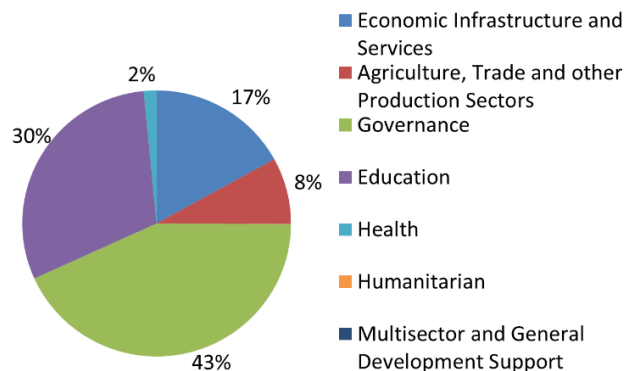


# 2021-22 SRI LANKA DEVELOPMENT PROGRAM PROGRESS REPORT

The COVID-19 Development Response Plan for Sri Lanka has been extended through 2022-23. In 2022-23, the Sri Lanka program will continue to have a strong focus supporting Sri Lanka's food security, inclusion, health services and economic resilience in support of inclusive recovery from the economic crisis.

| Program Budget          | 2021-22 Budget Estimate \$m* |
|-------------------------|------------------------------|
| Bilateral               | 16.0                         |
| Regional                | 1.6                          |
| Global                  | 4.5                          |
| Other Govt. Departments | 0.5                          |
| <b>Total ODA</b>        | <b>22.7</b>                  |

**Sri Lanka Development Program, by Sector Group  
2021-22 Budget Estimate\***



\*Actual expenditure is expected to be available in early 2023. Due to rounding, totals may not match the sum of components.

Our development program to Sri Lanka contributes towards achieving the following Sustainable Development Goals:



The 2021-22 Sri Lanka Development Program Progress Report summarises progress with implementation of the Australia – Sri Lanka COVID-19 Development Response Plan and highlights program results.

## CONTEXT

Australia is a long-standing and trusted development partner for Sri Lanka. Australia's 2021-22 development program supported Sri Lanka during the COVID-19 pandemic and the economic crisis, pivoting to **provide targeted assistance responding to Sri Lanka's immediate needs**.

Sri Lanka is in **economic crisis**, facing country-wide shortages of fuel, food, and critical medicines. Sri Lanka has an **unsustainably high level of inflation**. **Food security is a primary concern**. Basic food items have become prohibitively expensive for many families. As of September 2022, Colombo's year on year food price inflation was 90 per cent. According to the World Food Programme, over 6.3 million people in Sri Lanka are food insecure. Development assistance from partners is critical to supporting Sri Lanka during this challenging time. The Government of Sri Lanka is seeking to secure an International Monetary Fund (IMF) support package; however, it will take time for this to be finalised and it will not alleviate Sri Lanka's immediate economic and humanitarian challenges.

The **social impact** of the economic crisis and pandemic has been high and has exposed the limitations of Sri Lanka's social safety net. Government payments have struggled to respond to the economic impacts on the Sri Lankan community. The **pandemic amplified existing vulnerabilities**. Most Sri Lankan children did not attend school for two years. Shortages of imported paper and ink left many students unable to complete basic requirements, including exams. **Sri Lanka's health system is under strain**. Vaccination rates for COVID-19 slowed with only 67 per cent of the population receiving two or more doses as of September 2022. The public health system faces significant shortages in crucial medicines, medical equipment, and surgical items. The exodus of skilled workers is particularly acute in the health sector, with more than 500 doctors having left Sri Lanka in the first eight months of 2022, according to the Association of Government Medical Officers.



## AUSTRALIA'S RESPONSE AND PROGRAM HIGHLIGHTS

### Health security

In June 2022, the UN Humanitarian Needs and Priorities Plan called for USD47.2m of life-saving assistance for Sri Lanka. Australia responded swiftly providing **emergency funding to UN agencies** and re-programming existing investments. We prioritised those most at risk with a focus on food security, nutrition, social protection, medical assistance, and women's health. **Our assistance was delivered with a view to inclusive economic recovery.**

Australia contributed **\$22 million to the World Food Programme for emergency food assistance**, including unconditional food assistance and cash transfers. Partners are supporting nutrition awareness, agriculture support for farmers, school meals and subsistence programs.

Australia provided nutrition support for women and children through its partnership with the UN Children's Fund (UNICEF), which provided **food for children with severe malnutrition and food vouchers for pregnant and lactating women**. World Vision supported children and caregivers with protection services, case management and targeted mental health support. Sight for All provided **ophthalmological medical equipment and supplies to all 26 district hospitals with eye care units**.

Australia supported women's health and the procurement of essential medical items, the **provision of dignity and maternity kits and assistance to women's shelters** through the World Health Organisation (WHO) and the UN Population Fund (UNFPA). CSIRO supported health security through ongoing work in **water quality detection, monitoring, and management**. The Australian Nuclear and Science Technology Agency continued to partner with the Ministry of Health to prevent chronic kidney disease of unknown origins, a major problem in parts of Sri Lanka; it has long been suspected that this is linked to water.

We maintained investments in regional programs, such as Gavi the Vaccine Alliance (Gavi) and COVID-19 Vaccines Global Access (COVAX), as well as programs targeting other diseases that put additional strain on the health system. These included the World Mosquito Program on **decreasing dengue fever and the Global Fund to fight Aids, Tuberculosis and Malaria**.

The Department of Home Affairs maintained its partnership with the International Organisation for Migration (IOM) on its Integrated Border Management project to build the capacity of border agencies to manage health security risks.

### Stability

Australia has been supporting subnational governance in Sri Lanka for over 15 years. The Governance for Growth investment supported a range of international NGOs as well as Sri Lankan and Australian institutions to promote sustainable and inclusive economic growth working with all levels of Sri Lanka's government. This included **economic reform support at the national level, work at the subnational level on strengthening service provision, and twinning between Australian and Sri Lankan institutions**.

Australia supported monetary and fiscal policy reform through the World Bank, improving the business enabling environment and supporting the **reanimation of the tourism sector**.

The Strengthening Subnational Governance program was re-designed and expanded to provide more responsive, efficient, and accountable services through local government to local communities. The program supports the development of evidence-based policies, provides capacity strengthening support, and supports greater inclusion and representation of marginalised groups in subnational democratic processes.

The Knowledge and Linkages for an Inclusive Economy program supported **partnerships between Australian and Sri Lankan institutions in areas such as aquaculture, women's economic empowerment, and responding to maritime**



disasters through improved ocean forecasting systems.

The Australia Awards program continued to provide education opportunities most valued by Sri Lanka's public and private sector. In 2021, **short courses were developed to respond to key needs in sectors such as tourism, agriculture, and water security.**

Australia supported 28 local civil society organisations through the Direct Aid Program to **enhance grass-roots development**, ranging from providing prosthetic limbs to people with disabilities, to providing livelihood opportunities for remote or marginalised communities.

Moving forward, we are **strengthening our focus on climate change** and continuing to support stability and the resilience of those most at risk and highly impacted.

### **Economic recovery**

Australia pivoted existing development programs to respond to the impacts of the economic crisis and COVID-19 and improve the conditions for an inclusive economic recovery.

Through our Economic Opportunities for the Poor portfolio, we adjusted support to address the immediate impacts of the economic crisis in several areas, with a view to Sri Lanka's longer recovery. We refocused our livelihoods and market development program to assist with faster economic recovery in selected value chains of importance to Sri Lanka's recovery.

Australia remained engaged in the tourism sector, including through support **for business recovery and adaptation through enhanced products and services and continued hospitality skills development.**

Australia's private sector development work is directly addressing the disproportionate economic impact on those most at risk, including women. For example, we utilised the International Finance Corporation-DFAT Women in Work investment and funding through the Business Partnerships Platform to **focus on women entrepreneurs and business owners.** Further, our work in **agriculture value chains and agriculture technology targeted the most vulnerable, especially women and people with disabilities**, through the Market Development Facility and the International Labour Organization's Local Empowerment through Economic Development (LEED).

Through DFAT's Eliminating Barriers to Economic Growth program with the World Bank, we are providing **technical assistance to the Government of Sri Lanka for economic recovery.** The World Bank is providing policy and market advice, facilitating knowledge exchanges on key policy issues, trainings, and workshops in the areas of finance, trade, and investment.

We will support Sri Lanka's economic recovery through **increasing trade and education linkages.** Australian businesses and institutions are already investing in a range of sectors including minerals, water, energy, manufacturing, and education. These investments will support jobs, income generation and foreign direct investment in Sri Lanka and export earnings for Australia. They are important to re-establish safe and efficient global supply chains.

## ANNEX 1: PROGRESS AGAINST COVID-19 DEVELOPMENT RESPONSE PLAN RESULTS INDICATORS

### Health Security

| Key Results Indicators   | Progress/Result   |
|--|---|
| Increased number of women and girls receiving sexual and reproductive healthcare with Australian support | Australia's development assistance supported the distribution of sexual and reproductive healthcare kits to vulnerable people. This included 400 Dignity Kits and 100 Maternity Kits provided through the IPPF program (regional program).  |
| Number of vulnerable people (sex-disaggregated) receiving emergency assistance with Australian support   | <p>Australia has contributed to:</p> <ul style="list-style-type: none"> <li>• emergency assistance to over 7,000 vulnerable people and communities impacted by the economic crisis;</li> <li>• upgraded 27 water and sanitation facilities (UN-Habitat);</li> <li>• provision of 500 litre water tanks to 30 households with vulnerable disabled youth and children (FAO);</li> <li>• 2,522 persons (including frontline Government medical/field officers) receiving Personal Protective Equipment (UNICEF);</li> <li>• 535 people receiving emergency assistance from civil society partners (Australia's Direct Aid Program).</li> <li>• 607,000 people received small items (including 560,000 children's books and 47,136 seed packets); recipients included 289,000 women and girls, and 6,580 vulnerable people from estate settlements and peripheral rural areas.</li> </ul> |

### Stability

| Key Results Indicators   | Progress/Result  |
|--|--|
| Evidence of improvement in subnational government service delivery related to public health, welfare and economic growth | <p><i>Strengthening Subnational Governance in Sri Lanka</i> (currently in inception) supports training, capacity building, policy research, and direct support to vulnerable families.</p> <p>Case study: Many of Sri Lanka's 400,000 deaf people have been unable to access crucial information related to basic government services. DAP supports the Sri Lanka Central Federation of the Deaf (SLCFD), providing a sign language help desk for those wanting to know about government services. Nine sign language interpreters have been trained to provide information on accessing government services, 150 government officers attended workshops to highlight the needs of people with hearing impairments and services available to them.</p> |
| Evidence of an improvement in women's voice empowered to influence policies, regulations and norms                       | <p>Australia's <i>Sri Lanka Inclusion Strategy</i> was published in 2022.</p> <p>A range of Australian-supported activities have integrated women's empowerment with the aim of influencing policies, regulations, and transforming norms. These include:</p> <ul style="list-style-type: none"> <li>• Verite Research, which won an international award for their Australian-funded research on the cost of doing a job for urban women;</li> </ul>   |



|  |   |
|--|---|
|  | <ul style="list-style-type: none"> <li>• Women’s Education and Research Centre’s pioneering work into strengthening the role of women leaders in promoting peace and reconciliation; and</li> <li>• Helvetas International Cooperation, which is training government officials to support the economic recovery and reintegration of COVID-19 affected returned female migrant workers.</li> </ul>  |
| Evidence of increase in local food security in targeted value chains | <p>Australia supported agriculture and aquaculture producers to improve their production and profitability through improved market links. In 2021-22, partners including Market Development Facility (MDF); International Labour Organization (ILO) and Australian NGO Cooperation Program (ANCP) partners supported 1,035 primary producers.</p> <p>Case study: MDF supported commercial-scale backyard farming using organic techniques targeting female farmers, to improve households’ food security and income. Some 66 female-headed households in Dambulla’s dry zone received training on backyard farming. The program improved households’ ability to grow crops for consumption and supported them to sell excess crops at a local market.</p> |

**Economic**

| Key Results Indicators  | Progress/Result   |
|---|---|
| Number of people (sex-disaggregated) who received industry-relevant skills in selected value chains | <p>Australia’s development program:</p> <ul style="list-style-type: none"> <li>• trained 130 industry-trainers (47 per cent female) (Skills for Inclusive Growth -S4IG) and 277 people (MDF) across agriculture, aquaculture and other value chains. Training was stalled due to the crises and delays in approval processes. This is a significant reduction on last year’s results;</li> <li>• increased business and community-level knowledge in selected agriculture and aquaculture sub-sectors (MDF and ILO LEED+). This work slowed due to the economic crisis;</li> <li>• supported livelihood assistance for 2,284 people, including 674 women and 107 people with disabilities (ILO LEED+ in the northern and eastern provinces, MDF, Business Partnerships Platform -BPP, DAP and ANCP).</li> </ul> |
| Number of producers connected to selected agriculture and aquaculture value chains                  | <p>Australia seeks to improve economic opportunities for the poor in the agricultural and aquacultural value chains by connecting producers to markets. MDF and ILO supported 1,035 producers. Through the institutional twinning program, research was undertaken with the University of Sydney, the Ministry of Fisheries, NAQDA and NARA to identify further opportunities for developing a sustainable marine aquaculture.</p>  |
| Number of people (sex-disaggregated) with increased access to financial literacy training           | <p>Australia is working with the International Finance Corporation (IFC) to improve access to financial literacy training to improve women’s economic empowerment. In the reporting period, 14,424 women received financial literacy education through the Women in Work investment.</p>  |



|  |   |
|--|---|
| <p>Instances of improved economic outcomes for marginalised people, particularly women or people with disabilities</p>       | <p>Australia supported:</p> <ul style="list-style-type: none"><li>• job opportunities in value chains such as mushrooms, ground nuts, black gram and traditional handicrafts (ILO, MDF, ANCP and DAP);</li><li>• 36 civil society partnerships assisted 555 female entrepreneurs through training, capacity building, improved market access, and small grants (DAP);</li><li>• agricultural development for women-headed households by linking them with cooperative markets and providing them with training to improve their productivity (Northern Cooperative Development Bank);</li><li>• training and small grants to young women with disabilities to start new enterprises (Centre for Handicap).</li></ul>  |
| <p>Instances of partnering with the private sector and Australian institutions to improve inclusive economic development</p> | <p>The Australian development program supported:</p> <ul style="list-style-type: none"><li>• institutional twinning program partnerships, including University of Sydney providing technical advice on sustainable aquaculture development; University of Technology Sydney designing pilot projects for converting municipal waste into organic agriculture;</li><li>• partnering with the Sri Lankan private sector to improve inclusive economic development (S4IG, MDF, ILO, BPP, IFC and ANCP). During the economic crisis private sector level co-investment declined, however, there were some valuable opportunities. For example, MDF worked with Sri Lanka's largest grocery chain to support the movement of groceries around the country.</li></ul> |

## ANNEX 2: INVESTMENT PERFORMANCE RATINGS

| Investment Details  | Year | Effectiveness | Efficiency | Gender Equality |
|---|------|---------------|------------|-----------------|
| <b>Economic Opportunities for the Poor</b><br>Investment duration: 2014-27; Budget: \$56m | 2022 | 4             | 5          | 5               |
|   | 2021 | 4             | 4          | 4               |
| <b>Women in Work</b><br>Investment duration: 2015-23; Budget: \$13.27m                    | 2022 | 4             | 4          | 5               |
|   | 2021 | 4             | 4          | 5               |
| <b>Governance for Growth</b><br>Investment duration: 2016-25; Budget: \$29m               | 2022 | 4             | 4          | 4               |
|   | 2021 | 4             | 4          | 5               |
| <b>Resilience &amp; Humanitarian</b><br>Investment duration: 2020-25; Budget: \$40.61m    | 2022 | 5             | 5          | 5               |
|   | 2021 | n/a           | n/a        | n/a             |
| <b>Towards a Minefree status</b><br>Investment duration: 2011-20; Budget: \$38.6m         | 2022 | 4             | 4          | 4               |
|   | 2021 | 4             | 4          | 4               |

## HUMANITARIAN INVESTMENT PERFORMANCE RATINGS

| Investment Details  | Year      | Effectiveness | Efficiency | Gender Equality |
|---|-----------|---------------|------------|-----------------|
| <b>Humanitarian assistance</b><br>Investment duration: 2016-2021; Budget: \$5 million | 2022 HIMR | 5             | 5          | 4               |
|   | 2021 HIMR | 5             | 5          | 4               |

### Definitions of rating scale:

#### Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas.

5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

#### Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas.

1 = Very poor; does not satisfy criteria in many major areas.