

SRI LANKA



CSO SUSTAINABILITY: 5.0

Country Facts

Capital: Colombo

Government Type:
Republic

Population:
22,053,488

GDP per capita (PPP): \$10,400

Human Development Index:
73

The 1983-2009 armed conflict between the state and the Liberation Tigers of Tamil Eelam in the Northern and Eastern provinces has led to a restrictive environment for CSOs in Sri Lanka, particularly in these provinces. CSOs engaged in political advocacy and the documentation of rights violations face disproportionately more state hostility than service providing CSOs. In 2014, the government became increasingly suspicious of CSOs, often associating them with the separatist movement. Despite state harassment and scrutiny, CSOs in the North, such as the Jaffna Civil Society Forum, continued to be active.



A pejorative view of CSOs labeled as “non-governmental organizations” (NGOs) is widely shared among the public, particularly the Sinhala nationalist segments of the population. CSOs are often portrayed by both the government and media as being unpatriotic and promoting Western agendas, enabling the state to position them as a threat to national security. In part, this sentiment stems from the period of recovery from the 2004 tsunami, during which some international CSOs were accused of mismanaging funds. This ongoing anti-NGO sentiment prompted increased bureaucratic regulation and monitoring of CSO activity by the Ministry of Defense, which was responsible for oversight of the CSO sector as of 2014.

In November 2014, President Mahinda Rajapaksa announced his intention to call for a presidential election in January 2015. After this announcement, CSOs increasingly participated in anti-corruption and constitutional reform measures advocated by the opposition candidate, Maithripala Sirisena. These measures included restoring independent commissions, guaranteeing the right to information, and transforming Sri Lanka from a presidential to a parliamentary democracy.

CSOs in Sri Lanka suffer from limited institutional capacity. Only a small portion of the CSO sector utilizes strategic planning or puts in place governance structures. Additionally, CSOs depend heavily on donor funding streams, do not utilize cost recovery strategies, and lack domestic funding sources.

Sri Lankan civil society consists of a diverse range of organizations, including service providing CSOs and advocacy CSOs promoting human rights, democracy, and good governance. According to the National Secretariat for Non-Governmental Organizations (NGO Secretariat), there are currently 1,439 NGOs registered with the Secretariat under the Voluntary Social Service Organizations (Registration and Supervision) Act of 1980 (VSSO). The VSSO also covers a range of organizations besides NGOs, but official statistics on these other registered organizations are not available. The number of unregistered organizations is currently unknown, but most CSOs are registered.

LEGAL ENVIRONMENT: 5.1

CSOs in Sri Lanka can register through one of five legal instruments: the Societies Ordinance of 1891; the Companies Act of 2007; the Co-operative Societies Act of 1992; the VSSO; and an Act of Parliament sponsored by a Member of Parliament through a Private Member's Bill. According to the VSSO, a voluntary social service organization is “any organization formed by a group of persons on a voluntary basis” that is either (a) of non-governmental nature, (b) dependent on public contributions or donations (local or foreign), or (c) set up with the objective of providing relief services to the mentally and physically disabled, the poor, the sick, orphans, and post-disaster relief. Therefore, regardless of the chosen mechanism for registration, all organizations that fall into one of the categories above must also register under the VSSO.

Organizations registered under the VSSO are subject to the oversight functions and reporting requirements of the NGO Secretariat, which was under the purview of the Ministry of Defense in 2014. This additional layer of scrutiny resulted in unwarranted delays and selective denials of the registration of advocacy CSOs, particularly those working on human rights in the Northern Province.

An amendment to the VSSO in 1998 gave the Registrar of the NGO Secretariat the power of interim management if a registered CSO is suspected of fraud or misappropriation. This power is used selectively to suspend the operations of CSOs that are perceived to be anti-government. For example, the management of Community Trust Fund (CTF) was forcibly taken over by the Ministry of Defense in 2011 on charges of financial mismanagement.

In July 2014, the Ministry of Defense issued a letter instructing all CSOs to refrain from holding press conferences, workshops, and training for journalists, and disseminating press releases. Prior to the letter, workshops for investigative journalists organized by Transparency International Sri Lanka were called off after being disrupted by organized mobs. While the Ministry of Defense's letter does not have the force of law, it sanctioned previous disruptions and overtly intimidated CSOs. It also prevented a number of CSOs from conducting programs. Around the same time, the Ministry of Finance and Planning issued a public notice to all government officials, CSOs, and the general public to exercise due diligence on the utilization of foreign funds received by CSOs. This action also discouraged public participation in CSO operations.

In the aftermath of the 1983-2009 armed conflict, CSOs—particularly those operating in the North and East with a focus on political advocacy and documentation of rights violations that are perceived as being foreign funded—face significant intimidation and harassment due to the defense establishment's scrutiny of their

activities. According to a report by the Observatory for the Protection of Human Rights Defenders, increased surveillance, frequent office raids, abusive requests for reporting on activities, and interrogations by the Criminal Investigation Department were common in 2014.

In 2014, CSOs with international staff were mandated to obtain clearance from the Ministry of Defense before such individuals could travel to the North. The Ministry arbitrarily denied clearance, thereby restricting international CSOs from conducting operations in the North.

Furthermore, the arrests of three prominent human rights defenders in February 2014 demonstrated the state's willingness to use the legal framework, including the Prevention of Terrorism (Temporary Provisions) Act of 1979, to penalize and curtail CSO activists who document and raise awareness surrounding rights violations by the state.

The tax structure applicable to CSOs is complex and at times inconsistent. Under the Inland Revenue Act of 2006, CSOs must pay an income tax of 0.3 percent on all income received from grants, donations, and contributions. This requirement often places a financial burden on smaller CSOs. Certain CSOs operating in the fields of infrastructure, economic support of displaced persons, and disaster relief operations may be entitled to receive tax remissions at the discretion of the Inland Revenue Commissioner. However, the lack of clarity in the exemption process limits the number of CSOs with access to these benefits.

CSOs can legally earn income through the provision of goods and services, but do not receive any tax exemptions on earned income.

CSOs typically cannot afford professional legal advice on registration processes, responses to government interference in CSO operations, or taxation. Moreover, lawyers in Sri Lanka rarely specialize in this area and very few are knowledgeable on the laws pertaining to CSOs, possibly because there is a lack of awareness of a need for specialists in this area.

ORGANIZATIONAL CAPACITY: 4.8

In 2014, the restrictive operating environment led to the closure of some organizations that provided capacity building support to CSOs. For example, Friedrich Ebert Stiftung (FES) closed its Sri Lankan office after its director was refused a visa extension by the Department of Immigration and Emigration. Such closures impacted the overall organizational capacity of CSOs in the country.

Many CSOs in Sri Lanka strive to build local constituency support for their initiatives. CSOs engaged in service provision and trade union activities regularly build informal constituencies comprised of a wide spectrum of actors, including government officials, media personnel, and donors. In contrast, CSOs engaged in advocacy often lack the capacity to reach out beyond their immediate beneficiaries both because of funding limitations and their limited use of social media platforms for advocacy.

Most CSOs, especially those operating in urban areas, are not successful in engaging local beneficiaries in the design of their programs. In part, this is because these CSOs focus on implementing programs based on donor priorities. At the same time, urban CSOs have limited access to communities outside of Colombo because of the operating environment in the country and their lack of branch offices in rural areas. By contrast, rural CSOs operating at the grassroots level have relatively high levels of community participation, both because of their proximity to beneficiaries and the efforts they have taken to build local trust. However, these CSOs lack the capacity to design sustainable programs and often rely on the support of larger CSOs based in urban areas.

CSOs in Sri Lanka generally have clearly defined mission statements in their founding documents. Only larger CSOs carry out strategic planning for the short, medium, and long terms. These plans are often developed to

meet donor requirements, resulting in ad hoc implementation and evaluation. Strategic planning is uncommon among smaller CSOs operating in rural areas because the process is too costly.

Only a small number of CSOs implement good governance practices. Most CSOs either lack a clear distinction between the roles and responsibilities of the organization's management and board of directors, or disregard existing management structures in day-to-day operations. Instead, the leadership of an organization is often heavily concentrated in just a few individuals, limiting transparency and accountability.

CSOs with long-term donor financing have the capacity to employ permanent paid staff. However, most CSO employees are hired on a part-time basis. Inadequate compensation, along with government surveillance and harassment of staff members, renders it difficult for organizations to retain staff after they have acquired the necessary job experience. Experienced staff members frequently seek jobs in the private sector or with international organizations. Consequently, staff turnover remains high both in urban and rural organizations. CSOs also engage the services of interns and volunteers to help implement project activities on a short-term basis.

Most CSOs have not developed human resource management systems, such as recruitment, payroll, and contractual management procedures. Furthermore, few CSOs engage in succession planning, resulting in many organizations being dominated by one person or experiencing frequent leadership vacuums, which jeopardizes operations.

Internet access is widely available in urban areas, as well as some rural areas and most CSOs have access to information and communications technology (ICT), including training, computers, printers, and scanners. However, the available equipment is often outdated or in need of repair. Moreover, there is significant disparity between organizations based in urban and rural areas regarding access to ICT. In addition, CSOs may lack knowledge in how to utilize ICT and social media effectively.

FINANCIAL VIABILITY: 5.4

International donor organizations are the primary source of funding for CSOs in Sri Lanka. While no official data is available on the scale of foreign assistance, key contributors include various UN agencies; bilateral agencies such as USAID, Canadian International Development Agency (CIDA), and Swiss Agency for Development and Cooperation (SDC); and international organizations such as World Vision, CARE, and Search for Common Ground. Donor funding to CSOs—especially those focused on advocacy—decreased in 2014. CSOs believe that four factors led to this reduction in donor funding: the World Bank designated Sri Lanka as a middle income country; government harassment of CSOs increased; bilateral relations deteriorated; and the Government of Sri Lanka failed to engage meaningfully with international and domestic CSOs to serve vulnerable populations in the North and East.

Local sources of funding are virtually non-existent. Some corporations such as Dialog PLC, MAS Holdings, Hayleys PLC, John Keels Holdings, and Brandix Lanka Limited donate to CSOs as part of their corporate social responsibility (CSR) programs. However, these programs are often short term and do not adequately reflect the needs of local communities. Additionally, some CSOs access in-kind support such as computer equipment and school supplies from local philanthropic sources such as the Rotary Club and the Lions Club. For example, in 2014, the Rotary Club of Colombo donated LKR 25,000 (approximately \$186) in books to Yahelagama Vidyalaya in Anuradhapura. The Club also donated LKR 17,000 (approximately \$130) to provide electricity for a school in Pupuressa.

Although CSOs are legally allowed to earn revenue from various services and products, few organizations engage in income-generating activity, as most CSOs do not see the need to supplement donor funds with earned income. As a result, CSOs in Sri Lanka, especially those operating in rural areas, do not have revenue streams that would allow them to remain viable in the long-term.

In addition, there is a broad-based public perception in Sri Lanka that CSOs have significant financial resources, which makes people reluctant to pay for goods and services provided by CSOs. However, some organizations, such as Habitat for Humanity, charge local communities subsidized rates for services such as healthcare and housing.

Aside from donor organizations, CSOs in Sri Lanka have not cultivated a loyal core of local financial supporters. Though many CSOs are membership based, only a few CSOs—primarily faith-based organizations, trade unions, and regional clubs—receive significant contributions from their members.

The government does not provide financial support, incentives (tax breaks), or grants to CSOs. Contracts from government and businesses are limited and infrequent.

A large number of CSOs lack transparent and reliable financial management systems, including procedure manuals, accounting systems, and operational plans. Furthermore, smaller CSOs cannot afford to hire professional staff such as accountants and IT managers. While CSOs are required to submit audited accounts on an annual basis, some do not regularly submit their accounts and only maintain accounting and financial records when their donors require them to do so.

ADVOCACY: 5.2

Channels of communication between CSOs and policy makers are mostly restricted and ineffective, while others rely on informal and personal relationships. In 2014, CSOs did not readily address human rights and governance issues with the central government, as the risk of government harassment was high. Furthermore, officials at the local and provincial levels remained reluctant to collaborate with CSOs for fear of reprisal from the central government. In contrast, certain service providing CSOs working on issues that are perceived as being less adverse to government interests, such as development, women's rights, and child welfare, were able to collaborate with government on donor-funded projects. For example, Vilithu, an organization primarily operating in the North and the East of the country, conducted a number of programs in collaboration with local government to raise community awareness of domestic violence and nutrition.

Prior to the announcement of the presidential election in November 2014, CSO advocacy was limited in scope and centered on protesting against oppressive government practices. Student organizations were among the main stakeholders to voice opposition to government practices. In 2014, students from three state universities protested against the detention of a university student by the Terrorism Investigation Division of the Police. Additionally, Jaffna University students, teachers, and staff members marched against state inaction during the anti-Muslim riots in Aluthgama in June 2014. CSO protests of this nature were often suppressed through intimidation of the protesters by mobs operating with tacit state support, as well as through legal channels such as court injunctions citing unlawful assembly. For example, a court order prevented a protest march organized by Platform for Freedom on the basis that the march would constitute a breach of the peace.

After the announcement of the presidential election, CSOs and civil society coalitions became heavily involved in campaigns to raise awareness of proposed constitutional, electoral, and governance reforms in the run-up to the elections. For example, the Puravasi Balaya (Citizen's Power) coalition, which included a collective of artists, academics, and civil society activists, campaigned against the restrictions placed on the media and the lack of term limits on presidential powers.

In 2014, lobbying mechanisms between CSOs and government at the central and local levels remained weak. Nevertheless, certain CSOs working on issues aligned with government priorities, such as alcohol and cigarette taxation, were successful in making policy recommendations. In addition, a number of CSO initiatives lobbied the national government on human rights issues and national reconciliation. For example, CSOs such as the Center for Policy Alternatives, Families of the Disappeared, and Rights Now exerted

pressure on the government to improve its human rights record and implement the recommendations of the Lessons Learned and Reconciliation Commission. Due to sustained lobbying efforts by such CSOs, the government established a Presidential Commission to Inquire into Complaints Regarding Missing Persons in 2013. The Commission operated throughout 2014. CSOs also lobbied the government about the Urban Development Authority's forced eviction of urban residents in underserved settlements. However, the government failed to take any remedial steps.

Notwithstanding the regulatory impediments and harassment faced by CSOs, there were some joint CSO efforts to initiate legal reform to better regulate their operations and limit state interference. For example, a group of CSOs protested against the letter from the Ministry of Defense that demanded CSOs to cease training and workshops for journalists and some CSOs convened a meeting with high-level government officials to address the legal impediments on CSOs.

SERVICE PROVISION: 4.6

In 2014, CSOs offered a wide range of services in Sri Lanka, including in healthcare, environmental protection, education, and agriculture. Service providing CSOs engage in sustainable development, and faith-based organizations provide basic services to local communities, including health and education services as well as direct humanitarian aid in the aftermath of natural disasters. However, due to Sri Lanka's middle income status and the government's lack of political will to engage in development programs in the North and East, donor funding decreased for projects focused exclusively on service delivery, including poverty alleviation services, and services to increase health and nutrition in local communities, especially among pregnant women and infants. For example, the World Food Program (WFP) reported a significant scale back in their country operations in Sri Lanka.

Services provided by CSOs did not fully meet the needs of society in 2014, particularly in the North and East of the country. This situation was partly attributed to increased scrutiny and harassment by law enforcement officials of all CSOs in the North and East provinces, which prevented effective service delivery by CSOs. Law enforcement remained suspicious that even service providing CSOs in the North and East were implementing foreign agendas. Moreover, CSOs often lack a formal practice of conducting scoping exercises or needs assessments to ensure the prioritization of community needs in service delivery.

The costs associated with publishing, disseminating research, and organizing workshops often prevent CSOs from expanding their direct reach beyond local constituencies. Additionally, CSOs make limited use of social media to disseminate findings and generate public discussion.

CSOs are typically unable to recover the costs of their services by charging fees. Most CSOs cannot analyze the market for their goods and services, which limits the scope for cost recovery. However, some service providing CSOs working in development were able to incorporate cost recovery models. For example, microfinance organizations recover costs by charging interest rates on loans, and organizations engaged in water management and supply charge user fees.

In 2014, the government generally did not recognize the added value of services provided by CSOs. However, some CSOs—including Habitat for Humanity and other organizations engaged in housing or orphanages—secured financial contributions by partnering with government in the implementation of short-term projects.

INFRASTRUCTURE: 4.9

There are no permanent resource centers in Sri Lanka that provide information services, research material, or training to CSOs. The services offered are provided through donor-funded programs delivered by individual CSOs or external contractors. Few trainers specialize in CSO management issues such as human resource

management, financial planning, and project design. Furthermore, the trainers who do specialize in such areas are either not well-known or are too expensive for smaller CSOs.

Organizations such as Management Systems International (MSI), United Nations Development Program (UNDP), OXFAM, and CARE International offer training programs and capacity building opportunities to smaller CSOs in areas such as peace building and women's rights advocacy. Additionally, umbrella organizations such as the Consortium of Humanitarian Agencies (CHA) have offered training workshops to community-based organizations on peace advocacy, mediation, and the provision of psychosocial support services. However, these programs have limited reach and are not easily accessible by CSOs in remote areas.

Local grantmaking organizations are nearly non-existent. A few organizations such as the Neelan Tiruchelvam Trust (NTT), the Sunera Foundation, and the Esufally Family Foundation (EFF) support local activities in social transformation and the arts, including some implemented by CSOs. NTT and the Sunera Foundation re-grant donor funding, while the Esufally Family Foundation generates funding locally.

Information sharing among CSOs remains limited. Competition among CSOs for funding often leads to weak communication among CSOs operating in the same thematic area and the duplication of activities. The digitization and distribution of information by larger CSOs rarely meet overall demand, as this information is not regularly translated into local languages. In 1994, the Sri Lanka Canadian Development Fund (SCDF) created mechanisms to form district level coalitions, which in turn fed into national coalitions on poverty alleviation. While these structures still exist, their effectiveness has been compromised over the years. In more recent years, CSO coalitions, collectives, and networks were formed to create public and government awareness of the need for government accountability and national reconciliation. In 2014, while advocacy CSOs formed issue-based coalitions in preparation for the upcoming election, coalition formation among development and service providing CSOs remained low.

Intersectoral partnerships between CSOs and government are rare. In 2014, CSOs and the government worked together on issues of national integration. For example, Facilitating Initiatives for Social Cohesion and Transformation (FLICT) partnered with the Ministry of National Languages and Social Integration to host an island-wide Social Integration Week in July 2014, during which activities including a kite festival, the launch of a tri-lingual magazine, and inter-school speech competitions were held around the island to promote national unity.

CSOs recognize the benefits of partnering with the private sector to advance issues such as water management, sanitation, and affordable housing. For example, Habitat for Humanity partnered with private sector organizations including Cargills PLC and Multilac to build houses for internally displaced persons in Trincomalee.

Partnerships between the media and CSOs strengthened over recent years through CSO collaboration with the Free Media Movement (FMM), the Sri Lanka Press Institute, and the Editor's Guild. For example, Internews funded a Transparency International Sri Lanka workshop to train journalists.

PUBLIC IMAGE: 5.2

Media freedom in Sri Lanka has eroded over time and is now marked by increasing state control over the media and the frequent intimidation of journalists by agents of the state. However, certain CSOs and journalists have been able to circumvent state control over traditional media by using social media platforms to disseminate information. This phenomenon was demonstrated during the media "black-out" surrounding the anti-Muslim riots in Aluthgama, when CSOs and independent journalists turned to Twitter and Facebook to inform the public about the unfolding violence.

In 2014, the media propagated a predominantly negative image of CSOs. In part, this could be because many independent and privately-owned media outlets have political and business ties to the government and therefore may engage in some self-censorship. In addition, both independent and state-run media institutions frequently portrayed CSOs as collaborating with foreign institutions seen as hostile to the government. This negative media coverage, which stems partly from the post-2004 Tsunami recovery period during which international CSOs were accused of mismanaging funds, has eroded the public image of CSOs in the country.

Notwithstanding this trend, the media demonstrated a willingness to publish articles on the provision of goods and services by CSOs. Additionally, articles and op-eds by prominent CSO activists enjoyed regular publication in the private media. In 2014, CSOs working on women's rights received positive media coverage due to their exposure and discussion of issues relating to sexual assault and street harassment.

Despite the anti-CSO sentiment in the press, CSOs frequently invited the media to cover their activities in 2014 and enjoyed a largely cordial and professional relationship with journalists. However, there is no sustained collaboration between CSOs and the media to reverse the negative image of CSOs in the press.

The public often lacks understanding of the role of CSOs due to the negative media coverage of the sector, as well as the decision of many CSOs not to publicize their activities out of fear of reprisal from the state. However, in 2014, certain CSOs engaged in service delivery enjoyed higher rates of visibility and were viewed positively by the local communities in which they operated. Additionally, CSOs focused on human rights documentation, rights advocacy, and accountability for abuses by law enforcement enjoyed a more positive public perception in the North and East of the country, where they worked to address issues in the aftermath of the decades-long conflict. Outside the North and East, these CSOs are viewed with suspicion by the public.

The government's perception of CSOs was largely negative in 2014, particularly with respect to CSOs that were not aligned with government policies. Government officials publicly supported the "anti-NGO" sentiment echoed in the press by framing CSOs working on political advocacy and rights issues as greedy traitors jeopardizing national security. This rhetoric is used to justify the government's draconian stance toward regulating CSO activity. However, certain members of the government—some of whom have roots in the CSO sector—did maintain ties with CSOs that supported their policies. For example, government officials attended and endorsed initiatives of Bodu Bala Sena, a hate-group espousing Sinhala Buddhist primacy that was responsible for the anti-Muslim riots in Aluthgama.

The business community's perception of CSOs is mixed. Some entities recognize CSOs as sources of expertise and credible information, while others are unwilling to collaborate with CSOs perceived as contentious or anti-government.

CSOs often find dissemination and outreach costly, which limits their ability to use television, print media, and pamphlets to promote their activities. Very few organizations use social media as a public relations tool, though some organizations have created Facebook pages and Twitter accounts.

CSOs have not adopted a formal code of ethics. Larger and more visible CSOs publish annual reports to enhance their credibility. A number of CSOs have adopted the internationally recognized Humanitarian Acceptability Practices (HAP) in order to fulfill donor requirements.