

EN

ANNEX

Neighbourhood, Development and International Cooperation Instrument (NDICI) – Global Europe

Exceptional Assistance Measure regarding Sri Lanka

1. IDENTIFICATION

Action:	Conflict Prevention in Sri Lanka
Action Reference:	NDICI CR 2022 / 38
Cost:	EUR 2 000 000 (European Union (EU) contribution)
Budget Line:	14 02 03 10
Duration:	Maximum 18 months. The authorising officer responsible may decide to extend this period twice by a further period of up to six months, up to a total maximum duration of 30 months, under the conditions laid down in Article 23(6) of Regulation (EU) 2021/947.
Lead service:	FPI

2. ACTION SUMMARY

In the context of the current multi-faceted crisis in Sri Lanka, the measure will support some of the most vulnerable communities in the North-Western and Western provinces of Sri Lanka to strengthen peaceful conflict resolution and trust through locally tailored initiatives including the promotion of social cohesion and violence prevention dialogues. Community resilience will be built through the establishment and strengthening of community-led conflict analysis and conflict early warning systems, and the provision of peaceful alternatives to resolve conflict. The measure will also aim to increase income opportunities and economic stabilisation of vulnerable households and communities through skills training, career guidance and job-seeking support, as well as the revitalisation of micro and small enterprises.

3. BACKGROUND AND RATIONALE

3.1 BACKGROUND

Sri Lanka is facing an unprecedented political, economic, social, as well as a looming food security crisis. Following massive disruption to people's livelihoods and access to health services, caused by shortages of fuel, gas, key commodities and medicines, as well as rocketing inflation, Sri Lankans demanded the resignation of the President and his

government. Under the pressure of massive protests and clashes that turned into violence on multiple occasions, the President left the country and resigned in July 2022. Despite the election of a new President by the Parliament for the rest of the presidential term until November 2024, the country continues to face daunting political and social instability and a deep economic crisis that will require structural reforms. Since the massive protests and clashes in July 2022, and in the context of the month-long state of emergency (lifted in August) and series of arrests, street protests have significantly reduced in scale. However, the level of public discontent and frustration remains high with the risk of escalation into violence. New protests can be expected if long power cuts return, fuel shortages worsen and austerity measures are needed to implement structural reforms. At the same time, the continuing economic crisis is causing households to adopt negative coping mechanisms. Frustration, scarce resources and the loss of income increase the vulnerability of affected communities and the youth. In such a fragile context, it is crucial to mitigate the impact of the current crisis on inter-community relations in Sri Lanka, support the population and avoid instability, crime and outbreak of violence.

3.2 RATIONALE FOR CRISIS RESPONSE ACTIONS UNDER THE RAPID RESPONSE PILLAR OF THE NEIGHBOURHOOD, DEVELOPMENT AND INTERNATIONAL COOPERATION INSTRUMENT

Following massive disruption to people’s livelihoods and access to health services, Sri Lanka is facing an unprecedented political, economic, social, as well as a looming food security crisis constituting an exceptional and unforeseen situation in the sense of Article 4(4) (a) of the NDICI Regulation. An adequate response cannot be provided under any other European Union Instrument due to the urgency with which the funds are required and due to available resources already being firmly committed.

Annex IV, paragraph 1, second paragraph, points (a) and (g) of Regulation (EU) 2021/947 specifically provides for the use of the NDICI rapid response pillar to (a) support, through the provision of technical and logistical assistance, for the efforts undertaken by international, regional and local organisations and by State and civil society actors in promoting confidence-building, mediation, dialogue and reconciliation, transitional justice, women’s and youth empowerment, in particular with regard to community tensions and protracted conflicts, and (g) support for measures necessary to start the rehabilitation and reconstruction of key infrastructure, housing, public buildings and economic assets, and essential productive capacity, as well as other measures for the re-starting of economic activity, the generation of employment and the establishment of the minimum conditions necessary for sustainable social development.

3.3 RISKS AND ASSUMPTIONS

Risk	Likelihood	Impact	Mitigation measure
Violence from hostile environmental conditions e.g. conflicts within	Medium	High	Activities will be hosted by local institutions (religious institutions, community centres, etc.), putting responsibilities on the entire community. Cohesion between different religious and ethnicities will be promoted as a main project goal. Early detection will be

religious/ethnic groups			ensured through ongoing participatory context/conflict analysis.
Restrictions on movement due to COVID 19, social unrest or fuel shortages	Medium	Medium	The implementing partner will follow the COVID-19 safety measures including personal protection of staff. The implementing partner will work with local staff and local partners.
Non-engagement of local government authorities or negative attitude towards implementation of the project	Low	Medium	The key local government agency National Youth Services Council (NYSC) will be involved in the planning phase to provide input on project design and to ensure that it is in line with government policies. The implementing partner will maintain transparent communication with NYSC and other government representatives throughout the project and will seek to actively engage local leaders, service providers and decision makers to ensure their active support.
Trained people will leave the local communities	Medium	Medium	Participants selected will be based and rooted in the region and will indicate during the selection process that they intend to stay, so that knowledge and skills remain in the local communities. Furthermore, the action will focus on capacity building of the partners, facilitators, and community members so that they are able to continue without external support.
Negative impacts on target groups	Low	Low	Action design and implementation will be based on already existing institutional "Do-No-Harm" strategies. A continuous analysis and monitoring system will be established.
Unpredictable economic instability, contraction of country's domestic economy may lower employment generation and limit opportunities, or encourage migration	Medium	Low	In parallel to the training programmes, project staff will engage in discussion with employers/value chain actors to gauge their willingness to recruit the trained beneficiaries. Upon completion of the training programmes, staff will follow up with these employers for possible recruitment. The action will be informed by an assessment, to ensure economic development opportunities are pursued in high-demand sectors. This will match jobs in demand and beneficiary preferences.

4. OBJECTIVES

4.1 OVERALL OBJECTIVE

The overall objective of the action is to support some of the most vulnerable communities in the North-Western and Western provinces of Sri Lanka to resolve conflict peacefully, to prevent the escalation of violence and to provide renewed economic prospects for individuals and households.

4.2 SPECIFIC OBJECTIVES

1. To strengthen the capacities of affected communities to build trust and sustainable conflict prevention mechanisms;
2. To strengthen community resilience to provocation and escalating tension, and to provide peaceful alternatives to resolve conflicts;
3. To create income opportunities and strengthen economic stabilisation of vulnerable households and communities.

5. ACTION COMPONENTS AND EXPECTED RESULTS

The main expected results/outcomes include:

Expected Result (1): Peaceful conflict resolution and trust are strengthened through locally tailored initiatives including promotion of social cohesion.

Activities (indicative):

- 1.1 Promote social cohesion through dialogues and locally tailored initiatives (including drama groups and competitions) on prevention of violence and conflicts;
- 1.2 Raise awareness on critical issues emerging from dialogues on prevention of violence and conflicts;
- 1.3 Collect, analyse and present best practices on conflict prevention approaches through advocacy fora.

Expected Result (2): Communities are resilient to provocation and are provided with peaceful alternatives to resolve conflicts.

Activities (indicative):

- 2.1 Provide support to young people to become peacebuilders and provide training to community groups, faith leaders and government stakeholders on conflict analysis, early warning systems and peacebuilding;
- 2.2 Strengthen government's and communities' mental health and psychosocial support capacities to prevent and respond to conflicts through training of trainers courses.

Expected Result (3): Income opportunities and economic stabilisation of vulnerable households and communities are improved

Activities (indicative):

- 3.1 Provide access to employment opportunities through job-seeking support and career guidance, and provide training on skills development;
- 3.2 Provide support to local micro and small enterprises, and create business relations through local business fora, training and mentoring to strengthen and diversify value chains.

6. IMPLEMENTATION

6.1 IMPLEMENTATION MODALITIES

The Commission will ensure that the appropriate EU rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹.

6.1.1 Grant: direct award (direct management)

(a) Purpose of the grant

The grant will contribute to achieving all expected outcomes described in section (5), and all specific objectives described in section (4).

(b) Type of applicants targeted

The type of applicant targeted for this direct award is a Non-Governmental Organisation. Due to the nature of the action, priority will be given to an implementing partner having a solid presence in the field, with a strong operational capacity in terms of technical competences to respond to the socio-economic and food insecurity crisis in Sri Lanka.

(c) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because **the action entails crisis management aid as referred to in Article 195(a) and as defined in Article 2(21) of the Financial Regulation** at the date of the Financing Decision.

6.2 INDICATIVE BUDGET

The total European Union contribution under this Financing Decision **will not exceed EUR 2 000 000**. A breakdown among components is provided hereunder, and is indicative.

Indicative budget breakdown

Components	EU contribution (amount in	Indicative third party contribution, in
-------------------	---------------------------------------	--

¹ 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.

	EUR)	currency identified
Component 1: Conflict Prevention in Sri Lanka		
6.1.1 – Direct grant (direct management)	2 000 000	N.A.
Total	2 000 000	N.A.

6.3 ORGANISATIONAL SET-UP AND RESPONSIBILITIES

The action shall be implemented under direct management. It will be devolved and sub-delegated to the **European Union Delegation in Sri Lanka**, with the support of the Commission for the conclusion of the contracts implementing the action.

6.4 PERFORMANCE AND RESULTS MONITORING AND REPORTING

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 report. Each 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 outcomes) as measured by corresponding indicators, using as reference the Logframe matrix. 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).

6.5 EVALUATION

Having regard to the nature of the action, an evaluation will not be carried out for this action or its components.

The Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

6.6 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.

The financing of the audit shall be covered by another measure constituting a financing decision.

6.7 COMMUNICATION AND VISIBILITY

The 2021-2027 programming cycle has adopted a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, individual actions for specific sector programmes are no longer required to include a provision for communication and visibility activities promoting the programmes concerned.

The 2022 "Communicating and Raising EU Visibility: Guidance for external actions" reference document shall be used to establish the appropriate contractual obligations.

7. COMPLEMENTARITY, COORDINATION AND FOLLOW-UP

There are currently a number of ongoing complementary EU supported actions in support of people of Sri Lanka, in particular a justice sector reform programme, a project on strengthening transformation, reconciliation and inclusive democratic engagement, and one on strengthening social cohesion and peace. The action will ensure coordination and complementarity with these EU supported actions, thus fostering synergies and avoiding overlapping and duplication.

The action is complementary to EU humanitarian aid managed by DG ECHO providing emergency humanitarian assistance to families affected by the unrest in Sri Lanka delivered through multi-purpose cash, water supply, first aid and medical supplies to health facilities (Humanitarian Implementation Plan).

Furthermore, complementarity will be ensured with EU Member States' funded initiatives, such as the ad-hoc provision of humanitarian aid and other bilateral assistance.

The action will ensure coordination and complementarity with all relevant programmes, and it will be shared with development partners in Sri Lanka through dedicated donors' coordination structures.