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END OF PROJECT EVALUATION

USAID Grant Assistance to the
Women's Training and Development
and the Anti-Poverty Lending Projects
of the Agromart Outreach Foundation

ECONSULT

December 1996

End of Project Evaluation

**USAID Grant Assistance to
Womens' Training and Development
and the
Anti Poverty Lending Project
of the
Agromart Outreach Foundation**

December 1996

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EXECUTIVE SUMMARY

BACKGROUND

The Agromart Outreach Foundation was granted NGO status in 1989 and is primarily involved in entrepreneurship development in rural areas with a special emphasis on women. The Women's Training Development and the Anti-Poverty Lending projects (Projects No.51 and 53) have been implemented by the Agromart Outreach Foundation in the North-Western Province and the Southern Province from July 1993 to April 1996 with grant assistance from the USAID. The provision of entrepreneur training and micro credit to promote entrepreneurship, particularly among rural woman, are the two main objectives of the project. This project is referred to as Phase II of the USAID assistance to the Agromart Outreach Foundation.

Phase I of the project Women's Training Development was implemented from 1990 to 1993 in the North-Western Province and confined only to the provision of entrepreneurship training. Under Phase I around 3000 participants were trained and 17 Agromart Societies were established.

The provision of entrepreneurship training has not led to the establishment of enterprises by the ex-trainees mainly because of the lack of access to credit facilities. Consequently, Project No.53, the Anti-Poverty Lending Programme, was added during Phase II to remedy the situation and the project has been extended to cover the Southern Province as well.

PROJECT ACHIEVEMENTS

TRAINING

The project has three types of training. Entrepreneurship Training (ENDTP), Economic Literacy Training (ELTP) and Training for Everyone (TFE). During the project period 62 Entrepreneurship Development Training Programmes have been completed and 5562 participants trained. The project target was 60 programmes and 5400 participants. The project achievements exceeded the target. The EDTP is a two-day programme divided into three main skill-training sections, namely, sustainable agriculture, animal husbandry and small industries. An entrepreneurship training lesson was provided to all participants. The development of skills to promote sustainable agriculture, integrated farming and animal husbandry has achieved a high level of acceptance by the participants.

The achievement of the Economic Literacy Training Programme (ELTP) was below the set target. The target was to conduct 60 programmes and to train 3600 participants. However, only 42 programmes were held and 1880 participants were trained. The achievements in terms of programmes and participants were 70% and 52% respectively. The participants who have undergone the ENDTP and become members of Agromart societies are not automatically chosen for the ELTP. Only those society members who have shown interest and the capacity to start enterprises are selected for the ELTP. This is one reason for the shortfall. As a result of the above criteria 50% of the target group families with a monthly income below Rs.1400/- have not been able to benefit from the ELTP.

The ELTP provides training in marketing, management and simple book-keeping to the participants who have already undergone skill-training in the ENDTP. Some of the topics covered in this training are:

- identifying viable enterprises
- market surveys
- marking marketing plans
- developing business plans
- simple record keeping, etc.

The majority interviewed appreciated book-keeping when asked what was most valuable to them about Agromart training.

The Training for Everyone (TFE) programme is open to any person whether they belong to the target group or not. TFE programmes are very popular in all give districts. The number of trainees who have benefitted from this programme is well over the targetted figure. According to the progress report for the 1st Quarter 1996, the figure is well over 15000 trainees. However, our estimate is that the actual number of beneficiaries is less than this. In many cases the same trainee has attended more than one course.

Some of the popular courses are dress-making, bridal dressing, cookery and soft toys. In Kurunegala around 3637 participants have undergone this training and of which about 50% of the participants have followed training courses in dress-making. As there are no tracer studies carried out it is hard to assess the usefulness of this training programme. In our view TFE programmes have not led to the establishment of very successful income generating activities.

CREDIT

The Anti Poverty Lending Project (APPLE) envisaged the setting up of a two-pronged revolving credit fund totalling up to Rs.24.5 million. The two-pronged revolving fund was an experiment to test and compare the two approaches to micro enterprise credit in terms of programme sustainability and borrower performance. One fund amounting to Rs.12.25 million was operated through the Hatton National Bank and the other fund, of an equal amount, has been operated by the Agromart Outreach Foundation.

The Project has targetted to provide 1650 loans up to Rs.15,000/- to promote enterprises in the two provinces. Over the project period 1617 loans have been granted both Agromart Societies and the HNB. The total value of the loans granted is around Rs.5.6 million. The performance in terms of the number of loans is around 37% and 22% in terms of loan disbursement. The average size of a loan is around Rs.9076/-

The HNB has granted 215 loans to a value of Rs.2.5 million while Agromart Societies have granted 402 loans to a value of Rs.3.1 million. Agromart Societies, with very little lending experience have contributed 65% of the loans granted and 55% of the total loan disbursements. The low performance of the HNB was mainly caused by the slow process of loan application by the Agromart Societies and the limitation of its operation to a 20 km radius. On the whole, the project design to operate in five districts in one run seems to be over-ambitious. On the basis of end of project indicators, a minimum of 600 micro entrepreneurs will have obtained loans from each of the two lending channels. The achievement in terms of loans granted is only about 37%. The achievement rate of the HNB is about 27% and that of Agromart Societies is about 48% (in terms of loans granted).

REVOLVING FUND

In order to implement the 1st revolving fund the A.O.F. has entered into an agreement with the Hatton National Bank, a private local commercial bank, in July 1994. A sum of Rs.11.76 million has been placed in a fixed deposit account earning interest at 14% per annum. The deposit was held as a guarantee fund and funds therein were not used by the HNB to grant loans. The HNB has used its own fund to grant loans recommended by the A.O.F. At the time of evaluation the HNB guarantee fund stands at Rs.13.0 million, which is above the starting level of the loan capital fund.

As regards the second loan fund which was operated by the A.O.F., a deposit of Rs.11.5 million has been placed with the Grindlays Bank, Havelock Town, Colombo, on 11.8.1994. It was a call deposit account earning interest at rates between 9.5% to 15% per annum.

As and when the loans are released monies from call deposit account have been transferred to the APPLE Lending Current Account. However, we have noticed frequent transfers from the Revolving Fund Account to the Training Account (Grant 51). There were over fifty transactions in the Revolving Fund while the transactions relating to lending were only eight. According to the AOF, these transfers have been done to cover the shortfalls in funds under Grant 51. Shortfalls in Grant 51 have occurred owing to inordinate delays in the remittance of the reimbursement of expenditure incurred under Grant 51.

The second Revolving Fund started with Rs.11.5 million. During the project period the A.O.F. has granted loans to the value of Rs.3.1 million using the second revolving fund. As such, even without making adjustment for recoveries the second Revolving Fund should have a balance of at least Rs.8.4 million at the end of the project period. At the time of evaluation the second Revolving Fund had a balance of only Rs.3.7 million. In fact according to the agreement the loan capital in each of the two programmes have to remain at or above the starting level in real terms (inflation adjusted).

OVERALL IMPACT

A questionnaire survey was carried out during the evaluation to assess the impact of training and credit programmes in the two provinces. A sample of fifty beneficiaries who have undergone training under the project were selected for this purpose.

The analysis of questionnaire results shows that only 14% of the sample population received a monthly income over Rs.2,500 per month before the training. After the training 76% have recorded an income level of over Rs.2,500 per month. Over 75% of the beneficiaries are women and the majority of them sell different items. When the question was asked as to what their main problems were before getting involved with Agromart, 41% stated they had no proper knowledge and 35% indicated the lack of cash/credit. The provision of entrepreneurship training and credit to start/expand enterprises has had a positive impact on the economic status of the beneficiaries and enhanced the income level of around 460 ($617 \times 76/100$) beneficiaries. One of the end of project success indicators was that a minimum of 400 micro entrepreneurs

will have achieved income enhancement of at least 25%. If the minimum lending targets (1200 loans) were achieved the impact would have been much higher than this. However, the project has achieved the minimum target set by the project.

Since 75% of project beneficiaries are women, the income enhancement of women in particular has improved the position of women in the family. A large number of women interviewed stated that despite increased work loads, they experienced a vast change in their socio-economic position and the self image since they received training. A few women who have made little or no progress since the training were faced with personal problems within the family such as sickness, crop failure etc.

The project has enabled the Agromart Outreach Foundation to establish its operation in the Southern Province. As a result of the USAID assistance, the Agromart Outreach Foundation has grown fast. The establishment of five district offices and around 80 (during Phase I and II) Agromart Societies in almost all Divisional Secretariat divisions in the two provinces has enabled the Foundation to network its institutional set-up from national to village level.

The sustainability of the institutional set-up, especially the Agromart Societies, and the follow up of society's activities remain a major challenge for the future. If additional assistance is forthcoming for the Agromart Outreach Foundation for a follow-up phase, the consolidation of Agromart Societies and Regional Offices should be given high priority.

1. EVALUATION DESIGN

1.1 Objectives

The Women's' Training Development and the Anti-Poverty Lending Projects (Projects No. 51 and 53) have been implemented by the Agromart Outreach Foundation in the North- Western and Southern Provinces from July 1993 to April 1996 with Grant Assistance from the USAID. The provision of Entrepreneur Training and Micro Credit to promote entrepreneurship, particularly among rural women, are the two main objectives of the project.

The present evaluation is carried out to examine the achievements of the two projects. The overall impact of the project, the effectiveness and the appropriateness of the training, the number of beneficiaries who actually benefitted from the training and credit programmes are key questions. In addition, other important questions such as: How effective were the study tours? How many of the project activities were carried out? and How did the organization benefit from the Project? are some of the questions to be answered by the evaluation study.

1.2 Evaluation Methods

Review of Project Records

The review of project agreements, progress reports, previous reviews and various other project documents and records maintained by the USAID Office, the Agromart Head Office and Agromart Regional Offices in Kurunegala, Chilaw, Galle, Matara and Hambantota provide good insight into the project. Methodologies and procedures adopted in conducting training and awarding study tours were examined. The participation of the beneficiaries in the identification of training needs and project activities were also examined. Society review meetings, reports and ENDTP completion reports prepared by the field officers provide useful information about the programmes conducted as well as the economic and social status of the participants.

Interviews and Meetings

The study team had discussions with Project officials at the USAID, the Agromart Head Office, Regional Offices, and also with a few resource persons and HNB Officials in each area covered.

The team had detailed discussions with the Agromart Society leaders and Society members in three districts. These discussions were held in the form of group discussions and were found to be very useful. Every society was given a chance to describe their experiences and express their independent opinion on the project activities, and this was most helpful for the team in obtaining first-hand information on project activities, (Training, Credit, Study Tours, Trade Fairs, course duration and contents etc.). These discussions also helped in evaluating, with the society members, the appropriateness of the training programmes and the adequacy of credit provided through the project.

Questionnaire Survey

A detailed questionnaire was prepared to obtain the beneficiaries' views on project activities. The team met around 50 beneficiaries in the five districts and nearly one hour was spent with each of the beneficiaries to discuss the project benefits and to fill the questionnaire. The information collected through the questionnaire is analyzed and the findings, conclusions, and recommendations of the team is based largely on the information collected through the questionnaire, and through discussions with the society leaders and project beneficiaries.

Project Visits

The team visited around 20 project beneficiaries who had borrowed money from the Hatton National Bank and Agromart Societies in all five districts, to gather first-hand information on the credit programme implemented by Agromart Societies and the Hatton National Bank.

2. CONTEXT OF THE PROJECT

2.1 Project Goals and Objectives

The lack of access to credit and to Technical Skills Development for Enterprise Development in rural areas have been seen as major constraints in uplifting the living conditions of the rural population. The project envisaged providing practical training and orientation to subsistence level rural women and men in Agriculture and Agro-related fields and providing credit through Agromart Societies established in the two provinces.

2.2 Specific Objectives

The project aims to provide Entrepreneur Development Training (ENDTP) to 5,400 beneficiaries and Economic Literacy Training (ELTP) to 3,640 beneficiaries in the two provinces. In addition, it is expected to train another 4,000 beneficiaries under the Training For Everyone programme (TFE)

Under the credit programme it is expected that 1,650 loans up to Rs.15,000/- will be provided to low income rural families with a monthly income below Rs.1,400/- to establish or expand commercially viable small enterprise activities. The Project also expected to organize annual trade fairs and farmer competitions and to conduct educational tours locally and abroad. This was to provide trade linkages, build up self-confidence and to expose participants to a wider society.

2.2.1 Training

The USAID contribution to the Training programme was Rs.3897mn. The three main training programmes funded by the USAID are the Entrepreneurship Development Training Programme (ENDTP), the Economic Literacy Training Programme (ELTP) and Training for Everyone (TFE).

ENDTPs are held at Divisional Level. They are regularly preceded by the ELTPs that are mostly held at District level. TFEs are held when necessary at the Agromart office. Approximately 80 - 100 attend an ENDTP. Of this group approximately 40 are chosen to participate in the ELTP. On successful completion of the ENDTP, participants are guided in the formation of their Agromart Farmer Society in order to be eligible for the ELTP and other benefits such as credit and advisory services.

Resource persons for all training programmes are invited from the same district when possible. They were mostly from institutions such as Sarvodaya, the IDB, the Department of Agriculture, the Veterinary Surgeons office, etc.

The ENDTP is advertised through the Divisional Secretary, Agromart Farmer Societies, schools, banks etc. Field officers claim to receive approximately 250 applications per ENDTP. Participants for the ENDTP are selected by using standard 'selection criteria' common to all districts. Applicants are given a questionnaire to fill up to find out their personal details, educational level, socio-economic status and expectations (see Annex.1). They are also met personally and interviewed by the field staff at one of the pocket meetings organized by the AOF at Grama Sevaka Divisions that are situated close to each other. Trainee selections consume a major slice of the field staff's time as they attend approximately 10 such meetings per ENDTP and 12 ENDTPs are planned for the year per district. Priority is given to women, unemployed youth and individuals owning at least 1/4 acre of land for agriculture or livestock development.

The ELTP is held approximately 2 months after the ENDTP. This lean period is provided for trainees to launch into new ventures to be guaranteed a place in the ELTP. Participants for the ELTP are selected after a further evaluation of ENDTP trainees based on their commitment to their enterprise and the need for such training.

TFE Programmes are open to any person, whether they belong to the target group or not. Persons attending the TFE are charged Rs. 25/- per programme to pay for the resource person. Trainees either bring with them the material/s that are needed for the days' lesson or share the cost among themselves at the end of the lesson. TFE programmes are held at the office premises and the duration of a lesson is approximately 2¹/₂ hours. Course duration varies from one day to several months. TFE courses are generally on small industries, i.e. dress-making, cooking, flower-making, soft toy making, hair styling and sweets, jam and yoghurt making.

2.2.2 Annual Trade Fair, Agricultural Competition and Study Tours

In conjunction with the annual trade fair, annual agricultural competitions are conducted in the two provinces. Agriculture, livestock and agro-based small industries are eligible to participate in the competition. The prize winners are awarded educational tours outside and within the country.

2.2.3 Anti Poverty Lending Project (APPLE)

APPLE envisaged the setting up of a two-pronged revolving credit fund totalling Rs.24,520,000/- with contributions from:

D.A. Funds	Rs.11,760,000
PL 480	Rs.11,760,000
Co-financing by the AOF	Rs. <u>1,000,000</u>
	Rs. <u>24,520,000</u>

One fund amounting to Rs.12,260,000/- was to be operated through a private local Bank with a guarantee provided by the AOF. Each loan was not to exceed Rs.15,000/-, with an interest rate of 24% per annum on reducing balances. The other fund was of an equal amount and was to be managed by the AOF with an interest rate of 18% per annum on a flat rate. The two-pronged revolving fund was an experiment to test and compare the two approaches to micro-enterprise credit in terms of programme sustainability and borrower performance.

The project set the following targets:

- * 1650 borrowers
- * 75% of the borrowers would be women
- * 95% loan recovery rate
- * The loan capital fund in each of the two programmes would remain at or above the starting level over an extended period
- * Interest earned on the capital funds set aside would be sufficient to meet training and administration costs over an extended period from the second year onwards
- * 400 Micro-enterprises would have enhanced income by 25% and 200 by 50%
- * 100 borrowers from the AOF direct lending programme will have qualified for new loans from a commercial Bank

The project also set the following End-of-Project success indicators:

- * A minimum of 600 micro-entrepreneurs will have obtained loans from each of the two lending channels, at least 75% of whom will be women
- * Loan repayment rates will be 90% or higher on each lending programme (with a target rate of 95%)
- * The Loan Capital fund in each of the two programmes will have remained at or above the starting level.
- * A minimum of 400 micro enterprises will have achieved income enhancement of at least 25%, and 200 of at least 50%, through the enterprises supported by the loan programmes
- * At least 100 of the borrowers from the AOF direct lending programme will have qualified for new loans from a Commercial Bank
- * The AOF will have covered its second year administration and training costs in full from the interest proceeds on its direct lending programme and on deposit interest earnings on the private bank guarantee fund
- * Both lenders will be in a position to continue operating beyond the terminal date of the grant, with the local private bank accepting a 50% guarantee (in lieu of 100% during the grant period) on future loans to Agromart-sponsored micro-entrepreneurs.

3. PROJECT ACHIEVEMENTS

Projects No 51 and 53 (the Women's' Training Development and the Anti-Poverty Lending Projects) were implemented from July 1993 to April 1996. The projects cover two provinces namely the North-Western Province and the Southern Province. This project is referred to as Phase II of the USAID assistance to the Agromart Outreach Foundation. Phase I of the project was implemented in the North-Western Province and confined to Women's' training. Under Phase I around 3000 beneficiaries have been given entrepreneurship training and 17 Societies have been established prior to July 1993. However, the present evaluation refers only to Phase II and does not make an attempt to single out the activities carried out prior to July 1993, i.e. some Societies in the North-Western Province have been established during Phase I and were strengthened during Phase II by providing further training and credit to the members of established societies.

3.1 Training

The Project (Phase II) target was to conduct 90 Enterprise Development Training Programmes in the two provinces and to train 5400 participants in Entrepreneurship Development. During the project period 62 ENDTPs have been conducted and around 5562 participants have been trained. The number of participants planned for a programme was 60. However, the number of participants who actually participated per programme was around 90. The project achievement is 69% in terms of the number of programmes held and is around 103% in terms of the number of participants. The project target was to conduct 90 Economic Literacy Training Programmes and to train 3600 participants. During the project period, 42 ELTP have been conducted and 1880 participants have been trained. The achievements in terms of the number of programmes and participants are 47% and 52% respectively.

During the Project Period (1993 July to 1996 March), 62 Agromart production societies were established in the two provinces. The breakdown of the societies by districts is shown in Table I. A few Societies have already been registered with the Registrar of Companies and a majority of the societies are still to be registered. One of the constraints faced by the Societies in this regard is that they have to have a minimum of Rs.10,000/- in the bank account to qualify for registration. We understand from the regional offices that action is being taken by the Agromart Management to provide a loan (Rs.10,000) at 2% interest to the Agromart Societies to overcome this problem.

Some Societies, i.e. Kurunegala, Matara and Galle, have already started their own credit funds to provide instant loans to the members. Society progress review meetings have been organized in recent times to exchange their experiences and ultimately to organize themselves into a forum.

TABLE I
SOCIETIES ESTABLISHED DURING PROJECT (1993 JULY - 1996 APRIL)

District	No. of Societies	Members at the beginning	Active Members
Kurunegala	09	748	320
Chilaw	12	1018	608
Galle	15	1316	948
Matara	14	1343	613
Hambantota	12	571	289
	62	4996	2778

Out of 5562 participants who have received Enterprise Development training around 5000 have become members of Agromart Societies. The average number of members of a society just after ENDTP is around 80 and it then dropped to about 45 after some time. On average, about 25 to 30 members participate in the monthly society meetings. Under the difficult conditions in rural areas and the cost of the time spent to attend the meeting etc. the rate of participation of 25 to 30 is quite satisfactory. Also, it may not be correct to assume that only 25 to 30 are active in a society because some members find difficult to attend all the meetings regularly. In that situation the active number of members of a society could be well over 30.

The Entrepreneur Training Development Programme was designed mostly for rural women whose family income is less than Rs.1400/- per month and who are expected to be Janasaviya beneficiaries. Based on the information provided in ENDTP completion reports, approximately

50% of ENDTP participants are Janasaviya recipients. 78% are female, around 70% have passed the G.C.E. (Ordinary Level) and the majority are below the age of 45.

3.2 Credit

In order to implement the first revolving fund, the AOF entered into an agreement with the Hatton National Bank, a private local commercial Bank. The AOF deposited Rs.11,760,000/-, i.e. Rs.500,000/- less than the sum the AOF was expected to deposit, and commenced the Revolving Fund, in July 1994. This sum was placed in a fixed deposit earning interest at 14% per annum. The deposit was held as a guarantee fund and funds therein were not used by the HNB to grant loans. The HNB used its own funds to grant loans recommended by the AOF.

As regards the second loan fund to be operated by the AOF, it initiated the fund with a deposit of Rs.11,500,000/-, i.e. Rs.760,000/- less than the expected deposit at Grindlays Bank, Havelock Town, Colombo. It was held as a Call Deposit. It earned interest at varying rates between 9.5% to 15% p.a. There have been frequent large transfers between Rs.1 Million and Rs.4.0 million to and from A/C Nos 6005012001 and 6007585001 which did not relate to lending. Up to 90.9.1996 there were over fifty transactions in the revolving fund while the transactions relating to lending were only eight.

Interest earnable on the revolving fund during the first year amounted to approximately Rs.2.5 million. However, the Revolving Funds failed to earn the interest as envisaged during the first year of operations as the co-financing of Rs.1.0 million does not appear to have come in.

The AOF offices in Ambalantota, Matara, Galle, Kurunegala, Chilaw and Negombo maintain savings accounts at HNB branches to which the loan instalments and interest recovered from borrowers from the AOF are credited and those funds remain unutilized ever since the recovery of loans began. The Funds in these accounts are now badly mixed up with the interest earned from the banks on those deposits. In a sense, the recovered loan instalments and interest should have been credited back to the Revolving Fund at Grindlays Bank regularly, while the interest paid on such deposits by the Bank credited to a separate account should have been used to meet training and administration costs, according to the terms of the project proposals.

The project has targeted the provision of 1650 loans up to Rs.15,000/- to promote micro enterprises in the two provinces. The credit scheme was implemented by Agromart Societies and the Hatton National Bank. The operation of the Hatton National Bank has been limited to a 20 KM radius around the Branch office. Over the project period, 617 loans have been granted by both Agromart Societies and the H.N.B. and the total value of the loan granted is around Rs.6.7million. The H.N.B. has granted 220 loans to the value of Rs.2.7million while Agromart Societies have granted 396 loans and the value is around Rs.4.1million. The lending performance rate of the HNB is 22% and that of Agromart is 33%. The performance of the credit programme, on the whole, was not satisfactory.

The break-down of the number of loans and credit disbursed is given in Table II.

TABLE II
CREDIT DISBURSEMENT - NO. OF LOANS & AMOUNT GRANTED
JULY 1993 TO APRIL 1996

District	No. of Loans			Total Amount (Rs. Million)		
	AOF	H.N.B	Total	AOF	H.N.B.	Total
Kurunegala	127	44	171	1.202	.519	1.721
Chilaw	94	62	156	.904	.795	1.699
Sub Total	221	106	327	2.106	1.314	3.42
Galle	38	39	77	.429	.421	.85
Matara	39	40	79	.413	.468	.881
Hambantota	98	35	133	1.149	.471	1.62
Sub Total	175	114	289	1.248	1.360	3.351
Total	396	220	616	4.097	2.674	6.77

The performance of the credit programme has improved over the years. The number of loans granted increased from 87 loans in 1994 to 259 loans in 1995 and 270 loans in 1996 (only 1st Quarter). The performance for the whole of 1996 could be much better. Credit disbursement started only in late 1994 although the effective date of the credit programme was January 1994. The slow progress can be attributed to this slow start. The average size of the loan is Rs.9076/-.

The average size of the loan granted by the Agromart Societies in the N.W.P. is around Rs.5618/- and is Rs.10491/- in the Southern Province. The average size of the H.N.B. loans in both the provinces is around Rs.11,000/- .

Credit was granted only to members who have some proven entrepreneurial abilities and could start enterprises with their own resources. This procedure has proved to be very successful in identifying the genuine entrepreneurs to be granted loans. However, at the same time, the selection of borrowers through this type of strict procedure has denied loan facilities to a large number who are unable to find initial capital to start up new enterprises. This is a cause for some concern about the original target group of the project.

4. FINDINGS

4.1 Training

- a. The ENDTP is a two-day programme divided into three main skills-training sections namely: sustainable agriculture, animal husbandry and small industries. Trainees are divided into these three areas according to their needs. The morning session in 'Develop Entrepreneurship' is common to all participants. Training programmes are conducted using lecture and demonstration-style training methods. The duration of sessions varies from 1¹/₂ - 2¹/₂ hours.
- b. Some of the popular topics covered at the ENDTPs are: Integrated farming, Home gardening, Vegetable cultivation, Horticulture, Banana cultivation, Betel cultivation, Mushroom cultivation, Plant nursery management & Grafting, Dairy management, Poultry-keeping, Piggery, Bee-keeping, Jam-making, Yoghurt-making, Sauce-making etc.

Although all district offices had a standard programme for the ENDTPs, the training material varied from training to training. This should be the same for all ENDTP trainees, especially for a topic such as 'Develop an Entrepreneur'.

- c. We found that only 1½ hours of the two days was allocated for actual entrepreneurship training at the ENDTP we visited as observers. The rest of the time was for skills-training in agriculture, animal husbandry and small industry. Resource persons handling the Entrepreneurship training too found that the time allocated was not adequate to introduce entrepreneurship to the participants to have an effective impact on them. We also noted that the resource persons did not use a microphone or any other amplifying system when lecturing to large groups to make themselves audible to all participants equally.
- d. This programme's section in developing skills to promote sustainable agriculture, integrated farming and animal husbandry has achieved a high level of acceptance by the participants. The use of demonstrations as a training method was highly appreciated by the participants.

Many stated that they lacked formal knowledge and the skill of systematic growing/farming prior to the training. Some did not have access to basic advice regarding their crops/livestock. Almost all in the N W Province appreciated the introduction of liquid organic fertilizer.

- e. Although several found the allocation of two days adequate for the ENDTP, more than 76% of the sample states that the two days was not adequate. The majority preferred the training to be more in-depth and to be extended by another day or a weekend. As profits are made mostly through commercialization, we feel that the programme needs to be made more detailed and more time needs to be allocated for each module for farmers to gain adequate knowledge to increase production.
- f. There were several society members we met who have followed the ENDTP twice a year.

For future improvements of the ENDTP, some interviewees suggested that persons with similar interests be chosen for each programme, so that less time would be wasted and more knowledge could be gained and shared.

- g. Many involved in home gardening found the sustainable agriculture methods very useful and effective as well as money-saving. Some who were only in animal husbandry have diversified into integrated farming as they found that this system helped them to increase their income by cost-cutting and recycling waste. Many had increased their product range too. Almost all respondents engaged in agriculture and livestock had increased their production and incomes. These positive changes were because of the personal advice provided by the conscientious field staff and their close monitoring of project beneficiaries.
- h. The ELT programme provides knowledge in marketing, management and simple book-keeping to the participants who have already undergone skills-training at the ENDTP. Some of the topics covered in this training are: Identifying viable enterprises, Market surveys, Making a marketing plan, Marketing management, Developing a business plan, Financial planning, Simple record-keeping etc.
- i. The time allocated for each module varied from 1 hour - 2 hours. Topics covered seem to be appropriate, but taking into consideration the time allocated per module the actual impact it makes on the trainees was questionable. This was confirmed in the questionnaire analysis as most of the beneficiaries interviewed lacked knowledge in marketing management. We also noted that the training was done using mostly the lecture-style training method. We feel that a group of 40 rural farmers is too big for one resource person to handle, especially when introducing new topics such as financial and marketing management.
- j. The majority of the sample interviewed stated that they appreciated book-keeping, when asked what was most valuable to them about Agromart's training. Many stated that they were keeping books. On examining the books, it was found that they kept income and expenditure records but not stock control records. Books were maintained properly by persons who were expected to take part in the annual farmer competition as it is a requirement for the competition. Some who have already won and have been on tour, have now given up keeping proper records. Some stated that they have all the information written on bits of paper that needs to be transferred to the book when time permits. Several women found book-keeping an added burden to their already heavy daily work-load.

- k. Some of the TFE courses held are: Dress-making, Cookery, Flower-making, Soft toy-making, Bead work, Handicrafts, Hair styling, wool work, sweets, jam, yoghurt-making etc. We found that all TFE courses are traditional training courses geared to women. The participation of men in the TFEs was very low.
- l. TFE courses such as dress-making and soft toy-making appear to be more popular. All district offices had more than 4 traditional courses for women, running simultaneously. Most people who attended TFE classes belonged to a higher income group instead of being Samurdhi recipients. The women who were interviewed said that these traditional courses are very popular among rural women, not as vocational training courses to increase their income but as a way to enhance their marriage prospects, as traditionally, women are supposed to be versatile in such skills as cookery, dress-making and needle craft.
- m. Although the types of TFE courses presently being held in all districts were similar, there was no similarity in the course contents or no set module. Furthermore, no research was done to find out the demand for such products/services.
- n. Our experience shows that traditional vocational training for women does not lead to very successful income-generating activities as the commercialization of such ventures is not possible for the majority of rural entrepreneurs operating on a small scale as their market is either limited or is already saturated. District co-ordinators and several younger beneficiaries agreed with us that traditional vocational training now needs to be reviewed and non-traditional, more marketable vocations need to be introduced to TFEs to increase the employability of women.
- o. Respondents to the questionnaire who stated that they started new enterprises as a result of the TFE were mostly those engaged in secondary activities in small industries (craft) and food processing. Their success was questionable as their monthly income from these projects was meagre.

No tracer studies have been conducted to find out the present situation of the past TFE trainees. At our request, several district co-ordinators promptly sent out 50 questionnaires to TFE trainees. At the time of writing this report many had not replied.

- p. Many TFE trainees have followed several TFE programmes in one year. Several TFE trainees suggested that the TFE time per day be increased, as they come from far and spend a lot of money only for 2 1/2 hours. This, they feel, is not worth the time as they spend more time travelling than learning.
- q. Other than for a very few people, the Agromart training was relevant and some found the ENDTP and the ELTP very useful. They all stated that they had an adequate knowledge of the subject matter prior to the training and that they now have a good knowledge of the subjects. The majority found the course content and course material very useful. Handouts were not given in all training courses. This varied from resource person to resource person.
- r. When asked for suggestions for future improvements in the ENDTP, the ELTP & the TFE, their responses were as follows :
- * Increase the number of days by another weekend or a day
 - * Choose groups with similar interests
 - * Give more detailed lessons
 - * Make book-keeping more simple
 - * Introduce new designs
 - * Increase practicals/demonstrations
 - * Increase session time
 - * Increase session time of TFE to be cost-effective
 - * Give chances to attend all sections (a, b & c) of ENDTP
- s. Many successful entrepreneurs had improved on their quality, packaging and promotional tactics, had diversified risk by selling different items and had changed production methods to be cost-effective etc. as a result of Agromart's training and extension services.

- t. When asked, "What was most valuable to you about Agromart's training programme? " 32% stated 'book-keeping', 21% stated 'new knowledge in agriculture', 12% valued 'how to start a business'. Other responses were: determination in spite of failure, recycling waste, new farming methods, organic farming, credit, skills-training etc.
- u. Although many (82%) claim to be keeping records of income and expenditure, most were unable to give a suitable answer when asked how they were using this information to make decisions about their business. Four persons said that their decisions on how much to re-invest were based on that information.
- v. 59% of the sample who's income was less than Rs.1000/- before joining Agromart now claim to earn more than Rs.2,000/- per month. One woman who was a labourer while doing chena cultivation, was uncertain of getting a monthly income of Rs.1000/-. She now claims to earn approximately Rs.5000/- per month from her small temporary Tea boutique by the main road. Her independence was because of credit from Agromart, the ENDTP and the ELTP, she says. She had not been keeping any records of her income or expenditure at the time of our visit.
- w. From the sample (71%) which states that they were selling different things since training, 54% were in small industries, 33% were in agriculture and 8% were in animal husbandry and 4% were in integrated farming.
- x. 25% have increased their investment by Rs.10,000/- or less, 43% have increased by more than Rs.10,000/- but less than Rs.25,000/- 32% have increased their investment by more than Rs.2,000/- although Agromart's maximum credit limit is only Rs.15,000/-.

4.2 Credit

- a. While in the process of identifying beneficiaries for training and during the training, the AOF purposely avoids a discussion of available credit facilities with the beneficiaries. The objective of this strategy is to assess how genuinely the beneficiaries were interested in acquiring training without tempting the trainees

into training by the offer of credit facilities. It is their experience that some trainees undergo training without any aim or dedication but with the sole idea of securing credit facilities. Once the beneficiary has gone through the interview held by the AOF and Pocket Meetings, then the AOF makes a decision as to whether a particular beneficiary is temperamentally suitable for undergoing training. Such a beneficiary undergoes training in ENDTP and ELTP. If, while in the course of this training, a trainee shows undue enthusiasm to secure credit facilities, then such a trainee is treated as a persona non grata. Even after training, a trained person has to start some enterprise on her/his own first and prove her/his entrepreneurship before she/he qualifies for credit. This criteria has curtailed both the expansion of credit even among the trainees and the formation of Societies. In comparison with the vast geographical operational area of the project, the AOF does not have adequate staff and transport facilities to carry out this close dialogue and reconnaissance.

- b. Even after following such a stringent procedure to identify correct persons for membership of Agromart Societies, the debt recovery rate was 68.5% and for the HNB it was 78%, whereas the project target was 95%. Both the HNB and the AOF do not maintain the recovery rate.
- c. Loan documentation appears to be complicated and lengthy. The documentation for a marginal loan includes the following list of documents running into 26 pages up to the point of Agromart approval at Head Office level :

1. Loan application
2. Two guarantors' statements
3. Estimation of Project Costs
4. Project Report
5. Statement of economic information
6. Loan Agreement
7. Promissory note
8. Guarantee bond
9. Borrowers letter of undertaking
10. Declaration by borrower re borrowing from other institutions
11. Agromart Society recommendations
12. Inspection report
13. Letter of set-off. (It is verbose and runs into two pages)
14. Letter of Direction re instalment and interest payment and interest rebate of 1% if repaid on the due dates

As there are only a few AOF staff available at District level, the documentation procedure tends to hamper the smooth flow of credit.

- d. There appear to be short-comings in project design. The plan was to set up one Agromart Production Society in each AGA Division in the Southern and North Western Provinces, within the short duration of the project. The two provinces encompass five districts, and 80 D.S. Divisions, a large geographical area, a large population and very long distances from each of the five AOF centres to the periphery. The staff available at each centre is around two field officers and a credit officer. This meagre staff has to identify suitable members to set-up societies, evaluate projects, monitor societies, grant loans and carry out recovery and after credit-monitoring.
- e. The transport facilities at the AOF centres are also inadequate. The co-ordinator, who is invariably a women, does not have a vehicle for her official transport and depends on hired vehicles. Most co-ordinators do not have a thorough knowledge of the working of the loan schemes in the village and other activities because they do not travel widely in the area of operation owing to the lack of transport.
- f. The project design to operate in five districts and 80 D.S. Division in one run is indeed over-ambitious. The whole operation would have been better phased to match the available AOF staff and to make up for the long distances involved.
- g. There is the compulsory retention of 25% of the approved loan in a blocked savings account in the name of the borrower. Only 75% of the approved loan is released. A verbose letter of set-off giving the AOF the right to set-off the balance in the said savings account in case of default in repayment of the loan, is also obtained.
- h. The borrower does not get the full loan, but she/he has to pay interest on the full loan at 18% p.a. flat which amounts to 33.5% if the repayment period is two years or 34.5% if the repayment period is three years, when equated to payment of interest on the reducing balances whereas, on the blocked savings deposit, she/he cannot earn interest of more than 10% per annum.

- i. In terms of the analysis, the flat rate of 18% per annum is unfair by the beneficiary. The rate of interest charged by the HNB is 24% per annum on the reducing balances. Normally, rural credit interest in the State Banks is much lower. The rate of 24% charged by the HNB, too, appears high and it is definitely high in view of the Credit Guarantee fund of Rs.13,159,440/- maintained by the AOF. Interest charged by the HNB on their sister rural credit programme "Gemipabuduwa" is 20% on agriculture and 22% for trade. The Bank of Ceylon rate for micro-finance is 16% p.a. all on reducing balances. It is conceded that the World Bank discourages subsidized interest rates for rural credit but the rates being charged by both programmes here are higher than the local market rates.
- j. It is stated that 1% interest paid by the borrower would be refunded to the borrower, if the loan and interest is repaid in full within time without default. Many borrowers have repaid in the said manner, but no evidence is available to substantiate the refund of 1% interest by the AOF.
- k. The lending procedure sets out a penal rate of interest in case of overdue loans. This would only aggravate the interest burden on the borrower. However, there was no evidence of the penal rate being charged. The existing interest structure is already too high and it has to be lowered first before implementing the penal rate of interest.
- l. No provision has been made to buttress the revolving funds against inflationary tendencies and no loan loss provision has been made.

Lessons learnt regarding credit

- i. When such a large sum of money as around Rs.80 million is being granted, the Granter shall have called for the balance sheets and income & expenditure account and the general accounting procedure of the NGO for the past three years, which is duly analysed.

- ii. The existing Organisation Structure of the NGO and the projected Organisation Structure to match the capacity to undertake the new development activities and the salary structure should have been called for and evaluated.
- iii. Credit capital of Rs.23,520,000/- shall not have been released in one lump sum. It should have been released in stages to match with the credit progress as and when reported by the NGO.
- vi. Written confirmation of the NGO shall have been obtained with suitable written evidence that the NGO had complied with their financial side of the agreement prior to release of credit capital.
- v. The cheques relating to the credit capital shall have been written along with the Call Money Account numbers at the respective banks. The Granter had failed to get confirmation from the Banks that the specified amounts had been credited to the said accounts on the given dates. In this regard, the safest way to write a cheque is to make it "Account Payee" and "Not Negotiable".
- vi. The Granter has to introduce an effective monthly reporting format on the lines of the specimen. In this specimen format it becomes obvious that any debit to the Call Money Account should have a corresponding credit to the lending account and would also reveal the names of individual recipients of credit by cheque number.
- vii. Formation of societies was an imperative forerunner to lending. The Grantor has failed to introduce a monthly return on formation of societies.
- viii. The said monthly returns would have helped the Credit Supervision Firm to monitor better the exact behaviour of the credit programme.

5. WOMEN

This analysis was carried out among 20 women beneficiaries selected from those in the North Western and Southern Provinces to examine the division of labour and workload, access to and

control over resources such as finances, their participation in decision-making and the self-image of women.

Other than for one interviewee, all others stated that they did the household chores by themselves. 100% of them went to bed daily after 10.30 p.m. and were up by 5.30 a.m. They stated that the reason for retiring to bed late was owing to the workload (productive and reproductive) for which they were responsible. This implies that women were not only occupied with work for more hours during the day, but also, that much is required of them in terms of managing their time and work. The husbands/fathers/sons of 38% of the women entrepreneurs helped them in their economic activities. Their roles were mainly the distribution of end products, transportation of animal feed and conveying messages. Other than for the widows, the husbands of all the others were engaged either in self or wage employment.

100% of the women interviewees had their own bank accounts and 58% had control over the expenditure of this account, while 37% stated that the husband and wife make decisions as a team when deciding on expenditure and savings. 5% stated that the husband had control over the account although it was in the woman's name. There was one woman who had taken a loan in her name to improve the husband's enterprise as her husband was not a member of an Agromart Society. This has burdened her with an additional responsibility of assuring repayments.

78% of women decided on their own about the increase or reduction of stocks, production etc. 22% stated they made decisions mutually, while 6% stated that their husbands made the decision for them.

39% of the women were members of a women's society while others had no time to participate in any extra activities owing to their family commitments.

55% of the women had acquired either household equipment or farm equipment to make their tasks easier. 17% had purchased gold jewellery for themselves or for their daughters. 28% had not purchased any items to make their tasks easy or to make themselves happy. This shows that, as a result of their economic advancement, the majority of women beneficiaries have met their practical needs.

54% of women beneficiaries interviewed stated that they experienced a vast change in their situation since they received Agromart training. They said that they now have self-confidence which they did not have before and that they could communicate with their husbands at an equal level as they too contribute towards the family income, thus making a positive change in themselves. 32% stated that they experienced a considerable change while 14% stated they experienced only a slight change in their status since training.

Although the workload of women has increased, their improved socio-economic position has benefited them in self-image. All this outweighs the negative aspects of being financially dependent on their husbands.

A few women we encountered, who had made very little or no progress since the training, were faced with personal problems within the family such as sickness, crop failures, bad marketing input etc. Many of their activities were not supported by proper feasibility studies. They were faced with a burden of a loan and a low income insufficient for their survival. These people need to be provided with counselling facilities and additional advisory services of the field staff.

Gender sensitising programmes need to be conducted for all beneficiaries (men and women together) and to all staff members, in order to have a better understanding of gender issues and the position of women compared to men, so that the overall programme could be made more effective.

Although figures show that the AOF has achieved the targets of catering to 75% women and claims to be a women's NGO, their documents were not gender differentiated. All district co-ordinators were women, but there were no female field officers. This could be owing to lack of official transportation for women to perform their tasks.

6. CONCLUSIONS

- i. The project envisaged providing practical training to rural farm women in the NorthWestern and Southern Provinces in Agriculture and Agriculture-related fields and micro credit to establish or expand commercially viable small enterprises with a view to upgrading the quality of life, diversifying the rural economy, reducing the problem of unemployment and under-employment in the rural sector, enhancing women's leadership qualities and creating awareness of environmental issues.
- ii. The USAID Grant Assistance for training and the anti-poverty lending programme (APPLE) have largely contributed to the achievement of project objectives. The establishment of Agromart production societies in AGA Divisions in the two provinces and the establishment/strengthening of Agromart Regional Offices in 5 districts, (Kurunegala, Chilaw, Galle, Matara, Hambantota) have certainly strengthened the service delivery mechanism of the Agromart Outreach Foundation. The HNB involvement in the credit programme has further strengthened Agromart's activities in the two provinces.
- iii. The three training programmes have recorded high performance rates (except the ELTP) and, as such, the cost per trainee was much less than the targeted cost of Rs.2955/- per trainee. However, perhaps this has been achieved at the expense of quality, i.e. the targeted number of participants per ENDTP was 60 participants, but the actual number was around 90 participants. Participants for the ENDTP and ELTP have been selected using standard selection criteria common to all districts. The time and the procedure followed in selecting the participants for training programmes is commendable.
- iv. Almost all persons interviewed were self-employed prior to receiving Agromart training in the same field. Agromart training and other support services have assisted mostly the families who are already engaged in some self-employment activities.

- v. In line with the project objectives of providing practical training and orientation to rural farm women in agriculture and agriculture-related fields, the ENDTP training has basically provided skill development training in the fields of agriculture, animal husbandry and small industries. Consequently, the majority of society members are engaged largely in agricultural activities. Diversifying the rural economy and reducing unemployment among women may not be very successful without introducing non-traditional skill development training for women.
- vi. The Training For Everyone programme (TFE) is very popular in all five districts. The number of trainees who have benefited from this programme is well over the targeted figure. According to the progress report for the first quarter of 1996, the figure is well over 15,000 Trainees. However, our estimate is that the actual number of beneficiaries is less than this. In many cases the same trainee has attended more than one course. Some of the popular courses are dress-making, bridal dressing, cookery and soft toys. In Kurunegala, around 3637 participants have undergone this training (TFE), of which about 50% have attended the dress-making course. In Matara and Galle a large number of participants have attended training courses such as Beauty Culture and Dress-making. As there are no tracer studies carried out it is hard to assess the usefulness of this training programme. In our view these training programmes have not led to the establishment of very successful income-generating activities.
- vii. The project envisaged granting at least 1650 loans during the project period, yet the achievement was only about 616 loans. The achievement rate was only 37%. The targets were set to be achieved in 18 months. The initial delay in the implementation of the credit programme (credit disbursement started only in Nov. 1994) was unavoidable owing to the fact that credit was disbursed only to society members who had undergone training and had started up enterprises using their own capital funds. Credit disbursement during 1996 has been much faster than the first two years. However, there is a big disparity between project training and project credit availability.

- viii. Lending procedure: A borrower completes the loan application and it is recommended by the Agromart Society. When the application reaches the AOF office, the Field Officer visits the beneficiary and gives a report. If it is a positive report, with the approval of the credit officer, guarantors statements are issued to the beneficiary and thereafter the estimation of project cost by project report and a statement of economic information are obtained with the assistance of project staff. Then the Credit Officer evaluates the project and if it is approved it goes to the AOF Head office for approval. After such approval, if the beneficiary resides within a 20 kilometer radius, it is referred to the HNB for granting the loan. The HNB would then makes its own evaluation and if satisfied, their Field Officer would arrange with an AOF Field Officer to visit the beneficiary to complete their own application and other necessary papers. This is indeed a very long procedure and needs rethinking.
- ix. The project has targeted assistance to rural families with a monthly income below Rs.1400/-. We have found that more than 50% (i.e. 62%) of project beneficiaries were not in this category. When this question was raised with society leaders and project staff, the answer was that if it was limited to lower income groups many of them would not have started enterprises. We agree with this explanation and conclude that the decision to extend the credit facilities to families with a monthly income of more than Rs.1400/- was a justifiable and a practical one.
- x. According to the project proposal the AOF will have covered its second year administrative and training cost in full from the interest proceeds on its direct lending programme and on deposit interest earning on the HNB guarantee fund and both lenders will be in a position to continue operating beyond the terminal date of the grant. The HNB has used their own funds for lending and, at present, the HNB guarantee fund stands at Rs.13.0 million while the revolving funds maintained by the Agromart Outreach Foundation at the Grindlays Bank stands at Rs.3.7 million. (Recoveries have not been credited to the loan fund A/C). The loan fund maintained by the Agromart Outreach Foundation has been used for other purposes as well and this has caused some concern about the future operation of the revolving fund.

- xi. Interest earned on the revolving fund does not appear to have been credited, in the first instance, to a separate account and from there appropriated to two other accounts, i.e. "training expenses and administration expenses", so that it would be clear at a glance as to how the interest income was appropriated.

- xii. The sample survey demonstrates that, in general, Agromart's training and credit services have had a positive impact on those who accrued its services. However, these positive results are because the women who have benefited from Agromart's services were those who had already taken the initiative to improve themselves. As the questionnaire indicates, 62% of those interviewed were not Janasaviya/Samurdhi recipients.

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7. RECOMMENDATIONS

7.1 General

- i. Training and Credit Facilities initiated under the USAID project have greatly assisted the Agromart Outreach Foundation to establish its operations in the two provinces. The establishment of 5 Regional Offices and 62 Agromart Production Societies with a membership of around 6000 is the major output/ result of the project. This should be sustained. Training and credit assistance should be continued with more attention given to follow-up activities on the ex-trainees. The administrative capacity of the Regional Offices have to be strengthened and necessary support should be provided to Agromart societies to grow as independent organizations. Emphasis should be on consolidation and not on expansion.
- ii. Agromart Society members identified the lack of marketing as one of the major constraints in expanding their economic activities started with the assistance of the project. The organization of Annual Trade Fairs has not been of much help in establishing marketing linkages inside and outside the district. Therefore, it was suggested that marketing outlets be established in the district to promote Agromart products. This suggestion should be given favourable consideration.
- iii. The self-sustainability of the programme will depend very much on the strength of the Agromart Societies and their capacity to expand economic activities. The Society progress review meetings started recently at district level serve as a major instrument to share the experiences of different societies. This should be encouraged and assistance should be given to establish even district federations.
- iv. A few societies have already started their own credit funds and grant small loans among themselves. Since the majority of the societies are still at very early stages of development, financial assistance may be required to develop them. Agromart has already decided to grant an interest-free loan to assist such societies (Rs.10,000/-). This should be implemented soon.

- v. Except the team leader who accompanies the group no member of staff should be afforded the opportunity to go on overseas tours more than once. Even in the case of the team leader, this opportunity should be revolved among other members of the staff to include the regional staff as well.

7.2 Training

- i. Traditional vocational training needs to be reviewed and non-traditional, more marketable vocations should be introduced through TFE to increase the employability of women. Tracer studies and Market Surveys are necessary to improve the programme in the future. Non-traditional training such as Electric Wiring, Radio Repairing, Computer Training etc. are some of the areas for consideration.
- ii. The balance between the training and follow-up assistance to start enterprises should be maintained. The over-concentration on training has caused a wide disparity between the number of trainees and the number of enterprises started. Agromart should concentrate more on ex-trainees rather than on new training.
- iii. Enterprise development training and skill development (Agriculture, Animal Husbandry, Small Industries) at present are conducted in one training course and the time devoted to ENDTP was insufficient. It may be useful if these training programmes are conducted separately and more time is devoted to the ENDTP course.
- iv. Only the members who have shown interest and capacity to start enterprises should be selected for the ELT programmes.
- v. Participants for the TFE have to pay Rs.25/- for a course. These conditions may have had a negative effect on the very poor families. It may be useful if these conditions are dropped for very poor families (Samurdhi Beneficiaries) and some special concessions introduced to bring them under the programme.

- vi. Well-developed standard modules for all training courses should be made mandatory.
- vii. Skills-upgrading training for ex-trainees and trainers should be introduced.
- viii. As "Entrepreneurship through Market Awareness" is the motto of the AOF more time should be allocated for training in activities related to Marketing Management, as insufficient time is allocated to this aspect at present.
- ix. A tracer study on trainees to should be included to monitor and measure effectiveness and the outcome of the training.

7.3 Credit

- i. The HNB Guarantee Fund and the parallel lending programme implemented by the HNB utilizing HNB funds appears to be a very sustainable and viable lending programme with better borrower performance. It is a good prototype for replication. It may be an appropriate experiment to try it out with a State Bank which has a broader network of branches and wider field-staff base on the same terms and conditions as with the HNB. In identifying and implementing this programme, the USAID has indeed made a very valuable and effective contribution to the cause of rural micro-entrepreneurship development and in the empowerment of women, as the majority of the beneficiaries are women and the same tribute goes to the AOF for its untiring efforts to implement this project.
- ii. As explained in the findings, the interest rate at 20% per annum on reducing balances should be treated as a standard rate of interest on micro-finance with provision to change depending on the behavior of the market rate. It is suggested that they do away with the flat rate on the original balance where the effective rate tends to be very much higher than the declared rate and also as the rate tends to escalate further unseen with the expansion of the repayment period. As an alternative, an equated instalment rate may be followed.

- iii. The existing loan documentation procedure should be simplified and the number of documents and the verbosity of the documents be reduced.
- iv. All District Co-ordinators of the AOF should be provided with suitable official transport facilities for them to be more mobile, more informed and to be able to understand the project better in order to implement it better.
- v. The number of AOF field officers in District Offices should be increased to four in view of the large geographical area they are called upon to serve and to be able to monitor loan recovery which is causing concern by the dwindling recovery rate.
- vi. The massive disparity between the number receiving training and the number receiving credit is shown in the findings. As a solution, either the training momentum should be reduced or the lending exercise should be upturned to avoid retroactive repercussions in the very field being developed.
- vii. A Manual of Credit Operations should be written, as early as possible, to guide the credit staff and to prevent lapses and abuses.
- viii. The compulsory retention of 25% of the loan in a blocked savings account, as discussed in the findings, should be dispensed with.
- ix. Prospective borrowers should first develop the savings habit as a compulsory pre-lending exercise.
- x. Interest income from the two Revolving Funds and the interest earned on the several savings accounts maintained by the AOF at HNB branches to which recovered loan instalments and interest are credited, should first be credited to a separate account and from there appropriated to two other accounts styled "Training Expenses" and "Administration Expenses".
- xi. The recovered loan instalments and interest are now being held in Savings Accounts at HNB branches maintained by each AOF District Centre. Immediate action must be taken to credit the recovered loan instalments and the interest to the

AOF Revolving Fund at Grindlays Bank, Havelock Town, and arrangements made thereafter to remit such balances in these savings accounts, either fortnightly or monthly, to the Revolving Fund at Grindlays Bank. Interest earned by the said savings accounts in holding loan instalments and interest earned from borrowers, should be remitted to a separate account and from there appropriated to two other accounts styled "Training Expenses" and "Administration Expenses"

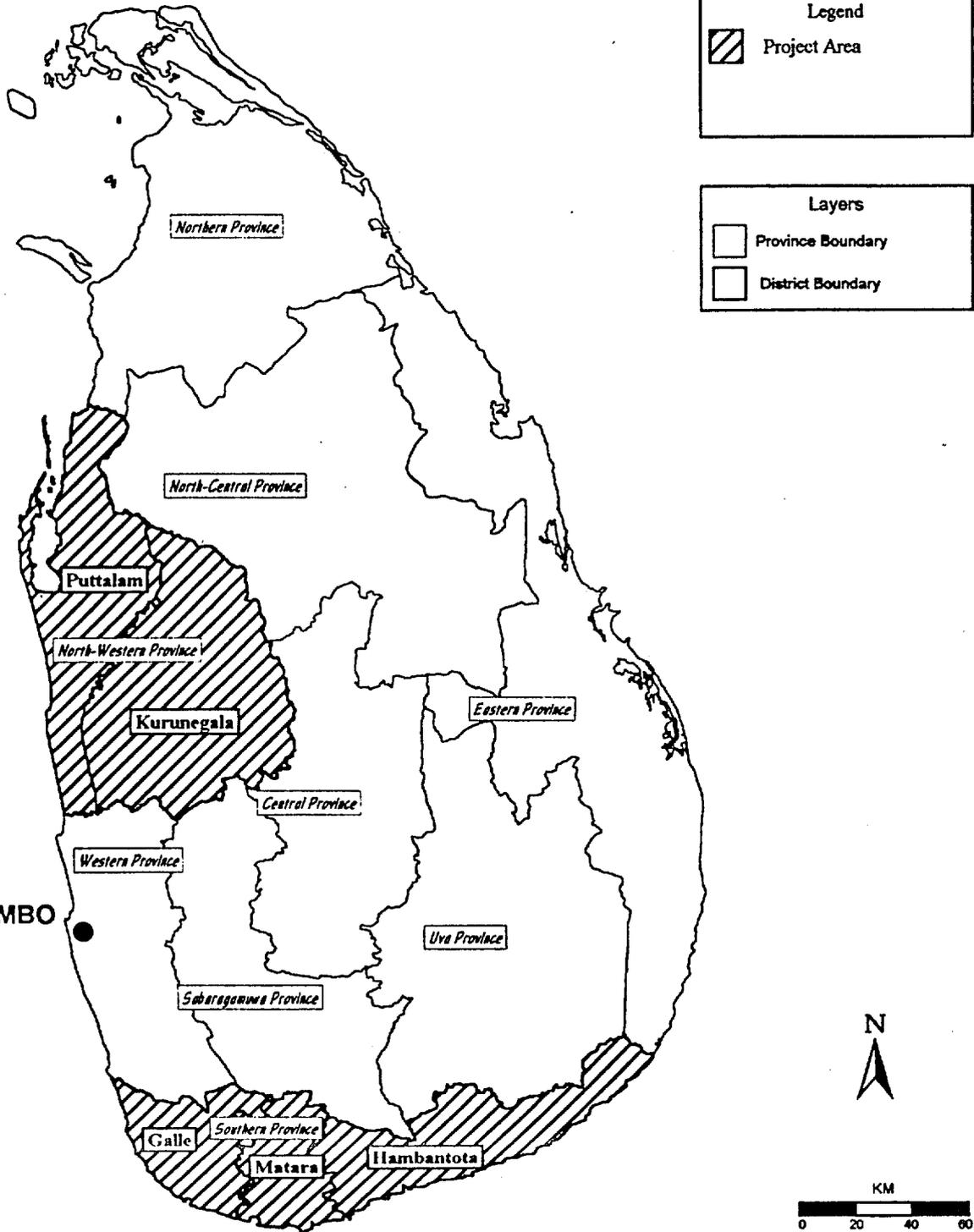
- xii. The staff should be given further appropriate training in credit work.
- xiii. Out of the interest earnings in both revolving funds, 10% should be transferred to a Loan Loss Provision account and a further 10% be credited back to the revolving fund to strengthen the revolving funds against inflationary tendencies.
- ix. Both the HNB and the AOF should maintain the recovery rate. Any loan instalment in arrears for more than 3 months should be shown separately as overdues.

7.4 Women

1. Although it is agreed that the decision to extend credit to families earning more than Rs.1400/- per month is a justifiable and practical one, it is suggested that Agromart adopts a strategy to ensure that women belonging to the most needy category are those that benefit from its services. Therefore, it is best if Agromart ensures that their female beneficiaries are Janasaviya/Samurdhi recipients as well, so that the economically vulnerable too could benefit.
2. Gender sensitising programmes need to be conducted for all beneficiaries (men and women together) and to all staff members, in order to have a better understanding of gender issues and the position of women compared to men, so that the overall programme could be made more effective.

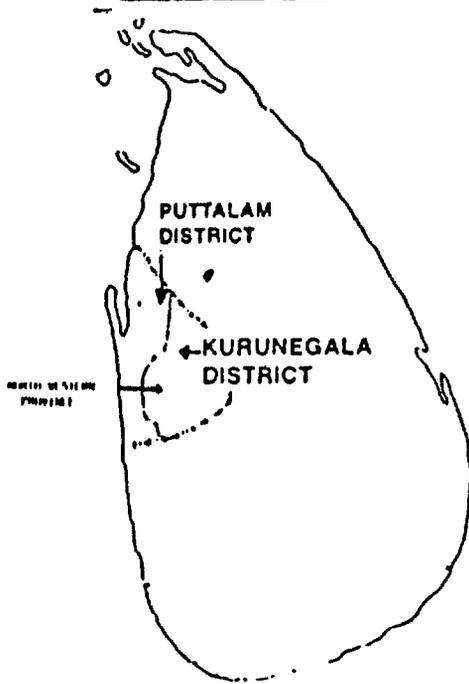
ANNEXURES

PROJECT AREA



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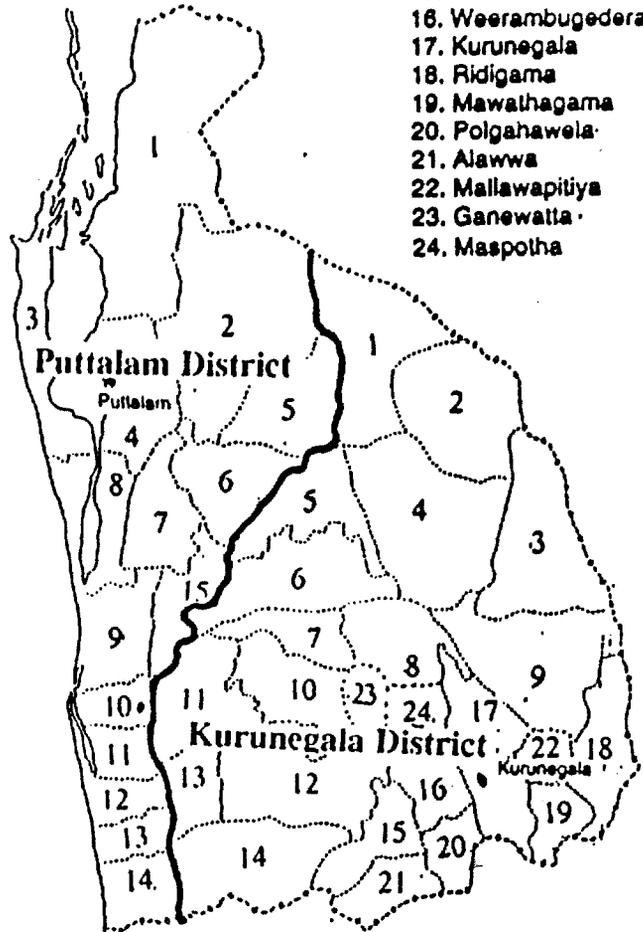
MAP OF SRI LANKA



NORTH WESTERN PROVINCE
(Districts & DS Divisions)

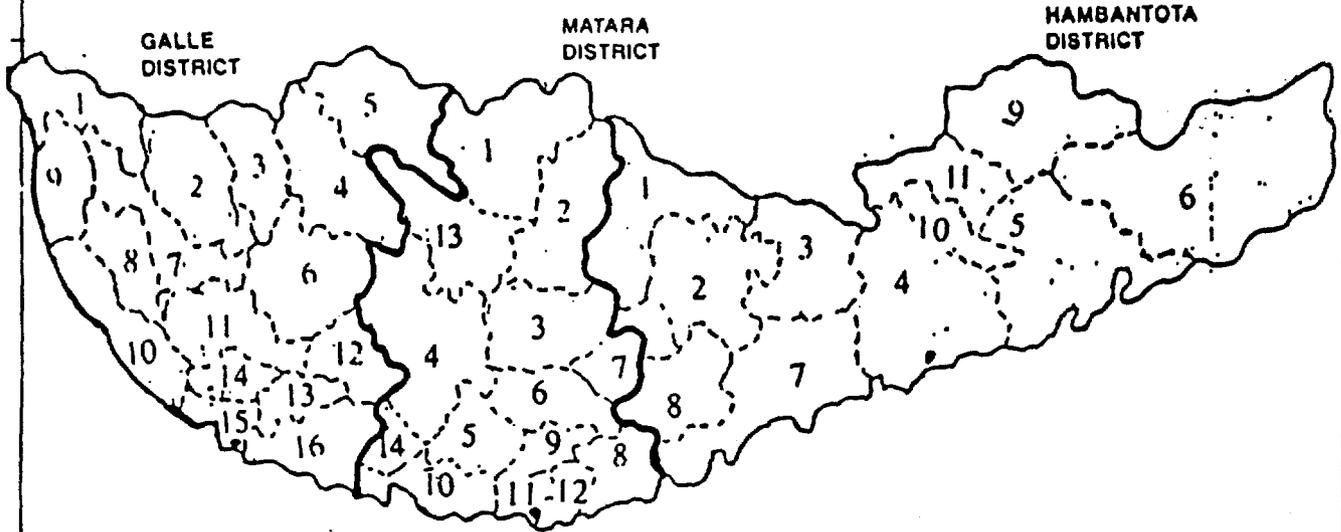
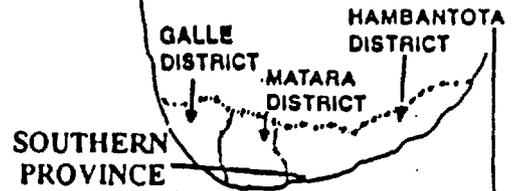
- KURUNEGALA DISTRICT**
1. Gribawa
 2. Galgamuwa
 3. Polpitiyagama
 4. Maho
 5. Kotawehera
 6. Nikaweritiya
 7. Kobeigane
 8. Wariyapola
 9. Ibbagamuwa
 10. Hettipola
 11. Bingiriya
 12. Kuliyapitiya
 13. Udubaddawa
 14. Pannala
 15. Narammala
 16. Weerambugedera
 17. Kurunegala
 18. Ridigama
 19. Mawathagama
 20. Polgahawela
 21. Alawwa
 22. Mallawapitiya
 23. Ganewatta
 24. Maspotha

- PUTTALAM DISTRICT**
1. Wanathavillu
 2. Karuwalagaswewa
 3. Kalpitiya
 4. Puttalam
 5. Nawagattegama
 6. Anamaduwa
 7. Mahakubukkadawela
 8. Mundalama
 9. Arachchikattuwa
 10. Chilaw
 11. Madampe
 12. Mahawewa
 13. Nattandiya
 14. Wennappuwa
 15. Pallama



SOUTHERN PROVINCE
(Districts & DS Divisions)

MAP OF SRI LANKA



GALLE DISTRICT

1. Bentota
2. Elpitiya
3. Niyagama
4. Tawalama
5. Neluwa
6. Nagoda
7. Karandeniya
8. Ambalangoda
9. Balapitiya
10. Hikkaduwa
11. Baddegama
12. Yakkalamulla
13. Akmeemana
14. Bope Poddala
15. Four Gravels
16. Habaraduwa

MATARA DISTRICT

1. Kotapola
2. Pasgoda
3. Hakmana
4. Akuressa
5. Malimboda
6. Kamburupitiya
7. Mulatiyana
8. Dickwella
9. Thihagoda
10. Weligama
11. Matara
12. Devinuwara
13. Pitabeddara
14. Welipitiya

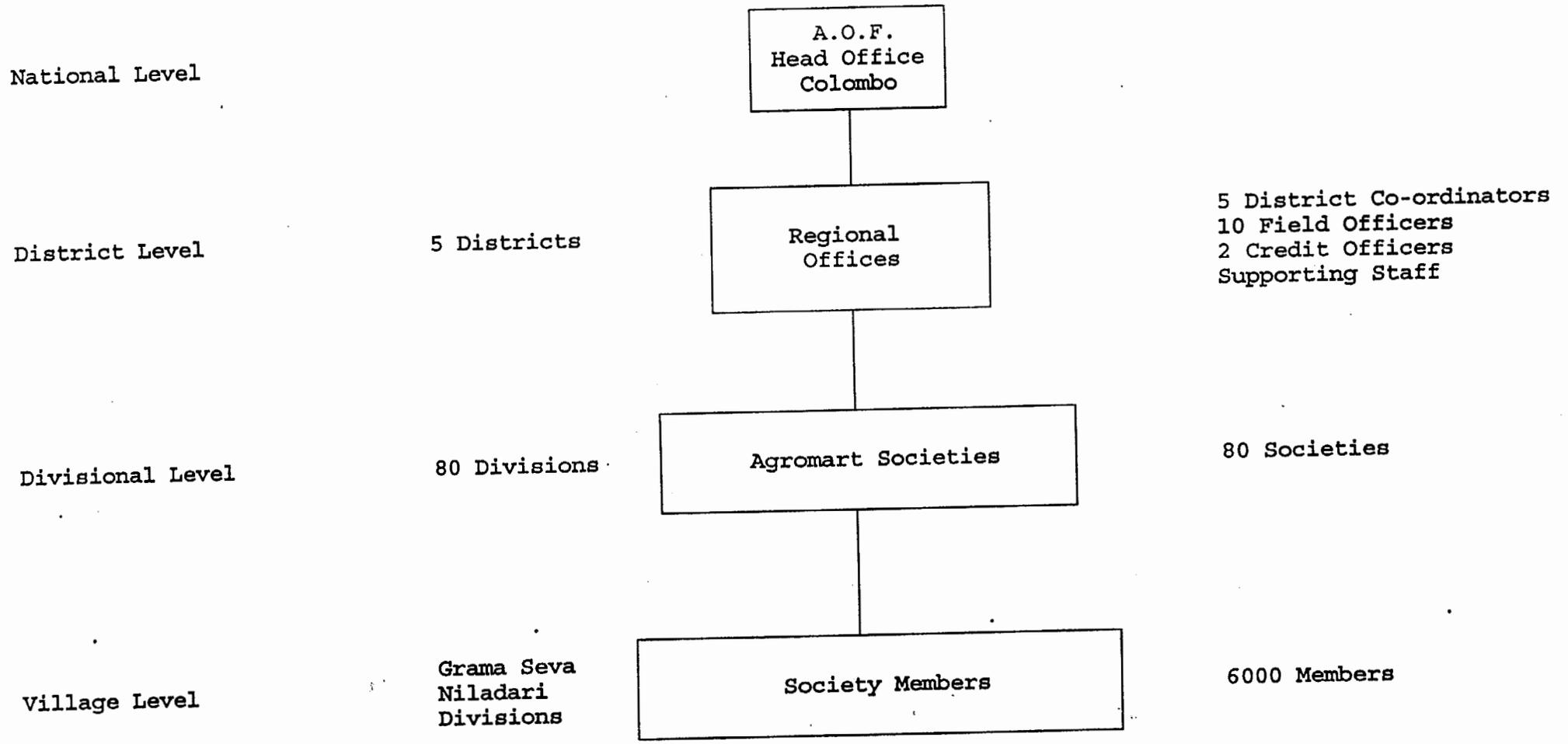
HAMBANTOTA DISTRICT

1. Katuwana ✓
2. Weeraketiya ✓
3. Angunakolapelessa ✓
4. Ambalantota ✓
5. Hambantota ✓
6. Tissamaharamaya ✓
7. Tangalle ✓
8. Belitta ✓
9. Lunugamwehera ✓
10. Okeywela
11. Suriyawewa

End of Project Success Indicators

Indicators	Achievement
* A minimum of 1200 micro-entrepreneurs will have obtained loans from the two lending channels, at least 75% of whom will be women;	617 Loans 78% Women.
* Loan repayment rates will be 90% or higher on each lending program (with a target rate of 95%)	HNB 80% Agromart 68.5%
* The loan capital fund in each of the two programs will have remained at or above the starting level in real (inflation-adjusted) terms;	H.N.B. Rs. 13 ml. (Slightly above) Agromart Rs. 3.7 ml. (below)
* A minimum of 400 micro-entrepreneurs will have achieved income enhanced of at least 25% and two or at least 50%, through the enterprises supported by the loan programs;	460 entrepreneurs.
* At least 100 of the borrowers from the AOR direct lending program will have qualified for new loans from a commercial bank;	Very Few
* AOF will have covered its second year administrative and training cost in full from the interest proceeds on its direct lending program and on deposit interest earnings on the HNB guarantee fund; and	Not happened
* Both lenders will be in a position to continue operating beyond the terminal date of the grant with HNB accepting a 50% guarantee (in lieu of 100% during the grant period) on future loans to Agromart-sponsored micro-entrepreneurs.	Not yet ready

ORGANIZATION STRUCTURE



4/9

ACHIEVEMENTS OF
TWO-PRONGED CREDIT PROGRAM
November 1994 - April 1996

		<u>HNB</u>	1994 (Two months)		<u>AOF</u>		
		<u>No.of Borrowers</u>				<u>No.of. Borrowers</u>	
	SP	9			8		
	NWP	-			70		
		<u>9</u>	3%		<u>78</u>	28%	
200	Target	275		1995	275	Target	200
	SP	20			81		
	NWP	<u>38</u>			<u>120</u>		
		58	21%		201	73%	
200	Target	275		1996 (Four Months)	275	Target	200
	SP	81			86		
	NWP	<u>72</u>			<u>31</u>		
		153	56%		117	43%	
200	Target	275			275	Target	200
	Total number of borrowers	220	27%		396	48%	
	Rs.2,682,625/-	22%	Amount of loans disbursed		Rs.4,096,500	33%	
	Target 95%	78%	Recovery rate		59%	Average 68.5%	
	Rs.12,203	Average credit per borrower			Rs.10,345/-		
	24% p.a.	Effective rate of interest			18% p.a. flat = 33.5 % & 34.5 %		
	20 Km. radius	Operational area			No limit.		
	Rs.12,260,000	Agreed Revolving Fund			Rs.12,260,000/-		
	11,760,000	Implemented R/F			11,500,000/-		
	13,159,440/-	Current position of R/F			Rs.3,721,108/55	Closing balance..	
					<u>4,096,500/-</u>	Lendings	
					7,817,608.55	Total	
	Women Target 75%	Achievement			Training 78%		
					Credit 72%		

25% of Credit withheld in Savings Account

SOURCES

- 1 Project Agreement
Women's Training and Development
PVO Co-financing II 383 - 0101 Grant No 51
AID GRANT 383 - 0101 - G00 - 345-00
- 2 Project Agreement
Antipoverty Lending Project (APPLE)
PVO Co financing II 383 - 0101 Grant No 53
AID Grant 383 - 0101 - Goo - 4101 - 00
- 3 Progress Review & Internal Evaluation
July 1993 to April 1996 - AOF
- 4 Quarterly Project Progress Reports AOF
- 5 Project visit report, July 1996 by LAMSCO
- 6 An Impact Assessment of Agromart Outreach Foundation Training Program January 1995
by Betina Barbi Morcira
- 7 ENDTP evaluation reports, monthly society meetings reports, credit records etc.
maintained by the five district officers and HNB.

END OF TERM EVALUATION OF THE PVO CO-FINANCING II PROJECT GRANT TO
AGROMART

QUESTIONNAIRE FOR PROJECT BENEFICIARIES

Time started Time ended

1 GENERAL - BASIC DATA

1 District 2 Division

3 Approx. Age 20+, 30+, 40+, 50+

4 Female Male

5 Are you a Janasaviya / Samurdhi recipient? Y / N

6 What is your present occupation?

7 Your main source of income? (a) Self - employed
(b) Wage employed

8 If self-employed, did Agromart training help? Y / N
If wage employed, does your employment relate to the training received? Y / N

9 What was your most pressing problem before getting involved in Agromart?
.....
.....

10 Did the training / credit help to solve your problem? Y N
How? . (1) Training.....
(2)Credit.....

11 Have you increased your income? Y / N
If yes,
How?.....

12 What are the present problems faced by
you?.....

13 Are there paid employees in your microenterprise? Y N
If yes, how many?

14 Gross income per month Rs. Net profit/month Rs.....

15 Name the different societies/associations in your area of which you are a member
1.....
2.....
3.....

16 Have you had training by any other institution? Y / N
If yes, what?
Leadership
Economics

- Agriculture
- Animal husbandry
- food processing
- Arts / Crafts
-

When? Before / After Agromart training

II PARTICIPATION IN PROJECT ACTIVITIES

1. Have you benefited from any of the following activities of the Agromart project?
Y / N
 If yes, what are they?

Project activities	Yes	No	Year
EDTP			
ELTP			
Ed Tour - Local			
Foreign			
Training for everyone			
Annual trade fair			
Farmer competition			
Credit: Agromart			
HNB			

III IN-DEPTH INFORMATION OF PROJECT ACTIVITIES - TRAINING

- 1 (a) What type of training? (I) EDTP (ii) ELTP (iii) TFE
- (b) Where?
- (c) What was your knowledge before the training?
 (1) none (2) little (3) adequate (4) high (5) very high
- (d) What is your knowledge now?
 (1) none (2) little (3) adequate (4) high (5) very high
- (f) Are you utilising these skills? Y / N
 If yes, How?

- (g) What is your opinion of:
- (i) Resource persons knowledge on the subject:
 (1) low (2) adequate (3) high
- (ii) Usefulness of course content:
 (1) little use (2) useful (3) very useful
- (iii) Usefulness of training material:
 (1) little use (2) useful (3) very useful

(iv) Duration: (1)short (2)just right (3) long

(v) Your suggestions for future improvement
(1).....
(2).....
(3).....

(h) What is your general opinion of the training?
(1)low (2)good (3)high

2 What have you been doing before the training?
.....

3 Did the training affect your ability to:
(a) Market your products/services? Y / N If yes, how?.....
(b) Manage your business? Y / N If yes, how?.....
(c) Improve or increase production? Y / N If yes, how?.....

4 What was your monthly income before you received training?
(a) < 500 (b) 500 - 1000 (c) 1000 - 1500 (d) 1500 - 2000
(e) 2000 - 2500 (f) 2500 <

5 What was your monthly income since you received training?
(a) < 500 (b) 500 - 1000 (c) 1000 - 1500 (d) 1500 - 2000
(e) 2000 - 2500 (f) 2500 <

6 What was most valuable to you about Agromart's training programme?
(i)

IV IN-DEPTH INFORMATION OF PROJECT ACTIVITIES - CREDIT

1 Have you been able to borrow money? Y/ N
If yes, from whom?

	Before Training	After Training
Family		
Money lender		
Bank -		
Coop society		
Sanasa		
HNB		
Agromart		

2 Have you failed to borrow from a bank / institution earlier? Y / N

If yes, from which institution?.....

3 Have you obtained credit from Agromart credit scheme? Y / N

If yes, How much? Rs..... When?

From whom? (a)Agromart
(b) HNB

4 Amount of loan borrowed:

	1st loan	2nd loan
Date of borrowing		
Amount applied	Rs.	Rs.
Amount received	Rs.	Rs.

5 Purpose of borrowing?

6 Is your enterprise successful? Y N

7 Investment (a)Before training Rs.....
(b)After training Rs.....

8 Do you have a savings account? Y / N
If yes, state:

(a) Name of institution

(b) Balance in account Rs.....

(c) Date opened

9 Was it opened Before / After training?

10 Are your loan repayments in arrears? Y N
If yes, why?

11 Have you borrowed in the past and failed to repay. If so, give details.....
.....
.....

V MARKETING

1 What is your product / service?

2 Why / How did you choose this product/service?.....

3 What are your marketing problems?
(i)
(ii).....

(iii).....

4 - Has the quality of your products changed? Y / N
How/why?.....

5 Do you sell different things since training? Y / N
If yes, what?.....

6 Do you have different ideas about where & when to sell? Y N
If yes, what?.....

7 Do you know about the best price to sell? Y N
If yes, what?.....

8 Do you keep records of information about your business? Y N
If yes, what?.....

9 Do you use this information to make decisions about your business? Y N
If yes, how?.....

10 Do you let people know about your products? Y N
If yes, how?.....

11 Do you market your products (a) in the village? Y N
(b) outside the village Y N

12 How do you distribute your products?.....

13 Do you plan your production? Y N
If yes, on what basis?.....

14 How do you find out your marketing information?.....

15 Have you participated in trade fairs? Y N

16 Has this improved your marketing? Y N
If yes, how?.....

17 What sort of marketing links were you able to establish?.....

18 Give 3 positive points about the trade fair:
(i).....
(ii).....
(iii).....

STUDY TOURS

1 Have you won any annual farmer competitions? Y / N

If yes, where did you go? (a) Thailand
(b) Sri Lanka

2 What was your programme?

.....
.....
.....

3 What are the institutes you visited?

.....
.....
.....

4 What type of activities were you involved in?

.....
.....
.....

5 How did they relate to your work?

.....
.....
.....

6 What sort of skills & information did you acquire?

.....
.....
.....

7 Have you increased your income since your study tour? Y / N
If yes, by how much?.....

8 What are the followup activities?

.....
.....
.....

9 Give 5 positive points of your tour.

- (i).....
- (ii).....
- (iii).....
- (iv).....
- (v).....

Give 5 points for further improvements

- (i).....
- (ii).....
- (iii).....
- (iv).....
- (v).....

SCOPE OF WORK II - AGROMART

A. Activities to be Evaluated

- (i) Project: PVO Co-Financing II 383-0101 Grant # 51
AID GRANT 383-0101-G-00-3454-00
Title: Womens' Training and Development
Life: Effective Date: July 1993
Completion Date: June 1995 Extended twice: March 31, 1996 & April 10, 1996
Amount: Rs.41,314,510 from PL480 Title III Funds and Rs. 14,002,620 from grantees funds.
- (ii) Project: PVO Co-Financing II 383-0101 Grant # 53
AID GRANT 383-0101-G-00-4101-00
Title: Anti-Poverty Lending Project (APPLE)
Life: Effective Date: January 1994
Completion Date: June 1995 Extended: March 31, 1996
Amount: Rs.11,760,000 (limited to US\$240,000) from DA Funds
Rs.13,133,000 from PL480 Title III Funds and Rs 7,246,000 from grantees funds.

B. Purpose of Evaluation

This is an end of project evaluation and requires to ascertain whether the objectives and purposes of the projects have been achieved. In this evaluation it is also required to identify the effectiveness and efficiency attained in the process of working towards the said objectives of the project proposal. Some key questions that need to be addressed are;

- How did USAID grant contribute towards achieving project objectives and to what extent?
- How many of the proposed activities have been carried out during the project and the extent of their effectiveness?
- How effective, appropriate and useful were the local and overseas training activities including the curriculum of the courses?
- What is the overall performance of the project and was it cost effective?
- Who are the beneficiaries? Could they be identified and how have they benefitted from this project?
- How did the organization benefit from the project and how strong are they today?
- Could they proceed and continue the program in the future?
- What are their strengths which will be advantageous in the future activities?

C. Background of Activity (i)

The persistent lack of access to credit and technical skills development for enterprise development to a large majority of people in rural areas led to the establishment of the Agromart Outreach Foundation, and the implementation of several projects, with USAID funds.

This grant was expected to provide training to rural women in agro-business through societies established and maintained in a number of AGA division in the Northwestern and Southern Provinces of Sri Lanka. (Kurunegala, Chilaw, Hambantota, Matara and Galle districts).

Project Goals and Objectives

The project envisaged to provide practical training and orientation to rural farm women and others, in the Northwestern and SPs, in agriculture and agro-related fields with a view towards;

- upgrading the quality of life
- diversifying the rural economy
- reducing the problem of unemployment and underemployment in the rural sector
- enhancing women's leadership qualities
- creating awareness of environmental issues.

To achieve the above goals Agromart Foundation has focused on:

- promoting entrepreneurship in agriculture and agro-based industries
- training the rural entrepreneurs to develop marketing strategies prior to entry into an enterprise
- enhancing women's skills in agriculture and agro-based production activities and
- empowerment of women through entrepreneurship

Specific objectives for the two training programs, The Entrepreneur Development Training Program and The Economic Literacy Training Program are as follows:

- a) **Entrepreneur Development Training (EDTP)**
Each year there will be 12 programs in the NWP and 18 programs in the SP. Each program will be for two days. The number of participants at each program will be 60. Priority will be given to women in the age group of less than 45 years. Depending on the demand and availability, a number of male participants will also be accommodated. The total number of participants to be trained during the project period will be 2,160 in the NWP and 3240 in the SP.
- b) **Economic Literacy Training Program (ELTP)**
As in the previous training program, there will be 12 programs in the NWP and 18 in the SP. A minimum of 40 participants who have started an enterprise after following the EDTP training will be selected for each ELTP during the period will be 1,440 in the NWP and 2,160 in the SP.
- c) **Agromart Societies**
Set up an Agromart Society in each AGA Division, after the EDTP programs.
- d) **Annual Trade Fair**
Hold an Annual Trade fair where the societies will compete with each in trade stalls given free of charge by Agromart.
- e) **Annual Farmer Competition**
In conjunction with the annual trade fair, hold a farmer competition, where the twenty first place winners will be awarded an educational tour of Thailand, and the 20 second place winners will be awarded an educational tour within Sri Lanka.

Target Number of Beneficiaries

The target group of beneficiaries of the project are subsistence level rural peasants. At least 75% of these will be women.

Activity	Male	Female	Total
EDTP	1,350	4,050	5,400
ELTP	910	2,730	3,640
Educational Tours	35	115	150
Training-for-everyone programs	1,000	3,000	4,000
Total	3,295	9,895	13,190

Background of Activity (ii)

Agromart had assisted over 3,000 rural women since 1990 to begin agro-based micro-enterprises through technical and financial training and group support. Many of these new, very successful entrepreneurs were constrained by a lack of investment and working capital from expanding their input, adding employees or diversifying their products. Therefore this project was aimed at improving low-income rural entrepreneurs' access to financial intermediation services through a two-pronged credit program; one operated through a local private bank, with a guarantee provided by Agromart Outreach Foundation(AOF), and the other managed directly by AOF

Project Objectives and Benchmark

* Project objectives include:

- (a) Testing and comparing two approaches to micro-enterprise credit in terms of program sustainability and borrower performance (both financial and entrepreneurial)
- (b) Helping borrower-participants to increase their creditworthiness and business success and thereby enabling them to graduate from a targeted program to the standard commercial financial system; and
- (c) Demonstrating successfully two parallel approaches in which high standards of viability and sustainability, including the preservation of loan capital over an extended period, are strictly maintained while also serving the financial needs of low-income persons, especially women, who are often excluded from access to the financial system.

- * Assist low-income rural families with monthly incomes below Rs. 1,400 (\$30), who are members of Agromart Societies and three-fourths of whom are women, to achieve a sustained increase in income by establishing or expanding commercially viable small enterprise activities. This principal objective will be achieved through:

- (a) Provisions of 300 loans of up to Rs. 15,000 by AOF for terms of up to three years, at an interest rate of 18% per annum (flat rate) based on the full value of the loan;
- (b) Alternatively, for those borrowers who qualify, provision of 300 loans of upto Rs.15,000 by Hatton National Bank for upto three years at an interest rate of 24% per annum (declining rate) based on the declining outstanding loan balance and;
- c) Packages of small enterprise extension services including training in small business management techniques, upgrading technical skills and production technology as appropriate to be 600 borrowers.

End of Project Success indicators:

- * A minimum of 600 micro-entrepreneurs will have obtained loans from each of the two lending channels, at least 75% of whom will be women;
- * Loan repayment rates will be 90% or higher on each lending program (with a target rate of 95%)
- * The loan capital fund in each of the two programs will have remained at or above the starting level in real (inflation-adjusted) terms;
- * A minimum of 400 micro-entrepreneurs will have achieved income enhanced of at least 25% and wo or at least 50%, through the enterprises supported by the loan programs;
- * At least 100 of the borrowers from the AOR direct lending program will have qualified for new loans from a commercial bank;
- * AOF will have covered its second year administrative and training cost in full from the interest proceeds on its direct lending program and on deposit interest earnings on the HNB guarantee fund; and
- * Both lenders will be in a position to continue operating beyond the terminal date of the grant with HNB accepting a 50% guarantee (in lieu of 100% during the grant period) on future loans t Agromart-sponsored micro-entrepreneurs.

D. Statement of Work

A final evaluation of the USAID funded projects and an assessment of the achievements in relation to the objectives of the programs has to be undertaken, and it is intended to examine these factors in a comprehensive manner in order to understand it's dynamics.

Some key questions to be addressed are;

1. What proportion of the beneficiaries in the originally targeted groups actually benefited from the projects?
2. To what degree did women get involved in finance, industry and agricultural entrepreneurship?
3. How are the credit needs of the groups being addressed by the project?

4. To what extent are the key entrepreneurial behavior been practiced and to what extent have market linkages been established ?
5. What is the overall impact of the programs?
6. Enquire into the training packages for effectiveness, appropriateness and usefulness of the training activities including the course curriculum.
7. To what extent the local and overseas training helped the beneficiaries for employment and to increase their income?
8. To what extent have the borrowers increased their creditworthiness and business success to graduate from a targeted program to the standard commercial financial system?
9. What are the acquired strengths of the organization including institutional and financial? How have these attributed towards its future?
10. What additional interventions are recommended for sustainability of the projects?

E. Methodology

The project activities cover a wide geographical area and as a result beneficiaries too are widely dispersed. The project coverage includes two provinces and six districts. Therefore, it would be more feasible to use a representative sample for collection of data.

It is suggested that the evaluation team uses direct interviews and review of documents for this evaluation. Interviews would be mainly with USAID officials, Agromart project officials, field staff and beneficiaries. This may be extended even to government officials in operating areas if appropriate. For the purpose of interviewing beneficiaries, it would be useful to develop a questionnaire which could be a guideline in conducting the interviews, thus maintaining a uniformity.

Review of documents should cover the existing papers on the project including project papers, agreements, progress reports, mid-term evaluations and accounting records etc.

A tentative activity schedule for this evaluation is proposed below;

1. Review and clarify project design (goal, purpose and outputs). (2 days)
2. Review the indicators and targets corresponding to the objectives indicated above prior to launching the project. (2 days)
3. Review the assumptions. (1 day)
4. Develop the questionnaire for interviews, identify, collect and organize data on the achievements from a sociological and economical perspective. (12 days)
5. Analyze the results, comparing the indicators with the achievements. (6 days)
6. Draft conclusions, determining the extent to which the objectives were met and the causes of success or failure. (7 days)
7. Findings and propose recommendations. (3 days)

* Entire period for evaluation is not to exceed 33 days

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F. Evaluation Team Composition

Evaluation team should comprise training specialist, micro-enterprise specialist with micro-financing experience and a sociologist with gender specific experience who have:

- experience in self-employment and micro-enterprise development programs with focus on women specific issues;
- experience with participatory methodologies project management and evaluation
- knowledge of the Sri Lankan development policies and plans and the Market Economy.

G. Reporting Requirements

A total period of 33 days have been allocated for this evaluation and a draft report should be ready within five weeks. Final report should be submitted within a period of one week incorporating any reviews, comments and suggestions etc. by relevant parties.

H. Format of the Report

The report should have the following sections

1. Executive summary.
2. Evaluation design. The purpose/objective of the evaluation, study questions to be answered, methodologies used.
3. Context of the Project.
4. Findings.
5. Conclusions.
6. Recommendations.
7. Appendices.