<sup>2</sup> The firm was ANZDEC Ltd of New Zealand, in association with Rural Development Consultants (RDC) of Sri Lanka.

8. Table A13.3 shows a total input of about 123 person-months, 23 international and 100 domestic. The table also shows that the BCR rated their individual performances mostly satisfactory or very satisfactory.

9. Due to the delayed mobilization, the consultant had limited opportunity to influence the development and implementation of components A, D, and E of the project which was its original TOR. The firm's main focus was on supporting activities under component B to prepare and operationalize Special Management Area (SMA) plans and under component C to strengthen and improve coastal resources management capacity. The late start delayed the preparation of the Eastern Province Integrated Coastal Resource Management Plan EPICRMP and the SMA plans considerably and left too little time to carry out the integration of the coastal resource management plans into components A and B.

10. The consultant submitted an inception report in February 2008, an interim report in January 2009, a midterm report in October 2009, and eight quarterly progress reports. A final report was submitted in January 2010, which provided a comprehensive review of their activities and outputs under components B and C.<sup>3</sup> Over 200 technical reports, maps, signs, and posters were prepared by the consultants with project partners. These are listed in their final report.

**Table A13.3: Inputs of Consultants under Package II**

<b>Position</b>	<b>Input (person-months)</b>	<b>Borrower's Performance Rating</b>
<b>International</b>		
Resource Planner	8.64	Satisfactory
Tourism Planner	7.07	Very satisfactory
Resource Planner	6.97	Excellent
<b>Subtotal</b>	<b>22.68</b>	
<b>Domestic</b>		
Resource Planner	8.20	Average
Resource Planner	14.74	Satisfactory
Tourism Planner	11.93	Very satisfactory
Database / GIS Specialist	24.8	Very satisfactory
Training Needs Specialist	8.00	Satisfactory
Senior Natural Resource Planner	9.15	Very satisfactory
Environmental/ Coastal Resource Specialist	10.0	Satisfactory
Materials Interpretation Specialist	6.29	Satisfactory
Awareness Natural Designer	5.71	Satisfactory
Awareness Natural Designer	0.87	Satisfactory
<b>Sub-total</b>	<b>99.69</b>	
<b>Total</b>	<b>122.49</b>	

GIS = geographical information system.

Source. Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

<sup>3</sup> ANZDEC & RDC. 2010. *Final Report: Coastal Resource Planning and Resource Management in Special Management Areas of NECCDEP*. New Zealand.

#### 4. Fishery Harbor Design Consultants

11. The PMU engaged the Lanka Hydraulic Institute as design and construction supervision consultants for the rehabilitation of harbor facilities at Valaichchenai and Cod Bay. The firm was contracted in 2007, prepared design and bidding documents by February 2008, and supervised the harbor rehabilitation construction to the end of the project.

#### 5. Planning and Technical Study Consultants

12. The PMU recruited six consultancy firms for the technical and planning studies under components B and C. These consultants carried out 19 studies, which are summarized in Table A13.4. Based on the timeliness and quality of their reports and their overall performance, the PMU rated most satisfactory or very satisfactory.

**Table A13.4: Planning and Technical Study Consultants—Output and Performance**

Consultancy Firm	Study Topic	Period	Duration (months)	Borrower's Performance Rating
Green Tech Consultants	Sand dune topography and land use patterns in Pottuvil and Lahugala DS divisions	October2008-February 2010	15	Average
Green Tech Consultants	Seasonal variation in water quality in Arugam Lagoon, identification of likely water sources, assay of key pollutants, recommendations to improve the future water quality in the lagoon	October2008 – May 2010	18	
EML Consultants	Study of soil erosion in <i>chena</i> cultivation areas in Pottuvil & Lahugala DS divisions and assessment of the potential for agroforestry demand for fuel wood in the area	October2008 – December2009	13	Very satisfactory
Jugas Professional Services	Participatory assessment of the dynamics, seasonal variation, and current status of the fishery in Batticaloa Lagoon	December2008 – September 2010	21	Satisfactory
Green Tech Consultants	Seasonal variation in water quality in Batticaloa Lagoon, identification of the most likely sources of key pollutants assayed, and recommendations to improve the future water quality in the lagoon	October2008 – May2010	18	Satisfactory
Lanka Hydraulic Institute	Improving surface water drainage in Pottuvil Town	October2008 – June2009	7	Very satisfactory
EML Consultants	Preparation of initial environmental examination and detail design for proposed composting plant and to improve the existing dumping site at Thirupperumthurai, Batticaloa District	October2008 – September2009	10	Very satisfactory
Green Tech	Assessment of the past and current	October 2008–	14	Satisfactory

<b>Consultancy Firm</b>	<b>Study Topic</b>	<b>Period</b>	<b>Duration (months)</b>	<b>Borrower's Performance Rating</b>
Consultants (Pvt) Ltd,	extent of mangrove coverage in Eastern Province, using remote sensing technology	January 2010		
Green Tech Consultants (Pvt) Ltd,	Assessment of the change in shoreline location along the coast of Eastern Province, using remote sensing technology	October 2008– June 2009	8	Satisfactory
National Environmental Forum, University of Viharay	Narrative and visual inventory of heritage sites, religious festivals, and cultural groups in the coastal area of Eastern Province	December 2008 –December 2009	10	Average
MG Consultants, (Pvt) Ltd	Bathymetric survey of Batticaloa Lagoon	December 2009 – July 2010	7	Very satisfactory
EML Consultants (Pvt) Ltd,	Assessment and critical evaluation of the potential pollution impact of current land use practices on Batticaloa Lagoon	December 2009 – July 2010	7	Satisfactory
EML Consultants (Pvt) Ltd,	Analysis of the current and future economic value of coastal resources in Eastern Province	December 2009 – July 2010	7	Satisfactory
Green Tech Consultants (Pvt) Ltd,	Analysis of the past, present, and potential impact of rural and urban development on coastal resources in Eastern Province	October 2009 – August 2010	10	Average
Green Tech Consultants (Pvt) Ltd,	Evaluation of current exploitation and demand for minerals in Eastern Province and recommendations to improve the current management and further exploitation of mineral resources.	December 2009 –September 2010	9	Average
Green Tech Consultants (Pvt)	Assessment of the potential and current constraints for the promotion of bird watching nature tourism in Eastern Province	December 2009 – October 2010	10	Very satisfactory
Green Tech Consultants (Pvt) Ltd,	Review of coral reefs on the east coast: distribution, ecology, status, and threats	December 2009 – August 2010	8	Average
EML Consultants (Pvt) Ltd,	Review of the historical and current status of the fisheries sector along the eastern coast.	December 2009 – June 2010	6	Very satisfactory
Resources Development Consultants Ltd	Feasibility study for the Pudavaikaddu fishery harbor.	June 2008 – August 2008	2	Satisfactory

Source: Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

## 6. Implementing Partner Nongovernment Organizations

13. The PMU selected 24 local IPNGOs in accordance with the criteria in the report and recommendation of the President.<sup>4</sup> Two later withdrew. These 22 NGOs were assigned to each of the three districts and allocated to all of 130 Grama Niladari Division GNDs targeted by the project to facilitate community activities. The GND is a lowest administrative level in Sri Lanka and commonly consists of 2 – 3 villages.

14. The 22 IPNGOs were allocated GNDs as summarized in Table A13.5. The PMU rated all but four IPNGOs (in Batticaloa) satisfactory or better.

**Table A13.5: Borrower's Ratings of the Performance of Implementing Partner Non Government Organizations**

District	NGOs (No.)	GNDs (No.)	Ratings			
			Excellent	Very Satisfactory	Satisfactory	Average
Trincomalee	7	27	2	3	2	0
Batticaloa	8	74	0	0	4	4
Ampara	7	29	2	3	2	0
<b>Total</b>	<b>22</b>	<b>130</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>4</b>

GNDs=grama niladari divisions, NGO = non government organizations.

Source: Government of Sri Lanka. 2010. *North East Coastal Community Development Project: Borrower's Project Completion Report*. Colombo.

## 7. Livelihood and Enterprise Development Services Providers

Three livelihood and enterprise development services providers were selected by the Asian Development Bank during the project preparation technical assistance and were recruited by the PMU.<sup>5</sup> They were Sarvodaya Economic Enterprise Development Services (SEEDS), Practical Action, and Agromart Foundation. They were allocated Trincomalee, Batticaloa and Ampara districts, respectively.

15. Mobilization of the providers was delayed due to a poor security situation, particularly in Trincomalee District, where SEEDS could not commence activities until 2008.

16. The BCR rated the performance of SEEDS and Agromart Foundation very satisfactory. Practical Action was rated poor but it successfully introduced several relevant agricultural programs for marginal lands and provided marketing linkages that benefitted the communities.

## C. Lessons from Consultancy

### 1. Borrower's Perspective

17. The BCR makes no specific reference to lessons learned from the consultancy inputs.

<sup>4</sup> Appendix 5, page no 35 of RRP: SRI 33249.

<sup>5</sup> Arcadis et al. 2003. *Eastern Province Coastal Community Development Project, Sri Lanka*. ADB TA No3479-SRI. Netherlands.

## **2. Consultants' Perspective**

18. The final report of the ANZDEC-RDC consultants lists three lessons that need to be applied:

- (i) Any project designed to deliver long-term change and operating within a project cycle framework should include an objective and accountable exit strategy to be developed in the penultimate year of the project and delivered in the final year of the project. This exit strategy should focus on delivering a safety net for any vulnerable groups that are the target for project support. This is particularly the case for those activities that appear to have had a high positive impact on livelihoods but may not be sustainable.
- (ii) A project delivering change management in support of sustainable livelihoods—natural resource linkages should last for a minimum of 5 years. Projects operating in areas transitioning in and out of conflict, assuming the risks and assumptions are not killer risks and assumptions, should last for considerably longer.
- (iii) The government agencies involved should maximize the sustainable legacy of the project, at least with respect to the Anzdec-RDC consultants' activities, by urging government, bilateral, and multilateral development partners to fund the costs of implementation.

## FINANCIAL AND ECONOMIC ANALYSIS

### I. INTRODUCTION

1. Of the four components of the North East Coastal Community Development Project, only components A for sustainable livelihood improvement and component D for fisheries development had benefits that are quantifiable. Project appraisal included analysis of the profitability of 28 model enterprises that microfinance beneficiaries were expected to establish but formal financial and economic analyses were not undertaken for component A. Only a few of the enterprise types envisaged at appraisal were actually undertaken by the beneficiaries. The livelihood and enterprise development services (LEDS) providers engaged by the project gave training in a few types of non-traditional value addition activities but also included a large number of training programs in skills such as sewing that were taken up by large numbers of beneficiaries.

2. This assessment undertook a detailed economic analysis of the Valaichchenai and Cod Bay fishery harbors that were rehabilitated under the project since the costs and the benefits of this fisheries development component were quantifiable. The assessment also examines the financial aspects of five of the microenterprise types most favored by the microenterprise beneficiaries. The analysis is based on the findings of the project completion report income and livelihoods survey (PCRILS) conducted by the project completion report (PCR) mission in February-March 2012.

### II. FINANCIAL ANALYSIS

#### A. Livelihood Development

3. The beneficiaries of the project's microfinance scheme selected their enterprise type from a narrow range of options. The PCRILS survey shows that about 70% of the beneficiaries chose to invest their funds in the five most popular livelihood areas: poultry raising (23%), retail shops (19%), livestock (13%), sewing (8%), and the rice trade (6%). This shows that they preferred traditional, relatively low-risk ventures that were already prevalent in the area.

4. A simple indicator, return on sales, has been used to determine the profitability of these ventures. The data were collected during the PCRILS survey from a sample of 112 beneficiary households. The ability of the beneficiaries to comprehend and respond to questions on financial performance limits the assessment to this basic ratio. Table A14.1 summarizes the basic financial performance of these microenterprises.

**Table A14.1: Average Return on Sales of the Most Prevalent Microenterprises under the Livelihood Component**

(%)	
Type of Enterprise	Average Return
Poultry	33
Retail Shop	25
Livestock	75
Sewing	25
Rice Trade	42

Source: Asian Development Bank project completion report mission survey of income and livelihood, 2012.

5. The microenterprise investments thus generated a sufficient return, which is also illustrated by the average 40% increase in real income over the pre-project status reported by the surveyed beneficiaries (Appendix 4). The beneficiaries had contributed an average of 32% of the total cost of investment as equity.

## **B. Fisheries Development**

6. The operating results of both Valaichchenai and Cod Bay fishery harbors showed a surplus for the month of January 2012, the latest available monthly result at the time this report was prepared. Cod Bay, with a surplus of SLRs 1.05 million for the month, shows a better financial performance than Valaichchenai, which had a surplus of SLRs 0.23 million. Valaichchenai Harbor appeared to be consolidating its position as an alternative to Cod Bay during the second half of 2011. The month of January falls within the east coast fishing season, when a large number of migratory boats use the harbor to operate in the eastern waters of Sri Lanka.

7. At the time of the PCR mission in February 2012, Valaichchenai Harbor had been in operation for 6 months, while the newly rehabilitated facilities at Cod Bay had been operational for a few months but were awaiting a formal opening. Annual financial results after rehabilitation were not available. Table A14.2 shows the financial performance of the two harbors for the month of January 2012.

**Table A14.2: Financial Performance of Valaichchenai and Cod Bay Fishery Harbors in January 2012**  
(SLRs '000)

<b>Item</b>	<b>Valaichchenai</b>	<b>Cod Bay</b>
<b>Revenue</b>		
Berthing	415	648
Water	211	364
Electricity	8	32
Gate pass	19	26
Slipway	18	0
Rent	2	575
Other	10	0
Security sealing	0	0
Weighbridge	128	0
Profit on fuel sales	298	1,020
<b>Total Income (A)</b>	<b>1,109</b>	<b>2,665</b>
<b>Expenditure</b>		
Salaries	758	1,454
Other	83	160
<b>Total Expenditure (B)</b>	<b>841</b>	<b>1,614</b>
<b>Operating Surplus (A-B)</b>	<b>268</b>	<b>1,051</b>

Source: Management of Valaichchenai and Cod Bay Fishery Harbors.

8. Both harbors show an operating surplus but that of Cod Bay, which was in continuous operation throughout the period of civil conflict although on a restricted scale, is much higher. Cod Bay has a larger registered fleet for now but some of the large number of migratory boats that proceed to Cod Bay in season are expected to call at Valaichchenai in future. The revenues at Valaichchenai are enhanced by the use of a weighbridge that enables the levying of a charge for every load of fish that leaves the harbor. Cod Bay has not installed this facility and berthing charges are the sole levy on the harbor's use. The actual operating surpluses are larger than those forecast in the two harbors' corporate plans.

### **III. ECONOMIC ANALYSIS**

#### **A. Introduction**

9. The fisheries development component aimed to improve the fishing industry on the east coast by rehabilitating the existing harbors at Valaichchenai and Cod Bay. The fishery harbor at Valaichchenai opened in 1981 but was badly damaged during the country's civil conflict and had not operated since 1990. Although the facility at Cod Bay had not been damaged during hostilities due to its proximity to government security installations in Trincomalee city, it gradually deteriorated over the period of conflict due to poor maintenance. More significantly, fishing restrictions in the seas of the eastern coast during the conflict had kept most fishing boats away.

10. The investments at Valaichchenai included (i) dredging to modify the sea entrance, (ii) removal of rock outcrops across the channel, and (iii) repair and rehabilitation of the fish landing wharf and fuel dispenser units. The project also constructed shore facilities, including cold store facilities, a slipway for boat repair, an auction hall, net mending facilities, and a community hall. The main improvements at Cod Bay Harbor included the extension of the quay, new fuel pumping facilities, and other onshore facilities. Both harbors have been made attractive to migratory seasonal boats from the south and west of Sri Lanka that seek better fishing opportunities off the east coast during the first half of the year.

#### **B. Approach and Methodology**

11. This economic analysis was based on an incremental cash flow derived from with- and without-project scenarios. The analysis used economic border prices, using the world price numeraire. The actual costs incurred during project implementation were divided into traded, non-traded, and labor components, with a further categorization into civil works, general material, training, and recurrent expenses. A standard conversion factor of 0.9 was used to derive general economic prices. Since the project areas have significant unemployment and underemployment, the labor costs were converted to economic prices by the use of a shadow wage factor of 0.81 and the standard conversion factor. Other conversion factors were derived for each of the cost categories based on the weight of traded and non-traded goods in each category. Taxes and duties were removed from financial prices to derive the economic process. The analysis was undertaken for the two harbors together because they formed a single component in the project design. The analysis was conducted in constant 2012 dollars.

12. The following key assumptions were used:

- (i) The without-project scenario was based on information collected at project preparation from fisher surveys and from data available from the Ceylon Fishery Harbors Corporation (CFHC), the entity responsible for managing the harbors. Although the Cod Bay Harbor had a small fleet at that time, Valaichchenai Harbor had been abandoned and estimates were made of the

- number of boats in Batticaloa and Ampara districts as proxy users of the harbor for the without-project scenario.
- (ii) The fleets using both harbors were projected to increase during the east coast fishing season in the first half of each year. The home fleet was assumed to continue to use the harbors during the off-season. The fleets at both harbors were assumed to increase up to the fifth year after the project, when the capacity of the harbors would restrict further expansion. The value of the fleets at both harbors was taken at 50% depreciated cost as the investment for the generation of the fish catch, which is the most important economic benefit.
13. Economic benefits were seen to derive from the following factors resulting from the project:
- i. The number of boats using the harbors will increase due to the improvements.
  - ii. The annual catch per boat will increase due to a faster turnaround time in the harbors. This faster turnaround results in more days at sea per year, increasing both the catch and boat operating costs.
  - iii. Prices for the catch will increase due to vastly improved fish handling facilities, improved loading times at port, and better storage.
14. It is assumed that around 10% of the catch will be exported, resulting in a price premium. This is lower than that envisaged percentage at appraisal because an expected development of an airport at Trincomalee for the export of fish has not occurred and does not appear feasible at present.

### **C. Results of Economic Analysis**

15. The project completion analysis yielded a very high economic internal rate of return (EIRR) of 56%, even though it used conservative assumptions. The economic analysis of the project preparation technical assistance yielded similarly high EIRRs of 43% (Valaichchenai) and 40% (Cod Bay). At appraisal, the corresponding result for the component with both harbors combined was 30.2%.
16. The main reason for the greatly increased EIRR over appraisal was the larger than the expected increase in the fishing fleet using the harbors. For example, the number of multiday boats registered at Valaichchenai for 2012 exceeded 500, compared with a 2012 figure of 155 assumed at appraisal. The appraisal EIRR for Cod Bay was based on a projection of a harbor fleet of 239 multiday boats in 2012. The actual figure was around 500. The fleets at both harbors are expanding steadily, especially during the east coast fishing season when boats from the south and western coasts arrive.
17. The project completion EIRR was moderately sensitive to changes in fish price and annual catch. A reduction in either the annual catch or the price of fish by 10% resulted in a reduction of the EIRR to 47%. Capital costs were not considered for sensitivity (as the analysis is ex-post) nor were boat operating costs because an increase in these costs would be met by a corresponding increase in sale price. The cash flow used for the economic analysis is shown as Table A14.3.

### **D. Unquantifiable and Indirect Benefits**

18. The diverse investments made under the project have a number of economic benefits that are not quantifiable but will in many cases have a lasting impact on the future development of the project area. Some of these impacts are summarized below.

## **1. Impact on the Development of Tourism**

19. After a long period of stagnation due to the conflict, the tourism industry in the Eastern Province is in the process of revival. A large number of new hotels are under construction and the tourists are visiting the more popular locations. The project made several investments to improve the tourist infrastructure. Among these were a visitor center at Pottuvil in Ampara district, the Kallady beach promenade in Batticaloa, infrastructure facilities in the Passekudah tourism development zone, beautification in the town of Batticaloa, and infrastructure at Trincomalee beach.

20. Technical publications prepared by the project will be useful tools for planners involved in the tourist industry. Among these are the strategic tourism plan for the Eastern Province; the narrative visual inventory of heritage sites, religious festivals, and cultural groups in the coastal areas of the Eastern Province; the assessment of the constraints to the promotion of bird-watching nature tourism in the Eastern Province; and the review of coral reefs on the east coast (Appendix 8).

## **2. Development of Financial Infrastructure**

21. The microfinance scheme implemented under the project used the services of microfinance nongovernment organizations in the project area, some of which existed prior to the project. The PCR mission observed that all of these organizations had strengthened their capacity through their involvement in the project. Many of the beneficiaries of the loans continue to borrow and are expected to qualify eventually for loans from the commercial banking sector. The project's loan beneficiaries number more than 7,600 and so it has contributed greatly to the development of the financial infrastructure in the three project districts.

## **3. Generation of Employment Opportunities**

22. The project-led investments will generate a large number of jobs in the fisheries sector. The development of the two fishery harbors at Valaichchenai and Cod Bay has resulted in the expansion of the fishing fleet, creating new jobs in the sector. The ancillary services required for the operation of the fishing fleet will generate further opportunities in the areas around the harbors. The employment multiplier Sri Lanka's fisheries sector is 3.4, so each new person engaged in fisheries generates another 3.4 jobs in marketing, transport, and service provision.

## **4. Environmental Improvements**

23. The project's environmental improvements also provided indirect economic benefits. The three special management areas that the project targeted were selected because a very high proportion of the local population depended upon for their significant natural resources for livelihoods. Activities such as mangrove planting and the construction of salt water exclusion embankments and of retaining walls (especially near fish landing sites) have brought many indirect benefits in the form of more employment and higher incomes.

**Table A14.3: Summary of Economic Cash Flows**  
(\$ million)

<b>Year</b>	<b>Project Costs</b>	<b>Recurrent Costs</b>	<b>Incremental Benefits</b>	<b>Net Benefits</b>
2009	1.68	-	-	(1.68)
2010	2.70	-	-	(2.70)
2011	-	-	-	-
2012	17.76	35.63	46.27	(7.12)
2013	1.78	37.70	48.94	9.46
2014	1.78	39.88	51.75	10.09
2015	1.78	42.17	55.90	11.96
2016	1.78	44.57	59.06	12.72
2017		44.57	59.06	14.50
2018		44.57	59.06	14.50
2019		44.57	59.06	14.50
2020		44.57	59.06	14.50
2021		44.57	59.06	14.50
2022		44.57	59.06	14.50
2023		44.57	59.06	14.50
2024		44.57	59.06	14.50
2025		44.57	59.06	14.50
2026		44.57	59.06	14.50
2027		44.57	59.06	14.50
2028		44.57	59.06	14.50
2029		44.57	59.06	14.50
2030		44.57	59.06	14.50
2031		44.57	59.06	14.50
2032		44.57	59.06	14.50
2033		44.57	59.06	14.50

## Notes:

1. Economic internal rate of return is 56%.
2. Net present value at 12% is \$ 56.59 million.
3. Results of sensitivity tests: if fish catch or sale price is reduced by 10%, economic internal rate of return equals 47%.

Source: ADB Estimates.