

PD-ABL-078  
94018

A.I.D. EVALUATION SUMMARY - PART 1

IDENTIFICATION DATA					
A. Reporting A.I.D. Unit Office of Program Mission or AID/W Office USAID/Sri Lanka (ES#)		B. Was evaluation scheduled in Current FY Annual Evaluation Plan? Yes <input checked="" type="checkbox"/> Slipped <input type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY Q		C. Evaluation Timing Interim <input checked="" type="checkbox"/> Final <input type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/>	
D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report.)					
Project No.	Project/Program Title	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
383-0111	Agro-Enterprises	1992	1998	\$14,000	\$6,650
ACTIONS					
E. Action Decisions Approved by Mission or AID/W Office Director			Name of Officer Responsible for Action		Date Action to be Completed
Action(s) Required					
1. USAID will modify the project logframe to include more specific verifiable indicators on purpose level performance goals.			R. Nkshihara/G. Whaley		04 /95
2. USAID will request OSU to prepare grant documentation according to the requirements of 22 CFR 216.3(b)(2)(iii).			L. Jayaratne/A. Jayatilleke		01/95
3. OSU and USAID will jointly prepare the documentation necessary for review by the ANE Bureau Environmental Officer to approve project implementation plans in accordance with 22 CFR 216.3(b) (2) (iii) provisions.			L. Jayaratne/A. Jayatilleke		04/95
4. USAID will direct the project to concentrate its financial services efforts on improving the efficiency of existing local financial markets, rather than introducing a new source of outside capital.			L. Jayaratne		03/95
5. Carry out a survey to identify policy issues and constraints to agri-enterprise development and develop a policy agenda.			L. Jayaratne		04/95
6. OSU will study competition chains for opportunities to reduce market processing, packaging, storage, distribution, transportation & brokerage costs downstream.			L. Jayaratne		06/95
7. Identify relevant organizations to promote sustainability and extend the project's strong technical assistance beyond the project life.			L. Jayaratne		12/95
APPROVALS					
F. Date of Mission or AID/W Office Review of Evaluation			(Month)	(Day)	(Year)
G. Approvals of Evaluation Summary And Action Decisions:					
Name (Typed) Signature Date	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director	
	Richard Nishihara	N/A	Kim Kertson	David Cohen	

**A B S T R A C T**

**H. Evaluation Abstract (Do not exceed the space provided)**

The project aims to help Sri Lanka commercialize and diversify its agricultural sector. The project is being implemented by the Oregon State University under a Cooperative Agreement. This interim evaluation was conducted by a USAID-funded consultant team on the basis of a review of project documents, visits to project clients and interviews with key private sector agro-industrial entrepreneurs, GSL officials, Mission officials, and project staff. The evaluation was conducted to provide USAID/Sri Lanka, the National Policy Planning Department, and the Ministry of Agriculture with a detailed assessment of project performance to date and recommend any modifications to improve the likelihood of achieving project purposes. The major findings and conclusions are:

- The project is making satisfactory progress in achieving project objectives and the contractor should be able to successfully complete the project within the original budget if line item adjustments are allowed to align resources to meet technical assistance needs over the remaining life of the project.
- Emphasis on expanding existing enterprises has resulted in a base of highly motivated and innovative clients who are serving as role models for the project's overall technical assistance program.
- The project design is particularly relevant to GSL and USAID strategic objectives, in view of Sri Lanka's continued progress in economic liberalization and the impending completion of USAID agricultural and enterprise development projects in the Mataweli region.
- The project is reaching a broad audience of micro-, small-, and medium-sized entrepreneurs who are well positioned within their respective sub-sectors to strengthen market linkages, expand employment and output, increase export earnings, and contribute to lower overall food costs. Women and non-English speaking entrepreneurs are well represented in the project's client base and training programs.

The evaluators noted the following "lessons":

- the use of an advisory board filled mainly with agro-entrepreneurs, rather than a government agency for host country project guidance, has allowed the project to quickly focus on issues that the private sector regards as top priorities;
- the decision to mount an aggressive promotion campaign at project inception allowed the project to gain implementation momentum in the face of a weak entrepreneurial environment; and
- the decision to concentrate on selecting clients from established, rather than new firms, has allowed the project to identify more productive investments and technology transfer opportunities and avoid the high failure rates normally associated with new business start-ups.

**C O S T S**

**I. Evaluation Costs**

1. Evaluation Team		Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. \$)	Source of Funds
Name	Larry Morgan	PCE-0001-I-00-2051-00	\$ 55,000	Project Funded
Affiliation	Chemonics Int'l			
Seneka Abeyratne				
2. Mission/Office Professional Staff Person-Days (Estimate) 15		3. Borrower/Grantee Professional Staff Person-Days (Estimate) 30		

## A.I.D. EVALUATION SUMMARY - PART II

### SUMMARY

<b>J. Mission or Office:</b> Agriculture & Natural Resources	<b>Date This Summary Prepared:</b> 11/20/94	<b>Title And Date of Full Evaluation Report:</b> The interim evaluation report for the Sri Lanka Agro-Enterprises Project - November 1, 1994
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#### 1. Purpose of the Activity or Activities Evaluated

##### Purpose of Evaluation

This evaluation was conducted to provide USAID/Sri Lanka, the National Policy Planning Department, and the Ministry of Agriculture with an in-depth assessment of project implementation and progress to date and to recommend any modifications to improve the likelihood of achieving the project purposes. The evaluation assesses the delivery of USAID and GSL/Private Sector project inputs, progress towards achieving the project purposes, impact of project activities to date, as well as clear guidance on what future action may be needed to ensure sustainability of AgEnt or an organization which can continue the services provided by Agent, and the validity of initial design assumptions and strategies. The evaluation also examines planned inputs for the remainder of the project and recommends changes needed to achieve the project purposes. Particular attention is given to technical assistance. The evaluation also examines the project's relevance to the Mission's Strategic Framework, and especially its contribution towards the strategic objective of 'Increased competitiveness and growth of markets and enterprises'.

##### Evaluation Methodology

The evaluation was conducted by reviewing a wide range of USAID Missions, project and statistical documents relevant to AgEnt's performance. This information was analyzed with respect to 11 specific issues and 6 general and cross-cutting issues identified by USAID. The specific issues were assessed in terms of objective findings and logically derived conclusions. The general issues were addressed through conclusions based on overall project performance. Lessons learned were identified to give USAID and the GSL useful insights on aspects of the project that contribute to overall project success and merit consideration for application to other development projects. Finally, recommendations were made on actions that can improve project performance.

##### Purpose of Activities Evaluated

AgEnt is being implemented to expand agro-industrial enterprises and support the diversification and commercialization of Sri Lanka's agricultural sector.

##### Findings and Conclusions

The project has set appropriate output targets in annual work plans. Progress to date has been satisfactory in the areas of introducing new technologies, market development, and introducing new financial mechanisms. The rate of investment has been about one-half of cumulative output targets, but the client base is expanding rapidly and past investments are building momentum within existing client firms, and among their competitors. Progress on improving public sector support to agro-enterprises has been slow, but the team has made significant headway in collaborative training and market development activities with key public institutions.

The project design remains relevant of USAID and GSL strategic frameworks. The team's planned inputs over the remaining life of the project are sufficient to meet all project output objectives.

## S U M M A R Y

The project M&E system is tracking project inputs and outputs accurately, and on a timely basis. A purpose-level monitoring and evaluation framework is not yet in place. Refinement of the logical framework's purpose-level indicators will strengthen the M&E system.

The project has an effective screening procedure for assessing potential adverse environment impacts. No adverse impacts have been identified to date, but the use of pesticides/fungicides in crop production trials needs to be assessed to determine whether more comprehensive environmental compliance procedures are warranted.

The AgEnt team is making satisfactory progress toward meeting project objectives. Inputs are being provided on a timely basis and work plans are well designed and monitored on a timely basis. The team is using cost-effective methods to accomplish its scope of work. Training has been localized to focus on country-specific enterprise development issues, while saving funds that would normally be required for overseas training. Cost-sharing investments in innovative technologies with clients is stimulating client confidence and fostering prudent financial management behavior.

The project is generating a broad base of commercial interest in its program. It has effectively reached a broad target audience of micro-, small-, and medium-sized firms. Women are well represented in the client base, and training and promotion efforts have been effective in extending project access to non-English speaking entrepreneurs.

The project is highly effective in improving the entrepreneurial behavior of its clients. The clients are demonstrating the capacity to exploit project assistance well beyond the planned life of the project. Competitors within the clients' markets are benefiting from the knowledge generated by client technology adoption programs. However, sustainability of the team's strong technical assistance effort beyond the project life is not assured. No organization is either the public or private sector presently appear to be viable candidates to assume the project's advisory role. The project advisory board has an important opportunity to promote project sustainability by identifying and assisting relevant organizations to extend the project's important work.

### Lessons Learned

Three major lessons may be learned from AgEnt design and implementation experience. First, the Agent advisory board is staffed mainly by progressive agro-entrepreneurs from the private sector. Their perspectives on the \*agricultural commercialization and diversification process provide effective guidance to the project team on strategic implementation issues, and serve as an important platform for stimulating effective public sector support for agricultural development.

Secondly, the team's aggressive promotion campaign has reaped a solid client base and established the level of momentum necessary to achieve the project's planned end of project performance targets.

Finally, the decision to initially concentrate on selecting clients from established, rather than new firms, has allowed the project to identify a highly productive investment and technology transfer opportunities and avoid high rate of business failures.

### Principal Recommendations

The team identified five areas where project performance can be enhanced. It is recommended that market development studies emphasize descriptions and analysis of market linkages, competitive standings at each market level within a particular sub-sector, and firm-level or land-level comparisons of crop enterprise profitability and resource use.

The team should investigate downstream market development opportunities to complement successful introduction of new enterprises and business expansions upstream at the producer level.

## S U M M A R Y

The team should emphasize improved financial market performance in agro-enterprise development, rather than encouraging funding mechanisms that circumvent existing financial market inefficiencies.

The project logical framework should be modified to include specific purpose-level indicators that can be traced through the project's client businesses. The project M&E system is already collecting firm level employment, output, sales and investment information.

The team should assist the Mission in developing an environmental management strategy that is consistent with pesticide/fungicide requirements for crop production trials and the Mission's obligation to comply with basic US environmental regulations.

A T T A C H M E N T S

K. Attachments (List attachments submitted with this Evaluation Summary: always attach copy of full evaluation report, even if one was submitted earlier; attach studies, etc., from "on-going" evaluation, if relevant to the evaluation report.)

C O M M E N T S

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

Mission finds the report to be a thorough and valid reflection of the Project.