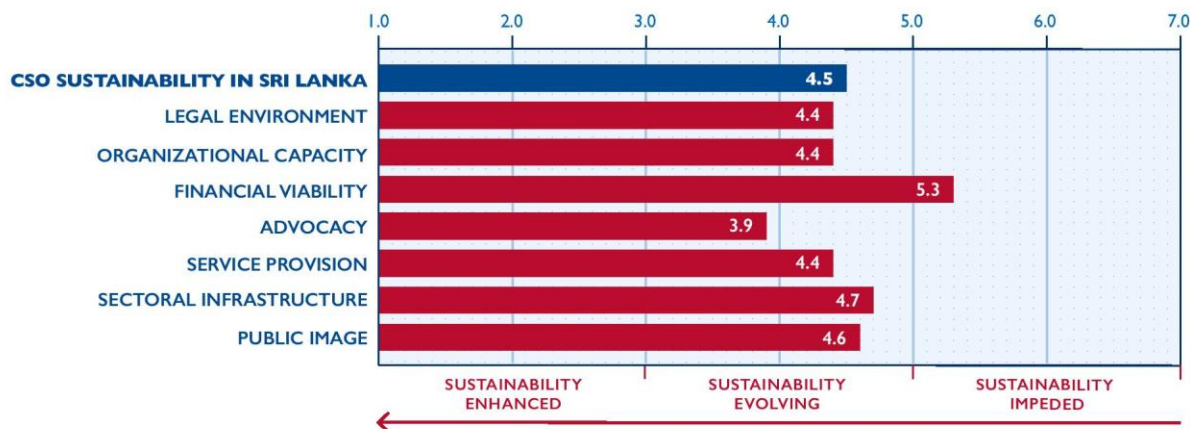


OVERALL CSO SUSTAINABILITY: 4.5



In 2018, Sri Lankan President Maithripala Sirisena and Prime Minister Ranil Wickremesinghe entered their fourth year in power. They lead a good governance coalition between the United People’s Freedom Alliance (UPFA) and United National Front for Good Governance (UNFGG). Within this coalition, Sirisena leads the Sri Lanka Freedom Party (SLFP), the largest party in the UPFA, while Wickremesinghe leads the United National Party (UNP), the largest in the UNFGG.

In January, President Sirisena sought the opinion of the Supreme Court on whether he can hold office until 2021, which would be a six-year term. The Supreme Court affirmed that the presidential term is five years in accordance with the nineteenth amendment of the Constitution, which was enacted in 2015. President Sirisena lost some credibility with this exchange, given his promise to govern for only one term and to abolish the executive presidency, which provides the president with significant power.

In February, after a prolonged delay, Sri Lanka held local elections, the first since the coalition government came to power. The elections featured significant competition between the two sides of the coalition government, particularly the UNP and SLFP. Competition within the SLFP—between the segment led by Sirisena and a faction loyal to former president Mahinda Rajapaksa—also intensified. The latter ran in the elections as the Sri Lanka Podujana Peramuna (SLPP), securing 41 percent of votes nationwide, a major setback to the governing parties. The UNP and SLFP secured 29 percent and 12 percent of votes, respectively.

In October, a series of events plunged the country into political turmoil. The UPFA withdrew from the coalition government, and President Sirisena purportedly appointed former President Mahinda Rajapaksa as prime minister. Sitting Prime Minister Ranil Wickremesinghe and the UNP disputed this controversial move. The president then suspended proceedings of the parliament and appointed a new Cabinet of Ministers, many of whom came from the parliament. In November, President Sirisena dissolved the parliament, a move that was challenged in the Supreme Court. The Supreme Court issued an interim order suspending the dissolution of the parliament. The parliament was subsequently reconvened, and a no-confidence motion was passed against the purported Prime Minister Mahinda Rajapaksa.

Meanwhile, 122 members of parliament (MPs) challenged before the Court of Appeal the legal basis upon which purported Prime Minister Rajapaksa and the Cabinet of Ministers held office. The Court of Appeal issued an interim order restraining Rajapaksa and the Cabinet of Ministers from functioning in their respective offices until the Court’s final determination. In December, the Supreme Court ruled that President Sirisena’s dissolution of the parliament was unconstitutional and ordered that the proclamation dissolving the parliament be declared null and void. Immediately thereafter, Ranil Wickremesinghe was sworn in again as prime minister, and a new Cabinet of Ministers was appointed.

CSOs played a vital role during this tumultuous period. CSOs organized protests to increase public awareness of the situation, increased their engagement on social media, and filed petitions before the Supreme Court to challenge the actions taken. For instance, in December 2018, Centre for Policy Alternatives was among the petitioners that challenged President Sirisena’s decision to dissolve the parliament in November 2018.

Sri Lanka’s ranking on Transparency International’s Corruption Perceptions Index improved slightly, from 91 in 2017 to 89 in 2018, due to new measures taken to combat corruption and drug trafficking. Furthermore, a special High Court was established in August 2018 to expedite hearings for financial and economic offenses such as bribery, money laundering, and misappropriation of property.

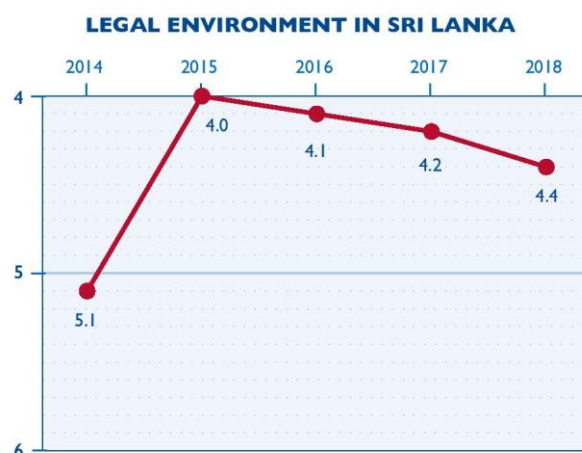
Capital punishment became a prominent topic in 2018 after President Sirisena stated that he would impose the death penalty for drug-related offenses, although the death penalty has not been practiced in Sri Lanka since 1976. CSOs actively protested this decision. For example, eighteen CSOs publicly urged the president to consider the recommendations of the Human Rights Commission of Sri Lanka to abolish the death penalty.

The government made limited progress on post-war reconciliation and accountability in 2018. The parliament enacted laws criminalizing enforced disappearances and establishing an Office for Reparations. The president appointed commissioners to the Office on Missing Persons (OMP), which began key activities. Following anti-Muslim attacks in November 2017 in the Galle district, in February and March 2018, anti-Muslim violence broke out in the Ampara and Kandy districts, resulting in the destruction of several Muslim homes, businesses, and places of worship. In response to the particularly significant violence in the Kandy district, the government declared a state of emergency and imposed a temporary nationwide social media ban.

Against this backdrop, overall CSO sustainability improved marginally in 2018. Two dimensions of sustainability experienced deterioration during the year. The legal environment worsened as a result of delays in registration and continued state harassment, while negative statements by prominent government representatives tarnished the sector’s public image. On the other hand, organizational capacity, advocacy, and the infrastructure supporting the sector all improved. Organizational capacity strengthened as CSOs built more informal constituencies online. CSO advocacy increased as CSOs increasingly engaged in the law reform process and used social media to reach the public on a wide range of issues. Increased collaboration among CSOs and with other sectors contributed to an improvement in sectoral infrastructure. Financial viability and service provision did not change significantly in 2018. CSOs continue to be reliant on international donors and only a few CSOs provide goods and services.

The Non-Governmental Organization (NGO) Secretariat maintains a directory of NGOs registered under the Voluntary Social Service Organizations (Registration and Supervision) Act, No. 31 of 1980 (VSSO Act). As of December 2018, the directory listed 1,620 NGOs, forty-one of which were newly registered in 2018.

LEGAL ENVIRONMENT: 4.4



The legal environment for civil society deteriorated in 2018 as CSOs faced delays in registration, continued state scrutiny and surveillance, and weak legal and support services.

CSOs can register through six legal instruments: the Societies Ordinance of 1891; the Companies Act of 2007; the Trusts Ordinance of 1917; the Co-operative Societies Act of 1992; the Voluntary Social Service Organizations (VSSO) Act of 1980; and an Act of Parliament sponsored by an MP through a private member’s bill. Regardless of the category of registration, in practice, most CSOs also register as voluntary social service organizations under the VSSO Act. The National NGO Secretariat under the Ministry of National Co-Existence, Dialogue and Official Languages oversees all

CSOs, regardless of their form of registration.

CSOs continued to face bureaucratic obstacles to registration, with some organizations facing delays up to six months. Registration under the VSSO Act takes approximately three months to complete and is free of charge. CSOs that register as companies limited by guarantee under the Companies Act are subject to fees of LKR 30,000 (about \$170), while those that are established under the Trusts Ordinance must pay fees based on a percentage of their initial capital. In 2018, the Company Registrar simplified the process for registration by establishing an online registration system.

Several bureaucratic procedures still create delays in the registration process. For example, if a CSO registering with the Company Registrar indicates “human rights” as one of its objectives, the Company Registrar may request the approval of the Human Rights Commission of Sri Lanka. The NGO Secretariat forwards all applications that it receives to the Ministry of Foreign Affairs and the Ministry of Defense; these ministries then make recommendations to approve or reject registration. Defense authorities are also directly involved in overseeing the registration of certain organizations working in the North and East. CSOs in these areas face significant difficulties in registration.

Driven by negative perceptions of CSOs, local banks have been reluctant to permit newly formed CSOs to open bank accounts. Banks also continue to exercise additional scrutiny of the financial transactions of CSOs with existing accounts.

In 2018, the NGO Secretariat re-issued a 2017 statement requesting all CSOs to submit action plans, audited financial reports, annual reports, statements on funding flows, and staff details because it was updating its monitoring mechanisms. According to the statement, any organization failing to submit the requested information will be classified as “inactive.” The VSSO Act does not set out clear rules on the internal governance of CSOs. The Act permits the NGO Secretariat to take interim control of CSOs suspected of fraud and misappropriation.

In February 2018, the government published a draft amendment to the VSSO Act without properly consulting civil society and the public. The draft amendment would expand the types of organizations that fall under the Act’s purview to include smaller organizations and informal movements. It also broadens the NGO Secretariat’s powers over all CSOs. Following concerns expressed by prominent civil society actors that the proposed amendment would severely restrict CSOs, the government withdrew the bill. A committee including civil society members was appointed to draft another amendment and present it to the government.

CSOs have also expressed concern over the proposed Counter Terrorism Act (CTA), in particular the potential for the law to be used to impose arbitrary restrictions—through proscription orders—on organizations acting in a manner deemed “prejudicial to national security.” The proscription orders can prohibit organizations from entering into contracts, using bank accounts, or lobbying and canvassing. They can be recommended by the Inspector General of Police or requested by any foreign country. In October 2018, several petitions were filed in the Supreme Court against the proposed CTA. In November, the Supreme Court ruled that certain clauses were inconsistent with the Constitution and would need to be amended. At the end of the year, the proposed CTA was under review by the Sectoral Oversight Committee of the parliament and due to be placed before the parliament for a final reading.

CSOs based in the North and East of Sri Lanka continue to be subject to scrutiny and surveillance. For example, civil society actors working closely with families of the disappeared from the 1983-2009 conflict have been intimidated and harassed by security forces. In some instances, Ministry of Defense personnel visited board members of rural CSOs in the North and East that were seeking registration.

The existing tax regime was revised by the Inland Revenue Act of 2017, which became operational in 2018. Accordingly, 3 percent of funds received by CSOs through grants, donations, or contributions are subject to a 28 percent tax. Tax exemptions are only available for CSOs engaged in rehabilitation, provision of livelihood support, infrastructure facilities to displaced persons, and humanitarian relief activities, with no exemptions on earned income.

Lawyers and organizations such as iProbono provide legal assistance to CSOs, but there are few specialized bodies that provide legal expertise and administrative support to CSOs. In addition, there is no strong culture of pro bono assistance in Sri Lanka, and existing legal support is limited to urban areas.

ORGANIZATIONAL CAPACITY: 4.4

The organizational capacity of CSOs improved moderately in 2018, primarily because of advances in constituency building.

During the year, CSOs increasingly used social media platforms like Facebook and Twitter to build constituencies online. For example, CSOs issued statements on the communal violence in early 2018, as well as the political crisis. CSOs also built informal constituencies around issues such as wage increases for tea plantation workers, transitional justice, the proposed CTA. CSOs held public consultations and workshops on reconciliation mechanisms across the country. CSOs also supported public gatherings and protests calling for the release of military-held land in the North and East. Both residents and voluntary organizations organized protests for the return of land in Iranaitivu in the North. In April, the residents rallied together and successfully reclaimed most of their land from the Navy. Grassroots organizations and informal movements increasingly acted independently from their founding organizations. For instance, Mothers of the Disappeared, previously managed by a Colombo-based organization, now runs most of its activities independently.

Most organizations have a strategy and vision, but they fail to apply effective strategic planning in the rollout of their activities. Smaller CSOs are often project-focused and dependent on donor funding. As a result, an organization is often more focused on its survival than advancing its vision.

Most CSOs lack formal structures and proper internal governance systems. Many urban-based CSOs have boards of trustees, but most do not utilize their expertise effectively, instead relying on their founders' strategic vision and decision making. This weakens organizational structures and can limit the prioritization of long-term strategic planning.

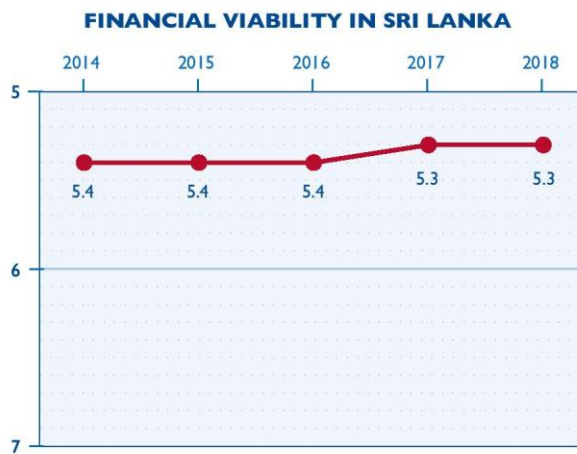
Urban-based CSOs are more likely to have organized structures with departments such as human resources and finance. However, urban-based CSOs depend on rural and smaller CSOs to conduct some key activities. For instance, the Family Rehabilitation Centre, based in Colombo, has several regional centers in the North and seeks partner organizations in other parts of the island.

In 2018, CSOs found it slightly more difficult to retain permanent staff and faced significant delays in meeting programmatic targets due to inadequate transition processes between employees. CSOs often engage volunteers, which allows them to mitigate the impact of high turnover of permanent staff. For example, CandleAid Lanka, which works in education, health, and women's empowerment, relies significantly on volunteers to supplement the work of its fewer than eleven permanent staff members. In 2018, youth-led CSOs such as Hashtag Generation made more efforts to improve their organizations and structures, including through donor capacity-building programs.

Urban-based CSOs continue to use information and communications technologies (ICT) to support their advocacy. Established CSOs have expanded their online presence, while new social media movements have arisen. For example, the Arka Initiative began to use Instagram and Facebook to spread information on sexual and reproductive health. The political crisis also sparked significant online activity. For example, Groundviews and its associated platforms, Vikalpa and Maatram, were sources of information for many during the crisis. Rise Up Sri Lanka, a citizens movement, also used social media to organize peaceful protests during the political crisis in October.



FINANCIAL VIABILITY: 5.3



The financial viability of CSOs remained unchanged in 2018. CSOs continue to depend on foreign donor funding and receive minimal support from domestic sources.

In general, the level of foreign support did not change significantly in 2018. USAID provided \$23 million to Sri Lanka in 2018, a slight decrease from \$25 million in 2017. The \$23 million included \$10 million to the Sri Lankan government and local civil society to address challenges related to reconciliation. Australian Overseas Development Assistance granted \$22.3 million in 2016/2017 and \$27.6 million in 2017/2018. In November, the European Commission indicated that it will grant an estimated \$45 million to strengthen local governance in Sri Lanka. The United Nations (UN) Peacebuilding Fund

also provided funds to Sri Lanka in 2018, but these grants were awarded to UN agencies and did not directly include CSO partners. During the political crisis in October 2018, a few countries such as the US and Japan suspended their development aid to Sri Lanka. The Millennium Challenge Corporation (MCC) of the US withheld a grant of \$480 million for the transportation and infrastructure sectors. However, the political crisis did not result in immediate loss or suspension of funding for CSOs.

Private sector funding to CSOs remained limited in 2018. Many companies have established separate entities to run their corporate social responsibility (CSR) initiatives. For example, John Keells Holdings PLC has established the John Keells Foundation, and Hemas Holdings PLC has established the Hemas Outreach Foundation. Most companies, including the two aforementioned examples, implement their CSR projects independently, though some corporations do fund CSOs through their CSR programs. For example, in 2018, Hatton National Bank partnered with Habitat for Humanity on an initiative focused on water and sanitation. Private sector donors tend to prioritize livelihood development and service provision over rights-based projects. For example, the Mannar Women's Development Federation (MWDF) found it easier to obtain funds to improve the livelihoods of widows in the North than to support mothers trying to locate their disappeared children. Information is not available regarding government grants or contracts to CSOs.

Individuals generally donate money only in response to crises in the country. However, some individuals donate money to small CSOs, particularly for charitable programs such as sponsoring students. CSOs in Sri Lanka do not typically organize large-scale fundraisers, mainly due to their dependence on foreign funding. Give2Lanka, a CSO and locally developed crowdfunding platform, helps local CSOs fill funding gaps. Since its founding in 2015, Give2Lanka has mobilized 1,000 donors to support ten projects that have supported 3,000 beneficiaries.

Only a few CSOs such as Sarvodaya earn income through service provision. Sarvodaya is a community-based organization that provides goods and services ranging from providing relief during natural disasters, building education and training centers, and conducting awareness and capacity-building workshops. Sarvodaya sometimes charges subsidized fees for workshops and training programs.

CSOs' financial management systems did not improve in 2018. Most urban-based CSOs maintain financial records and undergo independent financial audits, which may be prompted by donor requirements. Several developed, urban-based CSOs continue to publish relevant financial information online on an annual basis. Many rural-based CSOs maintain rough financial records.

ADVOCACY: 3.9

CSO advocacy improved in 2018, as CSOs increasingly engaged with the government and public on issues like law reform, transitional justice, and the political crisis.

The Right to Information (RTI) Act, which regulates access to public information and promotes government transparency and accountability, continues to be the key mechanism by which CSOs hold the government accountable. For instance, in 2018 the Mannar Women's Development Foundation (MWDF) filed RTI requests with the Mannar District Secretariat related to housing in the area. CSOs also assisted citizens in using the RTI Act to obtain information and follow up through communal discussions with local representatives. RTIWatch.LK facilitated the filing of RTI requests in different parts of the country. For instance, citizens in

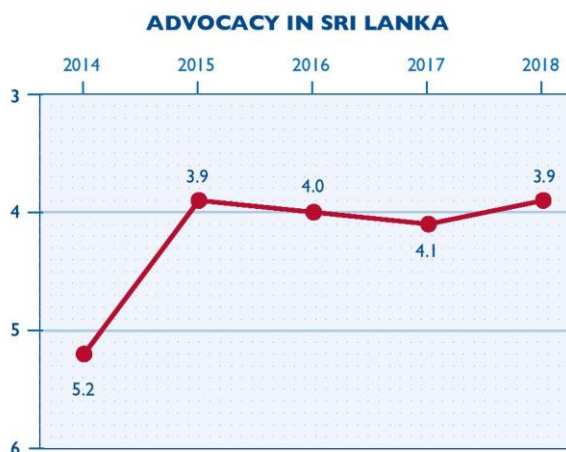
Matara filed RTI requests regarding poor road conditions and discontinued water supply. In both instances, the resulting information enabled the problems to be addressed. CSOs were also consulted by the Secretariat for Coordinating Reconciliation Mechanisms in the formulation of the Office for Reparations Act, No. 34 of 2018.

Formal CSOs and informal social movements actively participated in policy advocacy initiatives in 2018. Tea plantation workers and supporting organizations held protests and strikes demanding an increase in their basic salaries. Moreover, CSOs and civilians in the North and East held protests and campaigns over military-held land. Residents of Keppapilavu in the Mulliativu district have held protests demanding their land for about two years. In October, President Sirisena issued a directive ordering the release of all civilian land in the North and East by the end of 2018, though little land had been released as of the time of writing this report. In 2018, women's groups and activists continued campaigns to support amendments to the Muslim Marriages and Divorce Act (MMDA). The Muslim Personal Law Reforms Action Group held silent protests over delays in amendments, which have been pending for almost a decade.

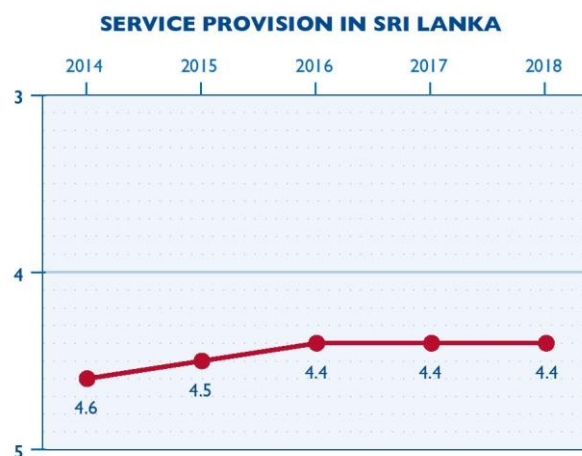
CSO-led movements, engagement on social media, and collaboration within civil society increased during the 2018 political crisis. CSOs and citizens movements concerned about democracy in Sri Lanka held several peaceful protests in Colombo to increase awareness of the political crisis. For example, in October 2018, civil society held peaceful protests at the Liberty Plaza roundabout in Colombo calling for parliament to reconvene, with a core group of protesters assembling every evening until this happened. Women's activists peacefully marched to the Presidential Secretariat to deliver a letter to President Sirisena about their concerns regarding the political and economic chaos in the country. Prominent artists, film stars, and writers joined the demonstration, carrying signs in all three of Sri Lanka's languages highlighting concerns for their children, the country, and the future.

CSOs continued to advocate for government action on transitional justice, including the establishment of reconciliation mechanisms. In 2018, following considerable pressure from CSOs, the OMP took steps towards operationalization. In addition, numerous CSOs, such as Centre for Equality and Justice, Centre for Human Rights and Development, Families of the Disappeared, and Institute of Social Development, voiced concerns over the minimal consultations during the drafting process of the Office for Reparations Act.

CSO engagement in legal reform has consisted primarily of mobilizing against regressive policies, rather than proactively driving positive legal reform. For example, CSO resistance contributed to the government's withdrawal of the proposed amendment to the VSSO Act in 2018. Following concerns about the proposed CTA, CSOs and members of the public filed petitions in the Supreme Court, which ruled in November that the bill was inconsistent with specific provisions of the Constitution. This ruling therefore requires the CTA to receive two-thirds parliamentary approval—and even approval by public referendum—unless certain articles of the bill are amended. At the end of the year, the bill was waiting to be placed before the parliament for a vote after further deliberation and necessary amendments.



SERVICE PROVISION: 4.4



CSO service provision did not change significantly in 2018. While the magnitude of CSO service provision in Sri Lanka is still limited, CSOs continue to provide goods and services in areas including health care, education, vocational training, and livelihood support. For example, the Foundation of Goodness operates Village Heartbeat Empowerment Centers in ten districts in Sri Lanka to empower rural disadvantaged communities through vocational training, women’s empowerment, education, and other resources. CSOs also provide legal services and representation to marginalized communities. For instance, Women in Need (WIN) provides free legal services and represents victims of gender-based violence.

Larger CSOs identify community needs through discussions, meetings, and consultations with community

representatives and members. Smaller CSOs typically cannot afford to conduct large-scale assessments of community needs. They instead rely on their proximity to and knowledge of their beneficiaries to identify community needs.

CSOs generally provide goods and services beyond their own membership, without discrimination. For example, Berendina provided free cataract surgeries to ninety patients from remote areas at the National Eye Hospital in Colombo in November 2018. Some CSOs initiate long-term development projects such as building infrastructure and providing microfinance opportunities.

In 2018, some CSOs encountered increasing difficulties covering the costs of their services. As a result, such CSOs began scaling back projects or charging subsidized fees. In general, however, there are still just a few CSOs that charge for goods and services. For instance, Sarvodaya in collaboration with other organizations provides information technology education in twenty-two districts at an affordable price. Small-scale social enterprises continued to form to uplift marginalized communities. For example, Chrysalis heads the Weave Project, which supports women entrepreneurs in the handloom industry.

CSOs receive limited recognition from the national government for their service provision. However, local government officials have recognized the value that CSOs can add in service provision. For instance, in 2018 MWDF handed over a shelter for teenage mothers that it had established in the Northern Province to the government, while MWDF continues to monitor the services provided at the shelter. In 2018, some CSOs shifted from delivering services to connecting the community to state providers. For example, Sarvodaya, which operates nationwide and in numerous sectors like health care, child development, and livelihood development, improved communication between communities and local authority representatives.

SECTORAL INFRASTRUCTURE: 4.7

The infrastructure supporting the sector improved slightly in 2018 as CSOs increased collaboration both with other sectors and within the CSO sector. However, Sri Lanka continues to lack resource centers dedicated to providing CSOs with training and technical support. In addition, there are only a few local grant-making organizations, such as the Neelan Tiruchelvam Trust and the Dhow Foundation.

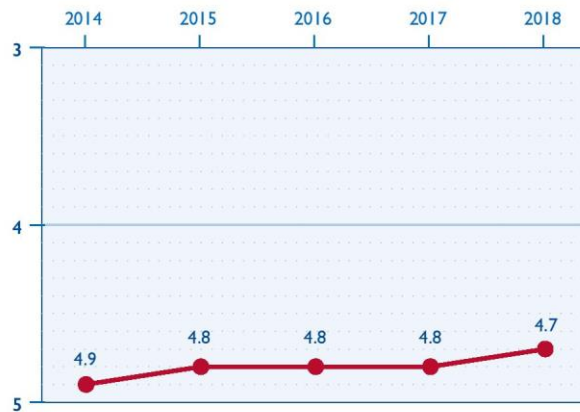
CSOs engage in issue-based coalitions in areas such as anti-Muslim violence, the rights of lesbian, gay, bisexual, transgender, and intersex (LGBTI) individuals, sexual and reproductive health, regressive CSO-related legislation, and legal and political issues in the country. Some coalitions began in 2018, while others formed in 2017 and continued their activities. The 2018 political crisis led to heightened CSO collaboration to combat disinformation and advocate for democracy. Rise Up Sri Lanka, formed in October 2018, organized peaceful protests to raise their concerns during the constitutional crisis. CSOs and trade union representatives held continuous Satyagraha campaigns focused on nonviolent resistance. These campaigns were held in key areas in Colombo such as the

Colombo Municipal Council and Viharamahadevi Park (a central public park in Colombo). The LGBTI community, with support from Equal Ground, rallied as the Butterflies for Democracy during the political crisis. However, issue-based coalitions are often reactive and have a limited lifespan.

In 2018, more training was available to help smaller organizations outside Colombo to operate independently. For example, MWDF has nine branches across Sri Lanka that provide free training to advance leadership, independent activism, and the creation of movements in the North and East. In addition, in 2018 the National Peace Council of Sri Lanka began a project across eleven districts to mobilize civil society to use available mechanisms to promote government accountability and advocate for continued improvement in this area. However, there remains an inadequate number of CSO management trainers in Sri Lanka, and smaller CSOs are unable to afford the current training options.

There was a slight increase in CSO partnerships with government and local businesses in 2018. In July 2018, the Office for National Unity and Reconciliation (ONUR) signed a memorandum of understanding with twenty-two CSOs to implement national unity and reconciliation projects nationwide in order to create dialogue on reconciliation at the grassroots level. In October, the PINA organization, in collaboration with the Navy, set up two water filtration systems to supply filtered water to approximately 450 families in Sigiriya. Some CSOs also partnered with local companies. HSBC Sri Lanka and the youth movement Sri Lanka Unites collaborated to provide 150 scholarships in the Mullaitivu District in the North. In December, Berendina Employment Center (BEC), a CSO under the Berendina Group, worked with Give2Lanka to award educational scholarships to advanced-level examination students in the Hatton District.

SECTORAL INFRASTRUCTURE IN SRI LANKA



PUBLIC IMAGE: 4.6

PUBLIC IMAGE IN SRI LANKA



The CSO sector’s public image deteriorated in 2018 as negative statements about rights-based CSOs increased in 2018. For instance, President Sirisena branded human rights organizations and activists as sympathizers of the Liberation Tigers of Tamil Eelam (LTTE) separatist group. The president also blamed “NGOs”—referring to donor-funded organizations—for the ongoing protests in the North and East and accused them of “misleading” the public. At the same time, the government continued to have a positive perception of service-providing CSOs .

The government took reactive measures to regulate the media in 2018. In March, Sri Lanka imposed a ten-day, country-wide ban on certain social media platforms in response to anti-Muslim violence. In October, during the political crisis, heads of state-owned media were

replaced. Most of the public therefore turned to alternate channels to share information—such as Twitter, Facebook, WhatsApp, and some private independent media. During the political crisis, the press covered some CSO statements that were critical of government. For example, prominent newspapers such as Daily Mirror, The Sunday Times, Lankadeepa, and Veerakesari reported on civil society protests and statements by CSOs and activists. Service-providing CSOs receive minimal media coverage of their work.

The public perception of rights-based CSOs improved slightly during the political crisis; however, this was mainly attributed to worsening public perceptions towards the government and this improvement was short-lived.

Service-providing CSOs, on the other hand, tend to benefit from more positive public perceptions across the country.

Private sector perceptions of CSOs did not improve. The negative image of CSOs portrayed by the government and publicized in the media contributed to further distancing between CSOs and the private sector during the year. Companies prefer to support development-related issues over rights-based issues.

CSOs' public outreach activities are still limited geographically. Only larger CSOs publish annual reports, and many CSOs are not aware that NGOs can be required to disclose information under the RTI Act.

Disclaimer: *The opinions expressed herein are those of the panelists and other project researchers and do not necessarily reflect the views of USAID or FHI 360.*