

## Donor Co-ordination & AID Harmonization

- Total Area – 65,610 Sq km
- Population – 19.2 mn
- 70% of the Population resides in Rural Areas
- Population Density – 307 persons per Sq Km
- Per capita Income 2004 = US\$ 1036
- Population Below US \$ 1 per day – 6.6%
- Employment – Agriculture Sector – 35%
- Industrial Sector 21.7%
- Services – 43.3%



## Foreign Assistance

- Foreign aid plays a major role in development financing in Sri Lanka, since 1970s.
- Annual Foreign Aid Receipts in a year is around US\$ 900 mn. this has been instrumental in –
  - Funding national development efforts
  - Bridging balance of payments
  - Complementary input to human skills – Technical Cooperation
  - Developing administrative capacity
  - Institutional building and
  - Policy reforms

## At present

- we deal with –
  - 9 Multilateral Agencies
  - 16 Bilateral Donors
  - Few export credit agencies
- Foreign Aid Accounts –
  - 50% of Public Investment
  - 15% of Government Expenditure.

### Foreign Aid Mobilisation and Disbursement- 2004 (Few selected donors)

	Mobilisation US\$ mn	Disbursement US \$ mn
• ADB	363.9	194.0
World Bank	303.5	87.0
Japan	266.6	263.0
India	25.0	23.0
China	23.7	18.3
Export Credit Agencies	79.9	60.0
Other	164.2	107.0

## Government Priorities

- Poverty Alleviation
- Increase gross domestic production
- Economic Development
- Social Protection
- Create Job Opportunities
- Infrastructure Development
- Conflict Resolution and Peace Building
- Public and Private Sector Partnership.

## Donor Priorities

### i. ADB

- Policy Reforms
- Infrastructure Development- Roads, Water Supply
- Strengthen Capital Markets
- Restructuring of SOES
- Diversification of Agriculture Sector
- SME Development
- Enhance quality of Education
- Rehabilitation of North and East

## ii. World Bank

- Peace
- Growth
- Equity

## UN Agencies

### III. UNDP

- Crisis Prevention
- Governance
- Environment
- Poverty

#### iv. FAO

##### Key Areas of Interest

- Defeat Hunger
- Forest
- Agriculture
- Fisheries
- Environment
- Nutrition
- Rural Development

#### v. UNICEF

##### Key Areas of Interest

- Early Childhood Development
- Learning Years – 5 – 14 years
- Adolescence and HIV/AIDS
- Protection of Children and Women
- Children Affected by Armed Conflict

## vi. WHO

### Key Areas of Interest

- Child Health
- Communicable and Non-Communicable Diseases
- Water and Sanitation
- Strengthen Laboratory and Blood Bank Services

## vii. Japan

- Peace and Reconciliation
- Infrastructure Development
- Poverty Alleviation and Regional Development

## viii. Germany

- Poverty Alleviation
- Economic Promotion
- Vocational Training and Private Sector Development
- SME Development
- Energy Efficiency

## ix. Sweden

- Pro-poor Economic Development
- Peace, Democracy and Human Rights

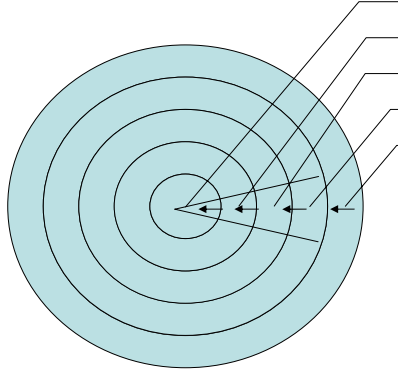
## x. Norway

- Marine Sector
- Energy Sector
- Tourism Sector
- Peace
- Good Governance
- Rehabilitation and Reconstruction of the Conflict Affected AREas

## xi. Korea

- Water Supply
- Road Sector
- IT Sector
- Health Sector

## Match Government Policies and Priorities with Donor Policies, Priorities and Capacities.



## Steps to be Followed for Obtaining Donor Assistance

- To identify the project.
- Prepare the Project Proposal
- Government - Line Ministry Request
  - National Planning Clearance
- Pre appraisal and appraisal
- Negotiations
- HE The President's authorization for Agreement Signing
- Agreement Signing
- Domestic Fund Allocation under the National Budget

## Activities to be Fulfilled for Loan Effectiveness

- Cabinet Approval
- Monetary Board Approval
- Legal Clearance (Attorney General's Clearance)
- Establishment of Project Office
- Open the Special Dollar Account in the Central Bank

## Direct Dealings with Donors

- In order to cut short the project processing period usually donors start doing work with the related line ministries and agencies.
- It is widely acceptable the line Ministry involvement at the project preparation stage and the pre-appraisal and appraisal stages.

This would help to -

- incorporate the Government priorities in to the Development Programmes.
- To plan it as we want.

However they have to approach central Government for necessary approvals.

- National Planning Clearance
- Budgetary Allocation
- Recruitment of Project Staff
- Loan Repayment

## There are Direct Dealings

- INGOs with local NGOs.
- Foreign Governments with local NGOs.

This would lead to –

- Unbalanced development
- Bypass Government priorities.
- Complicated situations
- Mislead Statistics.
- Government has taken steps to control this situation.

## Hiring Statistical Officers by Donors

- This process can accept if prior approval is obtained by the DCS.
- DCS should adopt a strong decentralized network to collect data and statistics.
- DCS develop contacts with agencies deal with foreign aid.

## Aid Coordination/Harmonisation

- Similar priorities will create duplications/overlappings.
- Donors do not want to involve with some areas.
- In some cases many try to involve with one area.

Despite the various donor assistance, problems are still continuing.

- Large regional disparities.
- Quality and relevance of education health systems.
- Mismatch between education and market needs.
- Gender disparities.
- Poor Health.
- Slow implementation of projects.
- Infrastructure.

Donors share part of the blame, but they can also be part of the solution.

- Review donor coordination and harmonization systems.
- Deal directly with the Government.
- Relax their procurement procedures.
- Cut down the project preparation periods.
- Organize themselves to avoid duplications (UNDAF)

## Government Side

- Ensure Transparency
- Ensure Accountability
- Develop a balanced approach to improve coordination among donors, Government and Community Groups.
- Avoid Project Implementation delays
- Strong national plan.

## Conclusion

- Donor Coordination and organize their assistance to meet the country requirements are very important for a proper economic development.
- As I indicated earlier there are many similarities between Government and Donor priorities.
- Everybody is aiming to a similar development goal.
- The best way to succeed this is to fit the donor assistance in to the Government National Priorities.

## Cont....

- When attending this process Government should be in the driving seat.
- This system has to be transparent, and accountable.
- The statistics available with the DCS has to be accurate. This would be able to give early signals for further developments directions and activities.
- Finally I must say the involvement and active participation of DCS and feed them with day to day accurate data and also their close connections with donors and the institutions that deal with donor assistance are very important in this process.