



Independence Day

Secretariat for Coordinating the Peace Process (SCOPP)

President Renews call for Peace



President Mahinda Rajapaksa appealed to all democratic forces to place the motherland before family grace, religion or political party in joint hands to achieve peace in Sri Lanka at the 59th National Day celebrations at the Galle Face.

The President also appealed the Tamil National Alliance represented in parliament who were not entered into dialog or understanding to join the government's effort so that the innocent Tamil people in the North can be liberated from terrorist intimidation and misdeeds of violence ; and the North could be emancipated.

His Excellency also stated *" you are aware that we did not give into any provocation until the closure of the Mavil Aru anicut, violating fundamental rights of more than 50,000 people. Even when the terrorists left the negotiating table, we remain there with humility. Was this through cowardice? No! That is how we demonstrated our commitment to peace"* .

Commitment to Peace

His Excellency President Mahinda Rajapaksa also mentioned *"it is this massive commitment to peace that led our Security Forces to liberate the innocent Tamil people who were taken hostage and use as a human shield by the terrorists to win their savage demands. For this valiant effort our heroic security forces deserve the salute of the Sri Lankan people on this honoured day. Similarly we should now take speedy action to establish democratic governance in areas liberated from clutches to the terrorist in the East and the North. It is our duty to protect the lives and property of the Tamil and Muslim people and bring sanctity the future world of their children.*

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Extracts of His Excellency President Mahinda Rajapaksa's speech at the 59th National Independence Day



Ven. Members of the Maha Sangha
Members of the Clergy of all religions
Hon. Prime Minister
Hon. Speaker
Hon. Chief Justice
Hon. Minister of Public Administration and all Hon. Ministers
Distinguished Members of the Diplomatic Corps
Members of the Judiciary
Secretaries
Commanders of the Armed Forces and the IGP
Officers of the Police and Public Service
Dear Mothers, Fathers and Children
Friends

On this proud day of our independence I stand before you as the Head of State with a great feeling of contentment. I derive this contentment through the belief that I have given you leadership for over a period of one year, to safeguard our national dignity, from a time it had reached the lowest ebb. It is the trumpet call of conscience that I have fulfilled my duties true to my heart and with loyalty to my motherland, which gives me the contentment and courage necessary to face all challenges on behalf of my country.

My address to you on this proud occasion is not in the traditional mode of an Independence Day speech. I state with great humility that this address has a sense of determination and strong resolve.

You will recall a very special appeal I made to you on the last Independence Day Celebrations. It was that we should stand united to achieve the noble objectives of the Sri Lankan nation.

Our Government took all efforts to arrive at a common understanding among all political parties and other forces. We strived to establish a political order that would work towards the common good of the country, shedding all differences. If you look around with honesty, you will observe the good omens of the new political order that is emerging.

On this historic occasion, I again appeal to all democratic forces to place the motherland before one's family, race, religion or political party in the national agenda. From this platform, I also wish to make this appeal to the Tamil National Alliance represented in Parliament, who have so far not entered into dialogue or understanding with us. It is only by joining with us that the innocent Tamil people of the North can be liberated from terrorist intimidation and the misdeeds of violence; and the North could be emancipated. If you are anguished in fear and anxiety; and lack in human freedom, however much democratic the political ideology you claim to follow, I must state in all honesty that none of you are free men.

I request you to look back for a moment at the journey we have traversed to this day, from the time when the honour and dignity of Sri Lanka had declined to the extreme depths, and the western world pointed to Sri Lankan society as the epitome of disgrace.

In the period between the 58th anniversary of independence and today as we celebrate its 59th anniversary, we have sacrificed much for peace, which is the foremost national need. You are aware that we did not give into any provocation until the closure of the Mavil Aru anicut, violating the fundamental rights of more than 50,000 people. Even when the terrorists left the negotiation table we remained there with humility. Was this through cowardice? No! Venerable Sirs. That is how we demonstrated our commitment to peace.

It is this massive commitment to peace that led our Security Forces to liberate the innocent Tamil people who were taken hostage and used as a human shield by the terrorists, to win their savage demands. For this valiant effort our heroic security forces deserve the salute of the Sri Lankan people on this honoured day.

Similarly, we should now take speedy action to establish democratic governance in areas liberated from the clutches of the terrorists in the East and the North. It is our duty to protect the lives and property of the Tamil and Muslim people, and bring sanctity to the future world of their children. As I stated at the inauguration of the Moragahakanda Maha Samudra, I wish to re-emphasize that the most reliable weapon against terrorism is to do justice by the innocent Tamil people. I know that the Sinhala people in the South are ready for this. We are not ready to give into the blood-thirsty demands of the LTTE. However, at the minimum we should be reasonable and honest enough to agree with Mr. Anandasangaree or the Hon. Douglas Devananda.

The uncompromising stand of our government is a firm commitment to a policy to safeguard national dignity, and not betray it. We have proved this over and over again. We wish to declare loud and clear on this occasion that national dignity means the non-betrayal of the democratic rights of the people of a country to whatever vicious forces - either local or foreign, whatever the circumstances.

Dear Friends,

Your strength is unlimited. All we can add to it is determination. When this strength and determination come together it is crystal clear that national prosperity will follow. History has proven this.

That is why we decided to adopt a policy of development that will safeguard the future of our children, while responding to terrorist power in the only language that they best understand. You are already aware that we have named the coming decade as the Decade of Development in this country. Towards that we have taken a large number of very important decisions in the past year. The Norochcholai and Upper Kotmale Power Plants, the Sampur Coal Power Plant, the Moragahakanda Maha Samudra, the New Airport at Weerawila, expanding the Port of Colombo to twice its capacity, new railways and expressways are among these decisions. All this will invariably change the future development profile of Sri Lanka.

That is not all. There is - Mathata Thitha - the War on Intoxicants, which is the firm foundation to secure the world of your children. The Treasury loses Rs. 6 billion annually due to the prohibition of smoking in public places and the War on Intoxicants. Yet, we decided it better to protect the environment, health and well being of our people than utilize this to bridge the budget deficit. This thinking is at the core of Mahinda Chintana. On the other hand you will recall that when certain media were posing a challenge to the good taste and values of the people, how we acted strongly against it. You will also recall how we changed our tax policies to save the arts from degrading foreign influences. We should remember with gratitude how our people on every such occasion observed all this from the viewpoint of democracy and appreciated what we did.

Similarly, I believe this is the most suitable day to recall the steps taken by us to strengthen the public service and welfare activities, when plans were afoot to weaken and destroy them; and the justice meted out by our Government to the lower ranks of the Police Department, the Public Service and State Corporations who had been harassed for a long time without at least confirming them in service.

On the one hand, at a time when we are engaged in an unconditional struggle against venomous terrorism, and on the other, when we are implementing the biggest schemes in history to take the country towards successful development; and when we are taking unwavering decisions to protect our cultural values, we have to understand that the familiar opportunist political tendencies will be seeking to raise their head. Therefore, I call on you with the greatest responsibility not to resort to any cause of action likely to challenge the stability of the country. Therefore, I believe this the most suitable platform to make a particular appeal to the working people of this country not to supply oxygen, consciously or not, to terrorism that is gasping for life.

It is with my firm belief in the strength, courage and boldness of my Government that I emphatically state before you of my total commitment to ensure the honour and prosperity of this blessed land, by decisively defeating separatism, and sending opportunist politics into retirement, without violating the confidence placed in me by you in the last Presidential Election.

Similarly, I call upon our friendly forces that worked with incomparable commitment for the success of the Mahinda Chintana, as well as the other forces, to join hands with us for the sake of the dignity and prosperity of the motherland: join with us who have brought to the fore a policy that is free of debt; not subservient; and is most suited to our country.

I also call upon those all forces and organizations that stand for social justice and transparency to offer your reasonable criticism to our Government. You will recall me saying in my inaugural speech as President that we respect our critics more than those who eulogize us. A fact that I have realized well during the three decades of my political career is that reasonableness is the foundation of public protest.

In conclusion, on this important event I am happy to express my gratitude to our foreign friends and governments for the fraternal assistance extended to us against separatism, and for peace and development of the motherland. We pay them the highest honour and appreciate their kindness and friendship.

Freedom is the path for the victories of a nation. Freedom is protecting and safeguarding the victories achieved. Therefore, let us act together on the path of freedom for the future victories of the nation. Let us be committed! Let us win! Let us with our own hands win for our motherland the dignity she deserves!

May you all be blessed by the Noble Triple Gem!
May all deities protect you!

Overview of the Peace Process

1. Vision

“Mahinda Chintana” - Vision Towards a New Sri Lanka, aimed at raising the GDP growth rate in excess of 8 per cent. The new approach integrates the positive attributes of market economic policies with the domestic aspirations by providing necessary support to domestic enterprises and encouraging foreign investments.

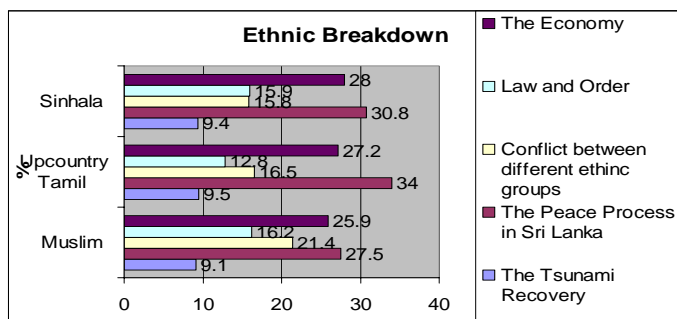
The overall objective of the Government of Sri Lanka is to develop the North and East as a hospitable and attractive place and establish an environment where people will have freedom to live and pursue livelihoods of their choice; restore peace and ethnic harmony leading to rapid social and economic development.

Research data on key issues

	<u>Peace Process</u>	<u>Economy</u>
Sinhala	30.8 %	28.0 %
Up country Tamil	34.0 %	27.2 %
Muslims	27.5 %	25.9 %

(Source- 'Peace Confidence Index (PCI)-November 2006' *Social Indicator*)

When asked to rate five national issues according to their order of importance, high priority was given to the peace process followed by the economy: Sinhala community (Peace Process - 30.8%, Economy - 28.0%, the Up-Country Tamil (Peace process - 34%, Economy - 27.2% and the Muslim (Peace process - 27.5%, Economy - 25.9%).



2. Peace with dignity in an undivided country

The Government pledged, upon assuming power in November 2005, to giving the highest priority to launching a new peace process to usher in a lasting negotiated peace providing a political solution to the country's national question. The political solution was to be based on a consensus reached through dialogue among all parties linked to the problem. The primary aim was to end the decades of conflict and internal strife, encourage the resumption of the peace talks and to build a state that "upheld the aspirations and rights of all sections of our society".

Peace is indeed a complex, dynamic and difficult process, that calls for developing innovative, responsive initiatives and processes in settings of deep-rooted conflict. It is a question of how we move from destructive violence to constructive social engagement. The quest for peace in Sri Lanka has gone on for many years despite changes in government through democratic elections. This Government has taken definite steps to commence an open and transparent peace process. Efforts are also made to rectify mistakes of the past. Envisaged is the creation of an infrastructure that will safeguard Sri Lanka's sovereignty and territorial integrity and enable the participation of all sections of society as positive shareholders.

The Government has adopted an inclusive approach to this goal and taken a number of initiatives to facilitate the realization of a negotiated settlement. Significant among them is the endeavour to develop constitutional proposals through a multi-party effort, together with experts from civil society and in consultation with members of the public.

The Government has emphasized on numerous occasions that it was ready to have direct talks with the Liberation Tigers of Tamil Eelam (LTTE). It has also outlined its policy towards peace negotiations and highlighted the need for the advancement of democratic institutions, the protection of human rights, prevention of the recruitment of children for war and the rebuilding of lives shattered by war and devastated by the tsunami in the Northern and Eastern Provinces

Since the end of last year the LTTE has embarked on a systematic campaign of violence. Attacks against government troops and civilians have escalated and extra-judicial killings and claymore bomb attacks have become commonplace. Political dissent has been met with bullets.. They have continued recruiting and using children as soldiers throughout despite agreeing to an Action Plan for Children affected by the War that included a pledge by the LTTE to end all child recruitment.

3. Peace Negotiations

My primary aim would be to arrive at a peaceful political settlement where the power of each and every citizen is strengthened to the maximum, without being trapped within concepts such as traditional homelands and right to self determination. My intention is to desolve power to the level of the citizen. I believe that by developing a strong citizen, we would be able to reach a solution in this national conflict.

**H.E. the President Mahinda Rajapaksa,
Mahinda Chinthanaya,
Party Manifesto, November, 2006**

3.1. Geneva Talks

The Government of Sri Lanka (GOSL) and the Liberation Tigers of Tamil Eelam (LTTE) met in Geneva, Switzerland from 22-23 February 2006 for talks on the Ceasefire Agreement. The talks were facilitated by Norway and hosted by Switzerland. Both parties discussed issues related to the ongoing ceasefire. There was commitment by both parties to respect and uphold the Ceasefire Agreement. Both parties also reconfirmed their commitment to cooperate fully and respect the rulings of the Sri Lanka Monitoring Mission (SLMM).

The second round of talks was held between the Government of Sri Lanka and the LTTE during 28-29 October 2006 in Geneva. This resulted in detailed discussions in the areas of humanitarian issues, a political settlement, the de-escalation of violence and political pluralism and democracy.

Regarding humanitarian issues, the Government pledged its commitment to continue to respond to the needs of residents in Jaffna using a sea route. However a request to the LTTE to provide safety assurances for ships was rejected.

Although further talks were scheduled for April, the LTTE used a plethora of excuses for not coming to Geneva. Further talks were arranged in Oslo in June. The LTTE team refused to engage in talks

after having arrived in Oslo. The LTTE has so far refused to agree on a future date for the next round of talks.



Hon. Minister Nimal Siripala de Silva Head of Delegation, Government of Sri Lanka shaking hands with Mr. P. Tamilselvan, Head of Delegation, LTTE- Geneva October 28, 2007.

3.2 Implementation of the Cease-fire Agreement (CFA)

The CFA which was signed on 23 February 2002, was intended to return normalcy to the North and East. It is the longest Cease-fire held throughout the history of the conflict in Sri Lanka. Despite attacks by the LTTE and defensive responses by Government security forces, both signatories to the CFA (GOSL and LTTE) have not formally withdrawn from it. As of 31st December, 2006 UNICEF had recorded 5956 cases of under-age recruitment by the LTTE.

Grave violations by the LTTE included a suicide bomb attack on Lt. Gen. Sarath Fonseka, Commander of the Sri Lanka Army on 25 April 2006. The LTTE assassinated Maj. Gen. Parami Kulatunge, Chief of Staff of the Sri Lankan Army on 26 June 2006 in a suicide attack. On 12 August the LTTE assassinated Mr Ketheshwaran Loganathan, Deputy Secretary General of the Secretariat for Coordinating the Peace Process (SCOPP) Mr. Loganathan was assassinated on the 1st death anniversary of the late Foreign Minister Lakshman Kadiragamar. On 14 August the LTTE attacked the diplomatic vehicle of a friendly country in Colombo. This was followed by an attempt to assassinate the Secretary-Defense Public Security, Law and Order, Gotabhaya Rajapaksa by a LTTE suicide bomber on 4 December 2006. Two army officers were killed and 12 others injured.

3.3 Changes in the composition of the SLMM

The operations of the SLMM have been hampered due to a unilateral decision taken by the LTTE to withdraw the guarantee of security to members from EU countries. This follows the EU ban of the LTTE of 31 May 2006. This led to Sweden, Finland and Denmark being compelled to withdraw their nationals from the SLMM.

The Government of Sri Lanka recognizes the significant contributions made by Sweden, Finland and Denmark in the evolution of the SLMM over the past four years. The Government greatly appreciates these three countries continued commitment to contribute towards the operations of the SLMM in spite of the constraint to provide personnel due to an arbitrary decision of the LTTE.

Sweden, Finland and Denmark did not withdraw their personnel from the SLMM through choice. The decision by these countries to withdraw their personnel was taken because the LTTE arbitrarily and contrary to its commitments, withdrew the security guarantee to a selected group of countries in the SLMM.

4. Sri Lanka unites for Peace

4.1 Budget passed

Budget 2007 approved at the second reading in Parliament on yesterday with unprecedented 115 majority. While 133 voted in favour, only 18 - all TNA members - opposed. All other opposition parties, the United National Party, the Janatha Vimukthi Peramuna, the Jathika Hela Urumaya and the Sri Lanka Muslim Congress Party turned to the Government with their support.

This was the first time in recent history that a budget received such all-party support. The voting was taken when TNA Parliamentary Group Leader R. Sampanthan called for a division. The Committee stage debate begins today.

According to analyst's this was memorable budget bill, which President Mahinda Rajapaksa presented and it has succeeded in obtaining support from all. Under the Budget which approved, total government spending in 2007 will rise 37 percent from this year's levels to 834.9 billion rupees (\$7.78 billion), while revenues are budgeted to increase 22 percent to 599.8 billion rupees.

From total spending 26 percent has been allocated for the infrastructure upliftment, envisaging new highways, fisheries, power plants and even a second international airport. It includes a series of tax breaks for sectors from agriculture to gems, as well as forecast sharp increases in revenues from income tax and taxes on goods, services and external trade. The defence budget was increased to Rs.130 Billion to protect the sovereign state of Sri Lanka.

4.2 Economic growth-public and private sector joint approach

Sri Lankan economy achieved a commendable growth of 8 per cent in the first half of 2006, while satisfactorily overcoming several challenges. International oil prices continued to be adverse throughout the first half of 2006 and security concerns were heightened both at home and abroad. Still the economy demonstrated its continued resilience with a very high first quarter growth of 8.3 per cent followed by an equally remarkable second quarter growth of 7.6 per cent. The economy is poised to grow above 7 per cent in 2006.

All three sectors of the economy grew at healthy rates. The Agriculture sector continued its expansion with positive growth rates recorded in all sub sectors, especially the remarkable growth in rubber and coconut, fast recovery in the fish production, and paddy reaching a record harvest in Maha 2005/2006. The Industry sector grew benefiting from the rapid global economic growth and domestic demand. Favourable weather led to a substantial growth in hydro electric power generation. The Services sector growth was dominated by the growth in telecommunication services, port services, domestic and international trade, and financial services.

Increased economic activities have lowered unemployment. Labour force grew by approximately 1.0 per cent to 8.1 million in 2005, and is expected to increase further to 8.2 million in 2006. The unemployment rate declined to 7.2 per cent in the first quarter 2006 and further to 6.3 per cent in the second quarter 2006.

Both savings and investments are projected to improve. Domestic private savings in 2006 are projected to increase to 19.4 as a per cent of GDP. National savings are also projected to increase, resulting from increased savings by non-resident Sri Lankans reflected in high growth in worker remittances. The investment to GDP ratio is projected to improve from 26.5 per cent in 2005 to 29.0 per cent in 2006. Private sector investment, which accounts for about 87 per cent of total investment, may increase by 31.4 per cent while public sector investment may also rise by 7.5 per cent reflecting construction of highways, other roads and infrastructure facilities, community development projects as well as tsunami related reconstruction and rehabilitation.

External sector performance improved with the continued expansion in international trade. During the first eight months of 2006, exports increased by 8.9 per cent. Imports grew by 21.1 per cent during this period with a higher growth in intermediate and investment goods. The petroleum imports increased by 46.2 per cent during the first eight months due to soaring oil prices.

5. Support by the global community

The International Community demonstrated their collective support for peace in Sri Lanka by progressively listing the LTTE as a terrorist organization. The EU ban listed the LTTE on 31 May 2006 consistent with its own internal requirements. This is a significant step to control terrorism in Sri Lanka and consistent with the global condemnation of terrorism. EU statements condemning atrocities reflects that terrorism is not an acceptable means of the achieving of political goals.

The Royal Norwegian Government, as facilitators of Sri Lankas peace process continued to assist in the negotiation process between the two parties in February and October 2006. In April 2006 Jon Hassen Bauer was appointed Norwegian Special Envoy following his predecessor Erik Solheim's appointment as Norwegian Minister for International Development. However as in previous years, Erik Solheim has continued interactions with both parties as well as other stakeholders.

The Swiss government was also instrumental in providing support to the Sri Lankan Peace Process by using their good offices to host the October 28-29, 2006 Peace Talks in Geneva.

US, Norway, Japan and the EU in their capacity as the Tokyo Co-Chairs have continued to play a dominant role in the Peace Process. The Co-Chairs have exerted pressure on the parties to resume talks. The LTTE acknowledged that they attended the October talks in Geneva due to international pressure at critical junctures.

The Indian government has also played a supportive role in seeking a peaceful solution to the conflict. Bilateral issues within the ambit of the Peace Process have been the focus of regular discussions between the two governments. H.E. President Mahinda Rajapaksa made a three-day visit to India in November, 2007 meeting with Prime Minister Dr. Manmohan Singh as well as other high-ranking officials in order to confer on crucial issues.

The Indian government invited and hosted the APRC delegation thereby ensuring that the APRC members could get a better insight into the Panchayati Raj. They were briefed on the Indian Constitution by *Shri K.D. Singh, Additional Secretary, Ministry of Law and Justice of India, Centre-State Relations* by *Shri A.K. Srivastava, Joint Secretary, Ministry of Home Affairs of India, Fiscal Decentralization in India* by *Shri M. Govinda Rao, Director, National Institute of Public Finance and Policy, and the working of the Panchayati Raj in India* by *Shri Raghunandan, Jt. Secretary, Ministry of Panchayati Raj.* They also met with *Hon. Shri Mani Shankar Aiyar, Minister of Panchayati*

by Shri K.D. Singh, Additional Secretary, Ministry of Law and Justice of India, Centre-State Relations by Shri A.K. Srivastava, Joint Secretary, Ministry of Home Affairs of India, Fiscal Decentralization in India by Shri M. Govinda Rao, Director, National Institute of Public Finance and Policy, and the working of the Panchayati Raj in India by Shri Raghunandan, Jt. Secretary, Ministry of Panchayati Raj. They also met with Hon. Shri Mani Shankar Aiyar, Minister of Panchayati Raj and Youth Affairs & Sports.

US Under Secretary of State for Political Affairs Nicholas Burns visited Sri Lanka from the 23 to 25 January 2006. This was followed by U.S. Assistant Secretary of State for South and Central Asian Affairs Richard Boucher in June and October 2006. They reiterated U.S. commitment to a united Sri Lanka and the Peace Process.

Yasushi Akashi, Representative of the Government of Japan for Peace-building, Rehabilitation and Reconstruction in Sri Lanka visited Sri Lanka in May as well as October 2006. This was Mr. Akashi's 13th visit to Sri Lanka since his appointment by Japan to share his expertise on peace related issues and promote Japan's support for a negotiated settlement.

Sweden's contribution to the Peace Process through the appointment of countryman Maj. Gen Ulf Henriksson following Norwegian Mr. Hargrup Haukland's relinquishing duties as Head of Mission of the SLMM in March, 2006 is noteworthy.

A meeting between President Mahinda Rajapaksa and British Prime Minister Tony Blair in August 2006 explored possibilities on how the UK could support the Norwegian facilitated peace process. This was followed up by the visit of the Rt. Hon Paul Murphy MP who was in Sri Lanka between 14 and 16 November 2006. Rt. Hon Paul Murphy was the Cabinet Minister responsible for Northern Irish affairs between 2002 and 2005. He was closely involved in the Northern Ireland peace process. While in Sri Lanka Mr Murphy met with a range of key participants in the Sri Lankan Peace Process.



Above: Address by His Excellency Mahinda Rajapaksa at the Sixty First Session of the United Nations General Assembly on 20th September 2006.

8. Economic development in the North and East

8.1 Development and Infrastructure Facilities in the North and the East – the Government's Seminal Role

Contrary to widely held misconceptions, the administrative machinery and infrastructure facilities in LTTE controlled areas is funded and maintained substantially by the Government. In addition, the Government meets an overwhelmingly substantial part of the humanitarian and infrastructural needs of the civilian population living in the North and the East, including the LTTE controlled area

For instance :

- State hospitals and State run healthcare centres provide a totally free service - both preventative and curative and are funded by the Government. The State meets the recurrent costs of Doctors' salaries, drugs, dressings and maintenance of hospitals. In the North and East, there are over 53 Hospital institutions with more than 4427 hospital beds providing free curative healthcare and an estimated 1848 functioning state funded schools with over 700,000 students.

- The State funded education system including schools, non-formal education institutions, technical colleges, provides free education. The salaries of teachers, administrative, clerical and elementary staff are met by state funds.

- The district and sub-district administrative offices functioning in areas under LTTE control are funded by the Government - this includes the salaries of Government Agents, Divisional Secretaries, Grama Niladaris and administrative staff.

The Government provides these services and amenities from revenue collected from the public in the rest of the country as the revenue from the North and the East is less than 0.1% of the total revenue.

In addition, a significant number of small, medium and large scale projects have been completed with the assistance of the international community, including the World Bank and the Asian Development Bank in many cases with funds borrowed by the Government. These projects cover a wide variety of sectors.

In the latest figures on ongoing projects in the Northern and Eastern Provinces, which include both tsunami and non-tsunami projects, there has been a total allocation of US\$ 1283.10 Million comprising loans US\$ 673.8 Million and grants US \$ 609.3 Million.

8.2 State Investment in Development and Infrastructure Activities in Northern and Eastern Provinces (2002-2006) - A Summary

Education

- Schools - Rs.3.721 Billion
- Universities - Rs.792 Million
- Skills Development, Vocational and Technical Education - Rs.1.044 Billion

Healthcare

- Healthcare - Rs.6.020 Billion

Livelihood Assistance

- Relief and Livelihood Assistance - Rs.14.735 Billion

Infrastructure Development

- Roads and Bridges (Rs.38.674 Billion)
- Housing (Rs.1.582 Billion)
- Electricity (Rs.692 Million)
- Water Supply and Sanitation (Rs.21 Billion)
- Ports (Rs.460 Million)
- Telecommunication (Rs.600 Million)
- Irrigation (Rs.1.635 Billion)
- Institutional and Community Development (Rs.124 Million)
- Agriculture (Rs.133 Million)
- Fisheries (Rs.1.5 Billion)
- Livestock (Rs.60 Million)

Relief, Rehabilitation and Reconstruction - 2002-2006

- 1) North East Housing Reconstruction Programme - World Bank US\$ 75 M (Rs.7500 M)
- 2) North East Coastal Community Development Project - ADB US\$ 22 M (Rs.2200 M)
- 3) North East Irrigated Agriculture Project II - World Bank US\$ 64 M (Rs.6400 M)
- 4) North East Road Rehabilitation Programme - EU
- 5) North East Community Restoration and Development Project Loan - ADB US\$ 180 M (Rs.18000 M)
- 6) Rehabilitation of Bridges in the North-East - UK
- 7) North East Emergency Rehabilitation Programme WB/EU
- 8) Conflict Affected Area Rehabilitation Programme - ADB US\$ 80 M (Rs.8000 M)
- 9) National Protection and Durable Solution for IDP's - UNHCR
- 10) Jaffna Water Conservation and Environmental Management Project - GTZ
- 11) Mannar District Rehabilitation and Reconstruction through Community Approach Project - JICA
- 12) UNDP Technical Assistance Programme - UNDP
- 13) Food Security and Reconciliation in Batticaloa District - GTZ

caloa District - GTZ

14) Agricultural and Rural Development in Trincomalee Districts - JICA

15) Recovery Programme for People Affected by North East conflict - WB

16) Emergency Rehabilitation for the Community in the Vanni and the East - JICA

17) Water Supply Scheme in Mannar District

18) Northern Rehabilitation Project NRP-GTZ

19) Pro Poor Economic Advancement and Community Enhancement Project - JBIC

20) Secondary Education Modernization Project - ADB

21) Teacher Education and Teacher Development Project - WB

22) General Education Project II - WB

More than 50% of the foreign funded projects are based on loans granted by international institutions and foreign governments to the Government of Sri Lanka, which is then required to repay these loans. It is the Government that bears the burden of funding the development of the North and the East and repaying these borrowed funds.

However, studies reveal that approximately 10-20% of these funds are siphoned off by the LTTE. It is largely from these illegally acquired funds that the LTTE maintains its name-board structures and logistics, trains its child soldiers and places its armed cadres, both men and women, in a perpetual state of war.



Above: President Rajapaksa at the inauguration of construction work on the Rs.38,500 million at Moragahakanda . The Moragahakanda Kaluganga irrigation project , the biggest in post-independence Sri Lanka will release water to the North Central Northern and Eastern Provinces.

9. The Future

9.1. All Party Conference (APC) / All Party Representative Committee on Constitutional Reforms (APRC) and Panel of Experts

The Government of Sri Lanka took action to find a political solution to the conflict by forming an APRC and Panel of Experts. This was a significant step forward to reach a national consensus and also to facilitate the realization of a negotiated settlement including the development of proposals on constitutional reform.

The focus is on finding an indigenous solution that will lead to an end to the two decades of internal strife. There is also hope that this will encourage the resumption of the peace talks and enable all Sri Lankans to live with dignity in a peaceful and united Sri Lanka.

The APRC is comprised of nominees from each political party represented at the All Party Conference (APC). These parties are represented in Parliament and includes members from the Tamil and Muslim parties as well as other national political parties. The Panel of Experts comprises seventeen eminent persons from a variety of relevant disciplines and represents all the ethnic communities.

At the Inaugural Meeting of the APRC and the Panel of Experts on 11 July 2006, the President H.E. Mahinda Rajapakse laid down the following elements which these two bodies should take into account in formulating their proposals. These included; the need for a multi-party effort and an inclusive approach; the need to find a home grown solution which would reflect the consensus of all people; the need to study experiments in political and constitutional reform in other parts of the world bearing in mind our own specificities as well as commonalities; the need to ensure democratic values, political pluralism, human rights and rule of law.

The aim of the Government is to provide an opportunity for different political parties to discuss their different approaches and through their deliberations arrive at a consensus and broad framework. To facilitate these deliberations, foreign expertise on comparative constitutional experiences and models is being obtained.

A 15-member delegation from Sri Lanka comprising members of the All Party Representative Committee (APRC), visited India from the 25th October - 30th October 2006 at the invitation of the Government of India, with a view to gaining an understanding of the Indian Constitution, Centre-State relations, and the

working of grass-roots level self governing institutions such as the Panchayati Raj.

The visit resulted in the delegation gaining practical insights on methods of governance in India, particularly at the grassroots level i.e. Panchayati Raj. It was felt that the adaptation of these methods in an appropriate manner that is compatible with the running of decentralized administrative units in Sri Lanka, would enhance the quality of governance and the peace process.

The Panel of Experts in December, 2006 submitted proposals for discussion to the APRC. Chairman, APRC Hon. (Prof.) Tissa Vitarana reported that the final report of the APRC is scheduled to be finalised by the end of month. It is a notable accomplishment that the main opposition party the UNP is also now a member of the APRC ensuring substantial consensus and ownership by stakeholders to the proposals. The government is confident that a comprehensive set of proposals will be ready within the coming weeks.

9.2 Economic Development

Ongoing Flag Projects

On-going Flagship Projects in the North East		
Project	Time Frame	Investment (Rs. Mn.)
North East Community Restoration Project Phase II	2005-2008	4,300
North East Emergency Rehabilitation Programme	2005-2008	3,980
North East Irrigated Agriculture Project Phase II	2005-2010	8,114
Conflict Affected Area Rehabilitation Programme	2004-2009	10,000
North East Coastal Community Development Project	2005-2009	2,800
North East Housing Reconstruction Programme	2005-2008	9,000

Return to Peace

Sri Lanka is on the path to lasting peace and stability that will lead her to a strong economic partner in South Asia and in the world leading to the high quality of life of a Sri Lankan.