

SUMMARY

Annual Action Programme 2019 in favour of Sri Lanka to be financed from the general budget of the Union

1. Identification

Budget heading	BGUE-B2019-21.020200-C1-DEVCO
Total cost	<p>Total estimated cost: EUR 30.274 million</p> <p>Total amount of EU contribution: EUR 28 million</p> <p>The German Ministry of Economic Cooperation and Development will provide joint co-financing of EUR 1 million as part of the programme</p> <p>UNICEF, EUR 750 000</p> <p>UNDP, USD 592 780 (= +/- EUR 524 299)</p>
Basic act	<p>Regulation (EU) No 233/2014 of 11 March 2014</p> <p>Regulation (EU) No 236/2014 of 11 March 2014</p>

2. Country background

Sri Lanka is a multi-ethnic and multi-religious island nation, with a population of 21 million spread over a land area of 65 610 km². In recent years, Sri Lanka has been among the fastest growing countries in South Asia - a growth that led to graduate from low income to lower middle-income country in 2010. Sri Lanka has also succeeded in achieving the goals of ending extreme poverty and most of the Millennium Development Goals (MDG) targets set for 2015. Nevertheless, Sri Lanka is highly vulnerable to the adverse impact of climate change, and adaptation strategies should be adopted to decouple environmental degradation and resources use from economic growth. Important challenges lie ahead, as Sri Lanka aspires to become an upper middle-income country.

3. Summary of the Action Programme

1) Background:

Since the late 1970s, Sri Lanka has shifted from a dominant agricultural economy to a country pursuing industrial and service-sector development under global trade opportunities. However, despite the agricultural sector's relative share of the Gross Domestic Product (GDP) has declined over the years (from 28.44% in 1970-1974 to 11.31% in 2010-2014), and the fact that the same sector's growth rates have been far below average GDP growth rates (e.g. for 2010-2014 3.72% agriculture growth, versus 7.44% GDP growth), agriculture still generates an important income for part of the population located in rural areas (around 75%). The sector is characterised by

low-income paid labour and the lack of access to protection by labour legislation. Furthermore, agriculture accounts for a major, but decreasing, source of employment, by contributing just below 27% of the employed labour force, and provides a substantial amount of food for the entire nation. Another feature of the agriculture sector is its mainly dualistic nature, which consists of plantation crops and food crop sub-sectors, and to a much lesser extent, livestock and inland fisheries. There has been significant progress in poverty alleviation and only 6.7% of the population lives below the national poverty line, despite strong regional disparities.

The Global Gender Gap Index (World Economic Forum, 2017) value is 0.669, which ranks Sri Lanka 109th out of 144 countries. Women are poorer than men, and rural areas have a higher number of female-headed households. The contribution by women to agriculture-related GDP is mostly invisible. Most of women's food production is carried out at the homestead for domestic consumption.

While the post-war government has focused on economic recovery, the country's economic model is under strain and little has been done on social inclusion, particularly for those worst affected by the war. Recent attacks in April 2019 bear witness that the communal divide is wider than earlier anticipated. In order for the country to propel its economic growth and reduce instability, it is vital to strengthen rule of law, government institutions, policies, staff capacity and widening avenues by which rights-holders engage with their government. The justice sector is one where all of the aforementioned gaps are evident, and where the repercussions of these gaps affect all sections of society. Although Sri Lanka has a well-established common law based legal system, recent assessments disclose that there are compelling needs in access to justice, particularly for the marginalised groups and responsive judiciary. Responding to those needs will have a dual impact of a) reinforcing the right of access to justice by rights-holders, especially the vulnerable by providing accessible and quality services; and b) inducing a culture of institutional efficiency, accountability, transparency and equality that could open doors for discussions on further reforms. Furthermore, the government had lost to some extent the momentum towards the reform process, which was promised when it came to power. Working on the judiciary could thus provide a platform for confidence building in public administration, where political feuding is separated from essential service provision. This could also provide a potential leap board for the EU to engage in dialogue on systemic reforms.

2) Cooperation related policy of beneficiary country:

National goals for agriculture include facilitating efficiency in agricultural markets, promoting private sector participation, modernising the agriculture food crop and plantation sectors, assisting smallholder production in tea, rubber, coconut and sugar production, promoting investment in the livestock and fisheries sectors, promoting smallholders' agri-business partnerships, and encouraging nutritious farming.

The Universal Periodic Review states that Sri Lanka needs reforms to address delays in the administration of justice, while also stating that measures related to access to justice, particularly for women and other marginalised categories, need to be improved. This is further reiterated in the document drafted by the government and the United Nations 'Peacebuilding Priority Plan'. The 19th amendment to the Constitution reinstates the independence of nine key commissions, including the Judicial service commission, National police commission and the Human rights commission of Sri Lanka. While the separation of powers and rule of law is recognised, certain constitutional provisions and practices have diluted this setup.

3) Coherence with the programming documents:

The programme makes a fundamental contribution to priorities 1 (integrated rural development) and 2 (democratic governance and reconciliation) of the Multi-annual Indicative Programme (MIP) 2014-2020.

The 'Support to food safety and quality in Sri Lanka' programme is expected to contribute to the following expected results of the multiannual indicative programme 2014-20: i) Livelihoods have sustainably expanded, diversified and improved through storage and processing facilities, post-harvest and post-catch technology and diversification of small scale primary production, ii) increased adaptation to climate change shocks in agriculture, while reducing greenhouse gas emission and increasing the food production, iii) number of small scale enterprises has increased in a sustainable manner and diversified, and jobs were created at a faster pace than the national average, iv) existing enterprises have been able to expand sustainably and improve their business results while creating new jobs, v) Improved administrative and legal environment for business development.

The 'Support to Justice Sector in Sri Lanka' programme is expected to contribute to the following expected results of the multiannual indicative programme 2014-20: i) Capacity, accountability and coordination mechanisms between central, provincial, local government and communities, strengthened ii) Improvement of efficiency and effectiveness of government at the national and local level iii) Effective and transparent mechanisms for land registry and dispute resolution established iv) Improved administrative and legal environment for business development.

4) Identified actions (summary of action documents):

Action A) 'Support to food safety and quality in Sri Lanka':

The overall objective is to contribute to a more productive, sustainable, diversified, climate-resilient, market-oriented and inclusive agriculture in Sri Lanka.

The specific objectives are: i): Increase food safety and quality compliance, through the adoption of good agriculture and hygienic practices by food producers and processors and an updated risk-based and well-coordinated food control system; ii) increase the share of the Sri Lankan national organic market through better standards, higher investments and increased consumer demand.

Action B) 'Support to justice sector in Sri Lanka':

Overall Objective: The overall objective is to contribute to a more independent judiciary and an improved and responsive justice system in Sri Lanka.

Specific objectives/outcomes are: i) Improved access to justice for all (in particular women, the poor and persons in vulnerable situations); ii) Improved accountability, transparency and credibility of the justice system; iii) Improved efficiency and quality of justice.

5) The expected results:

Action A) 'Support to food safety and quality in Sri Lanka':

This action is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of Sustainable Development Goals (SDGs). The proposed intervention areas refer to the following SDGs: SDG 2 (Ending hunger, ensure food

security and improved nutrition and promoting sustainable agriculture); SDG 3 (Ensure healthy lives and promote well-being for all at all ages); SDG 8 (Ensure decent work and promote development oriented policy strategies for economic growth); SDG 9 (Promote inclusive and sustainable industries, infrastructure and innovation) as well as SDG 12 (Ensure sustainable consumption and production patterns).

For mainstreaming crosscutting issues the following SDGs will be catered for

- Gender (women): SDG 5 (gender equality)
- Youth: SDG 10 (reduced inequalities)
- Environmental sustainability and climate change: SDGs 13 (climate action).

Action B) 'Support to justice sector in Sri Lanka':

This intervention contributes to the achievement of SDG 16 as it aims to 'promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. The SDG contains targets specifically relevant to human rights, such as: (a) Ensuring public access to information and protecting fundamental freedoms, in accordance with national legislation and international agreements; and (b) Strengthening relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime. The Action also contributes to SDG 10 'Reduce inequality within and among countries' and SDG 5 'Achieve gender equality and empower all women and girls'.

Gender Equality and Women Empowerment (GEWE) is a crosscutting subject in all components of the action. It will contribute particularly to the thematic priorities: i) 'Economic, Social Empowerment of Women' of the EU-GAP – II, with a focus on access to decent work, productive resources and entrepreneurship for women (Objectives 14 'Access to decent work for women of all ages' and 15 'Equal access by women to financial services, productive resources including land, trade and entrepreneurship' of the GAP II); ii) 'Political and civil rights – Voice of Participation' of the EU Gender Action Plan-II (GAP-II) especially by contributing to objective 'Equal rights and ability for women to participate in policy and government processes at all levels'.

6) Past EU assistance and lessons learnt:

Action A) 'Support to food safety and quality in Sri Lanka'

A recently finalised evaluation of the past EU Support to District Development (SDDP, AAP 2012) highlighted success stories and lessons learnt including from the FAO component that will continue to be supported by Agricultural sector modernisation project (AAP 2016) and will be taken into account by this programme, i.e.: i) 'value chain approach (VCA) has produced significant added value, because of the linkages established with the market. The model should be reinforced with systematic inclusion of value chain mapping that should illustrate stakeholders, timeliness, risks and costs.' ii) 'Joint ventures with the private sector and farmer societies should be encouraged in the future, not only for export purpose but to foster agro-processing and local markets.' The ongoing EU project 'Trade related assistance in Sri Lanka: Increasing Small and medium-sized enterprises (SMEs) trade competitiveness in regional and EU markets' provides the following lessons learnt for this programme: i) the project supports the government with capacity

building on food quality standards as well as limited related equipment supplies. It has been voiced on several occasions that without these supplies, stakeholder motivation to participate in capacity building activities would be lower; ii) institutional fragmentation and overlap of responsibilities with regard to food testing leads to confusion among the food processing SMEs and needs to be addressed by institutional reform and a clear definition of the mandates of the various institutions involved in testing. The EU-funded programme 'Support to integrated rural development in the most vulnerable districts of the Central and Uva provinces of Sri Lanka' is focusing support on an area where mostly tea, spices, vegetables, fruits and dairy are being produced. The issues producers are facing are lack of extension for new, promising varieties of fruits and vegetables, lack of marketing, storage, processing and packing facilities, partly related to the relative remoteness of many of the villages leading to long transport times.

Action B) 'Support to the justice sector in Sri Lanka':

The programme builds on lessons from the ongoing Instrument contributing to Stability and Peace (IcSP) project 'Catalytic support to peacebuilding Sri Lanka' through which support to transitional justice mechanisms is being provided, including support to the independent commissions i.e. Police commission and Human rights commission. One of the takeaways from the aforementioned project is that support to independent commissions should build on the existing needs assessments that have been conducted and should support the implementation of the policies that have already been developed. In addition, assistance in building capacity including that pertaining to comparative research, public outreach, data collection, policy-making, gender mainstreaming in applicable policies, are the ones that have the potential to have maximum impact. The support to Legal aid commission builds on the successful implementation of three thematic projects (EIDHR/CSO-LA) on access to justice. The main finding of the support given was that, despite being a well-managed and independent organisation; there was lack of capacity at the grassroots' level, particularly quality of assistance and reluctance to take on criminal or fundamental rights cases. A large number of people were assisted by the Commission but mainly in matters related to divorce and labour affairs. The varying needs of the vulnerable population are however large and range from property rights/disputes, human rights violations, fundamental rights violations etc. In order to provide quality assistance, it is imperative for the Commission to be able to process a diverse range of complaints for which capacity, greater geographical coverage and knowledge of the citizens of the available services, is necessary. Other initiatives such as the bilateral support provided by the EU-SDDP highlights the urgency in addressing the justice sector, given the benefits the vulnerable communities in particular women and children will reap. More specifically, supported through the EU-SDDP, the women and child desks at police stations were an important initiative - which was appreciated both by the State authorities and the public. This has also increased the appetite for a more gender responsive approach to police services and the recognition of a (gender) gap in activities implemented by the police.

7) Complementary actions and donor coordination:

All components of the programme will contribute to the goals and objectives of the government in the two sectors. It is fully aligned with the EU political priorities and will strengthen the evidence base for deepening the discussion with government, in

both regular bilateral contacts and through formal structured meetings, on national and local level.

The food safety and quality programme will be complementary to the ongoing ‘Support to modernisation of the agricultural sector’ programme (AAP 2016) and the project ‘Trade Related Assistance in Sri Lanka: Increasing SMEs trade competitiveness in regional and EU markets’.

The justice programme will benefit from the ongoing EU funded projects in the area of reconciliation including those aimed at promoting the reconciliation and transitional justice through institutional development and reduction of language barriers to allow better access of people to public services. The programme will also leverage the lessons learnt from EIDHR and CSO-LA projects.

Donor coordination in the agriculture and rural development sector is done through a subgroup of the Development Partners' Forum (DPF), which meets regularly to share information on strategies and programmes related to the sector. All organisations active or interested in the sector (WB, ADB, JICA, USAID, FAO, etc.) are participating.

With regard to support to reform in the Justice sector, USAID and to some extent UNDP are the only actors with varied actions being undertaken across the board. ADB is providing technical assistance to develop a comprehensive strategic action plan for the justice sector focusing mainly on civil and commercial law. UNICEF is also active in supporting actions that target protection and promotion of children's rights in the context of timely delivery of justice.

4. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures, which shall be based on a specific Communication and visibility plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and visibility manual for European Union external action shall be used to establish the Communication and visibility plan of the Action and the appropriate contractual obligations.

5. Cost and financing

Action A) 'Support to food safety and quality in Sri Lanka': EUR 10 000 000

Action B) 'Support to the justice sector in Sri Lanka': EUR 18 000 000

Total EU contribution to the measure: EUR 28 000 000

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This action is funded by the European Union

ANNEX I

of the Commission Implementing Decision on the financing of the annual action programme
in favour of Sri Lanka for 2019

Action Document for Support to Food Safety and Quality in Sri Lanka

ANNUAL PROGRAMME

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	Support to Food Safety and Quality in Sri Lanka CRIS number: ACA/2019/041-731 financed under the Development Cooperation Instrument	
2. Zone benefiting from the action/location	Sri Lanka The action shall be carried out at the following location: nation-wide	
3. Programming document	The Multiannual Indicative Programme between the European Union and Sri Lanka for the period 2014-2020 and Addendum No 1 ¹	
4. SDGs	SDG 2 (Ending hunger, ensure food security and improved nutrition and promote sustainable agriculture); SDG 3 (Ensure healthy lives and promote well-being for all at all ages); SDG 5 (Ensure gender equality); SDG 8 (Ensure decent work and promote development oriented policy strategies for economic growth); SDG 9 (Promote inclusive and sustainable industries, infrastructure and innovation); SDG 10 (Reduce inequalities through ensuring equal opportunities); SDG 12 (Ensure sustainable consumption and production patterns); SDG 13 (Promote and ensure resilience and adaptive capacity to climate related hazards and natural disasters)	
5. Sector of intervention/ thematic area	Agriculture and rural development	DEV. Assistance: YES
6. Amounts concerned	Total estimated cost: EUR 11 000 000	

¹ C(2014) 5655 of 12.8.2014 and C(2018) 4741 of 20.7.2018.

	<p>Total amount of EU contribution EUR 10 000 000</p> <p>This action is co-financed in joint co-financing by:</p> <p>- BMZ for an indicative amount of EUR 1 000 000</p> <p>This Action is linked and synchronised with blending operations financed under the Asia Investment Facility (Regional Indicative Programme envelope) for an indicative EU contribution of EUR 20 000 000</p>			
7. Aid modality(ies) and implementation modality(ies)	<p>Project Modality</p> <p>Indirect management with UNIDO/FAO and GIZ</p>			
8 a) DAC code(s)	33110 agricultural policy and administrative management, 33120 Trade facilitation			
b) Main Delivery Channel	41132 UNIDO, 41301 FAO, GIZ			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	x	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	x	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	x	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	x	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	x	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			

SUMMARY

Sri Lanka's once highly dynamic and successful agriculture sector has, in recent years, failed to meet its potential. Consequences of climate change, increasing costs, low factor productivity, a predominant focus on paddy production and low value addition, shortages of labour, environmental degradation, lack of investment in research and development and a weak extension system, land fragmentation, low participation by the private sector, women and youth, outgoing-migration, poor attention to demand management, food safety and food quality and an overly-bloated public bureaucracy are issues holding back the modernisation of the country's agriculture.

The 'Support to food safety and quality in Sri Lanka' programme's (the Action) overall objective is to contribute to a more productive, sustainable, diversified, climate-resilient, market-oriented and inclusive agriculture sector in Sri Lanka. Its two interrelated specific objectives aim at 1) increasing food safety and quality compliance through the adoption of best practices by food producers and processors, and an updated risk-based and well-coordinated food control system; and at 2) increasing the organic market share through better standards, higher investments and increased consumer demand.

Activities contributing to objective 1 will be implemented through indirect management with the United Nations Industrial Development Organization (UNIDO) and the Food and Agriculture Organisation (FAO), and activities under objective 2 will be implemented through indirect management with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The indicative implementation period of the programme is 60 months.

The programme is intended to contribute to the following expected results of the Multiannual Indicative Programme (MIP) 2014-2020: i) livelihoods have sustainably expanded, diversified and improved through storage and processing facilities, post-harvest and post-catch technology and diversification of small scale primary production; ii) increased adaptation to climate change shocks in agriculture, reduced greenhouse gas emission and increased food production; iii) number of small scale enterprises sustainably increased and diversified, and faster job creation with respect to the national average; iv) existing enterprises enabled to expand sustainably and improve their business results while creating new jobs; v) improved administrative and legal environment for business development.

The Action is directly linked and synchronised with the upcoming blending operations to be funded under the Asia Investment Facility, with an indicative EU contribution of EUR 20 000 000, which will: establish a countrywide cold chain system and infrastructure incorporating energy-efficient technology; reduce post-harvest losses; increase shelf life of products, farmers' income and employment through investments in rural areas; facilitate Public-Private Partnership (PPP) transactions; and mobilise private investments in the sector. The blending operations, expected to be approved first half of 2020, will have additional positive impact on production and on the environment, increasing the climate resilience of food management in the country, while improving smaller farmers' capacity to better cope with the effects of extreme weather and climate variability. The blending operations and this action have been designed to mutually reinforce each other and use the same coordination structures.

The Action will follow a demand driven approach and place a special emphasis on female entrepreneurs.

Overall, the competitiveness of Sri Lankan export products will be strengthened and synergies with ongoing trade-related assistance as well as the special incentive arrangement for sustainable development and good governance (GSP+)² will be maximised.

1. CONTEXT ANALYSIS

1.1 Context Description

Sri Lanka is a multi-ethnic and multi-religious island nation with a population of 21 million spread over a land area of 65 610 km². In recent years Sri Lanka has been among the fastest growing countries in South Asia, a growth that led to graduate from low income to lower middle income country in 2010. Sri Lanka has also succeeded in achieving the goals of ending extreme poverty and most of the Millennium Development Goals (MDG) targets set for 2015. Nevertheless, Sri Lanka is highly vulnerable to the adverse impacts of climate change and adaptation strategies should be adopted to decouple environmental degradation and resources use from economic growth. Important challenges lie ahead as Sri Lanka aspires to become an upper middle-income country.

Since the late 1970s, Sri Lanka has shifted from a dominant agricultural economy to a country pursuing industrial and service sector development under global trade opportunities. However, although the relative share of the agricultural sector to Gross Domestic Product (GDP) has declined over the years from 28.44% in 1970-1974 to 11.31% in 2010-2014 and growth rates of the agricultural sector have been far below average GDP growth rates (e.g. for 2010-2014 3.72% agriculture growth vs. 7.44% GDP growth), the sector still generates an important income for parts of the around 75% of the population located in rural areas. There is low income paid labour and lack of access to protection by labour legislation in the sector. Agriculture accounts for a major, but decreasing, source of employment by contributing just below 27% of the employed labour force, and it provides a substantial amount of food for the entire nation³. A feature of the agriculture sector is its mainly dualistic nature that consists of plantation crops and food crop sub-sectors, and to a much lesser extent, livestock and inland fisheries. There has been significant progress in poverty alleviation and only 6.7% of the population lives below the national poverty line, however with strong regional disparities.

The Global Gender Gap Index (World Economic Forum, 2017) value is 0.669 which ranks Sri Lanka to the position 109th out of 144 countries. Women are poorer than men, and rural areas have higher numbers of female-headed households. The contribution by women to agriculture-related GDP is mostly invisible. Most of the food production done by women is done at the homestead for domestic consumption.

1.2 Policy Framework (Global, EU)

In line with the European Consensus on Development and the Agenda for Change, EU development assistance to rural development in Sri Lanka and the region, aims at helping to eradicate poverty by supporting broad-based inclusive and sustainable growth, promoting conditions conducive to trade and integration within the region, enhancing governance, and

² From 19 May 2017 Sri Lanka benefits enhanced market access to the EU under the Generalised System of Preferences Plus (GSP+). GSP+ supports Sri Lanka's economic development through trade with the EU, diversification of exports, and attracting investment. GSP+ is granted on the condition of Sri Lanka's commitment to ratify and effectively implement 27 international conventions on human rights, labour conditions, protection of the environment and good governance.

³ GOSL (2017). *Sri Lanka Labour Force Survey 2016*. MNPEA, Dept. of Census and Statistics, Colombo.

increasing political and social stability. Additionally, and in line with the principles of the Sustainable Development Goals, the Agenda for Change also promotes a focus on helping reduce developing countries' exposure to global shocks such as climate change, ecosystem and resource degradation and support capacity development and technology transfer, including climate adaptation and mitigation strategies⁴.

Sri Lanka is a signatory to the Sustainable development Goals under the UN 2030 Agenda, and is making substantial progress towards meeting the 169 targets⁵. EU assistance in the rural development sector will help the country move closer to achieving these goals.

The programme integrates the guidelines from EU Communications on resilience and on working with the private sector particularly in: a) facilitating the development of a competitive local private sector, b) building management capacity, c) promoting SMEs and the development of cooperatives, d) integrating youth in employment. It also complies with the 'Criteria for the provision of direct support to private sector actors'. As such the investment component linked to the programme with the contribution from the Asia Investment Facility (AIF) might make use of existing EU investment instruments and facilities such as AgriFI to leverage private investment in the sector.

Furthermore, the programme will help to achieve the EU commitments on gender and climate change. The Action will contribute to thematic priority 'Economic, social empowerment of women' of the EU-Gender Action Plan (GAP) – II, with a focus on access to decent work, productive resources and entrepreneurship for women (Objectives 14 'Access to decent work for women of all ages' and 15 'Equal access by women to financial services, productive resources including land, trade and entrepreneurship' of the GAP II).

1.3 Public Policy Analysis of the partner country/region

The National policy and strategy of the state drives Sri Lanka's sectoral policies, strategies and programmes. National goals for agriculture include facilitating efficiency in agricultural markets, the promotion of private sector participation, modernisation of the agriculture food crop and plantation sectors, assisting smallholder production in tea, rubber, coconut and sugar production, promoting investment in the livestock and fisheries sectors, the promotion of smallholder agri-business partnerships and to encourage nutritious farming.

Sri Lanka imports agricultural products worth of EUR 2 billion annually, about half of it as raw products and half of it as processed. The country exports agricultural products worth of EUR 2.8 billion (one third raw and two thirds processed). However, if rubber is taken out of the equation, agricultural exports exceed imports by only EUR 340 million.⁶ Nevertheless, the sector is a reliable contributor to the country's exports (22.7% in 1998 and 24.4% in 2017). The country is aiming at reducing its significant overall trade deficit by improving food production, however between 60% and 70% of the Ministry of Agriculture budget is spent on subsidies, mainly fertiliser subsidies and many human resources at the district level are used for their administration without providing any incentive to increase the productivity or the quality of the crops. On the other hand, the R&D system that would allow improving the quality and productivity in the sector is underfunded.

⁴ EU (2013). *Regional Programming for the multi-annual Indicative Programme 2014-2020*.

⁵ GOSL (2017). *Status of SDG Indicators in Sri Lanka Labour*. MNPEA, Dept. of Census and Statistics, Colombo.

⁶ Own calculations based on data of the Sri Lankan Export Development Board.

The Public Investment Programme (PIP) 2017-2020⁷ gives priority to the commercialisation of the agricultural sector with eco-friendly innovative technologies that will contribute to achieve inclusive and sustainable economic growth, ensuring food security and food sovereignty of the nation and to sustain the drivers for competitiveness of agriculture and agro-based products in the international markets. The government's medium-term country development strategy 'Vision 2025' recognises that the agricultural sector suffers from low productivity, which leads to food insecurity and poverty⁸. It also presents an ambitious and bold vision of measures to be undertaken, including facilitation of efficiency in agricultural markets, private sector participation, value chain development, modernisation of the plantation sector, support to smallholder producers in the tea, rubber and non-traditional exports sectors, provision of credit facilities and the promotion of investments in the fisheries sector.

A new draft National Agricultural Policy (NAP) for food crops aims at harnessing the agricultural sector potential for: 1) assuring food security, 2) ensuring environment sustainability, and 3) developing economic opportunity⁹. This three-pronged approach is based upon the use of environmentally sound agricultural practices, safe food, fair distribution of benefits, sustainable production and consumption, ecosystem stability, use of traditional knowledge systems, effective governance. All these are in concert with this programme.

In 2018 the Ministry of Social welfare and primary industries, whose main focus is the support to the private sector, including small holders, and for private sector led development pathways, through value addition and exports of agricultural products, developed a new National policy for primary industries focusing on spices and value-addition of agricultural products, such as fruits and vegetables, thus products that are linked to this programme¹⁰.

Irrespective of the political party in power, government policy on export crops as drawn out in the ten-year Development policy framework has focused on increasing production, encouraging value addition, and branding.

All of the above mentioned policies provide valid frameworks for implementation of sector strategies, but often the implementation is problematic. Action plans are not linked to the budget (as mentioned above the distribution of the state budget to different policy measures is unbalanced with subsidies for fertiliser receiving most of the budget allocated) and monitoring and coordination frameworks are weak. The proposed programme will support implementation of the related above mentioned strategies.

As recognised by development partners, academia, civil society and parts of the government, there is the urgent need to develop an overarching sector strategy that goes beyond linking of different subsector strategies. The EU support in the framework of Annual action programme 2016 aims at supporting this process. Currently an overarching agriculture policy (OAP) is being developed with the support of the EU. This OAP will be a comprehensive document capturing all sectors dealing with agricultural development in Sri Lanka and consisting of a large number of existing subsector policies in Sri Lanka. Environment, climate change and gender (through FAOs GAPo tool¹¹) will be mainstreamed in this policy.

⁷ http://www.mnpea.gov.lk/web/images/PIP_English/EnglishPIP-1-8.pdf.

⁸ GoSL (2016). Vision 2025: Country Enriched. Presidential Expert Committee.

⁹ GOSL (2018b). *Development of a National Agricultural Policy for Sri Lanka*. MoA, Rajagirya.

¹⁰ SL (2018c). *Development of a National Policy for Primary Industries for Sri Lanka* - Ministry of Primary Industries.

¹¹ Gender in Agricultural Policies Assessment Tool (GAPo).

Sri Lanka ratified the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), adopted both the Vienna Declaration and the Beijing Platform for Actions and formulated the National Plan of Action on Women, which are major instruments ensuring commitment to women's rights.

Sri Lanka has pledged to support global initiatives to combat climate change and actively adapt to its consequences. Having endorsed the Sustainable Development Agenda 2030, the government has included SDG-related commitments within its key economic strategy 'Vision 2025' and in turn in its Public investment programme. Furthermore, in January 2019, Sri Lanka published a report on 'Sustainable Sri Lanka 2030 Vision and strategic path' covering key sectors including energy, transport, water, agriculture and food industry. Sri Lanka has developed a National climate change adaptation plan (2016-2025) and is among the 178 countries which signed the Paris agreement in early 2016. Means of implementation of NDCs are also included within the NDC proposals submitted, specifying the unconditional actions which the country will carry out independently and the conditional actions which will depend on the availability and extent of external support in finance, technology transfer, and capacity building. However, the progress Sri Lanka has made in implementation of NDCs is minimal and needs to be strengthened.

1.4 Stakeholder analysis

The main direct stakeholders and beneficiaries of this action are food producers and processors, government agencies and private sector stakeholders supporting the country's agricultural economy. The indirect beneficiaries are consumers.

Right –holders:

Private sector: Private sector food processing adds value to commodities through grading, sorting, transforming, storing and packaging. Sri Lanka's food processors cover a wide range of products¹². The processed food and beverage sector includes more than 100 manufacturing and marketing companies. In 2016 the industry's export value was close to US \$ 400 million or 4% of total goods exports. About 40% of SMEs nationwide are involved in the sector and employ more than two million people¹³. Investment in the sector has been mainly driven by local retailing companies for the domestic market and exported fresh food products are usually intended for the Maldives and the Gulf region in small quantity. The private sector can therefore through investment incentives enhance the quality and productivity in the sector.

The following organisations will also be important implementing partners in the programme: private and public technology service providers, financial service providers, business associations, local and international chambers of commerce, business incubators, community based organisations (or assimilated organisations such as cooperatives and professional associations).

Consumers: Consumer awareness on food safety and quality is relatively low in large parts of the society. There is limited knowledge and trust of consumers in certification processes, e.g. for organic and Good Agricultural Practices (GAP) products.¹⁴ This jeopardises their right

¹² such as fruits and vegetables, meat and poultry, dairy products, alcoholic and non-alcoholic drinks, bakery products, fish products, confectionery, chocolates and cocoa products, soya-based products and high protein foods.

¹³ National export strategy of Sri Lanka: Processed food & beverages strategy 2018-2022 - Government of Sri Lanka 2018.

¹⁴ Many of the TV cooking programmes are sponsored by major food processing companies.

‘to have access to safe and nutritious food, consistent with the right to adequate food and the fundamental right of everyone to be free from hunger’¹⁵.

Duty-bearers:

Government: There are many public institutions related to the agriculture sector. Several central and nine devolved provincial ministries are directly involved with the overarching agricultural sector with additional central ministries and their associated agencies related to agriculture but playing relatively minor roles.

The new Ministry of Agriculture, rural economic affairs, livestock development, irrigation and fisheries & aquatic resources development is the primary body overseeing non-plantation agriculture, livestock and fisheries development and is responsible for agricultural and fisheries policy, food and nutrition security, ensuring stable prices for agricultural products, coordinating rice paddy purchasing and marketing, improving production and distributing donor funding to the various agricultural sub-sectors¹⁶.

Other important government stakeholders are the Ministries of Health, Primary industries, Industry and Commerce (MOIC) and the Ministry of Science, technology and research (see specific objective 1).

In addition to the above mentioned, another stakeholder is the Ministry of Development Strategies and International Trade (MODSIT). Jointly with MOIC, it has the mandate and resources to design the institutional, legal and regulatory framework for SME promotion. In particular, the National Organic Control Unit (NOCU), which is part of the Export Development Board (EDB), promotes the organic sector. In addition, the Ministry of Environment, the Sri Lanka Standards Institute (SLSI), the Accreditation Board for Conformity Assessment (SLAB) and the National Trade Facilitation Committee (NTFC) will play key roles in the programme implementation.

The different and often diverging interests of many stakeholders have undermined consistent and coordinated strategic policy, programme design and implementation. This is because the government, politicians and private sector partners are promoting and pursuing particular and often diverging and changing interests. Such interests have also posed substantial implementation problems for ministries and agencies concerned with the sector, and undermined any lesson-learning opportunities for purposes of developing evidence-based policy.

The current incentives framework for agriculture has to be interpreted in the context of the government’s multiple longstanding policy objectives, which are 1) the generation of fiscal revenue from trade taxes and duties, 2) the promotion of a high degree of food self-sufficiency, 3) the reduction of poverty in rural areas, and 4) support to the political base within the farming community¹⁷.

¹⁵ Rome Declaration on World Food Security in 1996.

¹⁶ WTO (2016). *Sri Lanka Trade Policy Review, Report by the Secretariat. The agglomeration of functions took place after the political crisis and the re-establishment of the elected government in December 2018. The past fragmented decision-making in the sector by a vast number of different Ministries had been criticised by many stakeholders, including government, private sector and donor agencies and the concentration of many of the functions under one Ministry is seen as a positive step.*

¹⁷ World Bank (2013b). *What is the cost of a bowl of rice? The Impact of Sri Lanka’s Current Trade and Price Policies on the Incentive Framework for Agriculture.* WB Washington DC.

1.5 Problem analysis/priority areas for support

Sri Lankan agriculture has lost its competitive edge and has not delivered its potential in recent years for a variety of reasons. Food crop farmers face major constraints to improve farming. Production costs, especially energy and labour costs have escalated and the output of many crops has stagnated and even declined, exacerbated in no small part by out-migration of labour¹⁸. Inadequate roads and markets pose major challenges, and a large number of farmers face acute difficulties with limited access to finance, land and other critical resources to help modernise their enterprises and improve productivity to land and labour and other factors of production. Size of land holding, land productivity and status of land tenure contribute to low incomes leading to persistent agrarian poverty. 1.5 million land holdings are less than 0.8 ha and cultivate 27% of total cultivated land, whereas 0.78 million land holdings have a size between 0.8 and 8 ha and crop 62.2% of the land (0.509 million: 0.8-1.6 ha, and 0.271 million: 1.6-8 ha). Population pressure has negatively impacted the size of agriculture holdings and increased land fragmentation, further exacerbated by inappropriate land legislation, which does not leave room for an open market for agricultural land in Sri Lanka¹⁹. Sri Lanka is heavily affected by adverse climate patterns with alternation of floods and droughts with a direct negative impact on crop and livestock production through more and different diseases and crop failure.

Government funding to the agricultural sector is decreasing overall and this trend will continue as contribution of agriculture to GDP decreases in favour of other sectors. However, a large proportion of the public allocation to the sector is tied up with the fertiliser subsidy scheme. This type of politically driven scheme has inhibited sector reforms and modernisation and prevented private sector investment in new production and processing technologies in order to enhance the quality and productivity. Moreover, the involvement of state owned enterprises in the sector has prevented access to market by the private sector. Unlocking new opportunities for private investment in the agribusiness and related infrastructure will improve the overall functioning of the food market and would de facto pilot reforms for the sector, possibly leading to further government led policy reforms. For instance, recently the government announced its intention to support the development of the cold storages across the country with the involvement of the private sector through PPP. This shows a positive trend in involving the private sector in key modernisation efforts from the government.

The current **food safety control system** is not fit for purpose and in need of institutional reform, as has been highlighted by several DG SANCO/FVO audit reports²⁰ and a recent system review by FAO.²¹ Implementation of standards and quality assurance mechanisms is not systematic. This is to a large extent the result of the non-transparent and complex institutional structure of the quality assurance and control system. Large numbers of institutions are involved and communication between these institutions is limited.

The magnitude of food safety problems for the domestic consumers is unknown, as the food borne disease surveillance system in Sri Lanka is underdeveloped. There are no national

¹⁸ Weerahewa, J (2017). *Modernizing Agriculture in Sri Lanka - Status and Challenges*. In: The Sri Lankan economy Charting a new Course edited by Prema-chandra Athukorala, Edimon Ginting, Hal hill, and Utsav Kumar. Asian Development Bank

¹⁹ Weerakoon, L (2017). *Land Issues and the Role of Social Movements*. Centre for Sustainable Agriculture Research and Development, & Movement for Land and Agriculture Reform. Rajagiriya

²⁰ http://ec.europa.eu/food/audits-analysis/audit_reports/index.cfm.

²¹ Review of the Food Safety Control Systems in Sri Lanka, FAO, March 2016.

systems that would collate and analyse national data on clinical diagnoses and causes, laboratory testing for chemical and microbiological contaminants in foods on the market, import screening outcomes and related laboratory data, export screening and related laboratory data, inspection outcomes and surveillance of food on the market. While data are available, these are neither reported centrally by all responsible agencies nor analysed. For exported products, there have been more than 300 EU Rapid Alert System for Food and Feed (RASFF) notifications for products coming from Sri Lanka between 1986 and now. Over the last three years more than 60 notifications have been registered, but the number of rejections has decreased, as important SANCO/FVO recommendations have been implemented.²² This trend can be continued, if systems are further strengthened.

Only few Sri Lankan companies producing perishable commodities have been obtaining Global good Agricultural Practice (GAP) certification so far, but the demand for GAP products is increasing. At the post-harvest level, the number of Sri Lankan companies in perishable commodities having a HACCP system and/or ISO certification is also small. Moreover, a significant number of Sri Lankan perishable commodities do not contain any barcoding, which would be necessary for traceability of the product along the value chain.

In order to modernise further the quality and safety system, the development of a **traceability system** with a digitalised supply chain would lead to more transparency and predictability for farmers, retailers and consumers.

Although global demand for some high valued commodities contributes to improved international prices, which offer higher potential returns for Sri Lankan farmers and the food industry, government's trade and agricultural policies are deterring private investment, both domestic and international, thus reducing possibilities of attracting both technical and market expertise.

Therefore, the need to work strategically at policy level with the government as well as at technical level with farmers and food industry in increasing the quality of the highly demanded and valued agricultural produce, consumed both domestically and internationally, is essential to attract larger foreign and domestic investment.

Agricultural **value-chains**, linking small farmers to markets directly or indirectly, face a multitude of problems such as uncertainties about policy, insufficient access to finance, poor governance, contract enforcement and market information asymmetries. For instance, small farmers usually have to go through multiple middlemen and can barely rely on food processing industry as it is underdeveloped and concentrated in a few enterprises. There are also gender disparities in access to and control over resources (e.g. land, water), access to markets, finance and skills training protracting structural issues which act as barriers to women's participation in economic activities critical for agriculture production and effective value chain development. The overall investment in farming and food processing is still insufficient to create a more efficient market place and increase the overall value in the sector. Moreover, transport infrastructure throughout the island has become extremely congested, in both urban and rural settings. Transaction costs of traffic congestion to the rural and urban

²² http://ec.europa.eu/food/audits-analysis/audit_reports/index.cfm.

economies are huge in terms of time and spoiled fresh produce and lost markets, with over 35% of such produce going to waste²³.

In 2017, the total value of fresh vegetable exports of Sri Lanka was US\$ 38.6 million and for fresh fruits about US\$ 41.9 million²⁴. Using the information of a study done by HARTI²⁵ as a proxy for the distribution of the margins in the export sector, the farmers' turnover in 2017 was about US\$ 20.1 million from fresh vegetable and fruits exports of Sri Lanka while the trading sector's turnover was about US\$ 44.2 million leaving about US\$ 16.1 million turnover for the logistics & storage sector.

Three value chain studies following the EU Value Chain Analysis for Development (VCA4D) methodology have been carried out in preparation for this programme: for vegetables (bell pepper and onions), fruits (mangoes and pineapple) and aquaculture products (shrimps and guppies). The selection was based on representativeness of the products selected, on their competitive market potential, link to the cold chain investment component and impact on household incomes. The findings suggest that for all products there is some potential to enhance production to cater for domestic (supermarkets, hospitality industry) and export markets, particularly to the Middle East. For some of these products, establishing and maintaining a cold chain will support product quality and safety. Environmental and social aspects of each value chain have been analysed as well as part of the methodology to ensure sustainability.

The EU Technical Assistance to the Modernisation of Agriculture Programme (TAMAP) project will continue to carry out gender sensitive value chain analyses for other products until inception of this programme.

Organic agricultural products and more specifically 'superfood' vegetables and fruits are considered as having a high potential for the country. Modern organic farming started in Sri Lanka in the early 1980s by some NGOs such as the Lanka Organic Agriculture Movement (LGAM). LGAM's main objective was to promote and create awareness about organic agriculture practice and to establish standards and norms for such products. According to the latest LGAM survey in 2015 Sri Lanka had 78,502 hectares under organic production of which 62,560 hectares were certified for organic production. There were 1230 organic farms and 223 exporters with a total value of \$228 million in exports. The globally growing interest in new innovative products and potentials for product diversification in Sri Lanka offer the best incentive to attract European private investment in the organic food sector. Several small European investors have already touched base in Sri Lanka and have established partnerships with local farmers. Further financial and technical support to attract private investment to develop those specific high valued products will be envisaged under this project.

Improving food safety and quality and the better functioning of value-chains including for organic products necessitates better food processing and **cold chain** facilities. Sri Lanka's agricultural and fishery products sold domestically are severely affected by the lack of a functioning cold chain. This is even more problematic for exports of high-quality products. There are very limited services offered for collection of such products in providing cold

²³ GoSL (2018c). *Corporate Strategic Plan 2018-2022 & Concept Notes for post-harvest processing, value addition and management in Sri Lanka - Goal 1: Redefining of the supply and value chains of agricultural crops in Sri Lanka including annual on-going IPHT Research Programmes* - Ministry of Agriculture, Institute of Post-Harvest Technology.

²⁴ UN Comtrade Database.

²⁵ Hathurusinghe C.P. 'Value Chain of High Value Highly Perishable Vegetables', Hector Kobbekaduwa Agrarian Research and Training Institute (HARTI) Research Report 181, April 2015.

storage facilities throughout the country and cold storage and handling at ports and airports are almost inexistent. The loss of quality of produce due to the lack of cold storage is tremendous. When a horticulture exporter wants to send his/her produce outside the country, it has to wait at the airport in ambient high humidity conditions. Moreover, checking of the export produce by authorities is done under such conditions, further damaging the crop. **Post-harvest losses** in horticultures in Sri Lanka are extremely high. According to statistics, annually about 270,000 tons of fruits are lost in the post-harvest part of the value chain in Sri Lanka. In products such as avocado, papaya and mango the post-harvest losses amount to 40% of commercial production. Cold storages may considerably contribute to reducing post-harvest losses by extending the shelf life of the product and by maintaining its quality. This ought to lead to better product prices and better opportunities for farmers to get a higher price for their output as exporters will be able to deal directly with farmers, thus avoiding agents and middlemen. International research shows that cold stored fruit and vegetable prices on average are considerably (60%) higher than non-cold store fruit prices. Therefore, the cost of cold storage would be incorporated in final higher retail prices due to the higher product quality without impacting negatively farmer revenues. According to the pre-feasibility study conducted, the investment needs to improve the cold chain for fresh produce are around EUR 125 million until 2030. The study identifies economically viable investments on the levels of the farms, collection centres, wholesale markets and for exports.

Some identified private sector operators have already invested in some cold storage facilities or intend to do so but cannot necessarily access affordable financing, are wary about the financial risks involved and are unfamiliar with the technologies available. This reinforces the assumption that there is an interest from the private sector to invest in this type of infrastructure. This was further assessed in the pre-feasibility study, where different stakeholders showed a clear interest and intention to invest in cold storage solutions in the years to come.

Gender: The labour force participation of women is low, only 36.4% of total female population over 15 years are engaged in paid labour and out of the total women employed in the country (overall 52.2%), 29.7% are working in the agriculture sector (total share of the workforce not gender-disaggregated) working in agriculture: 28.7%). Closing the gender gap in labour force participation would buffer the impact coming through the reduction in the total number of workers in an ageing society and could thereby mitigate the impact of demographics on growth. Policies that foster women's entry to labour market are important, as they would help to close the gender gap and buffer the impact of an ageing labour force according to a recent World Bank (WB) study²⁶. The estimated earned income female/male ratio in agriculture is only 0.31 and just 16% of all privately owned land in the country belongs to women (the remaining 84% to men). There is also a significant knowledge gap between men and women on agricultural technology, contributing to low female productivity and wage gap.

In agricultural value chains **women** work at the production stages of the value chain largely because this work can be done close to home, and this gives women the flexibility they need to carry out household chores. Most women have very limited or no experience at all selling their farm products, especially if this involves traveling from their home. Women's mobility is severely hindered by a number of factors (e.g. familial responsibilities, safety issues, lack of

²⁶ <https://openknowledge.worldbank.org/handle/10986/31261>

driving skills and access to vehicles other than bicycles). Reasons for limited engagement of women in the downstream stages of agricultural value chains are: their household responsibilities including child care, lack of mobility, lack of skills in negotiation and lack of enthusiasm. If women are to increase their engagement in the later stages of the agricultural value chain and increase their earnings, these types of barriers need to be overcome. Access to market information, networking systems and training, are also much more limited for women, and this too restricts their ability to participate in the downstream stages of the value chains and develop their own small or medium enterprises that can generate income by adding value to production. In some cases, inherent legalities in accessing land and credit, also limit women's ability to expand their engagement in agricultural value chains. In addition, there is a general norm and a common understanding among men and women that women are supposed to be 'looked after' by men, and as a result women themselves are often unaware of their own disadvantaged situation²⁷.

Youth: 70.4% of employed youth are involved in agriculture in different ways (full-time farmers, part-time farmers and non-wage family labourers), but only 27.8% of them are involved in full-time farming. Many young people are leaving the sector for the following reasons: low levels of social protection, social recognition, returns/income/wage, overall sustainability in the industry, accessibility and availability of market facilities. Furthermore there are issues in marketing, pricing, lack of technology and innovation, lack of resources such as land, irrigation water and problems in education, training and extension services.²⁸ The future reduction in the agricultural work force will necessitate technological change and a land reform to increase the size of plots.

Given the current political context and problem analysis described above, this action will **support two key areas** to improve key functions and infrastructures of the agricultural value chain: 1) Increasing food safety and quality compliance, through the adoption of better agricultural and hygienic practices by food producers and processors and an updated risk-based and well-coordinated food control system. The specific objective will follow a consumer demand driven approach and will put special emphasis on female entrepreneurs. The competitiveness of Sri Lankan export products will be strengthened and synergies with ongoing trade-related assistance as well as GSP+ will be maximised²⁹.

2) Increase the share of the Sri Lankan national organic market share through better standards, higher investments and increased consumer demand.

Both specific objectives of the Action are also directly linked and synchronised with the upcoming investment component that aims at among other investment in supporting the development of cold chain infrastructure and management system to improve the quality and safety of agricultural and fishery products for domestic and international markets. In partnership with the government and private sector, it targets unlocking private investment opportunities through financial blending and technical assistance to cover advisory and consultancy activities for the government, PPP transaction development as well as to support

²⁷ FAO gender analysis for Sri Lanka: <http://www.fao.org/3/CA1516EN/ca1516en.pdf>.

²⁸ Youth in Development: Sri Lanka, Research Report No: 161, October 2013, Hector Kobbekaduwa Agrarian Research and Training Institute.

²⁹ Agricultural and fishery products as well as textiles are eligible. For the detailed list of products supported under GSP+, see annex IX of the REGULATION (EU) No 978/2012 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 October 2012 applying a scheme of generalised tariff preferences and repealing Council Regulation (EC) No 732/2008: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1500986680646&uri=CELEX:32012R0978>.

investment mobilisation from private sector; this component will be implemented as a blending (type) operation.

2. RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
The intervention is hampered by the complexity of the institutional/administrative system.	H	Each administrative/institutional level will have well-defined responsibilities for the specific objectives of the programme. The government will be supported by project staff for all procurement, and financial issues related to the implementation of the activities. Regular coordination meetings will be held. The design of the programme is sufficiently flexible so that it can be adjusted.
There is insufficient government ownership in the programme	M	Involve the government in all stages of the programme through regular stakeholder consultation and involve in decision-making processes and in steering committee meetings.
Government will stop pursuing elements of an export-oriented agricultural policy	M	Policy dialogue in the framework of steering committee meetings and in the framework of the joint commission. Lobbying of the export-oriented private sector including EU companies.
Demand for cold chain is lower than expected and/or private investment not commercially viable.	M	Pre-feasibility and value-chain studies have been conducted and further feasibility studies will be conducted. Other post-harvest processing investment options will be scoped.
Climate change will strongly impact food production	H	The blending component will contribute to more investments into necessary infrastructure that will partly help to alleviate climate change effects.
There will be insufficient labour for the agricultural sector	M	Discuss with the government the need to make the labour market more attractive. Encourage farmers to use more machinery. Consider emigration policies for agricultural labour (at least seasonally).
<p style="text-align: center;">Assumptions</p> <p>1. The government continues to pursue the modernisation of the agriculture sector including a private sector driven approach with the aim to contribute to more prosperous, sustainable, inclusive, and peaceful rural areas;</p> <p>2. The budget allocations to the sector are sufficient to continue the key reforms;</p> <p>3. The government is open for broader consultation and coordination with international partners; which helps to establish favourable conditions for well-structured policy dialogue.</p>		

The risk analysis has considered, but did not find any major possible unintended consequences that would perpetuate gender inequalities.

3. LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

The Ministry of Agriculture component of the EU-supported WB Agricultural Sector Modernisation Programme (ASMP) has been extremely slow in implementation and there are rather limited lessons learnt from project implementation apart from i) the project is based on a wrong assumption that there are functioning farmer organisations on the ground that may be easily linked to the envisaged agricultural technology parks; ii) the Ministry of Agriculture is not one of the most reform-minded ministries and that there are other ministries in the sector that are more inclined to support reforms. However, absorption capacity in general in Sri Lanka is below comparable lower-middle income countries and reform objectives are often too ambitiously formulated only to be downscaled afterwards.

A recently finalised evaluation of the past EUR 60 million EU Support to District Development (SDDP), implemented by UN Agencies, highlighted some success stories and lessons learnt including from the FAO component that will continue to be supported by ASMP and should be taken into account by our future programme, e.g.: i) 'value chain approach (VCA) has produced significant added value, because of the linkages established with the market. The model should be reinforced with systematic inclusion of value chain mapping that should illustrate stakeholders, timeliness, risks and costs.' ii) 'Joint ventures with the private sector and farmer societies should be encouraged in the future, not only for export purpose but to foster agro-processing and local markets.'

The ongoing EU project 'Trade related assistance in Sri Lanka: Increasing SMEs trade competitiveness in regional and EU markets' provides the following lessons learnt for this programme: i) the project supports the government with capacity building on food quality standards as well as limited related equipment supplies. It has been voiced at several occasions that without these supplies, stakeholder motivation to participate in the capacity building activities would be lower; ii) institutional fragmentation and overlap of responsibilities with regard to food testing leads to confusion among the food processing SMEs and needs to be addressed by institutional reform and a clear definition of the mandates of the various institutions involved in testing.

The EU-funded programme 'Support to integrated rural development in the most vulnerable districts of the Central and Uva provinces of Sri Lanka' is focusing support on an area where mostly tea, spices, vegetables, fruits and dairy are being produced. The issues producers are facing are lack of extension for new, promising varieties of fruits and vegetables, lack of marketing, storage, processing and packing facilities, partly related to the relative remoteness of many of the villages leading to long transport times.

Donors supporting women in the agricultural and fisheries sectors tend to focus on productivity, often contributing to increasing their task burdens and failing to address the root causes of the exclusion of women from key economic institutions, such as fishing and farming federations, markets etc. Innovative approaches are encouraged that do not only target women but which specifically address the multiple factors and structural barriers which affects women's economic empowerment.

3.2 Complementarity, synergy and donor coordination

Sri Lanka's graduation to a Middle-income country has led to change the composition and form of external development financing, ultimately resulting in a drop in investments by development partners. Key development partners in the country include Asian Development Bank (ADB), Japan International Cooperation Agency (JICA), World Bank (WB) and Agence Française de Développement (AFD) as development financing institutions (DFIs) and

Australia, Canada, Germany, the EU, China, India and the US as bilateral partners. DFIs focus mainly on infrastructure projects with emphasis on energy, transportation and water. Australia, Germany, and the US have bilateral country allocations, with grant projects focusing on Governance and Reconciliation and economic development and growth, China and India are providing investment loans.

The EU Technical Assistance to the Modernisation of Agriculture Programme (TAMAP) has been supporting formulation of the present programme. TAMAP has carried out value-chain analyses for potentially competitive agricultural products that could be supported under this programme, as well as a pre-feasibility study for the proposed cold-chain component. In parallel to this action, a sector policy support programme will be developed under the Annual Action Programme (AAP) 2020 by the EU, possibly implemented through budget support.

The sector policy support programme will follow up directly on the Modernisation of agriculture programme (AAP 2016) and will be complementary to the Public Finance Management (PFM) programme (AAP 2017). Additionally, it will address the key issue of better policy implementation by linking the currently developed agricultural policy/strategy to the state budget and further support some of the objectives directly linked to this action programme.

The WB is currently implementing the Agricultural sector modernisation project with co-funding from the European Union, and is planning a new project on climate-smart agriculture.

The government is using a grant provided by the Indian government to finance a cold storage facility at the main wholesale market for fruits and vegetables in Dambulla. However, this is a stand-alone facility not linked to any cold chain management system but would already pave the way to develop the rest of the needed infrastructure. The government subsequently announced its intention to tender the rest of the infrastructure through PPP.

The International Finance Corporation (IFC) has been instrumental in the country in promoting reforms involving the private sector in the implementation of the government agenda. IFC has not only invested directly in companies having a socio-economic and environmental transformative agenda, but also helped the government in attracting private investment in public services through the strengthening of the PPP regulatory framework. In the agricultural sector, IFC has helped to increase access to finance for MSMEs and helped financing logistics and infrastructure to facilitate the movement of goods.

Within the framework of the EU Trade Related Assistance (TRA) implemented by ITC and UNIDO, spice and processed food and beverage products have been identified as having high potential for export. UNIDO has been working on improving the quality and safety standards for those products working directly with private and public laboratories to prepare them for certification. TRA is coming to an end when this action is planned to start. Therefore, this action intends to build on the results of TRA and link up with the specific objectives under this action.

FAO, a leading technical partner in the country, has facilitated regulatory and policy reforms in the agricultural sector and has implemented in the past EU funded programmes such as ACAP, SEM, FIRST and SDDP³⁰. Jointly with UNIDO, FAO will implement activities related to food safety regulatory and institutional reforms.

³⁰ Assistance to Conflict Affected People (ACAP), Socio Economic Measures (SEM), Food and Nutrition Security Impact, Resilience, Sustainability and Transformation (FIRST) and Support to District Development Programme (SDDP).

Within its SME Sector Development Programme, GIZ is completing a first set of support to agricultural SMEs and is about to start a second phase with a focus on organic products. Some components of the programme, such as digitalisation of the supply chain and product traceability, are highly relevant and complementary to this action. Therefore, the action intends to support some of the activities under the second phase in the form of a pilot focusing on the development of those new technologies that will improve the competitiveness of the organic food market.

With a possible intervention of the Asia Investment Facility (AIF), AFD is currently preparing a project with the Government to modernise a few selected fishery harbours covering only publicly owned infrastructure. The project would include only cool fish landing facilities at fishery harbours but would not cover the rest of the cold chain system. AFD has asked PROPARCO to look into the rest of the logistics and commercial side of the supply chain. The action could envisage connecting the selected harbours to the cold chain to be developed under this action.

The International Fund for Agriculture Development (IFAD) implemented until 2017 the National Agribusiness Development Programme (NADP) and is currently implementing two new programmes in the sector, namely the Smallholder Agribusiness Partnership Programme (SAPP) and a Smallholder tea and rubber revitalisation project.

Millennium Challenge Corporation (MCC) is planning to work on road construction and traffic signalling technologies in the Colombo metropolitan region and in the central regions, which will improve logistics for agricultural products as well³¹.

Donor coordination in the sector is done through a subgroup of the Development Partners' Forum (DPF), which meets regularly to share information on strategies and programmes related to the sector. All organisations active or interested in the sector (WB, ADB, JICA, USAID, FAO, etc.) are participating and the EU is one of the most active members of this subgroup.

4. DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

The **overall objective** is to contribute to a more productive, sustainable, diversified, climate-resilient, market-oriented and inclusive agriculture in Sri Lanka.

The **specific objectives** are:

SO 1: Increase food safety and quality compliance, through the adoption of good agriculture and hygienic practices by food producers and processors and an updated risk-based and well-coordinated food control system.

This specific objective will follow a consumer demand driven approach and will put special emphasis on female entrepreneurs. The competitiveness of Sri Lankan export products will be strengthened and synergies with ongoing trade-related assistance as well as GSP+ will be maximised.

SO 2: Increase the share of the Sri Lankan national organic market through better standards, higher investments and increased consumer demand.

³¹ <https://www.mcc.gov/where-we-work/program/sri-lanka-compact>

The main **expected results** are:

ER 1.1: The food safety and quality control system at the regulatory and institutional levels is robust and operates in line with international best practices to ensure safe food for consumers.

ER 1.2: Quality infrastructure and service providers respond better to the needs of the public and private sectors for food safety and quality, through strengthened institutional capacity.

ER 1.3: Producers and enterprises comply better with food safety and quality standards through strengthened compliance capacity, and are more competitive.

ER 1.4: Consumers, enterprises, institutions and other stakeholders are better informed and display practices driven by demand for safe and quality food.

ER 2.1: An enabling regulatory and policy framework for the domestic organic food sector is established by relevant government authorities in line with international best practices.

ER 2.2: National organic standards are introduced and meeting consumer demands.

ER 2.3: European and Sri Lankan private investment in the organic food sector is mobilised in the domestic organic food sector in line with EU environmental and sustainable principles.

ER 2.4: Digital solutions ensure value chain transparency and contribute to farmers' market access and increase in income.

The Action is also directly linked and synchronised with the upcoming blending operations planned to be funded under the Asia investment facility with an indicative EU contribution of EUR 20 million that will among other things establish a countrywide cold chain system and infrastructure incorporating energy-efficient technology, reduce post-harvest losses and increase shelf life of products, increase farmers' income and employment through investments in rural areas, facilitate PPP transactions, and mobilise private investments in the sector. The blending operation, expected to be approved first half of 2020, will have additional positive impacts on production and on the environment, and increase the climate resilience of food management in the country while improving the coping capacities of smaller farmers to deal better with the effects of weather extremes and climate variability. The blending operation and this action have been designed to be mutually reinforcing while both using the same coordination structures.

The indicative **main activities** are as follows, but not limited to:

ER 1.1

- Develop a roadmap for institutional reform of the food safety and quality system through intensive stakeholder consultations, based on the recommendations of the food control assessments conducted by FAO and UNIDO.
- Implement the road map with the assignment of specific roles and responsibilities, including capacity building for government and private sector stakeholders, in line with their new functions.
- Facilitate agreements or Memorandums of Understanding on the delivery of risk-based inspection, surveillance, monitoring, laboratory analysis and enforcement services.
- Develop clear processes for enforcement of mandatory standards and adoption of voluntary standards, including Codex
- Support development of national capabilities for legal analysis and drafting and participatory processes to upgrade regulations based on risk
- Support the development of food regulations based on scientific evidence and the principle of risk analysis, and clear processes to comply with standards (including Codex) and technical regulations.

- Strengthen data collection capacities and systems for food-borne illness surveillance, contaminant and residue monitoring, and ensure preparedness and response to food safety emergencies.

ER 1.2

- Create awareness, among National Quality Infrastructure (NQI) stakeholders, on the differences between the mandatory regulation-based schemes and the voluntary quality compliance-based scheme.
- Elaborate a road map to improve the effectiveness of the NQI institutions.
- Strengthen national capabilities for development of standards and technical regulations, in line with international best practices.
- Promote the adoption, revision and creation of technical standards, specifications, procedures and guidelines to implement voluntary certification schemes (link with SO2).
- Support the sustainable participation of Sri Lankan delegations to international standardisation committees (and other international quality infrastructure related fora), and the implementation of mirror committees in the country.
- Propose and support initiatives in the NQI to strengthen the value of voluntary marks and conformity assessment schemes.
- Support international recognition protocols, in order to get mutual and international acceptance of conformity assessment services and privately-owned certification schemes.
- Increase the technical competence of assessors, trainers, consultants, and public officers on internationally recognised schemes for certification, as well as privately-owned certification schemes.
- Strengthen the capacity to demonstrate measurement traceability and to carry-out internationally recognised calibration.
- Strengthen the capacity of conformity assessment services related to food quality and food safety.
- Build technical competence in selected testing laboratories to assess technical requirements related to inspection, certification and market requirements.
- Recommend and guide the governmental authorities to better use the NQI related services (particularly in relation with ER 1.1).

ER 1.3

- Identify and analyse the market requirements on food safety and food quality for at least three food sub-sectors³², in domestic market and main current or potential destination markets for Sri Lankan exports.
- Elaborate and implement a strategic plan to increase: i) the demand for products with higher food safety and food quality, ii) the supply for such products in compliance with the market requirements (in coordination with the blending component and SO2 of the overall programme, and with ER 1.4).
- Support SMEs to invest in equipment and infrastructure needed to meet requirements related to food safety and food quality (in coordination with the blending component).
- Support capacity building at the enterprise level³³ in applying Good Agricultural Practices (GAP), Good Manufacturing Practices (GMP), Hazard analysis and critical

³² E.g. processing and preserving of fruit and vegetables, processing and preserving of aquaculture products, manufacturing of edible oils and fats.

³³ Cold chain operators and suppliers will be included.

control points (HACCP) and International Organisation for Standardization (ISO) 22 000 or other certification schemes (in coordination with the blending component and SO2).

- Train producers, enterprises, food sector organisations and other actors along the value chains on the use and potential of internationally accepted conformity assessment services, privately-owned certification schemes to meet target market requirements, and the use of better practices.
- Establish a sustainable mechanism, based on IT tools, to ensure traceability, food safety, quality compliance to selected products (in coordination with the blending component and SO2).
- Support the introduction of best practices by enterprises and other actors along the value chains, to enhance productivity and overall performance.
- Conduct Value Chain (VC) development analysis from a gender perspective (economic empowerment of women does not only constitute an improvement of their actual working conditions, it also focuses on an improvement of their position within the value chain (related to their access and control over VC activities/market segments)).
- Promote market linkages and clusters along the selected value chains, including buyer-supplier platforms.

ER 1.4

- Conduct formative research to collect evidence to underpin development of relevant food safety education messages and behaviour change communications interventions, addressed to consumers.
- Support the development of relevant food safety messages for social behaviour change communication (SBBC) campaigns (TV/radio/social media/print media) to reach a wide consumer audience, specifically prioritised target groups³⁴.
- Implement targeted SBBC campaigns on TV/radio/social media/print media.
- Work with civil society organisations (CSO), consumer associations (CA) and trade associations (TA) to build capacities for advocacy on food safety.
- Build partnerships to incorporate food safety messaging into government health and nutrition programs.
- Formulate a communication strategy to raise quality awareness for public institutions, food producers' associations, processors and other stakeholders along the value chains³⁵, including the main relevant messages for each target group (market and business benefits derived from delivering higher food safety and quality will be highlighted).
- Design and conduct a marketing and business development campaign to promote product certification (in coordination with SO2).
- Elaborate promotional material and publications to raise quality awareness and disseminate them through the most appropriate means, considering multi-channels.
- Carry out awareness activities according to the overall communication plan.

³⁴ Such as women, adolescents, school children and the actors in the food services sector.

³⁵ Other than consumers (they will be addressed through ER4a). Exporters, tourism sector enterprises and supermarket chain/retailers will be included as specific target groups.

ER 2.1

- Carrying out trainings for the National Organic Control Union (NOCU) and advising the Export Development Board (EDB) on eco-standards and control mechanisms.

ER 2.2

- Facilitation of multi-stakeholder dialogue to accept Participatory Guarantee Systems (PGS) under Sri Lankan National Organic Standard.
- Conduct consumer awareness events to inform on different forms of organic certifications.

ER 2.3

- Development of an innovative cooperation and investment platform for long-term cooperation with the national and international private sector and for the development of suitable, modern business ideas in organic agriculture.
- Cooperation with European chambers of commerce in the development of a sustainable mechanism for the procurement of PPPs in the field of organic agriculture
- Study tours and trade fair visits in the field of organic agriculture in cooperation with the EDB.

ER 2.4

- Implementation of a financial technology solution (application) for direct transfers from consumers to the producers.
- Development of a digital beta traceability tool for at least one selected organic commodity.

All activities will be done from a rights-based and gender approach, meaning that where appropriate women and men, civil society organisations and representatives from the gender machinery and HR institutions are involved in the analysis and planning and decision-making processes.

4.2 Intervention Logic

The action is fully in line with EU's overarching aid policies and objectives and the goals formulated under the revised Multiannual Indicative Programme³⁶. Its goal of improving the quality of agricultural products for export and for the domestic market along the entire value chain and to align the national food safety and quality system with international standards are consistent with the guidelines from EU Communications on resilience and on working with the private sector.

The proposed approach is to support the private sector to modernise progressively a public-dominated sector and trigger further major public structural reforms - notably institutional coordination, reducing duplication, and improve efficiency and effectiveness of public expenditure. Involving the business community in the implementation of government led policies in the agricultural sector, will bring innovation and private sector efficiency to a sector that has been lagging behind for quite some time.

The approach also entails a review of public sector support to agriculture in general and food safety and quality in particular and an assessment of the mandates and associated regulatory

³⁶ C(2018) 4741 of 20.7.2018.

and legislative framework of all public ministries and agencies supporting the agricultural economy in general and the food safety and quality system in particular³⁷.

Most activities will have a specific focus on agricultural and fishery products, in particular fruits and vegetables and aquaculture products) that have the highest potential for the domestic and international markets. Strengthening food safety through better control of pesticide residues and supporting organic production will in addition contribute significantly to environmental sustainability.

Any future government is likely to support the objectives of improving food safety, increasing export competitiveness and supporting the agricultural sector. This action is also expected to indirectly benefit European businesses that are already active or are considering investing in Sri Lanka.

The project will unlock new markets for Sri Lankan food producers and private investment through financial operations under an investment fund to be set up by GIZ. Through private investments with partners from the European and international organic industry the purchase of organic products from SMEs can be secured. Such purchase guarantees reduce the vulnerability of Sri Lankan SMEs during the initial period when they enter the market. For Sri Lankan organic companies in their early stages, such partnerships can reduce risk and at the same time provide incentives for conversion (from conventional to organic agriculture). The private investments will integrate SMEs on the national and international market and secure their access to new markets. In addition to the effect on the income of SMEs, the measure will also foster awareness for resource-saving and environmental consciousness among wider segments of the population. Within the proposed measure, GIZ will facilitate the establishment of a pipeline for private investments. Part of the co-financing will be allocated to a specific fund (800.000 EUR) to initiate private investments with international and local private sector partners. Approximately, four medium scale private investments can be financed through this fund. This however, will let projects mature and open them up for more funding, including through BMZ' DeveloPPP programme.

The investment component supported under the AIF linked to the Action will leverage European and local private investment, and SMEs will be networked at national and international level. Unlocking private investment opportunities through financial blending and technical assistance to cover advisory and consultancy activities for the government's PPP transaction development and to support investment mobilisation from private sector. Investment operations that target more directly smaller investments and economic operators with more limited access to finance will be potentially conducted through AgriFI, which will invest directly (in equity or lend in local currency) in companies and/or through financial institutions (microfinance or impact funds) working with smallholder farmers on financially, environmentally and socially sustainable projects with potential to scale up. Other larger investment requiring also public investment from state authorities and structured in the form of PPP will be financed through other International Financial Institutions (IFIs).

³⁷ Knight, M. *et al* (2017). *State-owned Enterprise Reforms in Sri Lanka: The Way Forward*. In: The Sri Lankan economy Charting a new Course edited by Premachandra Athukorala, Edimon Ginting, Hal hill, and Utsav Kumar. Asian Development Bank.

The result of the Action supplemented by the AIF investment component, will promote knowledge transfer through peer learning, which further strengthens the competence and capacities of SMEs. Improving the performance (e.g. product range, efficiency, effectiveness) of SMEs also contributes to social integration and peace building. In particular, women gain more influence in society through their role as producers. Support for quality production and quality standards will be linked to the cold chain infrastructure to make sure, that compliance efforts are spread over the whole chain and that all actors in the chain collaborate to achieve higher value added and higher price for the final product.

4.3 Mainstreaming

Youth

- Introduction of IT related technologies to attract interest of youth;
- Upgrading public training facilities, both assets and curricula;
- Conducting study tours exposing young farmers and processors to modern agriculture and processing in other countries.

Gender

- All activities will be gender mainstreamed and aim to improve female labour force participation and better involvement in agricultural value chains, e.g. through better access to market information, finance, networking systems and training;
- Capacity building in food processing (quality and safety) and wholesale marketing will be offered by specific courses tailored for women (suitable timing and child care solutions for women in training to increase participation rates);
- In particular, the inclusion and support for women entrepreneurs in private-sector promotion formats³⁸ will improve access to women's markets. In addition, women entrepreneurs who are successful in the market will act as role models for women who are still in the start-up phase;
- Stressing in communication the important role that women should and do play in agriculture and food safety;
- Including monitoring gender disaggregated data wherever appropriate in the Logframe.

Climate change and climate smart sustainable agriculture and environmental sustainability through private sector-led extension

- Use of renewable energies and energy efficient technologies for the cold chain in the investment component;
- Reducing the negative environmental impact of agriculture and preserving natural resources;
- Promotion of drought and flood resistant crop varieties in the targeted value chains;
- Promote organic agriculture.

Community reconciliation

- Ensuring ethnical and religious diversity in capacity building activities;
- Promoting wide geographical coverage within the country.

Securing social protection and occupational health for the workforce is to be considered when designing the activities.

³⁸ Including through quota.

4.4 Contribution to SDGs

This action is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDG(s). The proposed intervention areas refer to the following SDGs: SDG 2 (Ending hunger, ensure food security and improved nutrition and promoting sustainable agriculture); SDG 3 (Ensure healthy lives and promote well-being for all at all ages); SDG 8 (Ensure decent work and promote development oriented policy strategies for economic growth); SDG 9 (Promote inclusive and sustainable industries, infrastructure and innovation) as well as SDG 12 (Ensure sustainable consumption and production patterns).

For mainstreaming crosscutting issues the following SDGs will be catered for

- Gender (women): SDG 5 (gender equality)
- Youth: SDG 10 (reduced inequalities)
- Environmental sustainability and climate change: SDGs 13 (climate action)

5. IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the government of Sri Lanka.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures³⁹.

5.3.1 *Indirect management with International Organisations*

A part of this action may be implemented in indirect management with the UN Industrial Development Organisation (UNIDO) (as lead entity) and the Food and Agriculture Organisation (FAO) under one contract.

The implementation by these entities entails (SO1) improving food safety and quality compliance, consumer demand driven, through the adoption of better practices by food producers and processors and an updated risk based and well-coordinated food control system.

The envisaged entities have been selected using the following criteria: i) Proven experience in the country, ii) Technical expertise in the relevant field, iii) Institutional standing, acceptance

³⁹ www.sanctionsmap.eu. The sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

to the government and presence in the country, iv) Willingness to accept strong role for the EU in policy dialogue with government and private sector, v) Willingness to provide sufficient visibility to the EU.

In addition these entities have a local presence and are currently implementing similar activities in the framework of the EU Trade-related assistance project, and FAO acts as a partner focusing on food safety policy and the legal framework.

In case the envisaged entities would need to be replaced, the Commission's services may select (a) replacement entity(/ies) using the same criteria. If the entities are replaced the decision to replace it needs to be justified.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 5.3.3.

5.3.2 *Indirect management with a Member State Organisation*

A part of this action may be implemented in indirect management with the German Gesellschaft für Internationale Zusammenarbeit (GIZ).

This implementation entails (**SO2**) increase the share of the Sri Lankan national organic market through better standards, higher investments and increased consumer demand.

The envisaged entity has been selected using the following criteria: i) Proven experience in the country, ii) Technical expertise in the relevant field, iii) Institutional standing, acceptance to the government and presence in the country, iv) Market and private sector driven approach, v) Willingness to accept strong role for the EU in policy dialogue with government and private sector, vi) Willingness to provide sufficient visibility to the EU.

In addition GIZ has a strong country presence, GIZ has substantial experience in facilitating private investments with long-standing relationships with private sector organic importers among others from the EU, and is an EU MS institution. GIZ is currently implementing a project on the development of agricultural SMEs focusing on organic products in the areas of forming public private partnerships with European companies for better market access, and better certification and traceability of the products. The activities under specific objective 2 of this programme would be directly following-up on this.

In case the envisaged entity would need to be replaced, the Commission's services may select a replacement entity using the same criteria. If the entity is replaced the decision to replace it needs to be justified.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 5.3.3.

5.3.3 *Changes from indirect to direct management mode due to exceptional circumstances*

Calls for tenders (services) could be launched for implementation of specific objectives 1 and 2 where indirect management (preferred modality) cannot be implemented due to circumstances outside of the Commission's control.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution (EUR)	Total (EUR)
5.3.1 - SO 1: Increase food safety and quality compliance, through the adoption of good agriculture and hygienic practices by food producers and processors and an updated risk-based and well-coordinated food control system Indirect management with UNIDO and FAO	6 500 000		6 500 000
5.3.2 - SO 2: Increase the share of the Sri Lankan national organic market share through better standards, higher investments and increased consumer demand Indirect management with GIZ	3 000 000	1 000 000 (BMZ)	4 000 000
5.8 - Evaluation	200 000	N.A.	200 000
5.9 - Audit/Expenditure verification			
5.10 - Communication and visibility	100 000	N.A.	100 000
Contingencies	200 000	N.A.	200 000
Totals	10 000 000	1 000 000	11 000 00

5.6 Organisational set-up and responsibilities

The overall coordination of all components of the programme will be ensured through an overarching steering committee meeting co-chaired by EU Delegation and Government of Sri Lanka involving the implementing partners, financing institutions and representatives of the private sector. The steering committee meeting will take place every 4 months in the first project year and bi-annually later.

5.7 Performance and Results monitoring and reporting

Studies to set baseline data and targets as well as final data will be conducted by the entrusted entities during the inception phase and at the end of project implementation, respectively. The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix.

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per joint programming document should be taken into account. Where appropriate, indicators are gender-disaggregated. During inception phase (and eventually the review of the logical framework, specific attention will be given to disaggregate data by gender).

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the importance of the action, a mid-term, and final evaluations will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for learning purposes, in particular with respect to capacity development of government and private sector, responsiveness of the services to the need of the people including in relation to better availability and access to safe and quality food and effectiveness of the food safety and quality control system.

The final evaluation will be carried out for accountability and learning purposes at various levels (including policy revision), taking into account in particular performance against results by comparing start and end data. Possibility of replication of intervention to other provinces and the effectiveness of strategies used will also be assessed.

Special attention will be given to the rights-based approach, the capacities strengthen of right-holders and duty-bearers and the gender effects of the programme. Each evaluation will include gender expertise.

The Commission shall inform the implementing partners at least 60 days in advance of the dates foreseen for the evaluation missions. The implementing partners shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and

recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, evaluation services may be concluded under a framework contract in the second year and last year of implementation of the programme. In addition, implementing partners may also carry out their own internal evaluations, the findings of which should be shared with the EU.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and other agreements.

The Communication and visibility manual for European Union external action (or any succeeding document) shall be used to establish the Communication and visibility plan of the Action and the appropriate contractual obligations.

It is foreseen that a contract for communication and visibility may be contracted under a framework contract.

APPENDIX - Indicative Logframe matrix (for project modality)

	<u>Results chain:</u> <u>Main expected results</u> <u>(maximum 10)</u>	<u>Indicators</u> <u>(at least one indicator per expected result)</u>	<u>Sources of data</u>	<u>Assumptions</u>
Impact (Overall Objective)	The overall objective is to contribute to a more productive, sustainable, diversified, climate-resilient, market-oriented and inclusive agriculture in Sri Lanka	Quantities and value of perishable agricultural and fishery products exported from Sri Lanka Quantities and value of perishable agricultural and fishery products sold at the domestic market in Sri Lanka % increase of sustainable agriculture, livestock and fisheries products marketed complying with food safety requirements % increase of incomes by the targeted producers and MSME in the agriculture, livestock and fisheries sectors Women's labour force participation (baseline 36.4%) Agriculture earned income female/male (baseline 0.31)	National and project data and statistics Survey results Annual reports	<i>Not applicable</i>
Outcome(s) (Specific Objective(s))	SO 1: Increase food safety and quality compliance, through the adoption of good agriculture and hygienic practices by food producers and processors and an updated risk-based and well-coordinated food control system SO 2: Increase the share of the Sri Lankan national organic market share through better standards, higher investments	Metric tons of food products traded in compliance with food safety and quality standards Number of rejections of food products from external markets Share of organic products in the domestic food market The new Sri Lankan organic regulation protects domestic consumers against	National statistics Survey results institution level Project annual reports Monitoring reports National Export Strategy reports data/statistics	Government is supportive of the different programme components and committed to support the private sector driven approach. Beneficiaries from targeted value chains keen

	<u>Results chain:</u> <u>Main expected results</u> <u>(maximum 10)</u>	<u>Indicators</u> <u>(at least one indicator per expected result)</u>	<u>Sources of data</u>	<u>Assumptions</u>
	and increased consumer demand	misleading and fraudulent organic claims Investment into the Sri Lankan organic sector by international and local investors		to comply with food safety & quality standards
Outputs	<p>ER 1.1: The food safety and quality control system at the regulatory and institutional levels is robust and operates in line with international best practices to ensure safe food for consumers</p> <p>ER 1.2: Quality Infrastructure and service providers respond better to the needs of the public and private sectors for food safety and quality, through strengthened institutional capacity</p>	<p>1.1 - Road map for institutional reforms for better food safety</p> <ul style="list-style-type: none"> - Legal and regulatory framework for food safety and quality updated for # of high risk sectors - Appropriate institutional structure and process modalities - # of agreements/MOUs between stakeholders for better delivery of control - ICT platform available for food-borne illness surveillance, contaminant and residue monitoring and emergency preparedness <p>1.2 - # standards, codes of practice, guidelines and procedures created or updated, aligned with international best practices</p> <ul style="list-style-type: none"> - # of TC for standardisation having effective representation in international fora (mirror committees) - # of accreditation schemes (e.g. organic) with international recognition, or prepared (ready) to receive it - # of calibration and/or measurement capabilities available and ready for accreditation, participation in international inter-comparisons, or inclusion in the key 	<p>1.1 - Road map.</p> <ul style="list-style-type: none"> - Specific project reports. - Regulations and Laws - Technical project reports - Signed MOUs. - Technical project reports. - ICT platform <p>1.2 - SLSI standards list</p> <ul style="list-style-type: none"> - Reports from the NQI institutions - Reports from NQI institutions and stakeholders. - Information from international fora - Peer evaluation reports, mutual recognition agreements, or 	<p>ER 1.1-1.4: -</p> <ul style="list-style-type: none"> - Buy-in from government to work towards coherent regulatory framework. - Necessary data available to create ICT platform - SLSI and NQI responsible political authorities accept cooperation, integrate recommendations / advice into their respective strategic and operational plans, and have adequate infrastructure and sufficient human

	<u>Results chain:</u> <u>Main expected results</u> <u>(maximum 10)</u>	<u>Indicators</u> <u>(at least one indicator per expected result)</u>	<u>Sources of data</u>	<u>Assumptions</u>
	ER 1.3: Producers and enterprises comply better with food safety and quality standards through strengthened compliance capacity, and are more competitive.	<p>comparisons database</p> <ul style="list-style-type: none"> - # Reference materials available with certification or recognised traceability - # of international fora with effective participation of Sri Lankan institutions - # of accredited laboratory tests or prepared (ready) for accreditation - # of accredited or internationally recognised certification services (in the case of private certification schemes) for product or system certification for relevant standards, or prepared (ready) for it - # of accredited other conformity services (e.g. inspection, proficiency testing, personnel certification), or prepared (ready) for accreditation <p>1.3 - # of participants in trainings whose competence has increased as a result of the project activities</p> <ul style="list-style-type: none"> - # of organisations that participated in the training - # of businesses with implemented new management systems to comply with international standards. - # products covered with food safety or quality certifications - # of Metric Tons of food pass through the cold chain or use new technologies. 	<p>final audit reports</p> <ul style="list-style-type: none"> - Key comparison database from BPIM - List of accreditation scopes of calibration laboratories. - External audit reports - Reports from the MUSSD. - Project reports. - Report from SLAB - Peer evaluation reports, mutual recognition agreements, or final audit reports <p>1.3- Lists of participants, exams results, and certificates awarded</p> <ul style="list-style-type: none"> - Training material - Agreements with SME and other VC 	<p>and financial resources to carry out activities</p> <ul style="list-style-type: none"> - Responsible authorities and institutions support international recognition - Target beneficiaries commit and participate in planned project activities and in accordance to set timeline - Target beneficiaries commit and effectively participate in the planned project activities, in accordance to the set timeline - The cold chain and/or new technologies are

	<u>Results chain:</u> <u>Main expected results</u> <u>(maximum 10)</u>	<u>Indicators</u> <u>(at least one indicator per expected result)</u>	<u>Sources of data</u>	<u>Assumptions</u>
	<p>ER 1.4: Consumers, enterprises, institutions and other stakeholders are better informed and display practices driven by demand for safe and quality food</p> <p>ER 2.1: An enabling regulatory and policy framework for the</p>	<ul style="list-style-type: none"> - # businesses that improved production or management processes for enhanced productivity and performance - % volume of production by supported businesses - % non-conformities by supported business. - # of clusters or collaborative initiatives established - Metric Tons sold by clusters or collaborative initiatives, or traded through buyer-supplier platforms <p>1.4 - % of consumers with adequate knowledge on food safety (among the identified groups)</p> <ul style="list-style-type: none"> - Operationalised multimedia SBCC campaign - # of awareness or promotional activities conducted, for specific actors in the value chain - # of people reached through the awareness activities - # of copies of information/awareness materials distributed to the public and target groups (in printing/web) <p>2.1 # increase of workshops, advisory consultations and trainings with input from</p>	<p>members to receive technical support</p> <ul style="list-style-type: none"> - Project reports. - Inventory and service reports from cold chain management - Company reports - Constitution agreements (linkages/clusters) <p>1.4 - Sample surveys</p> <ul style="list-style-type: none"> - Campaigns with airtime, printed material and active on-line content (social media). - Agendas of the activities - Lists of participants - Materials developed - Copies distributed <p>2.1 Participation ratings</p>	<p>available at the 8th quarter of the project.</p> <ul style="list-style-type: none"> - Beneficiaries along the VC are committed to collaborate/cooperate - Beneficiaries are committed to accept support and to cooperate with proposed actions - Ministry/ies approves the campaigns to be aired/printed/established on social media - Local institutions are committed to support project activities <p>ER 2.1-2.4</p> <ul style="list-style-type: none"> - NOCU is

	<u>Results chain:</u> <u>Main expected results</u> <u>(maximum 10)</u>	<u>Indicators</u> <u>(at least one indicator per expected result)</u>	<u>Sources of data</u>	<u>Assumptions</u>
	<p>domestic organic food sector is established by relevant government authorities in line with international best practices.</p> <p>ER 2.2: National organic standards are introduced through certification (including Participatory Guarantee Systems (PGS) to guarantee food safety and quality, meeting consumer demands.</p> <p>ER 2.3: European and Sri Lankan private investment in the organic food sector is mobilised in the domestic organic food sector in line with EU environmental and sustainable principles.</p>	<p>IFOAM consultants</p> <p>2.2 - # increase of collaboration with interest groups, round table discussions and events. - # increase of participation at trade fairs; production of publications in collaboration with policy-making and private sector stakeholders</p> <p>2.3 - # increase of study tours to Sri Lanka for potential investors - Matchmaking and brokering investment deals - # manuals and guidelines with recommendations based on analysis of PPP specific challenges - Provide information and assistance to public sector to increase their capacities to enter PPPs - # increase of study tours to EU markets for Sri Lankan traders with potential to (increase) export</p>	<p>2.2 - agendas of events - lists of participants</p> <p>2.3 data from organic certifiers (Control Union, Lacon etc.) Statistics on rise of investment in organic agriculture sector; request data from EDB and verify with private sector partners bi-annually Joint assessment with partners from European chambers</p>	<p>committed and has the capacities to adapt organic policy according to IFOAM's recommendations - Official partners are committed to and have sufficient staff and resources to improve and implement standards in the best interest of the sector and the environment. - Certifiers are willing to establish a presence through better policies and a growing market. - Willingness and capacity of policy makers to formulate improved regulations</p>

	<u>Results chain:</u> <u>Main expected results</u> <u>(maximum 10)</u>	<u>Indicators</u> <u>(at least one indicator per expected result)</u>	<u>Sources of data</u>	<u>Assumptions</u>
	ER 2.4: Digital solutions ensure value chain transparency and contribute to farmers' market access and increase in income	2.4 Needs assessment and product outline in cooperation with the private sector have been carried out and potential cost sharing agreement between the program and the private sector has been negotiated	2.4 project data in collaboration with app designer, Sri Lankan exporters and European importers	<ul style="list-style-type: none"> - Trends and projections towards increased global demand for organic produce validated and trickle down to Sri Lanka. - Investors and SMEs committed to long term collaboration for mutually beneficial trade relationships. - Farmers willing to test application and realise benefits

Indicators will be gender disaggregated wherever appropriate and feasible.

EN



This action is funded by the European Union

ANNEX II

of the Commission Implementing Decision on the financing of the annual action programme
in favour of Sri Lanka for 2019

Action Document for Support to Justice Sector in Sri Lanka

<u>ANNUAL PROGRAMME</u>		
This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014		
1. Title/basic act/ CRIS number	Support to the Justice Sector in Sri Lanka CRIS number: ACA/2019/041-735 financed under the Development Cooperation Instrument	
2. Zone benefiting from the action/location	Sri Lanka The action shall be carried out at the following location: countrywide, however with a focus on those areas with large vulnerability pockets	
3. Programming document	The Multiannual Indicative Programme between the European Union and Sri Lanka for the period 2014-2020 and Addendum No 1 ¹	
4. SDGs	SDG 5: Achieve gender equality and empower all women and girls SDG 10: Reduce inequality within and among countries SDG 16: Promote peaceful and inclusive society for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	
5. Sector of intervention/ thematic area	Sector 2 – Democratic Governance and Reconciliation	DEV. Assistance: YES
6. Amounts concerned	Total estimated cost: EUR 19 274 299 Total amount of EU budget contribution EUR 18 000 000 This action is co-financed in parallel co-financing by – UNICEF for an amount of EUR 750 000 – UNDP for an amount of USD 592 780	

¹ C(2014) 5655 of 12.8.2014 and C(2018) 4741 of 20.7.2018.

7. Aid modality(ies) and implementation modality(ies)	Project Modality Indirect management with UNICEF and UNDP			
8 a) DAC code(s)	15130: Legal and judicial development 75% 15150: Democratic participation and civil society 25%			
b) Main Delivery Channel	4100 – UN Agency, fund of Commission (UN)			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships	Not applicable			

SUMMARY

The spurring of repeated communal violence and the eventual culmination in a twenty-six years long civil war has affected Sri Lanka as a whole. While the post-war government has focused on economic recovery, the country's economic model is however under strain and little has been done on social inclusion, particularly for those worst affected by the war. Recent attacks in April 2019 bear witness that communal divide is wider than earlier anticipated. In order for the country to propel its economic growth and reduce instability, it is vital to strengthen rule of law, government institutions, policies, staff capacity and the avenues by which rights-holders engage with their government. The justice sector is one where all of the aforementioned gaps are evident, and where the repercussions of these gaps affect the society as a whole.

The EU's 'Support to justice sector' project's (the Action) overall objective is to contribute to a more independent judiciary and an improved and responsive justice system in Sri Lanka. Its specific objectives are: (1) improved access to justice for all (in particular women, the poor and persons in vulnerable situations); (2) improved accountability, transparency and credibility of the justice system; (3) improved efficiency and quality of justice.

The Action also takes into account the fragility of the political/security situation as it supports institutions that are independent, with a proven/positive track record and that have a high impact on the general population. In addition, it targets those institutions within the government, where there are concrete gaps in implementation of policies and where the EU's support can lead to higher-level policy discussion. Furthermore, the Action is conducive to foreign direct investment, private sector development and economic growth. The Action takes into consideration the support for the effective functioning of courts and other Alternative Dispute Resolution (ADR) mechanisms (e.g. arbitration) for the speedy resolution of the commercial and civil disputes.

In terms of synergies, the Action complements the 'Strengthening Transformation, Reconciliation and Inclusive Democratic Engagement' (STRIDE) project, through which support to Mediation Boards under the purview of the Ministry of Justice is envisaged. The drafting of this Action was done in consultation with the Government of Sri Lanka and other donors in Sri Lanka, and took into account the challenges identified by the EU during the preparation of STRIDE, ongoing thematic projects related to justice, and the comprehensive report of the United Nations (UN) Special Rapporteur on independence of judges and lawyers on her mission to Sri Lanka².

1 CONTEXT ANALYSIS

1.1 Context Description

In 2015, Sri Lanka witnessed a change of government, which came into power on a 'good governance' agenda but it has been losing some momentum. With the taking of office by the government, the 19th Amendment to the Constitution was introduced which sought to strengthen independent institutions and constitutionally established the Right to Information Regime. The constitutional coup in 2018 was thwarted by the Supreme Court declaring the act to be unconstitutional, demonstrating that coalition politics had not impacted judicial

² <https://documents-dds-ny.un.org/doc/UNDOC/GEN/G17/074/80/PDF/G1707480.pdf?OpenElement>

independence or other accountability institutions. The ruling of the Supreme Court provided societal stability, firmly highlighting the need to cement the fragile gains in the rule of law in the case of future flouting of the constitution.

While the post-war government has focused on economic recovery, economic growth rate has been slow³. The economic model is under strain and little has been done on social inclusion, particularly for those worst affected by the war. Recent attacks of April 2019 bear witness that communal divide is wider than earlier anticipated. Vital to the country in propelling its economic growth and reducing instability, is the strengthening of rule of law, government institutions, policies, staff capacity and strengthening avenues by which rights-holders engage with their government. The Justice sector is one such field in which all of the aforementioned gaps are evident and repercussions of these gaps, can be seen in all sections of society.

Although Sri Lanka has a well-established common law based legal system, recent assessments disclose that there are compelling needs in access to justice, particularly for the marginalised groups and responsive judiciary. Responding to those needs will have a dual impact of a) reinforcing the right of access to justice by rights-holders, especially the vulnerable by providing accessible and quality services b) inducing a culture of institutional efficiency, accountability, transparency and equality that could open doors for discussions on further reforms.

1.2 Policy Framework (Global, EU)

The recommended actions are aligned with the following policies and instruments:

- EU Delegation's revised Multiannual Indicative Programme (MIP) following the Council Conclusions of 16 November 2015 and more specifically the 2nd focal sector 'Democratic Governance and Reconciliation';
- EU Charter of Fundamental Rights art 47; Treaty of the EU Art. 21(1) (2);
- Council Conclusions on the action plan on human rights and democracy 2015-2019.
- The new European Consensus on Development 'Our World, Our Dignity, Our Future' 2.4. Peace – Peaceful and inclusive societies, democracy, effective and accountable institutions, rule of law and human rights;
- Regulation No 234/2014 establishing a Partnership for cooperation with third countries (DCI instrument);
- 3426th FAC Conclusions November 2015 and Council Conclusions on Human Rights and Democracy 3179th FAC June 2012;
- Obj. 17 of the EU Gender Action Plan 'Equal rights and ability for women to participate in policy and governance processes at all levels;
- Joint Resilience Communication, 2017, specifically with regard to societal and state resilience and conflict prevention;
- SDG 5: Achieve gender equality and empower all women and girls; Sustainable Development Goal 16: Peaceful and inclusive societies for sustainable development, access to justice for all and effective, accountable and inclusive institutions at all levels and Goal 10 'Reduce inequality within and among countries'.

Further, the action is aligned with the conclusions of the GSP+ assessment of Sri Lanka⁴.

³ E.g. the Annual Real GDP growth rate dropped from 4.8% (2015) to 3.2% (2018) as per the Central Bank of Sri Lanka.

⁴ http://trade.ec.europa.eu/doclib/docs/2018/january/tradoc_156547.pdf

1.3 Public Policy Analysis of the partner country/region

The Universal Periodic Review identifies that Sri Lanka needs reforms to address delays in the administration of justice while also stating that measures relating to access to justice, particularly for women and other marginalised categories, need to be improved. This is further reiterated in the government-UN drafted document 'Peacebuilding Priority Plan'. The 19th amendment to the Constitution reinstates the independence of 9 key commissions including the Judicial Service Commission, National Police Commission and the Human Rights Commission of Sri Lanka. Despite recognition of separation of power and rule of law, certain constitutional provisions and practices have diluted this setup⁵.

Although Sri Lanka is party to most international treaties, the enforceability of a large number of these before national courts is conditional on passage of domestic legislation. The government has adopted several policy frameworks relevant to the issues identified in this action document.

The key recommendations of National Plan of Action to address Sexual and Gender-based Violence (SGBV), 2016-2020 include; (a) Access to Legal aid; (b) Access to justice; (c) promote and facilitate a gender sensitive justice system through dedicated mechanisms to address SGBV and minimize delays; and (d) Victim and witness protection. The National action for children (2016-2020) identifies three priorities, namely; (a) Juvenile and child-friendly justice; (b) Child labour; and (c) Children in need of protection and care. The policy highlights the need of prompt action, clear procedures and processes in the justice sector for child related issues.

The government strategy states that protection of human rights concerns of Internally Displaced People (IDPs) is key. In doing so, access to justice especially housing, land and property should be promoted. The policy states that the state shall review governance, justice and security structures to achieve greater responsiveness and accountability.

Other policies ensuring synergy include, the strategy document 'Vision 2025' with a dedicated chapter on governance and accountability and the National Human Rights Action Plan (NHRAP). The NHRAP contains action points amongst in particular 'introduce reforms to address delays in the administration of justice'. In addition, the Government cosponsored UNHRC resolution setting out Sri Lanka's commitments to promote reconciliation, ensure accountability and improve the human rights situation.

The Right to information Act from 2016, provides for a process to exercise the constitutional right of access to information. The Act is being used although lack of understanding of rights-holders and limited guidance by the government on its usage is an impediment.

Further, implementation of policies is suboptimal and incoherent. The justice sector has not evolved with the changing reality where rights-holders are comparatively more aware and demanding of their constitutional rights. Rights-holders have been victims of this even though mechanisms such as access to free legal aid are available⁶.

At the request of the Government of Sri Lanka (GoSL), Asia Development Bank (ADB) is conducting a sector wide needs assessment. In this context, increasing capacity of judges and procedural improvements are already identified as requiring urgent intervention. In the past, the judiciary has been open to engagement (e.g. Gender base Violence (GBV), child rights

⁵ E.g. role of the executive in appointment of Appellate and High Court Judges.

⁶ albeit with major gaps in the geographical coverage and quality.

etc.) with development partners depending on approval from the Chief Justice and the Judicial Service Commission (JSC). Any intervention targeting judges and courts requires approval from the Chief Justice. The appointed Chief Justice (April 2019) has, in his previous function as Attorney General, expressed willingness for engagement with the EU.

1.4 Stakeholder analysis

The selection of stakeholders was done in a manner in which, capacity reinforcement provided to them will (a) improve access to justice (b) reduce caseloads; (c) improve the quality of justice (e) improve court management to facilitate economic growth and attract investments; (d) increase accountability and transparency (f) empower rights-holders, especially women, girls, IDPs and marginalized groups and (g) favor the use of ADR mechanisms and (h) create an equitable, inclusive and representative justice system.

The Courts: The court system consists of the Supreme Court (SC), Court of appeal, High courts⁷ (Commercial and Criminal), first instance District and Magistrate courts, Labour tribunals⁸. Further, a dedicated Commercial High Court (CHC) was established to deal with specified commercial matters and high value commercial contracts. The SC is headed by the Chief Justice (CJ) and 10 other Justices who, together with 11 judges of the Court of appeal are appointed by the President subject to the approval of the Constitutional council⁹ thereby limiting the power of the executive. Although politicisation of the justice sector has reduced¹⁰ sector professionals lack sensitivity in the application of codes in respect of special groups (e.g. victims of GBV, minorities etc). Challenges such as judicial time being spent on management functions (i.e. budget, payments, court management) have further contributed to the inability of the judicial system to deliver timely or quality justice¹¹.

Judicial Service Commission (JSC)¹² and Judges institute: The JSC is a constitutionally created body comprising of the Chief justice and two senior Supreme court judges. The JSC's mandate is appointment, promotion, transfers and disciplinary control of the lower court judges; District judges and magistrates. The JSC is open to engagement with an 'appropriate' development partner¹³ but subject to the approval of the Chief justice. The **Judges institute** is the training arm of the JSC. The institute lacks technical resources in the development and conducting of tailored judicial training programs. The Judges institute has shown interest in

⁷The High court exercises commercial and criminal jurisdictions, by the 13th amendment, the Provincial High courts were established having appellate jurisdiction.

⁸ The Supreme court is the highest and final court of appeal. It also exercises jurisdiction in respect of protection of fundamental rights, election petitions, and it has a consultative jurisdiction on constitutional matters.

⁹ A constitutional body, which has political and civil society representation and includes both the Prime minister and the leader of the opposition. The Constitutional council is chaired by the Speaker of the House.

¹⁰ Appointments of appellate judges, budgets, promotions and post retirement assignments are avenues for political influence. Political pressure is generally targeted towards appellate courts, particularly those exercising constitutional and administrative law jurisdictions.

¹¹ Total caseload in Dec 2017 - 705 075 cases in 253 courts. Cases pending in Commercial High Court – 5 580. In the context of Lower courts, average workload is 2 000 to 6 000 cases per judge/year.

¹²The Judicial service Commission is a constitutional judicial governance body headed by the Chief justice who is joined by two other Supreme Court judges, appointed by the president. It is served by a 65-person secretariat. Note that the president directly appoints all apex court judges, subject to the concurrence of the Constitutional council, whiles High court judges are appointed by the president based upon recommendation of the Attorney general and the Chief judicial service commission.

¹³ In the past, most effective engagement has been with multilateral donors such as the World Bank and ADB due to their perceived political neutrality. Engagement with UN Agencies has been very limited and cautious as the mandate of the UN has at times brought in to controversies surrounding transitional justice issues of which too, the judiciary could be the ultimate arbiter.

receiving support and has welcomed the idea of an EU-Sri Lanka 'peer-institute twinning' set up. Support to the Judges institute, particularly training on making the judiciary more gender and human rights sensitive, will be of particular importance.

Ministry of Justice (MOJ): MOJ is the line ministry and the overseeing/coordinating body of policies and the interface between the executive and the judiciary¹⁴. The capacity of the MOJ is insufficient while its budget execution is said to be suboptimal (12%) and it has indicated interest in staff capacity building. Further, the MOJ lacks data collection on investigation, prosecution and sentencing of cases, including cases of GBV and other areas in a manner that enables fact based analysis and decision making. These shortcomings impact interventions in areas such as access for women/girls to victim assistance and protection, and number of shelters in the state party. The Action will assess existing barriers to court based justice for women and develop alternative, less adversarial mechanisms to help GBV victims.

Attorney General's Department (AGD): The AG's main mandate is that of being chief legal adviser to the government and conducting of public prosecutions. All indictments, including on GBV and child abuse cases, are filed by the AG based on police findings¹⁵. Although the AGD does not have investigative powers, increasingly the police and magistrates depend on the AG for guidance. This has given the AG an influential role in the criminal justice system and the work of the AGD is directly linked to performance of courts. The AGD has a heavy case backlog/bottlenecks in expediting cases, mainly due to poor capacity, processes and coordination with other agencies such as the Government Analysts' Department (GAD) and Judicial Medical Officers (JMOs), and limited infrastructure. The AGD has indicated interest in getting assistance such as in data collection, communication, training, filing, digitisation, coordination, better application of law etc, particularly to reduce case backlogs. It is noted that a significant number of case backlogs are those related to sexual crimes targeting minors and children¹⁶. AGD is required to vet each Bill drafted by the Legal Draftsman's Department (LDD). A number of Bills have been delayed due to lack of efficient coordination between the two departments.

Government Analysts' Department (GAD): Forensic investigations are centralised under - the GAD which provides services to police investigations, to the AGD for prosecution, and to the Courts throughout the country. The GAD consists of food science and forensic science departments, the latter providing support in crime investigations. The GAD is severely capacity-constrained for its wide mandate and geographic scope¹⁷. The department is open to receiving assistance both in terms of resources and training¹⁸. Better coordination between GAD, AGD, police and courts is needed. The police does not have forensic laboratory capacity but has created a Scene of Crime (SOC) division working closely with GAD.

¹⁴ Budgetary requests, including cadre requirements are routed through the MOJ. Maintenance of court infrastructure and formulating domestic laws (including those necessary to implement Sri Lanka's international commitments) that impact justice issues are some of the key responsibilities of MOJ.

¹⁵ The 2017 Performance report estimated 17,600 pending files relating to child abuse and the conviction rate is very low (e.g. only 161 convictions in child abuse cases in 2017).

¹⁶ The UN Special Rapporteur's report (2016) states that in cases involving traumatic experiences for women or children, state counsels tended to display 'a shocking lack of sensitivity and were in dire need for training'.

¹⁷ GAD also provides scientific analysis and examination services to departments of customs and excise, ports authority, lower government bodies and health sector institutions. As per the MOJ Performance report 2017, the number of cases pending due to not receipt of GAD reports as at 31.12.2017 is 7 168, with majority of them not relating to 'Blood and other physiological fluids'. The Auditor General's report highlighted that in 2015, there were 3 955 remaining samples with some being older than 10 years.

¹⁸ GAD was a recipient of training under the Korean International Cooperation Agency (KOICA) on analysis of DNA and also established a digital forensic laboratory.

Legal Draftsman's Department (LDD): LDD's mandate is drafting of laws and regulations, and conversion of policies into laws. The capacity of the LDD is low. Further, the lack of capacity to translate into Tamil and Sinhalese¹⁹ is one contributor towards delays in consolidating/codifying of laws and drafting of new laws²⁰. The MOJ Performance report (2017) highlights insufficient coordination with the LDD as one of the reasons for delay in passage of bills, including children (judicial protection) bill, drafts of which have alternated between the LDD and AGD since 2015²¹. As of 2017, 462 bills were pending with the LDD, awaiting observations of the AGD or the relevant line ministry.²² LDD is open to and can benefit from technical (including capacity development) and systems improvement assistance.

Legal Aid Commission (LAC): The LAC is the only statutorily mandated free legal aid service in the country. One of the least politicised legal institutions, LAC operates independently. Lack of funds and capacity limit the quality of services provided by the LAC. The LAC has a good network of local officers and its beneficiaries are predominantly IDPs, vulnerable women and children, provided their income is below the specified amount (approx. Euro100/- per month). From its 82 centres, more than 26 000 pending cases were brought forward from 2016 to 2017, and during Jan - Sept 2017, there were more than 35 000 pending cases of which merely 6 013 were concluded. LAC has the experience and has demonstrated keenness to work with the EU and to receive both technical and financial assistance.

Bar Association of Sri Lanka (BASL): The BASL is a professional body of more than 21 000 attorneys in Sri Lanka. Although BASL would be key in promoting high standards of conduct through advancing a principled approach, it has not performed its limited regulatory functions effectively. Absence of or weak continuous professional development and continuous legal education contribute to loss of capacity and low confidence by rights-holders. Support given to BASL is expected to increased confidence and new mind-set of lawyers, which form a powerful lobby with interests of their own. BASL has its own pro bono legal aid system, which can be structurally improved and better coordinated with that of LAC.

Human Rights Commission (HRCSL)²³: The HRCSL²⁴ benefits from strong Commissioners (2018–2021) but lacks financial and human resources and capacity, leading to a large backlog of cases²⁵. HRCSL's mandate includes both investigation of individual and systemic violations and, advising the government on its commitments under international human rights treaties. The HRCSL has unprecedented access to and the right to call for information, although its recommendations are non-binding similar to the LAC. HRCSL has a well spread network and has engaged its mandate on specific concerns (e.g. GBV, child rights, IDPs, language rights etc.) and is open to assistance to enhance its effectiveness and to expand its scope – particularly on rights of women, IDPs and other vulnerable categories.

¹⁹ Even the 19th Amendment to the constitution had many glaring discrepancies and contradictions between English and Sinhala/Tamil versions.

²⁰ An official consolidation of laws was done in 1956 while an attempt made in 1980 was suspended due to LDD's inability to translate. Translation capacity is an urgent need and this has a direct impact on the Tamil speaking minorities.

²¹ All bills have to be formally certified by the AGD with regards to its constitutionality prior to the same being presented to Parliament by the relevant subject Ministry.

²² MOJ: Performance Report – 2017.

²³ Human rights commission and the National police commission have benefitted as a part of a 24 month, countrywide, EUR 8.1 million IcSP project 'Catalytic support to reconciliation'. The project offered support in the preparation of a strategic plan, training needs assessment, strengthening outreach and community education, strengthening investigation capacity/case management and complaints handling mechanisms, research support etc.

²⁴ Designated an 'A' status by the Global Alliance of National Human Rights Institutions (GANHRI) in May, 2018.

²⁵ The HRCSL has high individual complaints i.e. 1400 complaints per quarter (Annual Report 2016).

National Police Commission (NPC): NPC has the responsibility for human resources that includes recruitment, promotion, and disciplinary control of the police. Expansion of the police service, during the war years (1979 – 2009), resulted in the dilution of promotion assessment methods and today the promotional systems within the police lack incentives for the police to perform their core functions. NPC also has the authority to provide capacity enhancement of police officers especially with regard to investigations in GBV and child abuse – an area, which requires urgent support. The Police commission has been accepting of Instrument contributing to Stability and Peace (IcSP) assistance such as support to communication and outreach, formulating a strategic plan and implementation strategy.

Judicial Medical Officers (JMOs): Any person or child subjected to any kind of physiological harm has to be examined by a JMO. The JMO issues a Medico Legal Examination Form (MLEF), based on which the investigating police officer forms an opinion whether a criminal investigation should be initiated. JMO is also expert witness in all criminal trials. Although statistics are limited, it is clear that Sri Lanka lacks sufficiently trained JMOs, resulting in delays and inadequate medical assessments. This is of great importance for cases concerning child abuse²⁶ and SGBV²⁷. It is therefore necessary to engage in the work of JMOs, which is a key player, particularly in cases related to women and children.

With regard to enhancing the efficiency of the justice sector for fostering economic development the AD targets the following:

Commercial High Court (CHC): CHC is a dedicated court that hears cases of a commercial nature including contractual disputes, the value of which is more than LKR 20 million (EUR 100 000). Issuance of practical directions or updated Judge's manual and training with respect to commercial cases, as well as improved recordkeeping systems, development of automated case management system, information on tracking of appeals, application of relevant sections of the Arbitration act, would be of particular use. One of the ways of reducing the burden of formal court proceedings is to develop and encourage Alternative Dispute Resolution (ADR) mechanisms. The Arbitration act was intended to provide the courts only with a supervisory role however allowing for parties to invoke the jurisdiction of court only in limited occasions.

Alternative Dispute Resolution (ADR): ADR encompass two mechanisms i.e. arbitration and mediation. Commercial arbitration was encouraged as a response to the delays in court-based litigation and rapid internationalisation of commercial transactions but it is slower than the courts themselves. The arbitration process puts burden on the commercial court to expedite cases. This is because a number of arbitration awards are either contested in the Commercial court or potential litigants completely bypass commercial arbitration altogether. Commercial mediation recently saw an increase of the ceiling from 150 000 LKR to 500 000 LKR - which led to bottlenecks for traditional general mediation. A remedy would be the creation of specialized commercial mediation boards.

²⁶ According to a UNICEF study, 60.4% of the files pertaining to children in the AGD could not be processed due to absence of JMO reports.

²⁷ UN Special Rapporteur observed that although the Police ordinance requires every person in police detention to be examined by a JMO prior to being presented in court, however only in 20% of the cases, this is done. The Rapporteur also noted that the JMO cadre lacks sufficient number of female officers.

Parliamentary Commissioner for Administration (Ombudsman): The constitutionally appointed Ombudsman has a direct link to the legislature and has the authority to place matters, after inquiry, before Parliament. A 2017 report indicates that Parliament had received 1 380 complaints against violations of rights due to executive and administrative actions. Of these complaints, 25.5% were by women rights-holders. The Ombudsman, a former Supreme court judge, has actively sought support from the EU, particularly to developing and strengthening mechanism for systemic analysis and tracking of complaints and for trend spotting so that early intervention, through Parliament, could be initiated. The role of the Ombudsman is relatively unknown among the general public and its strengthening could result in a strong redressal mechanism for the most vulnerable, particularly women.

Civil Society Organisations (CSOs): CSOs were consulted for the formulation of this Action as their role is vital in monitoring cases pertaining to the vulnerable communities, performance of the police, of the Legal aid commission, AG's Department and the courts, and implementation of the Official languages policy. A private sector think tank has been identified as an apt organisation to analyse and disseminate information periodically. Synergies and complementarities with EIDHR and CSO and the EU funded reconciliation programme (2017) will be established to promote language skills of public servants in critical areas of public service delivery such as police stations, court rooms and health clinics.

1.5 Problem analysis/priority areas for support

The limited 'independence' that the governance system associates with the justice sector has resulted in weak accountability, while its related processes have identified as being some of the main causes for inefficiencies, delay and lack of transparency. Further complexities arise due to the power yielded by the institutions, with formal and informal overlaps in terms of functions. The dual challenge in working on this sector comprises of a) having to engage with multiple stakeholders in order to achieve the given outcome and b) having to work with powerful, archaic institutions making reforms challenging bearing in mind the balance of independence versus sector accountability. It is expected that improvements to targeted justice sector institutions will be a pull factor for other institutional improvements (e.g. improvements to court processes would induce a push for improvements in the work of related agencies such as the Police, National child protection authority etc.).

For the justice sector, key challenges can be classified into 10 categories:

1. Complex procedures and weak case management systems leading to delays in the processing of cases thus resulting in denial of access to timely and efficient justice.
2. Low capacity of justice sector professionals (concentration of quality legal providers only in certain areas, politicisation, linguistic limitations and high costs of legal services) and officials impacting quality justice.
3. Insufficient connectivity/cooperation between institutions involved in judicial and protections systems/complaint mechanisms resulting in inadequate service provision thus leading to low access to justice, reduced legal protection and violation of rights, particularly for the most vulnerable, further marginalizing them.
4. Low legal literacy (rights, entitlements and their enforcement) of rights-holders, coupled with limited transparency, accountability, and low sensitivity of protection

institutions resulting in lack of responsiveness, and rights-holders' reduced faith²⁸ in the system.

5. Limited access to quality legal assistance in a timely and a cost-effective manner particularly for groups living in vulnerable situations and rural populations, due to systemic impediments including language barriers.
6. Inadequate gender responsive policies and weak implementation of the existing protection mechanisms in a gender responsive manner.
7. Cumbersome and insufficient dispute management infrastructure leading to delayed and costly settlement of commercial disputes, enforcement of contracts, and effective protection of related economic and property rights.
8. Lack of efficient management structures in the institutions of the judiciary and high costs of the system while at the same time budgets are not being efficiently spent and understaffing.²⁹
9. Limited willingness of the judicial institutions to work with each other (silo culture).³⁰
10. Unwillingness of the judicial sector to engage with civil society and the media.

The highlighted challenges are in line with the rankings of the country in relevant indexes. Sri Lanka scores 0.52 in the 2019 World justice project Rule of law index, ranking 62 out of 126 countries,³¹ Furthermore, even if Sri Lanka's overall score in the 2019 World Bank Ease of doing business index is above the regional average (61.22 against a South East Asia regional average of 56.71), the performance in the specific enforcing contracts indicator (the one specifically relating to commercial justice) stands instead well below the regional average: Sri Lanka scores 41.16 against a regional average of 43.44, ranking 164 out of 190 countries³².

The backlog of cases (a total caseload of 705 075 countrywide) that has built over a period of time in the courts as well as key institutions such as the AGD has the potential to paralyse the system in the medium term even at its current rate of operations. In the context of backlogs, the Attorney general's department has been identified as having a lack of sensitivity, particularly while dealing with cases such as rape and child abuse whereas 70% of the case backlog is in historic sex abuse cases. In addition, it is estimated that there are ca 5 000 criminal cases related to child sexual abuse pending trial in the courts, while another 17 500 child sexual abuse cases are pending in the AGD, with an average delay of 6-8 years.

²⁹ A prime example of the lack of overall capacity is reflected in the 2017 national budget, where key actors such as the Attorney general's department received EUR 6.7 million of which barely 69% was spent, whereas other crucial departments such as Department of legal draftsman and Department of government analyst received a mere EUR 697 000 and EUR 1.8 million respectively, of which 89% and 94% was spent. Similarly the expenditure of the independent commission such as the Human rights commission and the National police commission was 64% and 63% respectively indicating challenges in implementation. A systematic assessment of the financial cost of the judiciary in comparison to other countries has not yet been undertaken.

³⁰ Institutional arrangement has not undergone a strategic revision particularly from an efficiency and effectiveness angle. Many of the institutions are weak and lack a required degree of sophistication in carrying out their respective mandates.

³¹ with a deteriorating trend mainly due to the civil justice and criminal justice factors (lack of accessibility and affordability of justice, unreasonable delays, lack of enforcement of judgments, lack of timely and effective adjudication etc.).

The manner in which the sector stakeholders and decision makers are dispersed has made it very challenging to achieve desired outcomes as many of the past interventions have been with a very narrow focus targeting one or two institutions instead of having a comprehensive approach. Key sector professionals such as judges, lawyers and state counsels are not subjected to adequate, formal, and regular continuous professional development initiatives especially in relation to areas such as GBV, child and minority rights.

The government over the years has on many occasions cited the need for a more efficient justice sector, a sentiment that was reiterated by a number of Chief of justices and the current Attorney general. The application of the recently enacted Right to information act and the National audit act is however yet to gain traction in relation to the justice sector.

Rule of law, supported by an efficient judicial system, will be the foremost factor that will have a significant impact towards establishing ethnic harmony, reduce ethnic grievances and discrimination, and will be key in securing property rights and enforcing contracts, which in turn are critical factors for investment and commerce, and hence poverty reduction and economic growth.

The action will engage in all 10 areas of challenges outlined above. This is based on the thinking that it is insufficient to just work on isolated elements of the judiciary value chain as solving a problem in one element of the chain is likely to create more problems downstream and therefore issues need to be tackled simultaneously and in close coordination with other assistance programmes.

The current action will assist in asserting the independence of select institutions irrespective of the party politicking. Working on the judiciary could thus provide a platform for confidence building in public administration, where political feuding is separated from essential service provision. This could also provide a potential leap board for the EU to engage dialogue on systemic reforms.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Changes to the heads of targeted institutions and the Cabinet of ministers/portfolios may result in hurdles in programme management and implementation	M	The EU monitors/engages with administrative actors to pre-empt negative impacts to policy and programme initiatives. There will be fluidity to make adjustments to activities, as required, to correspond to context changes. If there is no continued political and/or administrative buy-in for a particular activity/output, then funds can be diverted to the remaining components. The alternative activities/outputs will nevertheless contribute substantially to the expected outcomes. The appointment of

		the current Chief justice in April 2019 with a 5-year tenure will enable program consolidation. Further, the AG has also been recently appointed (indefinite term) as has a new president of the BASL (for a period of 2 years).
Lack of independence of and increasing politicization of the public sector and lack of a merit-based system for the public service, may increase challenges to institutional, and service delivery reforms in the public sector, particularly at an outcome results level.	M/H	The whole of sector approach, including policy dialogue, technical assistance, information to the public and key parliamentarians will assist in limiting politicization to a great degree as there will be a system of checks and balances.
Change in the members of the independent commissions may result in a change in course (priorities, strategies, etc.) of these commissions.	L	The current Human Rights Commissioner has recently been reconfirmed for a period of 3 years and the Legal aid commission president with an indefinite employment term and has stated that he will continue in his post over the coming years. However, to circumvent future challenges, the intervention we will try to strengthen the institution through technical assistance in order to be less individual reliant, and in order to enable the commissions to be able to perform their tasks irrespective of the change in the leadership.
A change in government following elections in 2019 and 2020 respectively, may result in the incumbents being averse to initiatives with/solely with a governance and peace building focus.	M/H	The Action has been formulated to contribute to long-term development objectives linked to SDG, 5, 10 and 16, to which Sri Lanka has subscribed. As such, the Action would span successive government terms and would be considered as an achievement to show to the electorate. Activities are formulated in a way that should appeal to any government wishing to improve the effectiveness and efficiency of the legal system. The emphasis being on technical improvements will assist the programme further. Independence of the judiciary will also contribute to shielding the programme. See also response to risk no 1.
Interference from various segments of the central government, resistant to an agenda of strong justice mechanisms in place and risk of	M	Regular dialogue with the government on the benefit of timely and efficient delivery of justice, particularly for women, children, IDPs and the vulnerable, which

interethnic tensions that negatively impacts access to justice (particularly by minorities) post Easter Sunday attacks.		will not be perceived as a threat. Public statements including joint statements on societal harmony/tolerance in addition to regular dialogue with the government. Building synergy between EU programmes particularly between the reconciliation programme that has a strong language component and the current justice sector programme (specifically the component on access of justice).
Assumptions		
<ul style="list-style-type: none"> • Government is at best supportive and at worst non-interfering, in the different programme components and is committed to strive for improved justice (at least for the grassroots') through better and coordinated management of the various institutions in place. • Government is willing to consider aspects of reform in the sector that will have a long-term positive impact. • Influence of extreme views resisting change remains within manageable limits. • Unwillingness of actors in the judiciary to work together can to some extent be overcome. • Commitment from the Chief justice/Judiciary would minimise external interferences. 		

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

The programme builds on lessons from the ongoing IcSP project ‘Catalytic Support to Peacebuilding Sri Lanka’ through which support to transitional justice mechanisms is being provided, including support to the independent commissions i.e. Police commission and Human rights commission. One of the takeaways from the project is that support to independent commissions should build on the existing needs assessments that were conducted and should support implementation of already developed policies. In addition, assistance in building capacity including comparative research, public outreach, data collection, policy-making, gender mainstreaming in applicable policies, have potential for maximum impact. The support to Legal aid commission builds on the successful implementation of three thematic projects (EIDHR/CSO-LA) on access to justice. The main finding of the support given was that, despite being a well-managed and independent organisation; there was lack of capacity at the grassroots' level, particularly quality of assistance and reluctance to take on criminal or fundamental rights cases. A large number of people³³ were assisted by the commission but mainly in matters related to divorce and labour affairs. The varying needs of the vulnerable population are however large and range from property rights/disputes to human

³³ Vulnerable women mainly and to a great extent children. E.g. one project worth ca EUR 300 000 witnessed the following results: 2 000 people received one on one counselling, 3 500 received missing documentation (birth/death/marriage certificates), 700 people received court representation on civil, political rights and housing, and 300 people were provided victim support at police stations.

rights and fundamental rights violations. In order to provide quality assistance, it is imperative for the commission to be able to process a diverse range of complaints for which capacity, greater geographical coverage and knowledge of the citizens of the available services, is necessary. Other initiatives such as the bilateral support provided by the EU-Support to District Development Programme (SDDP) highlights the urgency in addressing the justice sector, given the benefits the vulnerable communities in particular women and children will reap. More specifically, supported through the EU-SDDP, the women and child desks at police stations were an important initiative, appreciated both by the State authorities and the general public. This has increased the appetite for a more gender responsive approach to police services and the recognition of a (gender) gap in activities implemented by the police.

3.2 Complementarity, synergy and donor coordination

Key development partners in the country include Asian Development Bank, Japan International Cooperation Agency, the World Bank and Agence Française de Développement as development financing institutions and Australia, Canada, Germany, the EU, India and the USA as bilateral partners. With regards to support to reform in the justice sector, USAID and to some extent UNDP are the only actors with varied actions being undertaken across the board. The ADB is providing technical assistance to develop a comprehensive Strategic action plan for the justice sector focusing mainly on civil and commercial law. UNICEF is also active in supporting actions that target protection and promotion of children's rights in the context of timely delivery of justice. Learnings and more specifically observations on gaps and opportunities of these agencies have been taken aboard in the drafting of the Action. In addition, Canada offers language training to representatives of the judiciary and police so that they can interact better with non-Sinhala speakers. The UK has been providing assistance in the field of human rights, support to the LDD and capacity building of the judiciary and was consulted in the drafting of this Action. Furthermore, the EU is part of the Working group on reconciliation. It meets regularly as a forum for exchange of information, overall coordination of donors supported projects and update on issues which include transitional justice. It is also envisaged that a dedicated regular donor coordination the justice sector will be set up in addition to the EU participating in steering committees that will be a result of the support to the justice sector.

The action is also shaped by an ongoing IcSP project, implemented by UNDP, UNICEF and UN HABITAT i.e. 'Catalytic support to peacebuilding in Sri Lanka' and the AAP 2018 'STRIDE' project. In the context of the IcSP initiative, support to two independent commissions i.e. Police commission and the Human rights commission is already being provided and the suggested activities in the Action document will build upon work that has already been undertaken. With regards to STRIDE, work in the field of justice will commence at the grassroots level through support to mediation boards. The latter is expected to go hand in hand with access to justice work at the ground level. As the general mediation boards also undertake commercial mediation thus causing bottlenecks due to lack of training/knowledge/workload, the current Action document through the learnings of STRIDE aims to support specialised commercial mediation boards, which will impact both the general mediation boards and the Commercial high courts positively.

EU support to the justice sector is also grounded on in several small-scale actions supported through the thematic instruments. It is to be noted that there have been 3 successful initiatives that targeted access to justice via the Legal aid commission. The action will complement the

EU programme ‘Strengthening reconciliation processes in Sri Lanka’, focused on non-recurrence of violent conflict, implemented by GIZ and the British Council. More specifically the component of the aforementioned programme that aims at reducing language barriers that deter access to public services, will be crucial.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

Overall Objective: The overall objective is to contribute to a more independent judiciary and an improved and responsive justice system in Sri Lanka.

Specific objectives/outcomes are:

SO 1: Improved access to justice for all (in particular women, the poor and persons in vulnerable situations).

SO 2: Improved accountability, transparency and credibility of the justice system.

SO 3: Improved efficiency and quality of justice.

The expected outputs are:

EO 1.a. More efficient and accessible legal aid (i.e. legal representation) for vulnerable communities, with a specific focus on women, IDPs, PwDs and children.

EO 1.b. Strengthened capacity of independent institutions to scrutinise government performance and support individuals in claiming and defending their rights.

EO 2.a. Promoted and improved access to legal information to professionals, CSOs, individuals and watchdog/accountability organisations including on justice sector performance for the public.

EO 2.b. Increased capacities of different justice sector actors to develop and enforce codes of ethics and professional conduct.

EO 3.a Increased management, administrative and technical capacities and improved processes of the justice actors, including the Ministry of justice, judiciary, courts including commercial courts, prosecution services, and lawyers, to meet the justice needs of the population.

EO 3.b Established mechanisms/platforms for improving cooperation and coordination between justice actors.

The indicative activities are:

The activities under output **1.a. *Efficient and accessible legal aid (i.e. legal representation) for vulnerable communities, with a specific focus on women, IDPs, PwDs and children***, are:

1. Enhance the capacity of LAC to increase its scope in providing of free legal aid centres in the country.
2. Improve the capacity of lawyers working on pro bono cases for women and people in vulnerable situations.
3. Improve knowledge and capacity of state appointed lawyers working on criminal justice.

4. Enhance level of awareness of specific rights, entitlement/obligations of the rights-holders.
5. Improve quantity and quality of interpretation and translation services at all stages of judicial proceedings; police forces should also have access to quality interpretation and translation.
6. Improve level of awareness of CSOs involved in access to justice, defence of human rights, and women's rights and their dialogue with duty-bearers.

The activities under output **EO 1.b. *Strengthened capacity of independent institutions and Commissions to scrutinise performance and support individuals in claiming and defending their rights***, are:

1. Conduct system reviews and individual institutional assessments of each of the targeted independent institutions to assess their current status, gaps in achieving their mandate and their potential for reform to achieve the stated outcomes.
2. Review of procedures and procedural norms with a view to streamline business practices, including location of barriers contributing to backlog.
3. Support the independent commissions to establish and/or develop grievance handling mechanisms capable of generating complaints related data for decision making.
4. Support the establishment and implementation of a plan of action to improve women's role including representation (e.g. National police commission) in areas that it is lacking.
5. Developing means, mechanisms and methods for engagement with and educating the public on justice and accountability issues and to facilitate easier and better access to the justice system.
6. Ensure systematic collection and analysis of data on all forms of gender-based violence against women, disaggregated by age, ethnic group, region and relationship between the victim and the perpetrator.

The activities under output **EO 2a. *Promoted access to legal information to professionals, CSOs, individuals and watchdog/accountability organisations including on justice sector performance for the public***, are:

1. Capacity building of institutions in collecting sex disaggregated data (age, gender, income, vulnerability ranking etc.) in their field of work.
2. Support in the analysis of data in order to strengthen the quality decision making and performance review.
3. Disseminating of data to the wider public including CSOs, media, other accountability institutions.
4. Regular and updated monitoring of the various statistics and performance of the identified institutions, in order to provide the wider community with quality information.

The activities under output **EO 2b. *Increased capacities of different justice sector actors to develop and enforce codes of ethics and professional conduct*** are:

1. Support the introduction and improvement of policies, manuals, procedures and processes of the Judicial service commission.

2. Assist the Ministry of justice and other targeted justice sector institutions in updating policies, legislations and regulations.
3. Assist in developing transparent and non-discriminatory human resources policies at all level of the justice system and administration (e.g. recruitment and promotion procedures, language requirements for certain positions etc.).
4. Support the establishment and implementation of a plan of action to improve women's representation in areas that it is lacking, ensuring in particular representation of women at higher levels in the justice system.
5. Develop codes of conduct for sector professionals (e.g. revising the Judge's Manual, separate Codes of conduct for State counsel and lawyers) and those of other accountability institutions.
6. Provide assistance for the development and delivery of a formal continuous professional development program targeting judges and lawyers.

The activities under output **EO 3.a** *Increased management, administrative and technical capacities and improved processes of the justice actors, including the Ministry of Justice, Judiciary, courts including commercial courts, prosecution services, and lawyers, to meet the justice needs of the population*, are:

1. Capacity building of justice sector personnel and those of targeted institutions in relevant areas including administration, transparency and accountability, sensitivity³⁴ and responsiveness particularly in dealing with issues/cases relating to GBV, child abuse, IDP rights and those of marginalized communities including international laws relating to criminal justice.
2. Initiate safe rooms for statements especially for youth, girls and women.
3. Support the establishment of residential institutions for children survivors/victims that are separate from those institutions that target children in conflict with law.
4. Review and improve existing work processes including those pertaining to commercial cases/business case resolution.
5. Develop IT based resource centers and improve legal literacy for the benefit of justice sector professionals and systems users.
6. Introduce at a pilot level court administrators to assist judges in the management of the courts.
7. Provide support to enhance capacity for legislative drafting, consolidation of laws and translations, and to make available laws and subsidiary legislation accessible to the public.
8. Set up peer to peer contacts, on a pilot level, with courts in other more developed countries to assist Sri Lankan judges in making their courts more efficient.
9. Enhance sensitivity and responsiveness, by training, of 'first point of contact' individuals such as JMOs, police officers, other similar professionals especially of girls and women victims of violence approaching the legal services.

³⁴ Includes conflict and gender sensitivity.

10. Develop training modules for lawyers, judges, mediators and business intermediary institutions such as chambers of commerce on alternative dispute resolution (ADR) (e.g. business mediation, arbitration and settlement techniques) in particular on commercial mediation. Assess the feasibility of establishing specialized mediation boards.
11. Inform the business community about alternative dispute resolution mechanisms for business disputes.
12. Expose the business and legal community to business ombudsmen in other countries and assess feasibility of establishing one in Sri Lanka.
13. Assess the feasibility of setting up an international arbitration scheme and if appropriate take steps in implementing these.
14. Review and enhance pre-trial procedures and introduce court-based mediation.
15. Study the reasons for backlog and if necessary establish a special unit in the Attorney general's department to expedite the handling of cases of sexual and GBV, with clear and proper guidelines for the investigation of crimes and the prosecution of perpetrators, including victim-oriented protocols that respect women's and children's rights.
16. Ensure systematic collection and analysis of data on all forms of gender-based violence against women, disaggregated by age, ethnic group, region and relationship between the victim and the perpetrator.

The activities under output **3.b. Established mechanisms/platforms for improving cooperation and coordination between justice actors** are:

1. Review and revise coordination protocols and establish new protocols where it is necessary.
2. Strengthen sector secretariats in order to fulfil their coordinating role.
3. Strengthen dialogue/coordination within the branches of the justice sector for instance on implementation of the relevant sections of the Human rights action plan and the Gender based violence action plan.
4. Support coordination in order to ensure that there are evidence based assessments such as sector strategy, investment plan, evaluation of the sector strategy, expenditure reviews and other related assessments.
5. Consolidate the role of the National authority for the protection of victims of crimes and witnesses, principally through training.
6. Support establishment of IT based coordination and communication mechanisms.

4.2 Intervention Logic

The intervention logic is based on the assumption that weaknesses in the justice and accountability sectors are major constraints for an improved accessibility and quality of service delivery. The set of problems that affects the effectiveness, transparency and accountability of the justice sector and the lack of trust of the rights-holders in the system call for a two-pronged strategy. Capacity building of the targeted judicial institutions and independent commissions, improved coordination, training of judges, review of procedural

norms, practice and management of court cases both at national, provincial and district level, capacitating JMOs and other key actors, providing alternative methods of delivering justice, improving processes including those pertaining to the Commercial court/ business case resolution, are expected to reduce the serious backlog of court cases and quality of the services provided by the duty-bearers. On the second front, addressing practical barriers of rights-holders approaching the justice system like geographical access to legal aid centres, access to qualitative assistance, improved knowledge of process and rights/responsibilities, is expected to improve the experience of people thereby increasing trust in the judiciary. Specific attention will be given to both disadvantaged groups such as women, economically disadvantaged communities, children, people with disability, minorities, IPDs, etc. on the one hand and the business community on the other hand. The Action is based on the assumption that increased confidence of the rights-holders in the institutions as well as improving capacity/skills at the level of service providers will establish a justice system responsive to the rights of the people. This is also expected to indirectly promote inclusive growth and ultimately economic development. Overall, institutional change in the justice system is expected to happen slowly bearing in mind established attitudes, entrenched interests and overlaps in terms of institutional responsibilities as well as resistance to change. Political meddling is a permanent risk. It is therefore expected that some of the proposed activities may fail but is difficult to predict beforehand which ones exactly these will be. The strategy to counter these obstacles will be to adjust activities in a flexible manner, to benefit from windows of opportunities and above all to work in a way where some activities are totally disconnected from others in terms of likelihood to succeed. In other words, correlations and links will sometimes be avoided instead of being sought. The design and implementation of any measure should be done in consultation with all key stakeholders, in particular, judges, lawyers and State counsels. An approach of varying engagement with the stakeholders will be followed: The more they are willing to reform, the more they are willing to improve their service delivery and transparency, the stronger the EU engagement will be.

While the programme will focus on the identified institutions, it is not excluded to work with other institutions of the judiciary taking in account the value-chain approach (inviting them for trainings for instance).

An inception phase of up to 6 months will be implemented during which baselines will be established and activity/reform plans with all participating institutions developed.

4.3 Mainstreaming

Rights Based Approach: The Action adopts a rights based approach. It will strengthen the capacity of the duty-bearers of the targeted institutions to be more responsive /accountable, transparent and inclusive, and applying all rights to the public. Although the Action is aimed at primarily public institutions and professional bodies, it includes support to civil society in particular the media. This will target the demand-side with the ultimate goal of improving knowledge and holding accountable duty-bearers vis a vis the wider public.

Gender: Studies have highlighted the lack of available data in measuring women's access to justice, and women's' experience of law and justice continues to be poorly documented. In the civil legal system, women have equal rights to participate in the judiciary system however women represent a mere 23% of the judiciary. In addition, women constitute more than 70% of those studying the law and yet this materialises to only approximately 30% of those who practise law as a profession. Further, no woman has ever achieved top ranks within the police

force. Factors that affect women's access to justice include lack of awareness of rights, fear of legal processes and socio-cultural norms. The low ratio of women in the police force i.e. 11% often prevents women from reporting crimes. Language is a barrier for women from minority communities who experience challenges in a justice system composed largely of Sinhala speakers. The Action will respond by aiming at ensuring representation of women and youth in multi-stakeholder dialogues and capacity-development activities. It will facilitate gender-focused research and data collection for responsive decision making. The Action will also aim at ensuring gender-balance in programme staffing including at management levels.

Conflict-sensitivity: The aim of the Action is to work in ways to minimize negative impacts (do-no-harm) and maximise positive impacts (promote peace). This will be achieved by supporting research including data collection, analysis, and baseline studies in order to ensure better evidence and context assessment. Results of the analysis will be made public and will thus be a pressure point for improved processes. Formulation of strategies will be undertaken in close consultation with key stakeholders. Strategies will be designed with in-built flexibility to allow for adjustments based on changing context. The Action will strengthen the capacity of the judiciary institutions to be more conflict-sensitive. The programme will ensure that language skills, in particular, frequency and quality interpretation/translation is carefully integrated. Strengthened and independent justice sector per se would be a strong factor in sustainable management of conflicts.

Environmental sustainability: The proposed action will not directly impact negatively on the environment. It may where appropriate, address environmental law and court cases as examples and consider ways to strengthen actions in the legal system to protect the environment.

4.4 Contribution to SDGs

This intervention contributes to the achievement of SDG(s) 16 as it aims to ‘promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.’ The SDG contains targets specifically relevant to human rights, such as: (a) Ensuring public access to information and protecting fundamental freedoms, in accordance with national legislation and international agreements; and (b) Strengthening relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime. The Action also contributes to SDG 10 ‘Reduce inequality within and among countries’ and SDG 5 ‘Achieve gender equality and empower all women and girls’.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the government of Sri Lanka.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 54 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures³⁵.

5.3.1 Indirect management with UNICEF and UNDP

This action may be implemented in indirect management with UNDP and UNICEF under one contract. This implementation entails achievement of SO 1: Improved access to justice for all (in particular the poor and persons in vulnerable situation, limited number of components for SO 2: Improved accountability, transparency and credibility of the justice system and SO 3: Improved efficiency and quality of justice. In the current setting, UNDP has been taking the lead in criminal justice sector reform over the past few years, with access to the highest level of judiciary whereas UNICEF already has presence in some of the key institutions dealing with cases pertaining to women and children.

The envisaged entities have been selected using the following criteria:

-Proven track record and presence in the country, robust understanding of key government stakeholders, technical expertise in the relevant/specific field, gender responsive rights-based approach expertise, institutional standing and acceptance by key government agencies, positive working experience with the EU in Sri Lanka and/or in the region, development-oriented approach with an apolitical stance in the country, market and private sector awareness, willingness to accept EU's leading role in policy dialogue with the government and willingness to provide sufficient visibility to the EU.

If negotiations with the above-mentioned entities fail, the action may be implemented in direct management in accordance with the implementation modalities identified in section 5.3.2.

5.3.2 Changes from indirect to direct management mode due to exceptional circumstances

A service contract under direct management will be procured if negotiations with UNDP/ UNICEF fail.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions:

³⁵ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (EUR)	Indicative third party contribution
5.3.1 - Indirect management with UNDP & UNICEF	16 200 000	USD 592 780 (UNDP) EUR 750 000 (UNICEF)
5.7 - Monitoring 5.8 - Evaluation 5.9 - Audit	800 000	N.A.
5.10 - Communication and visibility	300 000	N.A.
Contingencies	700 000	N.A.
Totals	18 000 000	EUR 1 274 299*

* Estimate

5.6 Organisational set-up and responsibilities

An overall steering committee will be established to be co-chaired by the EUD and the Ministry of justice (the JSC). It will include all targeted institutions of the judiciary, UNDP and UNICEF and will meet every 6 months. Once a year, an additional Advisory committee will be held to be co-chaired by the EUD and the government plus other stakeholders including representatives of the judiciary, civil society and the private sector plus UNDP and UNICEF.

5.7 Performance and Results monitoring and reporting

It is envisaged that systemic data collection will be undertaken by the entrusted entities and shall be done based on established questionnaires, in consultation with the EU. The data will be disaggregated by sex, age and disability/social group, and type of case: criminal, civil or administrative – as applicable. To ensure stakeholder participation, prior and during data collection, the methodology and a clear understanding of the purpose of data collection shall be shared with key including incorporating any inputs on the questionnaire that will be developed. Studies to set baseline data and targets will be conducted by the entrusted entities during the inception phase of project implementation.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partners' responsibilities. To this aim, the implementing partner(s) shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual)

and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix.

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the importance of the action, a mid-term and final evaluation will be carried out for this action or its components via independent consultants through a joint mission contracted by the Commission.

The midterm evaluation will be carried out for learning purposes, in particular with respect to lessons learnt and provide information on nature, extent and where possible impact/sustainability of the programme. The evaluation will aim at assessing the programmes design, scope, implementation and capacity to achieve the expected outcomes. The final evaluation will be carried out for accountability and learning purposes at various levels (including policy revision), taking into account in particular performance against results by comparing start and end data. Possibility of replication of intervention to other provinces and the effectiveness of strategies used will also be assessed. Specific attention will be given to the assessment of impact on gender relations and the respect of the 5 rights-based approach working principles (applying all rights, non-discrimination, participation, accountability and transparency).

The Commission shall inform the implementing partner(s) at least 60 days in advance of the dates foreseen for the evaluation missions. The implementing partner(s) shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two contracts for evaluation services shall be concluded under a service contract in the second year and last year of implementation of the programme. In addition, implementing partners may also carry out their own internal evaluations the findings of which should be shared with the Commission.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and visibility plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and contribution agreements.

The Communication and visibility requirements for European Union external action (or any succeeding document) shall be used to establish the Communication and visibility plan of the Action and the appropriate contractual obligations.

The programme also aims at assisting the participating institutions in improved and more transparent reporting of their performance. Visibility in this programme will thus be divided into two categories a) EU visibility and b) Government/judiciary performance communication through which EU support to the justice sector will be made public and thus provide assistance to the implementation of the Right of information act .

It is foreseen that a contract for communication and visibility may be contracted.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ³⁶

	Results chain: Main expected results (maximum 10)	Indicators ³⁷ (at least one indicator per expected result)	Sources of data	Assumptions
Impact (Overall Objective)	To contribute to a more independent judiciary and an improved and responsive justice system in Sri Lanka	<p>% of survey respondents that think that the justice sector works in a more efficient and more timely manner, is less biased and mostly caters to the needs of the vulnerable population</p> <p>% of actors within the justice and accountability sector setup that have a more positive perception of their efficiency, performance and independence* (disaggregated by sex, age and disability/social group, and type of case: criminal, civil or administrative)</p> <p>% of women that think Sri Lankan justice sector response is sensitive, effective and fair</p> <p>Rule of Law score(as measured by the World Bank Worldwide Governance indicators **</p>	<p>Baseline, midterm and end-line surveys to be commissioned by the Action</p> <p>World Bank Governance reports</p>	<i>Not applicable</i>

³⁶ Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results framework with '**'.

³⁷ Where not mentioned, all indicators will be disaggregated by sex, age and disability/social group, and type of case: criminal, civil or administrative

		Country score in the World justice project Rule of law index**	The World justice project	
Outcome(s) (Specific Objective 1)	SO 1: Improved access to justice for all (in particular the poor and persons in vulnerable situations)	<p>Number and percentage of legal cases effectively addressed by free legal assistance centres in the country (disaggregated by sex, age and disability/social group, and type of case: criminal, civil or administrative)*</p> <p>Response rate to the requests for legal assistance, information and representation by the free legal assistance centres (disaggregated by sex, age, social group and type of request)</p>	<p>Baseline and midterm/end-line surveys</p> <p>Survey results at institution level and Project annual reports</p>	Continued political will to improve the grassroots level justice system. (related to relatively weak / unstable segments of the governance system and possible ex-elections' changes)
Outcome(s) (Specific Objective 2)	SO 2: Improved accountability, transparency and credibility of the justice system	<p>% and types of cases handled where due processes have been followed (disaggregated by sex, age, social group and type of request)</p> <p>% of complaints that meet Human Rights Commission's and Police Commission's defined timelines for complaint handling*</p> <p>SO2.3: Status of data and analysis produced by CSOs, media, independent experts **</p> <p>Number and quality of reports, press releases and other information material disseminated by the judiciary institutions</p>	<p>Baseline and midterm/end-line surveys</p> <p>Survey results at institution level, if needed sample based</p> <p>Project annual reports</p> <p>Independent commission data/statistics/ Reports</p>	<p>Limited influence of extreme views related to domestic interference</p> <p>Government is supportive of the different programme components and is committed to strive for improved justice sector response</p>

			M&E progress reports	
Outcome(s) (Specific Objective 3)	SO 3: Improved efficiency and quality of justice	<p>Number and % of pending cases in the AG's department and in courts including commercial courts and court of appeal (disaggregated by type of case: civil, commercial, administrative etc.)</p> <p>Number and percentage of cases resolved in the various justice institutions including those working on alternative dispute resolution mechanisms (disaggregated by different type of cases, e.g. administrative, commercial, civil, etc.)</p>	Continuous monitoring of shortcomings and annual review of the policies /plans of improvements pursued Ministry of Justice reports and M&E	-
Outputs	EO 1.a. Efficient and accessible legal aid (i.e. legal representation) for vulnerable communities, with a specific focus on women, IDPs, PwDs and children	<p>Number of cases registered with the free legal aid centres</p> <p>Number of free legal aid centres in the country</p> <p>Level of awareness about legal aid among population</p>	<p>Baseline and end line survey</p> <p>Annual reports</p>	-
	EO 1.b. Strengthened capacity of independent institutions to scrutinise government performance and support individuals in claiming and defending their rights	% of investigations completed and number of recommendations made pertaining to registered cases (disaggregated by sex, age, and disability/social group, and type of case: criminal, civil or administrative)	<p>M&E progress report, baseline and end line survey</p> <p>Annual reports</p>	-

	EO 2.a. Promoted access to legal information to professionals, CSOs, individuals and watchdog/accountability organisations including on justice sector performance for the public	% of professionals, CSOs, individuals and watchdog/accountability organisations with access to required legal information including that on performance of the justice sector. Number of individuals from justice institutions and other stakeholders trained on analysis, presentation and dissemination of legal information	M&E progress reports	-
	EO 2.b. Increased capacities of different justice sector actors to develop and enforce codes of ethics and professional conduct	Number of new internal procedures developed and implemented (including existing procedures) within justice sector institutions % of trained professionals from the targeted justice sector (judges, prosecutors, lawyers etc.) who feel/can demonstrate increased knowledge in the relevant areas (disaggregated by type and sex of official, specific training)	M&E a. database of training participants (disaggregated by type and sex of official, training topic, duration and location) b. database with results of pre- and post-training tests c. end-line survey	-

	EO 3.a. Increased management, administrative and technical capacities and improved processes of the justice actors, including the Ministry of Justice, Judiciary, courts including commercial courts, prosecution services, and lawyers, to meet the justice needs of the population	<p>Number and % of staff from prosecution and investigation services trained in various specialisations of interest (e.g. gender-based violence, economic crimes, etc.) who can demonstrate increased knowledge in the relevant areas (disaggregated by sex, specialty, and institutions)**.</p> <p>Number of available guidelines, policy notes and regulations for improved court administration and case management developed / implemented with support of the project</p> <p>Number and % of cases referred to/processed through alternative dispute resolution provided by the programme</p>	<p>M&E</p> <p>a. database of training participants (disaggregated by type and sex of official, training topic, duration and location)</p> <p>b. database with results of pre- and post-training tests</p> <p>c. end-line survey</p>	-
	EO 3.b. Established mechanisms/platforms for improving cooperation and coordination between justice actors	Number of mechanisms e.g. Memorandum of Understanding, periodical coordination meetings, new policies / regulations on specialised courts, to improve cooperation / coordination / efficiency and its eventual implementation	<p>M&E</p> <p>Text of MoU/policy, or minutes of coordination meetings, including the list of participants</p>	-