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# EVALUATION

## Final Report

### Final Performance Evaluation of the Connecting Regional Economies (CORE) Project

May 2012

This report was produced for review by the United States Agency for International Development (USAID). It was conducted for USAID/Sri Lanka under the VEGA – Facilitating Economic Growth Program, Contract No. 383-C-00-08-00500-00.



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Volunteers for Economic Growth Alliance

# FINAL REPORT

## FINAL PERFORMANCE EVALUATION OF THE CONNECTING REGIONAL ECONOMIES (CORE) PROJECT

Conducted for USAID/Sri Lanka under the VEGA – Facilitating  
Economic Growth Program

May 2012

**FINAL PERFORMANCE EVALUATION**  
**CONNECTING REGIONAL ECONOMIES (CORE) PROJECT**  
**(Contract No. 383-C-00-08-00500-00)**

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**May 2012**

**DISCLAIMER**

The author's views expressed in this document do not necessarily reflect the views of the United States Agency for International Development or the United States Government

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## **Acknowledgements**

The Evaluation Team would like to express its sincere thanks to a number of persons who have facilitated this evaluation. We would like to thank Menaka Gunawardena, the current Contractor Officer's Representative (COR) for the project and Salma Peiris, the former project COR, as well as Daniel Lee, the Agreement Officer's Representative (AOR) for the VEGA Facilitating Economic Growth in Sri Lanka Program, for arranging for the evaluation and for their guidance. We also appreciate the attention paid to the team's debriefing on the evaluation by the Mission Director, James Bednar, and Mark Hager, Project Development Officer. They provided valuable feedback and comments on our debriefing discussion paper and the desired content of this report.

We would also like to thank T. I. Jamaldeen, the Chief of Party of the VEGA Facilitating Economic Growth in Sri Lanka Program, under which this evaluation was conducted. He provided excellent support and advice to the team and participated in various meetings in the conduct of this evaluation. We also wish to thank the VEGA driver for our field trip, Srinath Senevirathne, who put in long hours getting us to hard-to-find rural villages and who brought us safely to our hotels each night. Thanks also go to Ziska M. Dole, Program Coordinator of VEGA for her office and logistical support.

The assessment benefited greatly from the briefings and meetings with the AECOM and Nathan Associates CORE project staff in order to better understand the strengths and constraints of the project. Although the CORE project terminated at the end of March, former staff members met with the evaluation team upon their return from the field to answer questions and clarify issues that came up during the team's meetings in the field. Although the Chief of Party of the project, Tania Brunn, had to depart Sri Lanka prior to the arrival of the Team Leader, she provided input for the evaluation through emails and telephone contact.

We would also like to thank the representatives of the various private sector companies and organizations that have partnered with CORE to achieve project objectives. They provided essential information that allowed us to better understand the relationships between them and the CORE staff and the beneficiaries of the project. Finally, we would like to thank the numerous beneficiaries of the project, including farmers, fishermen, and entrepreneurs with whom we met during our field trip to various parts of Sri Lanka for their willingness to spend time with us discussing the workings of the project and sharing their opinions on the successes and shortcomings of the project and their roles in the process.

Stephen C. Silcox, Team Leader  
May 14, 2012

## **LIST OF ACRONYMS/ABBREVIATIONS**

AECOM	(Prime Contractor implementing the CORE Project)
AOR	Agreement Officer's Representative
AVC	Audio Visual Center
COP	Chief of Party
COR	Contracting Officer's Representative
CORE	COncecting Regional Economies Project
DCOP	Deputy Chief of Party
FY	Fiscal Year
GOSL	Government of Sri Lanka
ICT	Information and Communications Technology
IDP	Internally Displaced Person
IFAD	International Fund for Agriculture Development
JICA	Japan International Cooperation Agency
LOP	Life of Project
LTTE	Liberation Tigers of Tamil Elam (Tamil Tigers)
M&E	Monitoring and Evaluation
MOU	Memorandum of Understanding
NAC	National Agribusiness Council
NCE	No-Cost Extension
NGO	Non-Governmental Organization
PMP	Performance Monitoring Plan
PPA	Public-Private Alliance
RCO	USAID Regional Contracting Officer
SLR	Sri Lankan Rupees
SME	Small and Medium Enterprise
TEC	Total Estimated Cost
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USD	United States Dollars
USG	United States Government
VEGA	Volunteers for Economic Growth Alliance
WRF	Warehouse Receipts Financing

## Executive Summary

This is the report on the Final Performance Evaluation of the COncecting Regional Economies (CORE) project. (Contract No. 383-C-00-08-00500-00)

CORE was designed to contribute to USAID/Sri Lanka's Development Objective, "Increased private sector led growth in former conflict areas," and its corollary Intermediate Results, "Private sector investment in former conflict areas increased" and "Private sector productivity enhanced in former conflict areas." Specifically, CORE sought to address economic development disparity between the conflict-affected Eastern Province and the rest of Sri Lanka. It adopted an integrated approach with three specific strands: enhancing value chains; imparting skills and knowledge to potential entrepreneurs and workers; and fostering an improved business climate.

The project utilized a flexible public-private alliance (PPA) approach to encourage private businesses in Western and Southern Sri Lanka to invest in the development of Eastern Sri Lanka and to promote investment by local small businesses as well. This approach used a significant amount of technical assistance and training of farmer and other beneficiary groups, conducted by CORE staff, field staff of partner businesses, Government of Sri Lanka (GOSL) Department of Agriculture extension agents and others in order to improve production, post-harvest handling techniques and other procedures to both increase productivity and to introduce new crops with higher margins to increase incomes. As a guiding principle, CORE aspired to bring ethnic groups (Singhalese, Tamil, and Muslim) together in common business and professional settings, ranging from joint training programs to business development opportunities.

A three-year, \$13.5 million contract for CORE was originally awarded to AECOM International Development with dates of February 1, 2008 through January 31, 2011. Due to delays, dates were subsequently changed to October 1, 2008 through September 30, 2011 with the total estimated cost (TEC) reduced to \$12,961,926. In September 2011 a no-cost modification postponing the project close-out to March 31, 2012 was granted due to heavy flooding in the target areas in late 2010 and early 2011, which had hampered the achievement of project results. The TEC was also reduced at that time to \$11,700,000 due to the flood-retarded burn rate.

The Objectives of this Final Performance Evaluation as stated in the Statement of Work were:

1. Assess the effectiveness and sustainability of initiatives on each CORE component
2. Assess the effectiveness of CORE management systems, such as grants and finance management and monitoring and evaluation, in supporting effective implementation
3. Document successes, challenges, shortcomings, and lessons learned
4. Offer recommendations on future small business support and value chain development by USAID/Sri Lanka

This evaluation was conducted using one American with extensive experience in Sri Lanka with USAID programs and who was on the team that conducted the Mid-Term Assessment of the CORE project and two Sri Lankan consultants experienced with agribusiness development and enterprise development in Sri Lanka. It was conducted over a three week period from March 19, 2012 to April 6, 2012. In order to deal with the constraints of the short duration of this evaluation and the difficulties in traveling over hundreds of kilometers of country roads in Sri Lanka, the team sought to meet with representatives of the thousands of beneficiaries to this project and with Sri Lankan businesses and NGOs that could speak to the numbers of farmers, fishermen, entrepreneurs and trainees receiving assistance from the project. In this manner, the team met with leaders of farmers' organizations, companies and NGOs representing over ten thousand beneficiaries during the course of this evaluation.

The Findings Section of this report presents the Evaluation Team's findings with information and data regarding the challenges, successes and shortcomings of the project, based on the document reviews and on interviews and meetings with various stakeholders. The Annexes to this report include lists of those documents, of persons/organizations interviewed, locations of meetings, an itinerary of the field trip, and notes from the team's meetings/interviews, as well as the SOW for this performance evaluation.

### ***Conclusions:***

#### Component 1: Supporting livelihood development for vulnerable households level through diverse strategies

This component appears to have been moderately successful to date in increasing incomes for households through its home gardening and flood assistance initiatives. However, some of these results have yet to be achieved due to the fact that the some of these infrastructure-related activities were completed relatively recently. While these projects were designed with sustainability of these infrastructures clearly in mind, a final determination will need to be made later to ascertain the actual sustainability of the projects.

#### Component 2: Promoting competitiveness in agricultural and other value chains, linking beneficiaries with growth opportunities, especially new markets

This is the key component that drove the project and which appears to have led the CORE project in producing significant results. Components 1 & 3 provided additional support to this component. The evaluation team was most impressed with the projects/activities visited in this component. This component has produced substantial results in establishing linkages between companies and farmers serving existing markets, both domestic and exports, and in increasing incomes for farmers through the development of new crops with higher profit margins.

### Component 3: Improving sustainable delivery of value chain support including infrastructure and financial, business development and ICT services

The CORE project has provided extensive training and technical assistance to both its PPA partner companies and to farmers and fishermen, as well as help in the management of farmer and fishermen organizations. It has also linked farmers to new sources of finance from local financial institutions and technical support from government agencies and private companies that will help the farmers in future endeavors and provide sustainability of project activities.

### Component 4: Enhancing workforce employability and technical capacity

These activities were somewhat related to the value chain components, but not always. Activities in this area involved training in tourism-related industries (mainly hotel services), ICT and other industries. This component had problems in terms of the relatively low numbers of beneficiaries addressed. The sustainability of these workforce development programs is doubtful.

### Component 5: Fostering an enabling environment facilitating economic growth

This component appears to have been the most difficult to achieve any real results. The Mid-Term Assessment noted that “Given the overall unfavorable policy reform environment, most of the CORE work done in this component has been limited to assessments of sector issues in CORE selected value chains.” This environment has not changed significantly and progress in this component has been minimal, although one key exception is the work done by the CORE project in promoting the development of a Warehouse Receipts Financing (WRF) mechanism.

### Effectiveness of CORE Management Systems, Including Grants and Finance Management and Monitoring and Evaluation

Neither CORE staff nor USAID officers expressed any difficulties with the grant process. The Grants Manual and other documents relative to the grants process are logical and complete and no particular issues were raised regarding the process for implementing the grants.

The PMP, Workplans and Quarterly Reports were extensive, logical and detailed. The Evaluation Team had no concerns regarding these documents or the procedures used to implement the project. Project staff appeared to be competent and almost all of the project stakeholders expressed their satisfaction with the performance of the CORE project.

The project appears to have been successful in addressing gender issues, particularly on the value chain development related activities. Workforce development training was successful in terms of relative numbers of women trained, but less successful in regards to the longer term employment of women in jobs related to that training. The project was more successful in

increasing the numbers of Tamil and Muslim beneficiaries in activities in the Eastern Province than in the North Central and Uva Provinces.

### *Lessons Learned*

- Value chain development and establishing linkages and long-term relationships between farmers and companies take a long time to develop and involve considerable technical assistance and training, as well as financial inducements. The CORE project has shown that these relationships can be developed and be viable, but the sustainability of results will require a number of growing seasons to both cement those relationships and assure that farmers develop the skills to produce new crops.
- In order for economic policy reforms to take place, there must be both a local constituency for reform and the political will of the government to change. These did not seem to exist during the tenure of the CORE project so the lack of improvement in the enabling environment is not due to lack of trying by the CORE project. This is an area in which donors can only provide technical assistance and training (and, perhaps, some targeted financial inducements), but the impetus for change must come from the government and the local business community.
- Workforce development in the context of an ex-conflict environment is difficult even in the best of circumstances. The long war between the LTTE and the GOSL resulted in a dearth of investment in the East and North of Sri Lanka and the absence of business development in those regions. Attempting to bring Tamils and Muslims from the East to work in Colombo and other areas in Western Sri Lanka faced cultural and language barriers that made this approach difficult to achieve significant results.
- Collaboration among project implementers and local and district government agencies is required in order to facilitate project progress. The CORE project appeared to work well with relevant government agencies and was appreciated by the GOSL.
- The public-private alliance approach used by USAID in the CORE project has been replicated by other donors, including the Japan International Cooperation Agency (JICA) and the International Fund for Agriculture Development (IFAD). This approach has produced significant results and is required to commercialize relationships among producers and buyers in that it both leverages donor funds and it promotes investment by private sector actors.

## ***Recommendations:***

USAID/Sri Lanka has already awarded the BIZ+ project as a follow-on project to the CORE project. In many ways that project already reflects the recommendations of the Evaluation Team.

The BIZ+ project is a \$24million, four-year project that focuses on enterprise development in the North and Eastern provinces, with a special emphasis on developing local small and medium scale enterprises. It has a much larger grant budget with \$14.4 million of the total project funding. It also includes substantial technical assistance and support for developing the capacity of local business associations and enterprises to advocate for reforms to the enabling environment but focused on the value chains in which the BIZ+ is engaged. It has no specific workforce development component but can provide assistance in workforce development related to its value chain development work.

The Evaluation Team's recommendations for USAID/Sri Lanka in future small business support and value chain development are as follows:

- BIZ+ should provide further support to some of the project activities that CORE worked on if those activities require further technical assistance or training to assure the success and sustainability of those activities. See the various activities described in the Findings section of this report for some examples of those areas where BIZ+ could provide additional support. Annex 5, which provides the detailed notes from the various meetings and interviews, also provides guidance to the BIZ+ project on potential activities that could be assisted, particularly in value chain development.
- There is a critical need for support of post-harvest handling of new crops and further training of farmers in how to improve their capacity in this area. Many of the issues the team heard during meetings with farmers and company extension agents related to this area. Future efforts should involve a capacity analysis of the institutions that are best placed to provide this assistance.
- Future USAID efforts should attempt to build on the work done under the CORE project to link those efforts to local governments and local representatives of national agencies and ministries. These linkages are important to the success of project efforts.
- Future enabling environment activities should focus building the capacity of a constituency for reform among the private sector and improve their ability for advocacy, particularly in regard to the value chains in which projects are engaged. If the general political environment and acceptability of economic reform improves, USAID should be ready to provide technical assistance and training to promote those reforms.
- Workforce development activities should be directly related to the value chain development activities of future projects. Now that the private sector appears to be setting up businesses in the region, this should include opportunities for employment

within the East and the North in order permit potential workers to be gainfully employed in their home areas. If potential opportunities arise for training young people from the east and north in companies in Colombo and other western areas, future USAID efforts should assure that the companies where the training and internships take place are sensitive to the cultural and religious issues raised by the company representatives interviewed during this evaluation.

# **INTRODUCTION**

## **Background**

Building on the Mission's prior successes in economic growth and humanitarian assistance portfolios, the COncecting Regional Economies (CORE) project sought to address Sri Lanka's existing economic growth issues through the lens of the deteriorating conflict environment in the country. While recognizing that the solution to Sri Lanka's conflict lies clearly in the political realm, USAID contended that economic growth programming could contribute to building social and economic security to help establish conditions conducive to a political solution.

Prior USAID assessments concluded that inequitable distribution of economic development benefits had helped fuel the conflict. To address these disparities and make a positive contribution to creating space for a political solution, the CORE project sought to expand economic activity in and around the post conflict areas in Sri Lanka's North and East, and in strategic areas on the border of the post conflict areas.

Over the past fifteen years USAID/Sri Lanka assisted in the development of the country's agribusiness and services sectors through three main initiatives: Technology Initiative for the Private Sector (TIPS), AgEnt (FY1992-2000) and The Competitiveness Program (FY 2001-2006). Each of these programs resulted in several successes, laying the groundwork for increased competitiveness of Sri Lanka's private sector. AgEnt was a collaborative effort between USAID and Oregon State University with the purpose of generating employment and income growth through the development and expansion of private agro-based enterprises. Building on these accomplishments, The Competitiveness Program focused its efforts on eight main clusters: coir, rubber, gems and jewelry, ceramics, tourism, tea, spices and ICT. The project worked through apex bodies made up of representatives from all sectors of the industry value chain.

## **Project Objectives and Description**

CORE was designed to contribute to USAID/Sri Lanka's Development Objective, "Increased private sector led growth in former conflict areas," and its corollary Intermediate Results, "Private sector investment in former conflict areas increased" and "Private sector productivity enhanced in former conflict areas." Specifically, CORE sought to address economic development disparity between the conflict-affected east (including the Eastern Province, Anuradhapura District in North Central Province, and Monaragala District in Uva Province) and the rest of Sri Lanka. It adopted an integrated approach with three specific strands: enhancing value chains; imparting skills and knowledge to potential entrepreneurs and workers; and fostering an improved business climate.

In executing these three specific strands in service to its higher-level objectives, CORE involved five principal components, briefly stated as follows:

1. Supporting livelihood development for vulnerable households level through diverse strategies,
2. Promoting competitiveness in agricultural and other value chains, linking beneficiaries with growth opportunities, especially new markets,
3. Improving sustainable delivery of value chain support including infrastructure and financial, business and Information and Communication Technology (ICT) services,
4. Enhancing workforce employability and technical capacity, and
5. Fostering an enabling environment facilitating economic growth.

The project utilized a flexible public-private alliance (PPA) approach to encourage private businesses in Western and Southern Sri Lanka to invest in the development of Eastern Sri Lanka and to promote investment by local small businesses as well. This approach used a significant amount of technical assistance and training of farmer and other beneficiary groups, conducted by CORE staff, field staff of partner businesses, Government of Sri Lanka (GOSL) Department of Agriculture extension agents and others in order to improve production, post-harvest handling techniques and other procedures to both increase productivity and to introduce new crops with higher margins to increase incomes. With grants allowable up to 25% of the contract award, a variety of grant activities could be funded. The grant component was originally budgeted at \$1.2 million. A final budget modification pegged the grant component at \$1.4 million broken down as 290,012 in US dollars and 129,359,830 million in Sri Lankan Rupees (SLR) using local currency from the PL480 program. These grants provided support for PPAs, small-scale infrastructure projects, business development services, civic associations and others. While grants were not issued to chambers of commerce, work was done in partnership with the chambers, such as developing business development services and standards training. As a guiding principle, CORE aspired to bring ethnic groups (Sinhalese, Tamil, and Muslim) together in common business and professional settings, ranging from joint training programs to business development opportunities.

A three-year, \$13.5 million contract for CORE was originally awarded to AECOM International Development with dates of February 1, 2008 through January 31, 2011. Due to delays, dates were subsequently changed to October 1, 2008 through September 30, 2011 with the total estimated cost (TEC) reduced to \$12,961,926. In September 2011 a no-cost modification postponing the project close-out to March 31, 2012 was granted due to heavy flooding in the

target areas in late 2010 and early 2011, which had hampered the achievement of project results. The TEC was also reduced at that time to \$11,700,000 due to the flood-retarded burn rate.<sup>1</sup>

## **Objectives of the Final Performance Evaluation:**

1. Assess the effectiveness and sustainability of initiatives on each CORE component
2. Assess the effectiveness of CORE management systems, such as grants and finance management and monitoring and evaluation, in supporting effective implementation
3. Document successes, challenges, shortcomings, and lessons learned
4. Offer recommendations on future small business support and value chain development by USAID/Sri Lanka

## **Methodology of the Evaluation**

This evaluation was conducted using one American with extensive experience in Sri Lanka with USAID programs and who was on the team that conducted the Mid-Term Assessment of the CORE project and two Sri Lankan consultants with substantial experience in agribusiness development and enterprise development in Sri Lanka.

The two Sri Lankan consultants began their work the week of March 19<sup>th</sup> reviewing background documents and meeting with CORE staff, including the Chief of Party for AECOM before she departed from Sri Lanka. They also began meeting with project partner businesses in their Colombo offices and met with key CORE staff members. During that same week, the American consultant reviewed background documents in Washington, held a meeting with USAID/Washington staff and traveled to Sri Lanka. When he arrived in Colombo early morning on Monday, March 26, 2012, he met with USAID staff at the Colombo Mission to discuss the evaluation. The Evaluation Team held meetings with a number of partner businesses in the Colombo area that same afternoon and on Tuesday, March 27<sup>th</sup>. The team departed for their field trip early morning on Wednesday, March 28<sup>th</sup> and spent roughly two days in the Anuradapura area, two days in the Trincomalee area and two days in the Ampara area, with stops in and near Batticaloa along the way. They returned to Colombo the afternoon of Tuesday, April 2<sup>nd</sup> and held follow-on meetings with former local CORE staff, the COP of the VEGA BIZ+ project, and USAID staff to discuss issues and questions that arose during the field trip and to obtain clarification on other matters. The team also met with two former CORE staff members

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<sup>1</sup> We were informed of the budget cut in late September 2011. We provided the mission with our estimates to use all obligated funds for program activities which were delayed due to floods. But the mission explained that the budget still had to be cut as USAID's budget was also reduced. Therefore several CORE activities were cancelled or reduced to allow us to wrap up with not additional funding. (Comment by AECOM)

from the Trincomalee and Ampara offices while in the field and discussed projects with which they had been involved when they had been working with the CORE project.

Criteria used for the selection of projects/activities to visit/interview were as follows:

- To review a sampling of different types of projects engaged in by the CORE project, including some projects that had begun in earlier years of the project and some in the last two years after the Mid-Term Assessment
- To review a distribution of projects in different components and different areas
- To meet with various business partners to discuss project concepts and implementation issues, including relationships with the CORE project and beneficiaries
- To meet with a sampling of farmers organizations and other beneficiaries to discuss services received from CORE and market linkages achieved
- To maximize the number of partners and beneficiaries met both in their home offices and in the field within the two and a half weeks allowed for the evaluation. This involved some judgments in terms of the most effective use of travel time and the value of any new information that could be obtained on the projects through a field visit.

Objectives to be achieved during these meetings and interviews were the following:

- To obtain a better understanding of the projects/activities/grants and the roles of the various partners and beneficiaries
- To ascertain the numbers of beneficiaries in each project and their gender and ethnicity
- To ascertain employment and jobs generated as well as improved skills and increased capacities of partners and beneficiaries
- To ascertain shared investments by partners, CORE and beneficiaries
- To determine the continued participation of partners and beneficiaries in the identified value chain project
- To determine the sustainability of the projects after the end of the CORE project

In order to deal with the constraints of the short duration of this evaluation and the difficulties in traveling over hundreds of kilometers of country roads in Sri Lanka, the team sought to meet with representatives of the thousands of beneficiaries to this project and with Sri Lankan businesses and NGOs that could speak to the numbers of farmers, fishermen, entrepreneurs and trainees receiving assistance from the project. In this manner, the team met with leaders of farmers' organizations, companies and NGOs representing over ten thousand beneficiaries during the course of this evaluation. While it would have been impossible to survey a statistically significant sample of over 16,000 project beneficiaries on a total of over 40 separate project activities during a one week field trip, the team utilized document reviews, key informant

interviews and focus groups<sup>2</sup> to ascertain the successes and shortcomings of the project. The team contends that this methodology has produced an accurate understanding of the overall performance of the project in terms of the services delivered, increased incomes, enhanced capacities of beneficiaries and partner companies/institutions, and the integration of project beneficiaries into the general Sri Lankan economy.

The Team Leader of the evaluation had served on the Mid-Term Assessment of the CORE project in 2010 and this also helped in determining which sites and activities to visit in the field, since he had visited many of them during that assessment. Some sites were visited to verify progress made since the assessment, e.g., the Pelwatte Dairy in Pelwatte, Buttala and the maize farmers' organizations near Trincomalee. Other sites were not visited when the material facts of the activities in the sites visited during the assessment had not changed significantly, e.g., the papaya growers in Ampara and the black gram farmers near Anuradapura.

## **FINDINGS**

This section of the report details the findings of the Evaluation Team in regard to project outcomes and effectiveness in each of the five components of the project and their implementation. It also addresses AECOM's performance in project management, including financial and grants management, monitoring and evaluation and reporting. Please consult the annexes for more information, including summaries of all meetings and interviews conducted by the Evaluation Team both in Colombo and the field in Annex 5.

### **Component One: Supporting livelihood development for vulnerable households level through diverse strategies**

**Summary:** This component provided important assistance in livelihood development to families in post conflict environments. Since most of these activities were completed by Year Two, the Evaluation Team focused on the community-based infrastructure activities. The saltern dam inspected and the community representative interviewed about the anicut dam revealed good construction procedures and a very positive result for the families involved.

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<sup>2</sup> In the social sciences and urban planning, focus groups allow interviewers to study people in a more natural setting than a one-to-one interview. In combination with participant observation, they can be used for gaining access to various cultural and social groups, selecting sites to study, sampling of such sites, and raising unexpected issues for exploration. Focus groups have a high apparent validity - since the idea is easy to understand, the results are believable. Also, they are low in cost, one can get results relatively quickly, and they can increase the sample size of a report by talking with several people at once. (Wikipedia definition) The meetings with members of the farmers, fishermen and other organizations served as de facto focus groups with questions targeted on their experiences with the partner companies and the staff of the CORE project.

This component was initially designed to address livelihood development to deal with post conflict issues. Since this component was originally designed to provide temporary support to Sri Lankans in restoring their livelihoods immediately after the conflict with the LTTE ended, the plans were to eventually stop supporting activities in this component in Year Two, with the exception of community-based small infrastructure that started in Year Three. However, flood conditions in the Trincomalee area in early 2011 caused USAID to make a modification to the contract to deal with the effects of the floods. While this component initially reflected activities such as the distribution of seeds and support in land preparation and other needs of the farmers in the post conflict areas, the rains required that the CORE project continue to devote attention to small infrastructure projects even during the last six months of project implementation.<sup>3</sup>

Modification #11 to the CORE contract reflected the activities in which the project was to be engaged in regard to this component during the extension of the contract from September 2011 through March 2012. (See quoted text from the modification below)

While the majority of Component 1 activities are winding down due to changed project conditions, funds allocated to Crisis Modifier fund were activated in April 2011 and are being used to support livelihood activities of the flood affected population in post-conflict and/or resettlement areas. Activities supported by the crisis modifier are directed to CORE beneficiary groups who suffered significant losses to agricultural income due to destroyed plants, cows, equipment, and irrigation systems. This loss of income resulted in farmers' inability to prepare for the next planting season and restart their livelihood activities. The beneficiaries that will be supported are from CORE target areas, and include current and new beneficiaries. These activities aim to secure their livelihoods by helping them restart their livelihood activities and generate income. The support includes vegetable seed distribution to over 1,000 beneficiaries in Trincomalee, training, planting material and other farming inputs, repair work to flood damaged small infrastructure, and technical assistance to the individual farmers including extension support in topics such as soil recovery from flood damage, other farming technologies, and impact mitigation of potential floods in the future. These beneficiaries shall be counted as beneficiaries assisted through livelihood support strategies and included for the Component 1 target of 2,500 beneficiaries.

The Annual CORE Project Report for Year Two of the project stated the following regarding progress on Component One:

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<sup>3</sup> While the infrastructure activities were a part of an earlier modification, the rains in 2011-12 were the reason for the construction delays, resulting in their completion towards the end of the extension period. (Comment by AECOM)

**Year 2** initially focused on completing home gardening projects for 1,105 beneficiaries in Trincomalee, Batticaloa and Ampara Districts. These three projects provided economic and food security to vulnerable populations, in addition to training on cultivation best practices to ensure continued benefits.

**Given a changed environment**, in Quarter VII the focus changed to identification of small community-based infrastructure needs to support vulnerable populations. Activities were prioritized for beneficiaries in newly resettled areas, where rehabilitation is required to support increase in yields, improve access to water resources, increase the number of harvest cycles, expand current acreage farmed, and enhance harvest productivity.

USAID/CORE assessed broad infrastructure rehabilitation needs which resulted in the identification of several potential activities in the Trincomalee, Ampara and Batticaloa Districts. USAID/CORE shortlisted potential projects after consulting with government technical officers, evaluating infrastructure projects based on pre-defined criteria, and on recommendations from the infrastructure assessment. The shortlisted projects were further evaluated to confirm community buy-in, long-term sustainability and maximum impact, resulting in a selection of fewer projects with lower per-beneficiary cost ratio.

**The four projects** selected in Quarter VIII for implementation are the saltern in Trincomalee, electric fencing to protect crops and minimize human-animal conflict, rehabilitation of an irrigation anicut and an irrigation tank.

**Although there were initial delays** due to approval requirements, lack of survey reports and cost estimates, preliminary technical work was completed for all four prioritized projects, including survey work, soil investigations, technical drawings and BOQs. USAID/CORE also identified training needs for some of the activities with a long-term view to ensure sustainable incomes through better managed community organizations.

The evaluation team visited the Saltern Activity in Trincomalee and inspected the dam that was rebuilt by CORE for SLR11.2 million in order to allow for the collection and processing of sea salt by 72 Tamil families. The team met with the President of the Nilavel Salt Production Company to discuss the saltern and the assistance from the CORE project. He was satisfied with the restored dam and said that the first season for the collection of sea salt was just beginning and that the dam was crucial to the livelihoods of the Tamil families working in the area. CORE had organized four training sessions for those families on improving the quality of the salt and increasing productivity, plus a training session for fifteen families was organized to visit the Puttalam Salt Company's factory to view how the salt was processed. An officer of that company has provided additional technical assistance to the salt producers. The dam was completed and handed over to the Assistant Government Agent in the Divisional Secretary. He will give the sluice gates to the company as soon as the company provides the legal documents

that will reform the company in accordance with current government regulations. A meeting with one of the ex-CORE Trincomolee-based officers revealed that further assistance may be necessary to make sure that the company provides the appropriate paperwork to the government. He noted that both JICA and the UNDP were providing assistance to support some of the CORE projects at the field level, but did not confirm that any further assistance might be given by them on this activity.

The Evaluation Team also met with the Farmer Leader of the group that received assistance from CORE for the rehabilitation of an anicut (small dam diverting water for irrigation) in Paruchchanchenai near Batticaloa. This anicut was originally constructed in 1998, but was not completed. The Irrigation Department brought this to CORE's attention and CORE financed the completion of the anicut in 2011. This resulted in irrigation facilities for 101 farmer families who grow mainly rice and some maize. It has also shortened the distance between the village and the main road that has benefitted approximately 240 families as a result since they can now use the anicut for the transport of goods and services in and out of the village.

## **Component Two: Promoting competitiveness in agricultural and other value chains, linking beneficiaries with growth opportunities, especially new markets**

**Summary:** This component was the key driver of project successes and where a substantial portion of project resources were directed. (41% of USD and 30% of SLR) This is also the area with the most activity in terms of PPAs with Sri Lankan companies that could provide markets for agriculture products produced in the targeted areas. This component also achieved the highest number of project beneficiaries with 12,647 out of a total of 16,624, or 76% of all beneficiaries. It was clear to the Evaluation Team that this component achieved the most success of all the components. Value chain activities in which the CORE project was engaged resulted, for the most part, in sustainable relationships between the farmers, fishermen and other beneficiaries and the CORE partner companies and NGOs. Commercial relationships were developed with CORE assistance that should have long-lasting positive effects on the beneficiaries through increased incomes and better production methods and provide the companies and organizations with commodities that will improve the quantity and quality of their products.

The Evaluation Team met with representatives of eleven companies, both in Colombo and the field, that were engaged with farmers to improve the production of various crops and with fishermen to improve the fish catch and the post-catch handling of fish for both domestic and international markets. The purpose of these activities was to increase the incomes of farmers and fishermen by linking them to domestic and export markets. The team also met with both leaders and members of six farmer organizations engaged in activities in this component.

While it was clear that some activities were more successful than others, a substantial number of farmers were benefiting from growing higher value crops that brought in more income and established ongoing relationships with companies that wished to both pay more for higher value crops and to have a steady supply of agricultural products either for direct sale to markets for processed foods.

Some examples of successful PPAs are as follows:

1. Growing B' Onions for J. K. Marketing for John Keells Supermarkets.

This PPA with CORE started in 2009, but had problems with drought in 2010. The work started in paying off in 2011 when JK Marketing bought a record volume of 90,000 kilograms of B' Onions from the CORE supported farmers accounting for 75% of total B' Onion purchases during the season (July to November) and observed that the season even extended into December. The farmers received SLR65 per kilogram for a total amount of SLR 5,850,000 (approximately USD 45,000). The 200+ farmers from 29 farmer organizations in 12 villages in the Kebithigollewa area in the North Central Province were provided assistance from CORE through training in cultivation practices, seed production and keeping records on cost calculation. CORE also organized the farmers in groups and linked them with JK Marketing. A key benefit of the relationship also was the production of local B' Onion seeds on the farms of these members. Not only do they produce better quality seeds than those typically imported from India, but they provide both seeds for use by the farmers themselves and to sell surplus seeds to other farmers at a high rate of return. For example, one farmer the team met grows ten kilograms of seeds, uses 3 kilograms to plant one acre of B' Onions himself and sells 7 kilograms of seeds at 15,000 LKR per kg, which gives him a net profit of approximately 53,000 LKR (approximately US\$410) in surplus seeds sold, after deducting for inputs. During a meeting with a farmers' organization, the team was told that additional income obtained from the B' onion crop has enabled the farmers to build/rehabilitate their houses, purchase tractors, three wheelers, and other agricultural equipments, and fulfill many other family aspirations. JK Marketing representatives were so pleased with the success of the collaboration with the B' Onion producers and the methodology used under the PPA with CORE, they are now investigating using the same approach with other fruits and vegetables.

2. Growing Black Gram for processing by the Alli Company in Pasyala.

The Alli Company had been buying black gram through a buy-back guarantee system for about six years. They were approached by CORE in 2009 when Alli wanted to expand their farmer base. CORE had a good network of about 2,000 farmers and Alli signed buy-back agreements with 600 farmers. CORE provided training to the farmers and established the arrangement with Alli. With the farmers receiving a predetermined price from Alli, they have been able to sell their black gram for higher prices that they receive

through middlemen. The price per kilogram for black gram in 2010 increased from SLR75/kg to SLR120/kg and the company purchased more than 800,000 kg. in 2010. However, floods in 2011 have limited the black gram production and the company's purchases. Alli expects 2012 to be better and aims to buy one million kilograms of black gram and to reach a larger export market. The Team Leader visited both the Alli Company and a number of black gram farmers during the Mid-Term Assessment of CORE in 2010 and the continued production and purchases of black gram demonstrate good prospects for the sustainability of this activity.

3. Growing turmeric, ginger and medicinal herbs for Link Natural Products.

This activity was initiated in April 2011 with CORE and Link entered into a grant agreement for a PPA to support the growing of turmeric and ginger in the Ampara district and medicinal herbs in the Monaragala district. However, due to the lateness of the season, Link and CORE had to conduct an accelerated program. Of the 700 potential farmers, Link established buy-back agreements with 200 turmeric farmers and 80 ginger farmers, using a quarter acre of land for each farmer's produce. CORE provided seeds and materials and training to the farmers. 53 farmers in Katuwalbatu and Elabatu villages entered into buy-back agreements with Link to produce medicinal herbs. Link invested SLR 3 million to set up the required facilities for the buying and storing of the products and for managing farmer training. CORE funded equipment and machinery worth about SLR500,000. The Evaluation Team visited the collection site on the first day of collection of turmeric and ginger from the farmers and discussed the activity with both the Link extension agent and some of the farmers. The potential return for the turmeric growers is promising, since they can earn approximately SLR 80,000 (approximately USD 615) on a high value crop on a small portion of land (1/4 acre) for minimal effort in about 9-10 months. A plant disease epidemic limited production of ginger and CORE provided farmers SLR 5,000 each to help them recover from their lost crops, although some farmers succeeded and sold their crop to Link. Link believes that over a few seasons, these farmers will learn how to improve their crop and keep it safe from moisture and that these crops can provide additional income from these mainly rice farmers. Link is committed to expanding the number of farmers growing turmeric and ginger and believes that the short-term problems they are having now can be overcome.

Some examples of less successful PPAs include the following:

4. Dairy Farmers selling milk to the Pelwatte Dairy Company

When the Mid-Term Assessment of the CORE project was conducted in June 2010, the Pelwatte Dairy management staff interviewed complained that the CORE project had not lived up to its responsibilities. During an interview with management during this evaluation, the same issues were raised. CORE project staff in 2010 complained that the Pelwatte Dairy Company had not lived up to their promises as well, particularly in terms

of when the new factory would be operational. Pelwatte Management told the Mid-Term Assessment Team in June 2010 that they expected the factory to be operational within a few months, yet they informed the Evaluation Team that the factory only became operational in October of 2011 and is still not operating near capacity. The CORE project organized five societies, each composed of 100 dairy farmers, in the area near Pelwatte as well as two dairy farmers societies in the Eastern Province totaling 400 members. The CORE project provided 83 cattle and training on animal husbandry practices as well as milk cans and testing equipment to the Eastern Province societies. CORE provided training and 10 stud bulls to the farmer's societies near Pelwatte. Meanwhile, the Pelwatte has invested in three collection centers in the Eastern Province to serve those societies and plans to start milk collection from that area in May. The Pelwatte Dairy has also hired a former CORE staff member based in the Batticaloa office as an extension agent to work with the farmers in the Eastern Province. A key element of the dispute between the Pelwatte Dairy Management and the CORE project staff was the assertion that the CORE project had not consulted with the company on the selection of farmers and had not established the ten model cattle sheds that CORE had promised.<sup>4</sup> Although this activity suffered from bad relations between the company and the CORE project staff, the company now appears to be on track to continue to collect milk from the farmers societies organized and trained by CORE, so, in spite of the dispute, the relationship established by CORE between the farmers and the dairy company appears to be on a sound footing to become sustainable.

5. Fishermen in the Kumburupitiya village selling fish to G. P. Saman & Sons Fishery. Mr. Saman is the Chairman of the Trincomolee District Fisheries Society with 55 fishery societies composed of about 5,500 members. He learned about CORE in mid-2010 and requested support to establish an ice factory in Kumburupitiya village, about 26 kilometers north of Trincomolee from where he was purchasing fish from the village fishermen. CORE provided technical assistance to study the feasibility of the ice factory.

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<sup>4</sup> The selection of beneficiaries at the beginning of the project was done in consultation with Palwatte. This issue is probably about selection of beneficiaries for the stud bulls. We issued stud bulls on the request of the farmers/farmer organizations under the crisis modifier and not as part of the grant as a response to the cattle loss that occurred during the flood. Although Palwatte was not collecting milk from Ampara farmers during this time, we requested Palwatte to recommend beneficiaries to receive stud bulls. Even after several verbal and written requests, this did not happen before the cutoff date. Thus we issued stud bulls to the farmers based on a robust selection criteria and recommendation of the local vet surgeon. We invited Palwatte to receive the items donated by CORE for Ampara milk collection centers and, at the same time, to participate at the stud bull distribution and become a signatory to the MOU between recipient farmer and the farmer organization although it was not required. (Comment by AECOM)

Eventually, CORE provided an ice crushing machine to the G. P. Saman and Sons Fishery, ten ice chests to selected fishermen as a pilot activity, and training to about 500 Tamil fishermen on post-catch handling of fish to prevent spoilage between catching the fish and delivering them to the factory. CORE did provide a large, fiberglass ice storage facility in the Kumburupitiya village to store ice for up to two days. Most of the fish provided are tuna, but other fish are caught and sold to G. P. Saman during the off season for tuna. Mr. Saman sends ice to Kumburupitiya from Trincomolee and has provided ice chests for the fishermen to use in their boats, but not all the fisherman are using those chests or the ice shipped from Trincomolee. Mr. Saman contends that CORE should have financed an ice making factory in Kumburupitiya, but the CORE staff asserted that the factory was too large an expense to be economical. Since not all the fishermen in the village are using the ice currently being provided from Trincomolee, it is doubtful that an ice factory serving that village would be viable. In any case, the training provided and the collaboration between G. P. Saman and the CORE project was beneficial for G. P. Saman and the fishermen and he is still buying fish from the fishermen in Kumburupitiya. However, it appears that this activity suffered from unrealistic expectations on the part of G. P. Saman.

### **Component Three: Improving sustainable delivery of value chain support including infrastructure and financial, business and Information and Communication Technology (ICT) services**

**Summary:** Activities in this component helped to develop and extend services for the project beneficiaries related to value chain development through connections to financial institutions, business services from private sector entities and government agencies, and access to ICT services through an innovative program providing cyber centers to rural villages and through other methods.

The Annual CORE Project Report for Year Two of the project stated the following regarding progress on Component One, which provides an indication of the types of activities in which the project engaged to achieve progress on this component.

**In Year 2**, the program focused on improving management practices of partner and other firms operating in the regions to strengthen selected value chains. USAID/CORE provided technical assistance to identify and address value chains gaps, business proposal development, and management skills, capacity of farmer organizations, and access to financial services, standards compliance and quality improvements. USAID/CORE will continue these activities into Year 3, as well as support other activities such as capacity building for field extension officers, improving outreach of ICT and media-based extension material, and increasing access to finance for farmers.

**Farmers continued to adopt new technologies** acquired through the technical training provided, bringing the estimated total number of beneficiaries adopting new technology to 3,198 for Year 2. USAID/CORE facilitated access to financing for 653 beneficiaries from four ongoing projects totaling LKR 3,278,860 for Year 2. The market linkages, coupled with the investments and the adoption of new technologies directly contribute to increased incomes of beneficiaries in the East.

**In Quarter VIII** USAID/CORE supported the National Agribusiness Council (NAC) to hold the first ever Ag-Biz East in Trincomalee with the participation of 55 organizations and over 4,500 visitors of which 464 received agricultural related training. The farmer pricing system, Tradenet, was taken to the village-level through five training and outreach sessions on the use of the system. USAID/CORE worked with AVC to improve access to agriculture extension through internet-based technology and increase information dissemination through audio-visual material. The project also introduced and improved access to financial products such as Modified Group Loans and Warehouse Receipt Financing (WRF).

During the meetings of the Evaluation Team with representatives of the various companies partnering with CORE and with leaders of farmers and fishermen groups, most of them referred to the collaboration with CORE as being helpful and productive. They described how CORE had provided technical assistance and training both to the companies themselves and to farmer or fishermen groups on activities related to the development of their respective value chains. This TA and training was viewed as a major factor in the success of their efforts.

The Evaluation Team met with officials of Hatton National Bank and with the Pragathisewa Finance Society. In a number of the PPAs, farmers opened up savings accounts with these institutions in order to permit payment transfers from the CORE partner companies for purchasing their products. This should facilitate credit from these financial institutions in the future as the farmers and the financial institutions get to know each other better.

The Evaluation Team also met with the representatives of the Maha Aragama Farmer Cooperative Society to discuss the workings of their Cyber Center. CORE has established four Cyber Centers for farmers' organizations and have provide computers, internet connections, and other office equipment to facilitate both increased information for farmers regarding crop production and handling methods as well as information on new markets and market prices. While the team was initially skeptical of this activity, a visit to the Maha Aragama Cyber Center in a remote area in the Uva Province convinced the team that this was a viable and successful activity that involves minimal capital expenditures. CORE staff mentioned that it involves considerable technical assistance and training, however, to make these successful. The Cyber Center visited paid SLR1,000 per month for the internet connection, but was making SLR 15,000 per month in receipts from persons using the internet and taking computer classes. The women running the Cyber Center showed the team their records of who was using the internet and the

money received for center services. This record keeping was part of the CORE training in addition to software skills training of trainers and how to use the internet. Farmers were communicating with Department of Agriculture extension agents via Skype on the computers. This was an excellent example of outreach via ICT that is helping farmers to improve production and harvest technology as well as to access new markets.

## **Component Four: Enhancing workforce employability and technical capacity**

**Summary:** This component attempted to enhance workforce skills of persons living mainly in the East and particularly to provide training for young people of Tamil and Muslim ethnicity. These activities were somewhat related to the value chain components, but not always. Activities in this area involved training in tourism-related industries (mainly hotel services), ICT and other industries. This component had some successes, but exhibited weaknesses that limited the effectiveness of the training programs. Cultural and distance factors were a constraint on this component and the interviews with various partners both providing training and providing internships as well as the potential for long-term employment expressed concerns about the attrition rate of the trainees. On the other hand, this component focused on women and ethnic minorities and was successful in addressing those groups.

Of the 794 participants receiving workforce-related training over the three and a half years of the CORE project, CORE reported that 392 (roughly 50%) people gained employment or more remunerative employment as a result of those programs. The Evaluation Team was unable to independently verify the accuracy of these numbers, particularly the number of persons gaining permanent employment as a result of the training programs, since the time necessary to follow up with individual trainees would have taken longer than the evaluation duration allowed and the cost for this was not included in the SOW for this evaluation.<sup>5</sup> A number of the companies interviewed expressed concern over the number of drop outs from the internships and the number of trainees departing for home in the East after the internships.

The team visited Aitken Spence Hotel Management, the Youth Environmental Forum Eastern School of Tourism, Advanced Information Consultants, Toss Lanka and Sierra Cables. All of these received trainees from the East sponsored and financed in part by CORE. Except for Advanced Information Consultants, most of the potential jobs for which the participants were being trained were in Western or Southern Sri Lanka. Considerable problems were revealed in the component due to cultural and language issues. Many of the trainees dropped out during the

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<sup>5</sup> The majority of the partners hired the trainees when they completed their training. Trainees who completed the training in sectors, such as the hotels, may have obtained jobs in other hotels, however we did not count them as it was difficult for us to track them down and get the documents confirming their employment. (Comment by AECOM)

internship periods and returned to their homes. Some of the more successful trainees stayed on their jobs in Colombo or other western areas and some relocated to other countries, notably the Gulf States. This component also had problems in terms of the relatively low numbers of beneficiaries addressed. Evaluation Team members had concerns about the viability of the software development operations of Advanced Information Consultants in a small town south of Batticaloa. Although the number of trainees for that program was only 15, the company was having problems in attracting qualified supervisor for the operations and only a few of the trainees were operating at a competitive skill level. Answers to questions raised by the Evaluation Team during these meetings about the sustainability of these workforce development programs after the subsidies from the CORE project stop were not convincing.<sup>6</sup>

### **Component Five: Fostering an enabling environment facilitating economic growth**

**Summary:** This component was designed to facilitate improvements in the policy and regulatory environment, particularly to address issues related to improving the economy in the Eastern and adjoining provinces. This was the most difficult component for the CORE project to achieve concrete results. Not much has changed since the Mid-Term Assessment of the CORE project in 2010. As the Mid-Term Assessment expressed, the national government appears to have little appetite for true reforms in the economy and USAID's direction to the CORE implementer was to try to provide assistance to stakeholders in the value chain. This was done largely through the drafting of policy papers relevant to issues in those value chains.

The findings of the Mid-Term Assessment of the CORE project were as follows:

- USAID has directed project staff to work exclusively on policy reforms at the value chain level. There was limited potential for policy reform during the conflict with the LTTE. The review team was told that economic policy reform activities by other donors have also been limited. Government engagement of the private sector in policy formulation has been generally lacking.
- Given the overall unfavorable policy reform environment, most of the CORE work done on this component has been limited to assessments of sector issues in CORE selected value chains.

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<sup>6</sup> The focus of this activity was on developing the ICT value chain by bringing in major companies businesses in the region. AIC has not stated that they will move from the area, but may need to source their senior staff from Colombo and elsewhere to bring up their trainees skills. Many of these programs are part of the standard training program of the companies that plan to hire the trainees. The programs are only initiated once positions are identified for the trainees, these companies still need to fill the positions, the question is not on the workforce programs but rather on how many youth will continue accessing these programs to obtain employment in other regions. This effort initiated the links set a foundation on which businesses could link to the workforce, but it needed to be scaled up with more dedicated funding by projects such as Biz+ to make a significant change in the employment rates of the region. (Comment by AECOM)

- CORE has identified the following six regulatory or government procedural issues that adversely affect selected agricultural value chains: 1) Inadequate allocation of veterinarians for animal population; 2) Little support by wildlife range offices in newly resettled areas in Trincomalee to resolve conflicts between humans and wildlife; 3) Difficulties of gaining access to long-term leases on State land; 4) Potential impact on the livestock industry of a ban on cattle slaughter; 5) Lack of artificial insemination technical services provided by government; and 6) Lack of transparent policy to access land for pasture cultivation.
- CORE has produced brief analyses of these issues, presented them in meetings with private and local government officials, but little or no discernible reform has yet been initiated by the relevant government authorities.
- Lack of land title is an overriding problem in both land usage and collateral for finance, particularly on land in the East that has been resettled.
- Business registration is considered cumbersome for investment in the target areas and CORE has initiated efforts to establish a more efficient registration process in the East.

The budget for the CORE project seemed to reflect the expectations of USAID as to the difficulty of achieving project results in this component. The original budget for the three year project allocated only USD 829,720 out of USD13,556,068 or six percent of the total budget for this component. The final budget allocated USD 391,408 out of USD 6,700,000 and SLR 29,426,876 out of SLR 559,500,000 (6% of USD budget and 5% of SLR budget respectively) for this component.

One key exception is the work done by the CORE project in promoting the development of a Warehouse Receipts Financing (WRF) mechanism. Hatton National Bank officials expressed appreciation for the workshops held by CORE among stakeholders and experts brought in by CORE to encourage the development of a WRF mechanism. Those officials believe that the government is very near to approving this mechanism and developing the appropriate legislation and regulations to permit financial institutions to establish WRF mechanisms. The World Bank has taken over from CORE in being the principal donor promoting the development of WRF. There is every reason to believe that CORE's efforts in this particular domain will result in sustainable results in the near future.<sup>7</sup>

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<sup>7</sup> There also is the tourism signage initiative done in partnership with the Road Development Authority, Sri Lanka Tourism Development Authority and that will be gazetted by the Min of Roads and Highways. (Comment by AECOM)

## **Project Management:**

Since the final evaluation took place in the last week of project implementation and the following week after the project had closed down, the Evaluation Team was limited in its ability to analyze project management. The two Sri Lankan members of the team met with the key CORE staff, including the COP and DCOP on March 19, 2012 to discuss general issues and potential field sites to visit. By the time the Team Leader arrived on March 26<sup>th</sup>, the COP had departed from Sri Lanka. Although she was available for discussions by email and by telephone, face-to-face contact was not possible, so the evaluation Team Leader did not have the benefit of a long discussion with her to discuss overall project implementation issues. The team did meet with “former” CORE staff members, including the DCOP and six key staff members, on April 4<sup>th</sup> after the team returned from their field trip. Issues and questions that came up during meetings with partner companies in Colombo and with various project stakeholders in the field were discussed and a number of issues were clarified. The Evaluation Team also met with both the current and former COR of the CORE project on April 5<sup>th</sup> to discuss project management issues. It was within this context that this section of the report is written.

The findings of the Mid-Term Assessment Team in 2010 regarding project management were as follows:

- Project expenditures were generally under budget except for the transportation line item. This is not unusual given that the project has been underway for a relatively short time period and developing the agricultural value chains and training programs in multiple locations has been time consuming. However, the project has successfully met beneficiary targets in the first year.
- With some limited exceptions, project staff appeared to be qualified and capable. The management team was very strong, is well informed about the multitude of project activities and associated issues, and communicates and interacts very effectively with their staff.
- Problems with approval of budget changes by the RCO limited the project’s ability to respond adequately to changing circumstances on the ground.
- There was a perceived need for more staff at the regional level to deal with the USAID’s recent push toward increased focus on local small business development.
- The evaluation team received some criticism of the project from some partners for delayed inputs and approvals, but partners were overwhelming supportive and satisfied with CORE efforts to link partners with farmer associations.

None of these factors appear to have changed significantly and it is not clear if the project provided more staff at the regional level. Overall, the Evaluation Team was impressed with the project management by AECOM and observed no reason for concern.

### **Financial and Grants Management**

The Final Evaluation Team was told by the former COR for the project that the burn rate did increase in the third year of the project. However, the fact that the total budget for the three year project was reduced from USD 13.5 million to USD 11.7 million in the final contract modification that extended the project for an additional six months to address flood related issues reflected a diminished burn rate for the project as a whole and a focus on the close-out of all ongoing activities including grants. Other than the burn rate, the team was not made aware of any significant issues regarding project financial management. Since the Evaluation Team was not conducting a financial audit, it cannot speak to any other general project financial management issues.

In regard to Grants Management, the Evaluation Team reviewed the Grants Manual submitted by AECOM and approved by USAID and found it to be a good model for replication. It is very complete and contains both the criteria for selection of grants and the process for review and approval of the grants and the process to be utilized for disbursement. It also serves as a handbook for potential grantees and provides all the forms and procedures to relative to grants for those potential grantees, including reporting requirements and financial information required. All of the grants had to be approved by the COR. The former COR who was responsible for the approval of grants during Year Three stated that she met with CORE management on a bi-weekly basis. At those meetings, if the CORE staff would discuss the concept for a potential grant with the COR and she would indicate if it fell within the SOW of the project and would be favorably considered by USAID. In this way, only those potential grants that received initial approval at the concept stage would be developed into full-fledged grant proposals to be approved by USAID. The COR said that she would usually approve any grant proposals submitted within a week, so USAID approvals occurred expeditiously. The original project budget provided USD 1.2 million for grants and the final budget provided USD 439,500 and SLR 197 million. According to the AECOM COP, over the Life of Project (LOP) CORE awarded a total of 41 grants to 31 partner organizations, of which 3 grants were cancelled for a total of 38 completed grants. She stated that the total disbursements were USD 215,701 and SLR 114,459,956.

It should be noted that AECOM and USAID had discussed the exercise of one option year for the project and both parties had expected that extension to occur until USAID decided to only extend the project for six months late in 2011 due to budgetary reasons. This meant that some of the grants that were approved and disbursed in Year Three might not have been made if it had been known that the one year option would not be approved. This meant that the AECOM spent considerable efforts to close out those grants in the final six months of the project.

## **Monitoring & Evaluation**

AECOM submitted a Draft Performance Monitoring Plan (PMP) to USAID in December 2008. The Evaluation Team assumes that it was approved since it was referenced later in the subsequent revision. The PMP was revised in February 2011 and revised again in October 2011 for the final 6 months of project implementation. The December 2008 PMP provided details on the objectives of the project, the Results Framework, data sources and methods of collection, periodicity of collection, reporting on the PMP, the Monitoring and Evaluation (M&E) Workplan for FY2009, process indicators, the PMP Indicator Summary Table, and Indicator Targets. The revised PMP in February 2011 addressed Contract Modification #9 in November 2010 which required that AECOM provide data on State Department/USAID F Bureau indicators and two custom indicators requested by USAID/Sri Lanka. The revised PMP also provided Project Indicator Reference Sheets that summarized much of the information about the indicators including collection methodology, periodicity of collection and indicator targets. The final revised PMP submitted in October 2011 was in accordance with Contract Modification #11 which extended the project for 6 months via a No Cost Extension (NCE) and updated the numbers on indicator targets achieved through October 2011.

Chart #1 on the next page shows the final numbers for indicator targets achieved through March 2012 and was provided to the Evaluation Team by the CORE staff.

## **Reporting:**

The Evaluation Team reviewed Project Workplans for years one, two, three and the no-cost extension period. The team also reviewed many of the Quarterly Reports, including all of those for 2011 and the Annual Report for Year Two. The workplans were well constructed and provide a good blueprint for activities to be undertaken each year to achieve project objectives. The Quarterly reports are very detailed and contain information on progress toward achievement of indicator targets. They also contain narrative information on activities in each component and cross-cutting issues.

The Mid-Term Assessment in 2010 provided the following comments regarding the Quarterly Reports:

- The CORE Quarterly Reports have provided a reasonably clear picture of the project's performance; however the reports seem to be excessively detailed and do not adequately discuss project problems and potential solutions. For example, the significant shortcomings of delivery of project inputs for dairy farmer beneficiaries were not adequately documented. Furthermore, there is an excessive reporting on beneficiary receipt of project services and inputs (training, plants, cows, sheds, etc.), with limited documentation and analysis of the resulting impacts on productivity, sales and income impacts.

- The detailed Quarterly Report tables, including Table 3. Major Results and Achievements in Quarter; Table 12. Activities During Quarter Towards Fulfilling Deliverables in the Year Workplan; and Appendix H. Inventory List produce limited useful information compared to the Report’s description and analyses on Overall Accomplishments and project Components. Their development uses considerable CORE staff time that could be put to more productive use.
- CORE has initiated a comprehensive database on its website to present and analyze project performance. However, the database is still under development at this time and this limits the analysis of project implementation issues. The data files and database functions appear to require considerable more programming and data entry to make the database fully functional and useful for program analyses.

**Chart 1: Summary Life of Project Indicator Targets and Achievements**

Development Result	Indicator	Year 1 Targets	Year 1 Achieved	Year 2 Targets	Year 2 Achieved	Year 3 Targets	Year 3 Achieved	Achieved during extension	Target LOP	Achieved LOP
<b>Component 1:</b> Enhance household food and economic security through a diversity of livelihood support strategies	Number of people benefiting from USG assisted livelihood support strategies	1,000	1,090	0	15	1,500	243	1,200	2,500	2,548
<b>Component 2:</b> Improve the competitiveness of agriculturally-based and other value chains, which benefit large numbers of traditionally underserved populations in target areas which link them to growth opportunities, including domestic	Number of micro enterprises participating in USG assisted value chains	4,500	4,769	4,500	4,536	3,000	3,043	299	12,000	12,647
	Number of firms receiving USG assistance to improve management practices	7	10	50	54	35	34	0	92	98

and/or export markets										
<b>Component 3:</b> Improve the delivery of value chain services to ensure that groups located in target regions participate in selected value chains in a sustainable manner.		N/A								
<b>Component 4:</b> Implement a workforce development program that improves employability of target groups and enhances the technical know-how of value chain participants.	Number of people gaining employment or more remunerative employment as a result of USG funded workforce development programs	N/A	N/A	250	83	200	131	178	450	392
	Number of persons participating in USG funded workforce development program	N/A	N/A	500	466	300	316	12	800	794
<b>Component 5:</b> Foster an enabling environment that facilitates economic growth in the target regions.	Number of institutions/ organizations assessments presented for consultation as a result of USG assistance	25	27	50	87	35	31	0	110	145

Subsequent to these comments, the Quarterly Reports were shortened by not including the extensive inventory lists (which totaled 65 pages in the January-March 2010 Quarterly Report). They still did not address project problem areas and potential solutions, but rather cataloged project progress and achievements. A good quarterly report should also include discussions of problem areas so that the project management and USAID staff can plan on how to overcome those problems.<sup>8</sup> Finally, the comprehensive database was completed and regularly reviewed with the COR in CORE Offices periodically, according to conversations with the current and former COR at USAID.

In sum, reporting by AECOM was extensive and detailed and provided a good understanding of progress being made on project components with the one exception noted immediately above.

### **Cross-Cutting Issues**

The SOW for this final evaluation mentioned that, “As a guiding principle, CORE aspired to bring ethnic groups (Singhalese, Tamil, Muslim) together in common business and professional settings, ranging from joint training programs to business development opportunities.”

As part of this evaluation, the team asked various parties interviewed as to the numbers of participants involved in each activity in regard to ethnicity and gender. The CORE PMP also collected information on the gender of participants in various project components.

In regard to the participation of women in project activities, a review of the PMP submitted in October 2011 provided data on that subject in five different areas. In four of those areas, participation by women accounted for approximately 40% of project participants. The one area where that participation was only 6% was the number of people gaining employment or more remunerative employment as a result of USG funded workforce development programs. The Evaluation Team observed that the number of women involved in agricultural value chain development activities was high. In meetings with farmers groups, women participation was evident, since most farmer families engage both men and women in agricultural-related activities. Also, the number of women participants in workforce development training was about 40%, but that did not always relate to longer term jobs, since certain cultural issues limit the ability of women to relocate to other areas and to travel at night. It should also be noted that the

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<sup>8</sup> The quarterly reports generally included “challenges” at the end of each component write up and in yr 3 some of the reports include a section specifically dedicated to discuss the challenges faced and how they were addressed. As a review of these reports was made, perhaps this refers to additional items the evaluators want included in those sections. (Comment by AECOM). The Evaluation Team noted that the quarterly reports for Oct-Dec 2010 and Jan-Mar 2011 included a section on “challenges,” but previous and subsequent reports did not.

final numbers for the PMP will include the last six months of the project extension and, as a result, these numbers are still tentative.

In regard to the ethnicity of the participants in project activities, although the PMP did not track these figures, the quarterly reports for April to June 2011 and July to September 2011 did track these figures. The numbers collected by the Evaluation Team on project activities visited indicated that those activities in the Eastern Province clearly involved more Tamils and Muslims than Sinhalese, whereas those in the North Central and Ampara Districts had a majority of Sinhalese participants. One of the recommendations of the Mid-Term Assessment was for the project to focus more on the former conflict areas than on the bordering areas. The project appeared to do this subsequent to that assessment and this seemed to have resulted in more Tamil and Muslim participation in project activities. It was clear, however, that the workforce-related activities of the project were targeted directly at young people in the former conflict areas and almost all of those people were either Tamil or Muslim.

## **CONCLUSIONS AND LESSONS LEARNED**

### ***Component 1: Supporting livelihood development for vulnerable households level through diverse strategies***

This component appears to have been moderately successful to date in increasing incomes for households. However, some of these results have yet to be achieved due to the fact that some of these infrastructure-related activities were completed relatively recently. While these projects were designed with sustainability of these infrastructures clearly in mind, a final determination will need to be made later to ascertain the actual sustainability of the projects.

### ***Component 2: Promoting competitiveness in agricultural and other value chains, linking beneficiaries with growth opportunities, especially new markets***

This is the key component that drove the project and which appears to have led the CORE project in producing significant results. Components 3 and 4 provided the most support to Component 2. Component 4 provided technical training, including basic business training for all the value chains beneficiaries. The evaluation team was most impressed with the results from this component.

This component has produced substantial results in establishing linkages between companies and farmers serving existing markets, both domestic and exports, and in increasing incomes for farmers through the development of new crops with higher profit margins. It has involved extensive technical assistance and training to achieve these results, as well as patience in establishing relationships between the farmers and the companies and improving crop production

and post harvesting methods. Although some of these projects are already appearing to have achieved sustainability, a final determination would need to be made later to ascertain the actual sustainability of the projects over the long term. A three year and a half year project is not sufficiently long enough to determine sustainability of these kinds of agriculture-related relationships that involve new crops and new methods of production and post-harvest handling of those crops.

### ***Component 3: Improving sustainable delivery of value chain support including infrastructure and financial, business and ICT services***

The CORE project has provided extensive training and technical assistance to both its PPA partner companies and to farmers and fishermen, as well as help in the management of farmer and fishermen organizations. It has also linked farmers to new sources of finance from local financial institutions that will help the farmers in future endeavors and should provide sustainable long-term sources of finance.

The Cyber Centers established by CORE for farmers' organizations appear to be a significant new innovation in facilitating both increased information for farmers regarding crop production and handling methods as well as information on new markets and market prices. They have contributed to the outreach of ICT in remote areas of the country. These centers have excellent potential for future sustainability through the generation of local sources of income required to maintain these centers.

Meeting and interviews revealed that after project activities are completed, services at the farm gate level can be lacking. If relevant public agencies such as the Department of Agriculture are made aware, at least at the local level, and linked to the farmers, the project activities have a greater chance for sustainability. The linkage established by the Cyber Centers is an example of how this can be done. Obviously, close linkages between the farmers and the partner companies is another important means of sustaining those services.

### ***Component 4: Enhancing workforce employability and technical capacity***

This was the workforce development component of the CORE project. These activities were somewhat related to the value chain components, but not always. Activities in this area involved training in tourism-related industries (mainly hotel services), ICT and other industries.

This component also had problems in terms of the relatively low numbers of beneficiaries addressed. The sustainability of these workforce development programs is doubtful after the

subsidies from the CORE project stop since they were highly subsidized and the results were not particularly impressive.<sup>9</sup>

### ***Component 5: Fostering an enabling environment facilitating economic growth***

This component appears to have been the most difficult to achieve any real results. The Mid-Term Assessment noted that “Given the overall unfavorable policy reform environment, most of the CORE work done in this component has been limited to assessments of sector issues in CORE selected value chains.” This environment has not changed significantly and progress in this component has been minimal, although one key exception is the work done by the CORE project in promoting the development of a Warehouse Receipts Financing (WRF) mechanism. The World Bank has taken over from CORE in being the principal donor promoting the development of WRF. There is every reason to believe that CORE’s efforts in this particular domain will result in sustainable results in the near future since a WRF mechanism can be designed to benefit both farmers and financial institutions on a commercial basis.<sup>10</sup>

### ***Effectiveness of CORE Management Systems, Including Grants and Finance Management and Monitoring and Evaluation***

The team reviewed the quarterly reports, the PMP and the grants manual of the CORE project and discussed the implementation of same with both CORE staff and USAID CORs. These documents have extensive documentation of the activities in which CORE has been engaged as well as data on results achieved. While it was not possible for the team to ascertain the veracity of the data on the numbers of beneficiaries affected by project activities, the meetings held with partner companies and with farmers’ organizations indicate that those figures are accurate.

Neither CORE staff nor USAID officers expressed any difficulties with the grant process. The Grants Manual and other documents relative to the grants process are logical and complete and no particular issues were raised regarding the process for implementing the grants.

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<sup>9</sup> All of the workforce programs were small programs within each company based on their employment requirements. The support provided by CORE was to allow businesses to take a risk and venture to the east to source their staff. This also allowed youth in the region get to know of the opportunities that are available. These efforts need to be scaled up as businesses are now investing and setting up facilities in the region. (Comment by AECOM)

<sup>10</sup> There also is the tourism signage initiative done in partnership with the Road Development Authority, Sri Lanka Tourism Development Authority and that will be gazetted by the Min of Roads and Highways. (Comment by AECOM)

While no difficulties were expressed in regard to financial management of the project, the burn rate of the project was low in the initial two years. It appears to have improved in the third year, but the project still was not able to utilize all of the funds originally budgeted for the project by the end of the base period. The final TEC was reduced nearly two million dollars from the original amount, even after a six month, no-cost extension.

The project appears to have been successful in addressing gender issues, particularly on the value chain development related activities. Workforce development training was successful in terms of relative numbers of women trained, but less successful in regards to the longer term employment of women in jobs related to that training. The project was more successful in increasing the numbers of Tamil and Muslim beneficiaries in activities in the Eastern Province than in the North Central and Uva Provinces.

### ***Lessons Learned***

- Value chain development and establishing linkages and long-term relationships between farmers and companies take a long time to develop and involve considerable technical assistance and training, as well as financial inducements. The CORE project has shown that these relationships can be developed and be viable, but the sustainability of results will require a number of growing seasons to both cement those relationships and assure that farmers develop the skills to produce new crops.
- In order for economic policy reforms to take place, there must be both a local constituency for reform and the political will of the government to change. These did not seem to exist during the tenure of the CORE project so the lack of improvement in the enabling environment is not due to lack of trying by the CORE project. This is an area in which donors can only provide technical assistance and training (and, perhaps, some targeted financial inducements), but the impetus for change must come from the government and the local business community.
- Workforce development in the context of an ex-conflict environment is difficult even in the best of circumstances. The long war between the LTTE and the GOSL resulted in a dearth of investment in the East and North of Sri Lanka and the absence of business development in those regions. Attempting to bring Tamils and Muslims from the East to work in Colombo and other areas in Western Sri Lanka faced cultural and language barriers that made this approach difficult to achieve significant results.

- Collaboration among project implementers and local and district government agencies is required in order to facilitate project progress. The CORE project appeared to work well with relevant government agencies and was appreciated by the GOSL.
- The public-private alliance approach used by USAID in the CORE project has been replicated by other donors, including the Japan International Cooperation Agency (JICA) and the International Fund for Agriculture Development (IFAD). This approach has produced significant results and is required to commercialize relationships among producers and buyers in that it both leverages donor funds and it promotes investment by private sector actors.

## **RECOMMENDATIONS ON FUTURE SMALL BUSINESS SUPPORT AND VALUE CHAIN DEVELOPMENT**

USAID/Sri Lanka has already awarded the BIZ+ project as a follow-on project to the CORE project. In many ways that project already reflects the recommendations of the Evaluation Team.

The BIZ+ project is a \$24million, four-year project that focuses on enterprise development in the North and Eastern provinces, with a special emphasis on developing local small and medium scale enterprises. It has a much larger grant budget with \$14.4 million of the total project funding. It also includes substantial technical assistance and support for developing the capacity of local business associations and enterprises to advocate for reforms to the enabling environment but focused on the value chains in which the BIZ+ is engaged. It has no specific workforce development component but can provide assistance in workforce development related to its value chain development work.

The Evaluation Team's recommendations for USAID/Sri Lanka in future small business support and value chain development are as follows:

- BIZ+ should provide further support to some of the project activities that CORE worked on if those activities require further technical assistance or training to assure the success and sustainability of those activities. See the various activities described in the Findings section of this report for some examples of those areas where BIZ+ could provide additional support.
- There is a critical need for support of post-harvest handling of new crops and further training of farmers in how to improve their capacity in this area. Many of the issues the team heard during meetings with farmers and company extension agents related to this

area. Future efforts should involve a capacity analysis of the institutions that are best placed to provide this assistance.

- Future USAID efforts should attempt to build on the work done under the CORE project to link those efforts to local governments and local representatives of national agencies and ministries. These linkages are important to the success of project efforts. Since the ability to influence national policy reform appears to be limited, based on current and previous evaluations, the CORE project's success in collaborating with local governments and local representatives of national agencies seems to provide the most effective means to address policy and regulatory reform issues.
- Future enabling environment activities should focus building the capacity of a constituency for reform among the private sector and improve their ability for advocacy, particularly in regard to the value chains in which projects are engaged. If the general political environment and acceptability of economic reform improves, USAID should be ready to provide technical assistance and training to promote those reforms.
- Workforce development activities should be directly related to the value chain development activities of future projects. This should include opportunities for employment within the East and the North in order permit potential workers to be gainfully employed in their home areas. If potential opportunities arise for training young people from the east and north in companies in Colombo and other western areas, future USAID efforts should assure that the companies where the training and internships take place are sensitive to the cultural and religious issues raised by the company representatives interviewed during this evaluation.
- Future efforts should focus on establishing stronger relationships with relevant public agencies at the field level as well as with partner companies to facilitate the sustainability of project activities after the project ends.

# **ANNEXES**

# ANNEX 1: STATEMENT OF WORK

## USAID/SRI LANKA

### OFFICE OF ECONOMIC GROWTH

#### I. Statement of Work

#### Final Evaluation of the Performance, Impact, and Lessons Learned under the COncecting Regional Economies (CORE) Project

#### II. Background Information

##### A. Project Identification Data

Program:	Increased private sector led growth in former conflict areas
Project:	COncecting Regional Economies (CORE)
Award No:	Contract No. 383-C-00-08-00500-00
Award Dates:	October 2008 to March 2012 (includes 6 month no cost extension)
Funding:	\$11,700,000
Implementing Organization:	AECOM International Development
COR:	Menaka Gunawardana

##### B. Project Overview

Building on the Mission's successful economic growth and humanitarian assistance portfolios, CORE was designed to address Sri Lanka's economic growth issues through a 'conflict lens' in accord with USAID's position that economic growth programming can contribute to building social and economic security.

Prior USAID assessments had concluded that inequitable distribution of economic development benefits helped fuel prolonged conflict in Sri Lanka. To address these disparities and encourage an atmosphere favorable to successful political resolutions, CORE sought to expand economic activity in and around post-conflict areas, primarily in Sri Lanka's north and east.

CORE was designed to contribute to USAID/Sri Lanka's Development Objective, "Increased private sector led growth in former conflict areas," and its corollary Intermediate Results, "Private sector investment in former conflict areas increased" and "Private sector productivity enhanced in former conflict areas." Specifically, CORE sought to address economic development disparity between the conflict-affected Eastern Province and the rest of Sri Lanka. It adopted an integrated approach with three specific strands: enhancing value chains; imparting skills and knowledge to potential entrepreneurs and workers; and fostering an improved business climate.

In executing these three specific strands in service to its higher-level objectives, CORE involved five chief activity clusters or 'components' as follows, briefly stated.

1. **Supporting livelihood development for vulnerable households level through diverse strategies**
2. **Promoting competitiveness in agricultural and other value chains, linking beneficiaries with growth opportunities, especially new markets**
3. **Improving sustainable delivery of value chain support including infrastructure and financial, business and ICT (information and communication technology) services**
4. **Enhancing workforce employability and technical capacity**
5. **Fostering an enabling environment facilitating economic growth**

As a guiding principle, CORE aspired to bring ethnic groups (Singhalese, Tamil, and Muslim) together in common business and professional settings, ranging from joint training programs to business development opportunities.

In providing technical assistance and training, CORE featured a flexible grants-under-contracts program to support public-private partnerships, small-scale infrastructure projects, business development services, civic associations, chambers of commerce and others. With grants allowable up to 25% of the contract award, a variety of grant activities could be funded.

Activities included: grants to help beneficiaries and partner companies overcome implementation constraints; outreach and communication, including media materials and public events, to document progress and impact; and monitoring and evaluation, tracking numbers of beneficiaries, income changes, values of products in each value chain, co-financing from private sector partners and beneficiaries, and other key data.

A three-year, \$13.5 million contract for CORE was originally awarded to AECOM International Development with dates of February 1, 2008 through January 31, 2011. Due to delays, dates were subsequently changed to October 1, 2008 through September 30, 2011 with the total estimated cost (TEC) reduced to \$12,961,926. In September 2011 a no-cost postponement of the close-out to March 31, 2012 was granted due to heavy flooding in target areas in late 2010 and early 2011, which had hampered work. The TEC was also reduced at that time to \$11,700,000 due to the flood-retarded burn rate.

An August 2010 mid-term review assessed implementation and offered recommendations for adjustments going forward. In response, several changes were implemented, including the following (summarized recommendations in bold print with project responses following):

- **Increased value chain and workforce development in non-agricultural sectors**  
Initially expanded to ICT and tourism, initiatives later reached sectors such as construction and manufacturing.
- **Workforce development through longer term training for higher paying jobs**  
Though initially moot due to trainee hesitance to relocate for better jobs, longer-term training was later implemented as beneficiaries grew more comfortable with relocating.
- **Develop value chain development indicators, including investment, sales, exports**  
While official indicators related exclusively to funding sources, CORE did begin to track data on investments, sales, income and other value chain items. Because export quality products from project target areas were severely limited, export indicators were not given priority, though aspirational targets were articulated.

### **III. Evaluation Rationale**

#### **A. Purpose and Objective**

USAID/Sri Lanka requires an in-depth and thorough final evaluation of CORE initiatives.

Objectives are to:

1. Assess the effectiveness and sustainability of initiatives on each CORE component
2. Assess the effectiveness of CORE management systems, such as grants and finance management and monitoring and evaluation, in supporting effective implementation
3. Document successes, challenges, shortcomings, and lessons learned
4. Offer recommendations on future small business support and value chain development by USAID/Sri Lanka

#### **B. Scope of Work**

This scope of work is for a final evaluation of CORE: assessing strategy and activity effectiveness, quality of coordination and collaboration between technical partners and other stakeholders, cost-effectiveness, and future directions. This is conceived chiefly as a performance rather than rigorous impact evaluation, though it can be noted that inquiring about ‘outcomes’ of ‘activities,’ it entails judgments as to causal attribution. Where possible external causes appear likely, they should be identified and assessed, if possible. Critical stakeholders and non-USAID donors will participate as appropriate. Other donor participation regarding some aspects, or field visits during this evaluation, may be considered.

The evaluation team will gather both qualitative and quantitative data to answer the following specific questions:

1. What outcomes for CORE activities can be identified as to components and subcomponents listed below, for the general beneficiary population and--where relevant, ascertainable and noteworthy--specific populations of women, men, children, youth, Sinhalese, Tamil, Muslim:
  - a. Household livelihoods
  - b. Improved competitiveness\* in agricultural and other value chains
  - c. Participation in agricultural value chains
  - d. Participation in non-agricultural value chains
  - e. Productive skills and access to productivity-enhancing financial, technology and information resources
  - f. Enabling environment fostering economic growth
  
2. Which positive outcomes identified in response to Question One appear clearly sustainable, which appear clearly unsustainable, and what are the bases for these assessments?
  
3. What successes, shortcomings, lessons learned and unanticipated factors or outcomes appear identifiable as to CORE activities and what are the bases for these assessments?
  
4. Based on responses to Questions One through Four, what recommendations arise as to future USAID/Sri Lanka programming for small business and value chain development?

\*As an emerging term of art, value chain 'competiveness' may embrace varying meanings and components. Evaluation proposals and reports should consider defining it for relevant purposes.

### **C. Duration**

USAID/Sri Lanka anticipates that performance of this review will be in March/April 2012 for about four weeks.

Estimated Timeline and Level of Effort (LOE)

<b>Task</b>	<b>Responsible*</b>	<b>Duration (workdays)</b>
Review background documents and other preparation	TL, ES	2 days
Travel to Sri Lanka	TL, ES	2 days
Preliminary meeting with USAID/Sri Lanka team	TL, ES, LES	½ day
Meetings with Sri Lankan counterparts	TL, ES, LES	½ day
Data gathering and analysis, including key informant interviews, site visits, observation	TL, ES, LES	7 days
Preparation of discussion paper, preliminary analysis/recommendations	TL, ES, LES	1 days
Debrief meetings/Presentation of key findings and preliminary recommendations to USAID/Sri Lanka, Sri Lankan counterparts, other key stakeholders	TL, ES, LES	1 day
Depart Sri Lanka	TL, ES	2 days
Preparation of draft report (due within 7 calendar days from departure)	TL, ES, LES	3 days
Comments collected and sent to evaluation team	USAID	10 days
Finalization of report (due within 5 calendar days after comments received)	TL, ES	2 days
<b>LOE for TL</b>		<b>21 days</b>
<b>LOE for ES</b>		<b>21 days</b>
<b>LOE for LES</b>		<b>13 days</b>

#### **D. Methodology**

The tasks listed below are minimum requirements. The evaluators may add additional tasks that further strengthen results.

1. Before any travel, the evaluation team should send a list of required documents to the CORE COR contact, Ms. Menaka Gunawardana, at the following email address: [mgunawardana@usaid.gov](mailto:mgunawardana@usaid.gov). USAID will gather requested documents and make them available.
2. The team should hold a preliminary meeting with key USAID/Sri Lanka staff to establish thorough understanding of requirements, review approaches and procedures, and discuss concerns and suggestions for inquiry.
3. The team should hold meetings with Sri Lankan counterparts and partners to discuss project accomplishments and areas for improvement.
4. The team should consider a range of possible methods and approaches for collecting and analyzing required information. Data collection methodologies should be discussed with and approved by USAID/Sri Lanka staff prior to data gathering. The team should review documentation including but not limited to USAID project documents, CORE documents, work plans, monitoring and evaluation plan, project reports, supporting data and information, relevant project monitoring, and project management information systems.
5. The team will conduct fieldwork in Eastern, North Central and Uva Provinces and border areas where CORE activities took place. The discussion paper specified below shall be prepared in Colombo and debriefing on key findings and preliminary recommendations shall be conducted in Colombo. Draft and final reports shall be prepared in evaluation team facilities.
6. Based on data and information gathered during fieldwork, the team should conduct preliminary analysis to produce a quantitative and qualitative assessment of CORE from all relevant perspectives. Analysis should focus on yielding meaningful output and outcomes metrics and information, providing in-depth understanding of program successes and failures, challenges faced, problems resolved and lessons learned.
7. Before close of the field research phase, the team should prepare a paper on preliminary findings and issues to discuss with USAID/Sri Lanka staff, Sri Lankan counterparts and CORE staff, addressing key findings and issues, and preliminary recommendations. The paper shall be produced in English and must be submitted at least 24 hours prior to a debriefing meeting held with above-mentioned parties. The team should take note of comments and observations from the debriefing meeting in preparing draft and final reports. The debriefing meeting should be considered the final step of the fieldwork phase.
8. The team should prepare a draft final evaluation report, taking account of comments and observations on the preliminary findings paper and from the debriefing meeting. Where such comments and observations deviate from evaluators' findings and opinions, explanatory notes should be provided, registering differing opinions. The draft report should follow standard format, be clearly written, and include an Executive Summary, Findings, Conclusions, Recommendations and appropriate annexes.

9. The evaluation should include an assessment of CORE's management systems on grants, finance and monitoring/evaluation—i.e., how effective were these systems and item by item, how adequately did CORE respond to Recommendations in the mid-term review final report and what are the bases for these assessments?
10. The team should frame specific recommendations in the draft report to guide future USAID/Sri Lanka programming. Recommendations should consider project implementation, context and relevance, along with the appropriateness of results indicators vis-à-vis actual experience.
11. The draft report should be submitted to USAID within seven work days after the debriefing meeting on preliminary findings.
12. USAID/Sri Lanka will review, collect comments and inputs from key parties and submit written responses to the team within ten work days of receiving the draft. The finished report should be submitted within seven work days of receiving written responses on the draft.

**E. Team Composition, Technical Qualifications and Experience Requirements of the Evaluation Team**

To carry out the evaluation, the following expertise is required:

1. **Team Leader:** Economist, enterprise development or evaluation specialist, or related background, with at least ten years of experience in international development and proven experience in conducting evaluations of donor-funded private sector development projects and programs. Proven experience in leading teams of consultants. Prior work experience in Sri Lanka highly desirable.
2. **Local Enterprise Development Specialist:** At least five years of experience in international development and proven experience in conducting evaluations of donor-funded private sector development projects and programs.
3. **Local Evaluation Specialist:** Economist, social scientist or related educational background with at least five years of experience in private sector development projects and programs. Prior experience in donor-funded private sector projects or program evaluation highly desirable. Familiarity with agriculture sector projects highly desirable. Professional command of English and fluency in Sinhala and Tamil required.

**F. Responsibilities**

The contractor will be responsible for obtaining visas and country clearances for consultant travel. The contractor will be responsible for coordinating and facilitating field trips, interviews, and meetings in conjunction with USAID. The contractor will be responsible for submitting an illustrative budget for all estimated costs. Proposed costs may include, but not be limited to: (1) international and in-country travel; (2) lodging; (3) M&IE; (4) in-country transportation; and (5) office supplies and logistical support (i.e., laptop, communication costs) as needed. The contractor will be responsible for in-country logistics including transportation, accommodations, communications and office support.

## **G. Reports and Deliverables**

1. **Draft Work Plan and Pre-Field Briefings:** The evaluation team will develop a draft work plan including methodology proposed prior to beginning work in Sri Lanka. The team will meet with relevant USAID/W Asia Bureau and technical bureau POCs for Sri Lanka and other relevant contractor staff prior to departure for the field. Teleconferences with USAID/Sri Lanka staff prior to departure are also highly recommended.
2. **Mid-Point Review/Briefing:** The evaluation team will provide a mid-point briefing to USAID/Sri Lanka staff to review issues, questions and concerns.
3. **Discussion Paper:** The evaluation team will deliver a preliminary findings and issues paper to USAID staff at the conclusion of field research. The team will then conduct debriefing on observations and comments.
4. **Reports:** The evaluation will submit the following reports:
  - a) **Draft Report.** The evaluation team will present a draft report of findings and recommendations to USAID/Sri Lanka staff within seven work days after the debriefing meeting.

**b) Final Report.** The final report shall be submitted to USAID/Sri Lanka in hard and electronic copies within seven work days of receiving written responses on the draft. The final report should include an executive summary of no more than three pages, a main report with conclusions and recommendations not to exceed 30 pages, a copy of this scope of work, evaluation questionnaires used to collect information on each of the program components, and lists of persons and organizations contacted. A second version of this report, excluding any potentially procurement-sensitive information, will be submitted (also electronically, in English) to the Development Experience Clearinghouse (DEC) for dissemination among implementing partners and stakeholders. All quantitative data should be provided by electronic file in easily readable format. This file can be provided on a thumb drive and should be organized and fully documented for use by those not fully familiar with the project or the evaluation. The file shall be owned by USAID and made available to the public, barring rare exceptions for cause.

## ANNEX 2: LIST OF PERSONS INTERVIEWED

NAME OF PERSON INTERVEIWED	TITLE	COMPANY
Ms. Tania Brunn	Chief of Party	Ex- CORE staff
Mr.Pradeep Liyanamana	Deputy Chief of Party	
Mr. M.K. Nandasena	Value chain specialist	
Ms. Savanthi karunadasa	Monitoring & Evaluation specialist	
Mr.Harsha Kaluarachi	Asst. Grants Manager	
Mr.S.Aravinthan	Value chain manager(Trincomalee)	
Mr.U.L.M. Uwais	Dairy Extension officer	
Mr. Lal de Silva	Component leader enabling environment	
Ms.Zahra Cader	Value chain services	
Mr.Chandra Vithana	Work force component leader	
Mr. B.Nissanka	Former COR for CORE	USAID mission Sri Lanka
Mrs. Salma Peiris	Ex COR for CORE	
Ms.Menaka Gunawardena	Current COR for CORE	
Mr. James Bednar	Mission director	
Mr. Mark Hager	Project Development Officer	
Jennifer Brinkerhoff	Chief of Party	VEGA BIZ + Sri Lanka Program
Mr.T.I Jamaldeen	Chief of Party	VEGA Facilitating Economic Growth in Sri Lanka Program
Mr. Wijesiri Wickramasinghe	Director	Anoma Agro Based products (Pvt) Ltd.
Mr.Buddisha	Agriculture Extension Officer	
Mr.S.Merrick Goonewardena	Executive Director	TOS Lanka Co. (Pvt) Ltd
Ms.Surani premarathne	Manager, Human Resources Developement	

Dr. Ananda Jayawardena	Executive Director	Link Natural Products (Pvt) Ltd
Mr.Ranasinghe	Extension officer	
Mr.S.Amarawickrama	Agriculture Manager	
Mr.Saman Dewage	Chief Executive Officer	SR Bio Foods
Mr.Kaushalya	Director Commercial	
Mr.Elleen Riluan	Director	Alli Company (Pvt) Ltd
Dr.S.Dharmawasam	Managing Director	Advance information consultants , Kings lake Technologies
Mr. Nayane Gunawardena	Head Professional service	
Mr.M.Naeem	Head of Consulting	
Dr.Jagdish Katyal	Director/Consultant	Cargills (Ceylon) Ltd
Mr.H Fernando	Agriculture Manager	
Mr. Charitha Subasinghe	Chief Executive Officer-Vice president	Jaykay Marketing Services (Pvt) Ltd.
Mr.Nihal Senerath	Senior manager Sourcing	
Mr.Ruwan Chaminda	Executive	
Mr.K.M.D.B. Rekogama	Project Relationship Manager	Hatton National Bank
Mr.A.K.D. Hirantha	Project Relationship Manager	
Mr.Amal Nanayakkara	General Manager Training	Aitken Spence Hotel Management (Pvt) Ltd
Ms Ms.Bhagya	Executive	Sun-Agro, Lankem Ceylon PLC.
Mr.W.Weliwita	Factory Manager	
Mr.Kapila Priyadarshana	Deputy General Manager	Sierra Cables PLC.

NAME OF PERSON INTERVEIWED	TITLE	COMPANY
Mr. Sydney Fernando	Chairman –Managing Director	Deshan International Imports & Exports
Mr.Kumudu Gunawardena	Manager	Pragathisewa Finance
Mr.A.Naleer	Agricultural Instructor- for Black gram	Department of Agriculture,
Mr. Milton (with 12 members)	Farmer leader	Gallallagama, No.30 B onion society
Mr.Jayantha (with 14 members)	Farmer leader- B -onion farmers cluster	Mahasen Village developement Organization
Mr.Chinthaka Chandimal	Secretary	2 <sup>nd</sup> Stage farmer organization
Mr. G.P. Saman Kumara	Proprietor	G.P. Saman & Sons
Ms.Disna Priyadarshanie	Secretary	Sumedhagama Fisheries Cooperative Society
Mr.S. Kailasapathy	Former president	Nilaveli Salt Producers (Pvt) Ltd.
Mr.A.Ramesh	Managing Director	Eluwan (Pvt) Ltd.
Mr.M.Ibham	Lecturer	The Youth Environmental forum – Eastern School of Tourism
Mr.Selvanayagam	Chief Executive Officer	
Mr.M.Loganathan	Farmer leader	Illupadichenai farmer organization
Mr.L.D. Amarathunga	General manager	Pelwatte Dairy Industries Ltd
Mr.Jayathilake	Dairy extension officer	
Ms.Renuka	Officer in Charge	Maha-aragama Agri producers & Marketing Cooperative Society

Ms.W.G. Ramyalatha	Proprietor	Pramuditha Mushroom Production Company

### ANNEX 3: LIST OF MEETINGS, LOCATIONS AND DATES

The Evaluation Team conducted meetings in Colombo from March 19<sup>th</sup> to March 27<sup>th</sup>. The field trip was conducted from March 28<sup>th</sup> through April 3<sup>rd</sup> with meetings in various regions of Sri Lanka. The team made a large circular tour to Anuradapura, Trincomolee, Batticaloa, and Ampara. Final meetings were held in Colombo from April 4<sup>th</sup> through the 6<sup>th</sup>.

No	Name	Title	Company	Location	Date
01	Ms. Tania Brunn	Chief of party	CORE	USAID -Colombo	19-03-2012
02	Mr.Pradeep Liyanamana	Deputy Chief of Party	CORE	USAID -Colombo	19-03-2012
03	Mr. M.K. Nandasena	Value chain specialist	CORE	USAID- Colombo	19-03-2012
04	Ms. Savanthi karunadasa	Monitoring & Evaluation specialist	CORE	USAID- Colombo	19-03-2012
05	Mr.Harsha Kaluarachi	Asst. Grants Manager	CORE	USAID- Colombo	19-03-2012
06.	Ms.Menaka Gunawardena	Contract officers Representative (COR)	USAID –Colombo	USAID -Colombo	19-03-2012
07	Mr.T.I Jamaldeen	Chief of party	VEGA Facilitating Economic Growth Program	USAID- Colombo	19-03-2012
08	Mr.Wijesiri Wickramasinghe	Director	Anoma Agro Based products (Pvt) Ltd.	Boralesgamuwa -Colombo	21-03-2012
09	Mr.S.Merrick Goonewardena	Executive Director	Tos Lanka Co. (Pvt) Ltd	Free trade Zone , Biyagama	22-03-2012
10	Dr. Ananda Jayawardena	Executive Director	Link Natural Products (Pvt) Ltd	Kapugoda,Kindiwela	22-03-2012
11	Mr.Saman Dewage	Chief Executive Officer	SR Bio Foods	Pepiliwala,Kirindiwela	22-03-2012
12	Mr.Kaushalya	Director Commercial	SR Bio Foods	Pepiliwala,Kirindiwela	22-03-2012
13	Mr.Elleen Riluan	Director	Alli Company (Pvt) Ltd	Pasyala	22-03-2012
14	Mr. Nayane Gunawardena	Head Professional service	Advance information consultants , Kings lake Technologies	Colombo	23-03-2012
15	USAID in brief for Steve	CORE COR & other	USAID mission office	Colombo	26-03-2012
16	Dr.Jagdish Katyal	Director/Consultant	Cargills (Ceylon) Ltd	Colombo	26-03-2012
17	Mr.H Fernando	Agriculture	Cargills (Ceylon) Ltd	Colombo	26-03-2012

		Manager			
18	Mr. Charitha Subasinghe	Chief Executive Officer-Vice president	John Keells Group , Jaykay Marketing Services (Pvt) Ltd	Colombo	26-03-2012
19	Mr.Nihal Senerath	Senior manager Sourcing	Jaykay Marketing Services (Pvt) Ltd.	Colombo	26-03-2012
20	Mr.K.M.D.B. Rekogama	Project Relationship Manager	Hatton National Bank	Colombo	27-03-2012
21	Mr.A.K.D. Hirantha	Project Relationship Manager	Hatton National Bank	Colombo	27-03-2012
22	Mr.Amal Nanayakkara	General Manager Training	Aitken Spence Hotel Management (Pvt) Ltd	Colombo	27-03-2012
23	Ms S.Bhagya	Executive	Lankem Ceylon PLC.	Colombo	27-03-2012
24	Mr.Kapila Priyadarshana	Deputy General Manager	Sierra Cables PLC.	Athurugiriya	27-03-2012

No.	Name	Title	Company	Location	Date
25	Mr. Sydney Fernando	Chairman – Managing Director	Deshan International Imports & Exports	Thoduwawa, Chilaw	28-03-2012
26	Mr.Kumudu Gunawardena	Manager	Pragathisewa Finance	Srawasthipura, Anuradhapura	28-03-2012
27	Mr.A.Naleer	Agricultural Instructor	Department of Agriculture,	District extension services ,Anuradhapura	28-03-2012
28	Mr.Ruwan Chaminda	Executive	Jaykay Marketing Services (Pvt) Ltd.	Anuradhapura.	29-04-2012
29	Mr. Milton (with 12 members)	Farmer leader	Gallallagama, No.30 B onion society	Medawachiya, Anuradhapura	29-03-2012
30	Mr.Jayantha (with 14 members)	Farmer leader- B - onion farmers cluster	Mahasen Village development Organization	Kirigalwewa, Anuradhapura	29-03-2012
31	Mr.Chinthaka Chandimal	Secretary	2 <sup>nd</sup> Stage farmer organization	Mailakaduwawa, Mahadiwulwewa.	30-03-2012
32	Mr. G.P. Saman Kumara	Proprietor	G.P. Saman & Sons	North Coast Rd. Trincomalee	30-03-2012
33	Ms.Disna Priyadarshanie	Secretary	Sumedhagama Fisheries Cooperative Society	Sumathirathne Mw, Trincomalee	30-03-2012
34	Mr.S. Kailasapathy	Former president	Nilaveli Salt Producers (Pvt) Ltd.	Nilaveli, Trincomalee.	31-03-2012
35	Mr.W.Weliwita	Factory Manager	Lankem (Sun Agro) Cereal factory	Kappalthurai, industrial park, Trincomalee.	31-03-2012
36	Mr.S.Aravinthan	Ex-CORE officer	Aqua 'N Green Ltd	Kinniya, Trincomalee	31-03-2012
37	Mr.A.Ramesh	Managing Director	Eluwan (Pvt) Ltd.	Mahaoya Rd, Batticaloa	01-04-2012

38	Mr.M.Ibham	Lecturer	The Youth Environmental forum – Eastern School of Tourism-	Off station road, Batticaloa	01-04-2012
39	Mr.Selvanayagam	Chief Executive Officer	The Youth Environmental forum – Eastern School of Tourism	Off station road, Batticaloa	01-04-2012
40	Mr.M.Loganathan	Farmer leader	Illupadichenai farmer organization	Batticaloa	01-04-2012
41	Dr.S.Dharmawasam	Managing Director	Advance information consultant (Pvt) Ltd.	Akkaraipattu	01-04-2012
42	Mr.U.L.M. Uwais	Ex-CORE officer	Pelwatte Dairy Industries Ltd	Akkaraipattu	01-04-2012

No.	Name	Title	Company	Location	Date
43	Mr.L.D. Amarathunga	General manager	Pelwatte Dairy Industries Ltd	Pelwatte,Buttala	02-04-2012
44	Mr.Jayathilake	Dairy extension officer	Pelwatte Dairy Industries Ltd	Pelwatte, Buttala	02-04-2012
45	Ms.Renuka	Officer in Charge	Maha-aragama Agri producers & Marketing Cooperative Society	Maha-aragama –Ethiliwewa, Wellawaya.	02-04-2012
46	Ms.W.G. Ramyalatha	Proprietor	Pramuditha Mushroom Production Company	Damana, Ampara	02-04-2012
47	Mr.Ranasinghe	Extension officer	Link Natural Products (Pvt) Ltd	Polwatta ,Ampara	03-04-2014
48	Jennifer Brinkerhoff	Chief of Party	VEGA BIZ+	Colombo	04-04-2012
49	Mr.Pradeep Liyanamana	Deputy Chief of party	Ex-CORE	Ceylon Chamber - Colombo	04-04-2012
50	Mr.M.K. Nanadasena	Value chain specialist	Ex-CORE	Ceylon Chamber - Colombo	04-04-2012
51	Mr. Lal de Silva	Component leader enabling environment	Ex-CORE	Ceylon Chamber - Colombo	04-04-2012
52	Ms.Zahra Cader	Value chain services	Ex-CORE	Ceylon Chamber - Colombo	04-04-2012
53	Ms.Savanthi karunadasa	Monitoring & evaluation specialist	Ex-CORE	Ceylon Chamber - Colombo	04-04-2012
54	Mr.Harsha Kaluarachi	Asst. Grants Manager	Ex- CORE	Ceylon Chamber - Colombo	04-04-2012
55	Mr. B.Nissanka	Contracting officers representative	USAID-Colombo	Ceylon Chamber - Colombo	04-04-2012
56	Mr.Chandra Vithana	Work force component leader	Ex-CORE	Ceylon Chamber - Colombo	04-04-2012
57	Mrs. Salma Pieris	Ex-COR for CORE	USAID- Colombo	USAID -Colombo	05-04-2012

58	Ms.Menaka Gunawardena	Current COR for CORE	USAID -Colombo	USAID -Colombo	05-04-2012
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**The Evaluation Team's De-briefing was held on April 6, 2012 at the USAID Mission Director's office in Colombo, and was attended by following persons.**

**Mr. Jim Bednar Mission Director, USAID/Sri Lanka**

**Mr. Mark Hager, USAID/Sri Lanka**

**Mrs.Salma Peiris, USAID/Sri Lanka**

**Ms. Menaka Gunawardena, USAID/Sri Lanka**

**Mr.T.I Jamaldeen COP, VEGA Facilitating Economic Growth in Sri Lanka Program**

**Mr. Stephen C. Silcox, Evaluation Team Leader and Enterprise Development/Evaluation Specialist**

**Mr. M.Z.M. Farhad, Agribusiness Advisor, VEGA Program and Evaluation Team Member**

**Mr. Gemunu Wijesena, Enterprise Development Consultant and Evaluation Team Member**

## **ANNEX 4: LIST OF DOCUMENTS REVIEWED**

1. USAID/CORE Quarterly Report XIII (October - December, 2011) AECOM International
2. USAID/CORE Quarterly Report XII (July - September, 2011) AECOM International
3. USAID/CORE Performance Monitoring Plan – updated Feb, 2011
4. USAID/CORE Performance Monitoring Plan – updated Oct, 2011
5. USAID/CORE draft Year 1 Work plan – January – September 2009
6. USAID/CORE Final Report, Mid-term Review, August 2010
7. USAID/CORE Year 3 Work Plan, October 1, 2010 – September 30, 2011
8. USAID/CORE Work Plan – Extension Period, October 1, 2011 – March 31, 2012
9. USAID/CORE Grant Program Manual
10. Approval for Addendum to Grant Manual (AR 192)
11. Copy of Company Report- partner list (excel sheet from CORE)
12. Summary Table – CORE Indicators (excel sheet from CORE)
13. Hewavitharane, H.V.C., Weerahewa, J., and Warnakulasooriya, H.U.,” An Assessment of Financial Viability of Big Onion Seed Production in Matale District.” Tropical Agricultural Research Vol. 22 (1): 107 - 112 (2010), Department of Agriculture, Sri Lanka
14. Darshana Perera,”Expanding Turmeric cultivation under Small Farm Clusters in Ampara.”Daily News, Monday, 19 April 2010, online edition, The Associated Newspapers of Ceylon Ltd, Colombo, Sri Lanka. <http://www.dailynews.lk/2010/04/19/Fea04.asp>, [retrieved 9<sup>th</sup> April 2012]
15. Life Long learning for Farmers, “cost of Production of Turmeric & Ginger cultivation” <http://www.ou.ac.lk/col/index.php/en/the-project> [retrieved 9th April 2012].

## **ANNEX 5: Notes from Meetings with Stakeholders**

### **1. Name of partner: Anoma Agro Based Products (Pvt) Ltd**

Project component: Horticulture/Value Chain Development

Date & Time: 09.00am, 21/03/2012.

Name & Contact Tel. No. of respondents: Mr.Wijesiri Wickramasinghe, Director, Mr.Buddisha, Agronomist 0773646928

### **Summary of findings:**

#### **Background**

M/s Anoma Agro Based Products (Pvt) has implemented the papaya cultivation project promoting an out-grower farmer net work in Ampara and Sevenagala area. The target was to reach 3000 small holder papaya farmers to be linked with the company. Under cost sharing assistance from CORE Program, the Company proposed to invest in a papaya juice factory and dehydration machinery in Sevenagala. The CORE project extended assistance to provide planting materials, required training, improving skills on crop management practices, harvesting and post harvest handling, etc., to the farmers identified by the Company. The registered farmers were members of the Daya Sarana NGO and were initially provided with 50 papaya seedlings each with cost-sharing by the CORE program. Hybrid seeds were purchased from ONESH Seed Company, the licensed supplier of red lady papaya seed in Sri Lanka.

Unfortunately flooding devastated the majority farmer fields in the project area. According to the company, they have taken steps to replace new seedlings to affected farmers. Funds for replacing seedlings were obtained through the company account. The company informed the evaluation team that CORE did not extend any compensation for victims of flood affected areas.

Papaya is a new crop for the farmers in the East and the CORE /Anoma Agro effort to promote papaya appears to be successful with more and more farmers now adopting papaya as a home garden crop. The farmers who own large land plots are now integrating papaya and different short term fruits into their planting scheme for increased income. The company has helped established a papaya seedling supplier in the area. The demand for seedlings is gradually increasing and company has been able to continue the supplies of quality papaya seedlings with their nursery facility at Ampara.

#### **Results**

The CORE project intervention enabled the transfer of technology for papaya cultivation among the beneficiaries and this is now penetrating further into new areas in the East as a good income source for the small farmers with a ready market within the region. A total of 114399 plants were distributed to the farmers. Households have obtained a monthly average yield of 250Kg of fruits. Prices for papaya have been fluctuating. The produce is purchased by collectors at the farm gate. The price purchased

ranges between SLR25 and SLR50 per Kg. These figures indicate that farmers are earning an additional income in the range of Rs. 9375 per month by cultivating 50 papaya plants each.

However the ultimate project objectives were not achieved. The market linkages envisaged through the buy-back agreements and the supply of produce for export markets were not fulfilled due to a number of factors.

The papaya juice processing facility installed at the Sevenagala factory has now been abandoned due to GOSL interference. As a result of this, the company has now withdrawn operations from Sevenagala area. However, around 700 farmers involved in papaya production in area are still continuing to produce papaya and their produce is marketed through established papaya buyers in the vicinity.

The company is still continuing the linkage through cluster meetings, supply of seedlings, extension facilities, and facilitation of micro credit, etc. but not been able to purchase the fruits. The company is planning to expand the current farmer base of 2500 to reach 8000 through the “Daya Sarana community service “of the company. Most of the beneficiaries are from villages in Ampara. The company indicated the 50% of population is Tamil speaking people from Tamil and Muslim communities.

This recent information is consistent with the information received by the Mid-Term CORE Assessment team which interviewed a number of farmers in Ampara who had received assistance from the CORE project to produce papaya.

#### **Company’s suggestions/lessons learned**

The relationship with CORE was excellent, according to the Director of the Daya Group. However, the original plan for purchase of the papaya by the company could not be continued as planned due to sudden takeover of the Sevenagala sugar factory by the GOSL. The machineries for processing and dehydration of papaya were installed in the factory and the Daya Group was not allowed to remove the machineries for papaya processing after the government intervention. The Daya Group informed the evaluation team that they are now planning to establish a pulping unit for papaya juice manufacturing in other premises.

#### **Special remarks/evaluators’ comments**

It is important that assistance for long term capital inputs should seriously consider the ownership of lands and locations where project are proposed to implement. The risk of government enforced interference and the take-over of leased government land due to political reasons may be minimized or controlled by encouraging investments within properties owned by private companies.

## **2. Name of partner: TOS Lanka (Pvt) Ltd, a Board of Investment (BOI) approved company engaged in the manufacture of electronic parts**

Project component: Workforce Development

Date & Time: 09.00a.m. 22/03/2012.

Name & Tel. contact No. of respondents: Mr. Merrick Gooneratne, Executive Director,0777751851

## **Summary of findings:**

### **Background**

Initial contact with TOS was established by CORE in April 2011 through a personal contact. 106 youths from Trincomalee, Batticalo and few from Anuradhapura were trained by the CORE project and TOS. The group consisted of 47 Tamils, 12 Sinhalese and 41 Muslims. CORE paid the salary for the interns for a six-month period. The company implemented this program to develop the technical skills of youths affected by the conflict in order to employ them in the TOS Lanka factory near Colombo.

The partner commented that “we provided them with a hostel and free lunch etc., and went beyond the budget provided by CORE. They worked well during the six months training period. However, it was clear that the trainees’ intention was not for long-term employment, but rather to get the training and service certificate. Many of them appeared to want to find jobs in Middle Eastern countries and thought of this as only a training program rather than leading to long-term employment with TOS. It would seem that they also faced difficulty in adjusting to the work culture in the Western Province, particularly Muslim youths. They demanded to go for prayers every day at specific praying time since there was no prayer room available within the facility.”

### **Results**

The fall-out rate has been very high. Only 8 (7 Sinhalese and one Muslim) out of the 106 trainees continued to work in the company and another 12 left for Middle Eastern country jobs. At present, the partner is searching to recruit 100 trainees, for which they pay a recruiting agent SLR 1,000 per employee if they remain with the company for at least three months.

### **Partner Company’s suggestions/lessons learned**

A clear awareness/orientation is needed to conduct a proper selection of the trainees before placing them with companies. It would seem that the trainees might continue working with companies if they had the opportunity to work in their home towns. The company would consider setting up a branch factory in the East if the company was provided assistance for the required infrastructure and facility.

### **Special remarks/evaluators’ comments**

The partner was satisfied with the support and services received from CORE and especially appreciated the cooperation of the CORE staff, which had a good relationship with the TOS. This activity did provide the opportunity for rural youths from the East to get receive exposure to urban working culture. However, the retention rate in continuing the jobs in the same company is very low, at eight out of 106 (6.6%). Information required to calculate the cost effectiveness of this initiative is difficult to find in the CORE quarterly reports. It would be useful to discover the type of jobs obtained by the 12 youths who departed for Middle Eastern jobs and whether the training they received helped in finding those jobs. The skills the trainees acquired in this sector (manufacturing of electronic parts) are very specialized and there are only a few such companies in Sri Lanka. It is difficult to justify the relevance of this sector in relation to the objectives stipulated in the project document. A better strategy and proper planning is needed in selecting sectors, companies and trainees. The project seemed to be providing free labor for well-established private companies who may be willing to pay for recruitment of well qualified employee trainees. Partner companies should be sensitive to different cultures and need to be more

flexible in adapting to other cultures within Sri Lanka. Mentoring and guidance is needed to enable trainees to cope up with highly urbanized and, sometimes, monotonous factory work. These factors need to be considered in order for a workforce development program to be sustainable.

### **3. Name of the partner: Link Natural Products**

Project component: Value Chain Development

Date & Time: 11.00 am, 22/03/2012.

Name & contact No.s of respondent/s: Dr. Ananda Jayawardena, Executive Director, 0777726730

Date & Time: 09.30 am, 03/04/2012. Field visit to turmeric and ginger collection center

Name & contact No.s of respondent/s: Mr. H.P. Ranasinghe, Field officer of Link (mobile: 0777 253581) and few turmeric and ginger Farmers

### **Summary of findings:**

#### **Background**

CORE approached the Chairman of the company at the last stages of the project and the MOU was signed on 1<sup>st</sup> April 2011, six months before the project closed. CORE decided to support the introduction of the cultivation of turmeric and ginger in Ampara district and Katuwelbatu and Elabatu in Monaragala district. However, the planting season (rainy season) was been about to end by that time. Therefore both Link and CORE had to accelerate the program and the planting took place in the middle of Yala season. The company initially indentified 700 potential farmers in the Pelwatte area of the Ampara district. Link eventually signed buy-back agreements with 200 farmers for turmeric and 80 farmers for ginger. Each farmer planted a quarter acre of land. CORE provided seedling materials and training to the farmers, and kept in constant touch with farmers and followed up. Link selected 320 farmers in Monaragala area to cultivate medicinal plants, again in a quarter acre of land for each farmer. However, Link was only able to enter into buy-back agreements with 73 farmers due to drought conditions prevailing in the area that hindered land preparation activities.

Excessive rain and flood conditions affected the Ginger cultivation during the season and caused an infestation of bacterial wilt during the growing period. As a result, most of the farmers lost their total crop. Around 15 -20 farmers continued and who are now harvesting their crop to sell to Link. The CORE project provided SLR 5,000 to each farmer to compensate them for their crop loss, to some extent.

#### **Results**

The turmeric cultivation program appears to have worked well. A farmer cultivating a fourth of an acre of turmeric can earn about Rs. 80,000 per year, a return considerably higher than many other crops. CORE provided seeds to selected farmers and subsidized 80% of the cost, in addition to reimbursement for the cost of land preparation and organic fertilizer and the provision of barrels to boil the crop. Link has invested Rs. 3 Million to set up the required facilities for buying and storing the crop and to manage the farmer training services. CORE funded for the water supply tank, pump, and pipelines for the facility and provided some machinery worth about SLR 500,000. Farmers are at the harvesting and pre-processing stage at present and the company has started purchasing the first harvest.

In Monaragala, 73 farmers planted a quarter acre of medicinal plants. Since it takes only 3 ½ months from planting to harvest, those farmers received a good return on their efforts. Link purchased the crop from a total of twenty acres cultivated during the Maha season and expects that more farmers will sign agreements for the next Yala season and Link expects to receive the crop from a total of 30 acres, based on the company's capacity. The crop requires only a minimum attention so the cost of production is very low with a guaranteed market linkage. The Link representative said that, unfortunately, not many farmers have joined the program.

#### **Company Suggestions/Lessons Learned**

The program should have planned well in advance and all initiatives in the agriculture sector should be planned to match with the season. The document and reporting cost is very high working with CORE; Link had to hire a specific employee to fulfill reporting requirements. Also, the uncertainty of the extension of the project created lots of challenges for project planning and implementation.

#### **Special remarks/evaluators' comments**

The CORE staff support was highly appreciated by Link and there appears to have been a very good partner relationship. Introduction of these new crops to the area, transfer of technology, creating an input supply base and market linkages have all worked well. The direct cost per beneficiary in the demonstration intervention has been about SLR 95,645 (SLR 8,859,000/93 farmers), but, this should be much lower in long run. There are clear signs of spillover/replication by farmers and continuous commitment from the partner side which can be considered as a positive sign for the sustainability of the relationship between Link and the farmers. It would seem that the project could have achieved higher results even in the demonstration phase and create a bigger impact if a decision as to the extension of the CORE project were made earlier.

The team visited the field collection center in the Ampara district that was established with assistance of CORE. The evaluation team observed farmers bringing their crop to the collection center and Link purchasing the crop. Mr. Ranasingha, the Link extension and purchasing agent on site, noted that the technology transfer activities implemented by the CORE and the Company used a resource person for training hired from outside the area. The project did not show any combination with scientific resources available from relevant public agencies or institutes. The incidence of bacterial wilt might have been controlled if the Department of Agriculture Extension Agents had participated in the training program. Accordingly it is important to consider a link with technical related institutes that could bring more field experience to bear in order to enhance the prospects for sustainability of these innovative initiatives.

#### **4. Name of the partner: SR Bio Foods**

Project component: Value Chain Development (cultivation of Passion Fruit)

Date & Time: 01.30 pm, 22/03/2012.

Name & contact No.s of respondent/s: Mr. Saman Hewage -0715364320 and Mr. Kaushalya - 0715364321

#### **Summary of findings:**

##### **Background**

Initial connection occurred when SR Bio Foods forwarded an application in response to an advertisement in the paper initiated by CORE. SR Bio Foods entered in to a MOU with CORE in February 2010 to implement a Passion Fruit cultivation project using small farmers in the East. The company had started pilot program to introduce Passion Fruit with another project named “Practical Action” in the East. Since the earlier project had been successful, CORE facilitated the replication of the same crop in other locations in the East. The company said that there was a high demand for Passion fruit domestically and they were planning to export.

110 farmers were initially selected jointly with CORE. The number later increased to 150 farmers. SR Bio Foods conducted two farmer training workshops (6-day residential workshops) for 100 farmers in Gannoruwa Agriculture School, for which CORE shared 50% of the costs. The company employed a field officer at their own cost and stationed him in the field for farmer services.

SR Bio Foods initially provided 20,000 plants (50 -200 plants per farmer), which would be sufficient for cultivating ¼ to 2 acres of land in Kirankulam village in the Batticalo district. The major part of the costs for the plants, gliricidea and strong fence posts were born by CORE. Unfortunately, most of the cultivation washed away due to heavy flooding and some farmers gave up due to problems from wild elephants in the area.

### **Results**

A few plants of some of the farmers survived and by now they are in the flowering stage (it takes one year to get the first harvest). SR Bio Foods expects to be able to buy the first crop in May 2012. The company could not indicate the quantities expected. The company envisages to buy back the total harvest at the rate of SLR 25 per Kilogram, at a minimum. The price paid at harvest could be more, according to prevailing market prices but SR Bio Foods would not buy below the agreed minimum price.

### **Company suggestions/Lessons learned**

The farming community in these areas seems to be highly dependent on subsidies. It may be difficult to change their subsidy mentality since they expect to receive everything for free and their commitment to proper cultivation appears to be very poor. SR Bio Foods was very pleased with the support they received from CORE and said, “We could identify the agriculture potential in this area and we would like to expand the cultivation of passion fruit in this area and set up processing facility”. They stated that the CORE program was well organized, is doing good follow up and CORE helped to minimize their risk in venturing to this new area with a new crop. SR Bio Foods did complain that CORE demanded lots of documents and reports which were very costly for a private company. Sometimes, CORE had delayed payments due to non-submission of a minor document.

### **Special remarks/evaluators’ comments**

The selected crop needs longer duration to get the first harvest and, therefore, there could have been a supplementary plan to assist selected farmers to go for intercropping with short-term crops. There had been some problems in finding the necessary fence posts and gliricidea poles; the law prohibits cutting trees or branches from the forest area.

CORE spent Rs. 3,180,000 to train 100 farmers and to provide them with seeds and fence posts and wire. The partner did not have details about number of farmers continuing to grow passion fruit and the existing number of plants. With the flooding of the first crop, the farmers did not get sufficient experience to discover the increased income and benefit that they could achieve through this crop.

With their lessened commitment the impact and the sustainability of this activity is still doubtful. The intervention of the “Practical Action” project in this sector has continued; however, cooperation and/or collaboration between two projects was not clear. SR Bio Foods could not answer the question on the expected harvest or the volume and current status of the crop. This indicates that the project activities may not be properly monitored by the company. Since CORE project has ended, the company’s interest may also wane since the company has limited staff for monitoring at the field level. Further it was revealed that the farmers currently involved in passion fruit cultivation have not been properly cultivating the crop as per their training. Although passion fruit is a new crop for the beneficiary farmers, the traditional farming pattern in the area is the cultivation of short term crops, either rain fed or under irrigation. Consequently farmer income is obtained every three to four months. Introducing passion fruit may have been attractive because of the income potential of the crop, but passion fruit requires special attention during the growing and flowering stages. Thus, extension support is essential for better crop growth and harvest in order to make the innovative introduction a sustainable livelihood. The discussion with the company revealed that the company has taken limited interest on field level activities. CORE could have taken steps to promote a strong linkage with relevant public agencies or institutes, e.g., DOA, ASC, etc, so that the farmers could access technical expertise in the field after the CORE project ended.

## **5. Name of the partner: Alli Company (Pvt) Ltd, Pasyala**

Project component: Value Chain Development (Black gram)

Date & Time: 04.00 pm, 22/03/2012.

Name & contact No.s of respondent/s: M.M Illeen Riluan Director 0332285039, 2285040,228678, Farmer leader Mr.Nihal 0779964825, Agriculture Instructor – Mr.Naleer 0714293695

### **Summary of findings:**

#### **Background**

Alli has been buying Black gram from farmers through a buy-back guarantee system together with a project implemented by the Central Bank for about six years. Alli had wanted to expand their farmer base when the CORE project approached them about three years ago in 2009. The company is happy with the support they received from CORE in reaching a large farmer base. CORE helped organize a good network with about 2,000 farmers. Alli has signed buy-back agreements with 600 farmers and has provided them with training. However, Alli stated that the variety of black gram cultivated by these farmers (MI-1) was not the best variety – rather the best in quality and highest yield is “Anuradha”. Lack of supply of seeds of the best variety had been a major constraint to increasing the farm productivity.

#### **Results**

Alli purchased black gram worth over 100 Million rupees from the village of Kiralpatiyawa in 2010. The price has gone up by about 25% as a result of additional demand created by Alli and the farmers got the opportunity to sell their crop directly to the processors. However, the yield declined and the quality deteriorated due to heavy flood in 2011. Alli continues to buy black gram from farmers organized by CORE. Alli planned to buy about one million kilograms of black gram in the last season in expectation of selling to an export market, but they weren’t able to reach that goal due to the crop loss resulting from the heavy floods. However, they expect to reach that target during the next immediate season.

Alli agreed to purchase black gram from CORE-organized farmer clusters at a predetermined price. As a result, farmers in the area have been able to earn more income from black gram. The prices in 2010 increased from SLR 75/ Kg to SLR 120/kg. The company purchased more than 800,000kg in 2010. Due to this intervention the traditional collector networks were also activated and started to compete with Alli. It was suggested that operating a collection center initially could increase the price of the black gram and the Alli Company might become less competitive in their processed black gram. If prices peaked, Alli might stop buying and the prices would drop rapidly. Alli is currently purchasing black gram through CORE-linked farmer leaders who are constantly in touch with the company. According to a Department of Agriculture (DOA) officer, there are around 4000 acres now under black gram cultivation in the Anuradhapura district, of which the majority are in Wilachchiya. The price per kilogram has increased from SLR 45/kg to SLR 120 per/kg since 2006.

### **Company's suggestions/lessons learned**

Alli complained that not all the farmers honor their agreements with Alli, but rather, they sell their products to other buyers for a slight price increase. As a result of this, Alli has decided to limit the duration of their presence in the field to control the artificial price increase by competitors.

It is hoped that the farmers' attitudes will be changed so that they will honor their agreements with Alli, which will help them to get a better price over the long run. Alli wished that follow-up support to farmers could be continued for longer period, although he realizes that the CORE project is ending.

Traditionally farmers tend to be bonded to village collector networks due to money transactions and other social services.

### **Special remarks/evaluators' comments**

Alli did not receive a grant. Rather, CORE linked farmers from border villages to the company and facilitated the provision of technical training and an assured market. Farmers are getting a higher price for their crop and good income. The intervention can be considered as a successful intervention both in terms of cost effectiveness as well as the sustainability. CORE has played a good facilitator role in this case. It should be noted that the GOSL, under village reawakening program, recently sponsored the establishment of processing facility for value addition at the village level. This is focused on supplying clean white whole or halved black gram to retail market linkages and consumer outlets.

## **6. Name of the partner: Advance Information Consultants (Pvt) Ltd.(AIC)/ Kingslake Technologies**

Project component: Workforce Development

Date & Time: 10.00 pm, 23/03/2012.

Name & contact No.s of respondent/s: Dr.S.Dharmawasam, MD,+31615162243, Mr. Nayane Gunawardena Head Professional services 0777738194. Mr. Mohamed Naeem, Head of Counseling.

### **Summary of findings:**

#### **Background**

Advance Information Consultants (AIC) is a software development company that collaborated with the CORE project to increase employment opportunities in the East. UNOPS has introduced AIC to the CORE project in 2009 and AIC submitted a proposal to set up a software development center in Akkaraipattu. CORE has contributed Rs 5,670,000 for providing both hardware and software including computers, servers, video conferencing facilities, etc. for the center as well as paying stipend and training costs of trainees for a six month period. AIC contribution was providing the site for the training at the family property located in Akkaraipattu. The training was provided through IDM (a well known IT training provider). The original plan was to recruit 15 trainees who had graduated from Eastern University. Dr. Dharmawasam said that the maximum capacity of the facility is 25 employees.

The fall out rate has been high due to opportunities available outside the area urban locations (mainly Colombo). The trainees have also preferred to work in overseas and have often migrated there after the training for higher wages. It has been a challenge for the company to retain the trained and most efficient personal in the center. It is also challenging to find senior employees with experience to be stationed at the center to supervise the local employees. The non-availability of experienced people in the area, distance from western urban locations, remote culture, and poor living facilities has been some disadvantageous that hindered the attraction of youths.

Attitudes towards private sector employment can be negative and many young people prefer public sector positions even though the wages are lower. It was also pointed out that the youths that are willing to stay in the East are not as productive as those that want to move to more urban locations. Dr. Dharmawasam also stated that the quality of work by the staff in the East is not up to the expectations and the company is questioning the sustainability of the center. In addition, power interruption has become a major issue.

## **Results**

Out of the total (number was not revealed by the company) youths working at the center four – five are performing very efficiently. Some are average and the balance of trainees has stayed since the inception of the center, but their capacity is limited. These factors have lead to loss of income of the company where the client needs are not fulfilled as specified. A trainee software developer working here gets about Rs. 25,000 – 40,000 per month, they can find jobs anywhere in the world and earn a good income once they get experienced.

## **Company's suggestions/Lessons learned**

The company envisages improving the system to sustain operations and get more business from regional businesses. The MD indicated that since it is not operated positively the company is looking at three options to make it sustainable.

1. Continue doing what they are doing now
2. Take the existing team to Colombo and work from there.
3. Convert the facility to a training center for IT and Accounting training.

## **Special remarks/evaluators' comments**

The discussion revealed that introducing professional services in the conflict-affected region focused on employment and workforce development should consider the social and cultural aspects, needs of the youths, attitudes towards income sources, etc. Suitability and feasibility need to be evaluated before embark on high tech professional services. People in the Eastern Province tend to be biased towards public sector employment. Considering this factor, it may be an advantage to link private sector work force development with public sector institutes to make them more recognized and convince the youth that private sector employment is secure if it has linkages with public services. Encouraging public-private partnership investments in the region that link to Sri Lankan public agencies could be sustainable for selected products or service sectors.

## **7. Name of the partner: Cargills (Ceylon) PLC**

Project component: Value Chain (Horticulture: finger millet, green gram, cowpea, etc.)

Date & Time: 02.00 pm, 26/03/2012.

Name & contact No.s of respondent/s: Dr. Katyal, Director/Consultant, Tel: 0772663896

### **Summary of findings:**

#### **Background**

CORE supported Cargills to set up a nutritious snack food production facility in the Dehiattakandiya area in the Mahaweli system—C, and linked 750 farmers to the buy-back agreements. CORE granted SLR 24 million (50% of the investment) and has supported the activity through technical assistance from India. In addition, the VEGA technical assistance project of USAID has provided the service of two consultants to standardize the machine operation. CORE facilitated the, training, technology transfer, input supply, etc., for farmers linked to the company. Farmers were trained in the cultivation of finger millet, green gram and other required cereals/pulses to supply Cargills through the buy-back arrangement. Cargills supplied quality seeds to farmers through coordination with the DOA. This integrated project implementation has good prospects for continuing farmer participation after the end of the CORE project.

#### **Results**

All machinery for the processing of the cereal based products has been installed and test runs were successfully completed. The marketing arm of the company is now working on promoting the selected range of products and locally grown cereals and rice are used in making the products. Cargills wasn't able to buy the expected quantity of cereal/pulses in last season due to bad weather conditions, but they expect to be able to buy the required quantity in this season. They have started construction of a storage facility; the facility will create about 15 full time direct employments in addition to many indirect employment opportunities.

#### **Company's suggestions/Lessons learned**

The Cargills representative stated that the, "Cargills/CORE project was very successful." Cargills could link with farmers and the alliance among relevant stakeholders helped to make the activity a success. The CORE team was very supportive even though the duration of the activity was slightly more than a

year. The activity still needs more work to succeed and the CORE project has ended, but Cargills is committed to the activity. Further training of farmers is needed. Although the collaboration with CORE involved a lot of red tape, Cargills could fulfill those requirements.

### **Special remarks/evaluators' comments**

The intervention appears to be a success since Cargills has their own marketing linkages, capacity to promote the products, ability to purchase and store the bulk during the season. However, it will take more time to determine the impact at the farmer level. It is assumed that Cargills could pay higher price than prevailing market prices for the cereals in the area because their transport cost is minimum compared to delivering the produce to Colombo. With regard to the price mechanism, Cargills also will have to put ceiling on prices beyond which their production may not be feasible. It may be necessary for Cargills to have nucleus farm to compensate for any shortfall due to weather conditions or market competition. The company was able to fulfill their tasks as expected and to be ready for the commercial production due to their strong market chain and the financial capacity and commitment for the innovative development. The CORE project enabled them to accelerate the project activities through financial and technical, assistance. Also it is noted that the integrated approach and close linkages with the producer clusters that provide farmer services on production, post harvest handling, input supply, technology dissemination, etc. further enhances the sustainability of this project.

### **8. Name of the partner: Jaykay Marketing**

Project component: Value Chain competitiveness (Horticulture: cultivation of B'onion & B'onion seed production)

Date & Time: 03.00 pm, 26/03/2012.

Name & contact No.s of respondent/s: Mr. Charitha Subasinghe, CEO – 077 2410391 & Mr. Nihal Senerath, Sr. Manager Sourcing, 0773028005

### **Summary of findings:**

#### **Background**

JK Marketing (JK) operates a super market chain with 45 outlets in the country. The partnership with CORE started in 2009 and continued until the end of the CORE project. CORE has supported JK to strengthen their supply chain for B'onion by linking farmers from the Kebithigollewa in North Central Province. CORE has trained farmers on cultivation practices, seed production and on keeping records, particularly on cost calculation, and organized farmers into groups that are linked with JK. JK has made farmers aware of their quality requirements and purchased the product on a premium price. Farmers of 10 -12 villages from this area have linked with the program and the field officer of JK, Mr. Ruwan, is based in their collection center in Thambuttegama. JK coordinates regularly with these farmers. JK supported farmers to open bank accounts in HNB and has arranged to remit the payment for the purchases directly to the farmers' bank accounts.

#### **Results**

JK's demand is increasing and they expect to buy more B'onions in 2012. The company's main involvement has been the buy-back of the produce. CORE facilitated training on B'onion cultivation,

supply of seeds, technology for producing seeds at their own farms and the market linkage with JK. The company has linked with 200+ farmers from 29 farmer organizations. In 2011 the company purchased a record volume of 90,000kg of B'onions, accounting for 75% of total purchases during the season i.e. July to November. With the experience gained with the farmers, the company is currently working towards organizing similar farmer clusters to promote the cultivation of selected fruits for the requirement of JK's super markets.

### **Company's suggestions/Lessons learned**

JK highly appreciated the support received from the CORE team. The introduction of seed production systems at the own farms have saved the farmers around SLR15, 000 to SLR20,000 on seeds. Also producing their own seeds will enable them to sell surplus seeds to other farmers. However, seed production requires cold storage and necessitates transport to Nuwara Eliya to store their seeds and eventually bring them back. The farmers were not very positive about this aspect due to the additional cost and inconvenience. However some farmers have developed methods of storing in household refrigerators. This aspect needs to be studied further.

### **Field visit – 29 March, 2012**

The CORE intervention on B-onion cultivation in the conflict border villages in Anuradhapura District appears to have been a great success according to the meetings with the farmer societies at Gallalla and Mahasen Pura villages. The farmers have been cultivating B'onion in this area for more than fifteen years. However, the farmers stated that the farming practices were traditional and they previously obtained low yields and low prices. There had been no markets other than the traditional middle men. The CORE project made many changes in the area through organizing training programs, providing quality inputs, creating awareness of post harvest handling, training and guidance for seed production in the farmers' field, encouraging them to keep crop records, linking them with new markets, and connecting farmers with local technical institutions. According to the farmer society leaders, there are around 420 B'onion farmers in Medawachchiya, Horowpathana, Galenbindinuwewa area. These farmers were clustered under 30 groups. The farmers felt that small groups of a maximum of 15 members are manageable and effective in agricultural development programs.

The evaluation team was informed that the project initiatives have increased the farm income by yield improvements, quality improvements and the use of the right inputs (mainly better seed). Their record keeping enables them to calculate the cost of production and profit in selling to the market. This was a novel approach for farmers which was not previously practiced. Their records indicated that the selling price of B'onion has been double the cost of production. The average market price ranges SLR65-75 per kilogram. However, it was emphasized that the lack of storage facilities at individual farm houses has hindered the opportunity for capturing market demand during the off season and thus losing potential sales at a higher price. The average yield per farmer varies depending on the extent of cultivation, but it ranges 10-15tons per farmer. The farmers stated that they now planned to cultivate more land area under B'onion since they can produce quality seeds on their own and their seed production has been increasing. It was observed that the majority of farmers in the area visited have established seed nurseries ready for harvesting in another 10-12 days time. They can sell the seeds for SLR15,000-20,000/kg.

Farmers attending the two meetings stated that their social status has been affected positively due to the increased family income from the B'onions which has enabled them to improve their housing, acquire three wheelers, tractors, motorcycles, thus making their lives more comfortable. Household savings have also been increased due to increased bank savings through linkages with HNB.

The farmer groups highlighted that even though the CORE project has ended, they now are organized to continue the B-onion cultivation and strengthen the linkage with JK marketing and with other market outlets. They said that selling their crop to JK is their preference as JK purchases their produce at a higher price. Also it was noted that JK buys only the higher grade produce and the remaining volume can be sold to other local outlets. However JK marketing could initiate B-onion processing or make value added consumer products to enable farmers to dispose of their entire harvest to the company.

### **9. Name of the partner: Hatton National Bank (HNB)**

Project component: Value Chain Services & Enabling Environment

Date & Time: 08.30 am, 27/03/2012.

Name & contact No.s of respondent/s: Mr. Rekogama, Project Relationship Manager – 011 2661989 & Mr. A.K.D.Hiranth 0777587098

#### **Summary of findings:**

##### **Background**

CORE has worked with HNB for about a two-year period in their effort to implement a Warehouse Receipt Financing (WRF) system. CORE has organized a number of meetings and workshops, including the various stakeholders in these events, e.g., farmers, financial institutions and government authorities.

HNB has partnered with JK Marketing for transferring the payments for the B'onion farmers and HNB representatives said that HNB is the pre-eminent bank working in the rural sector.

##### **Results**

Although the implementation of a WRF has not yet materialized, it is now being seriously considering by the Ministry of Finance. The World Bank has taken over from CORE in pushing this mechanism forward. HNB has trained their staff on warehouse management practices and stated that they have high expectations that the Government will implement a WRF system in the near future.

### **10.Name of the partner: Aitken Spence Hotel Management**

Project component: Workforce Development

Date & Time: 10.00 am, 27/03/2012.

Name & contact No.s of respondent/s: Mr. Amal Nanayakkara,

#### **Summary of findings:**

##### **Background**

Aitken Spence (Aitken) has maintained a good relationship with USAID since 1993. Aitken built a hotel school in Ahungalla in 1997 with Australian aid. CORE partnered with Aitken in 2009 and sponsored 4 batches of trainees of 30 each from the Eastern Province. CORE conducted a job fair in Trincomalee in 2009 that included many hotels, including Aitken. CORE covered the costs of transport, food and lodging for the applicants. There were over 1,800 applicants for employment opportunities and training in the hotel trade from that job fair. Aitken interviewed and selected 90 applicants. A second job fair was conducted in Ampara, Trincomalee, and Batticalo and in Anuradhapura in 2010. Aitken said that the trade fairs and interviews were well organized.

## **Results**

Most of the trainees placed in the hotel school completed a three-month training internship. However, only 38 out of 120 are continuing to work in Aitken hotels. Many of the trainees wanted to go home after the training or look for opportunities overseas. The trainees were paid SLR7,500 after the 3-months training; on average they can earn about SLR12,000 including the allowances. The hotel provides meals and accommodation. UNDP has partnered with Aitken to sponsor a training program through 2013. HNB has agreed to sponsor trainees for one year under their CSR program; HNB will provide a study loan to be recovered in installment payments from the hotels employing them. This appears to be a sustainable way to permit young people to be obtained in the hotel sector.

## **Company's suggestions/Lessons learned**

There should be strong positive attitudes to work in the hospitality industry; therefore, Aitken felt that they need to change the attitude of young people before they enroll for training. Aitken observed that it's very difficult to get female workers for the hotel sector.

## **Special remarks/evaluators' comments**

It is difficult to get information about the beneficiaries who left after the training. Some of them might have find jobs in the hotel sector close to their home town and a few may have gone for overseas employment. The demand for skilled human resources for hospitality sector is growing; therefore the skills got through the CORE project should have improved their employability.

CORE workforce development activities in the East have been recognized and replicated by some entities, including both private sector tourism companies and donors. Workforce development projects may need to put more emphasis on attitudinal changes to promote a positive mind set towards private sector employment opportunities.

## **11.Name of the partner: Lankem Ceylon PLC**

Project component: Value Chain (Horticulture)

Date & Time: 11.30 a.m., 27/03/2012, Headquarters in Colombo and field visit to 2<sup>nd</sup> Stage village in Mahadiwulwewa and the Lankem factory in Trincomalee on 30/3/2012

Name & contact No.s of respondent/s: Mr. Deepal Director, 0777252676, Ms. Bhagya, 077 3995006, Lasantha Field manager, 0777749344, Wasantha Weliwita Factory manager, 0771620255

## **Summary of findings:**

### **Background**

Lankem signed an agreement with CORE in March 2011 to set up a cereal-based food product production facility and to support corn cultivation in Trincomalee and some selected villages, including Padaviya and Sri Pura in the Anuradhapura district. CORE provided a grant of SLR25 million for some items of machinery in the factory and Lankem has invested SLR75 Million. Lankem provided training and seeds to the selected farmers with some funding support from CORE. CORE also paid the salary of the Lankem field officer during the activity. Lankem has signed buy-back agreements with about 1,000 farmers, but they haven't been able to buy the harvest due to a problem with the quality of the corn.

The installation of all the machines is almost completed and Lankem expects to start a trial production by the end of April/May. The factory needs 500 Kg of cereals (68% Corn) per 8 hour run. The evaluation team saw the drying machine paid for by CORE that is now in operation. This drying machine should help in the quality of the corn processed since the problem in the past was the high moisture content of the corn. The farmers also had problems with a drought in 2011.

### **Results**

Lankem has started purchasing corn from North Central province, but not from the farmers supported under the CORE intervention. The factory will create 20 -30 direct employment opportunities and other income generation opportunities for farmers in the corn and soybean supply chain.

### **Company's suggestions/Lessons learned**

Lankem said that CORE helped them a lot in organizing farmers and now Lankem is applying the same approach in other areas.

### **Special remarks/evaluators' comments**

Lankem had planned and budgeted for the setting up of this factory before they were approached by CORE. CORE involvement helped to accelerate the implementation process. The major constraint faced by farmers is the lack of a drying facility near their farms. The company was not able to purchase the produce before due to a delay in installing the drying unit. At the time of the visit to the factory, the drying unit paid for by CORE was fully installed and operating. The cultivation of corn in the border villages selected is mainly carried out in the Yala season (short rainfall period) and both the farmers and Lankem indicated that the program would continue. However, the evaluation team observed an apparent communication gap between the farmers and the company and the relevant extension services in the area. Currently the factory at Trincomalee receives produce from Anuradhapura area where most farmers cultivate corn during Maha (long rainy) season. The farmer leader in 2<sup>nd</sup> Stage village in Mahadiwulwewa stated that the price paid by Lankem is not sufficient for the farmers to invest more in order to meet the quality standards required by the company. They can sell the produce to animal feed industries which buy the corn with less quality stipulations and from harvesting the corn can be done within 90 days after planting. The price paid to the farmers for corn going to animal feed is

SLR28/kg. However they aware that the early harvesting will result in an immature crop that the Lankem factory cannot accommodate. A fully matured crop should be harvested 120 days after planting and the company has agreed to purchase the corn at SLR32/kg. According to farmers, this small difference in price does not give them sufficient incentive to harvest the crop one month later. However the Lankem official in the factory explained that the price they pay the farmer takes into account the cost of cleaning, separating out debris, and sorting out the broken kernels and inert materials that add another 6.25% to the cost of the raw materials thus making the maximum that they can pay to the farmers around SLR36/kg.

## **12.Name of the partner: Sierra Cables PLC**

Project component: Workforce Development

Date & Time: 03.00 pm, 27/03/2012.

Name & contact No.s of respondent/s: Mr. KapilaPriyaarshana, Deputy General Manager, 071 8503357

### **Summary of findings:**

#### **Background**

CORE approached Sierra Cables in 2011 and placed 60 trainees with the company for a training internship. Only 22 trainees completed the 6-month OJT training as machine operators in the Sierra factory located in Athurugiriya (Colombo district). The trainees were paid SLR15,000 plus a food allowance and accommodations. 50% of the cost of the OJT training was paid by CORE.

#### **Results**

Only 20 trained youths continue to work with the company. The Sierra Cables representative said that some may have gone for overseas employment since the training received can be useful in finding foreign employment.

#### **Company's suggestions/Lessons learned**

The trainees were Tamil and Muslims from East, and they had language problems and difficulties in adapting to the work culture in Colombo. It was noted that there is no technical institute conducting this kind of skill training for machine operators. These skills are in high demands. The CORE initiative was appreciated but not continued due to financial and human resource constraints..

#### **Special remarks/evaluators' comments**

There is only one another factory Sri Lanka in cable manufacturing. However, there are opportunities in the Middle East for experienced machine operators in the cable manufacturing industry. The suitability of the sector for workforce development and placing the trainees in Colombo, far from the homes of the young trainees should be reviewed. It could be an advantage to link with vocational training institutes and other technical institutes that promote the skill certificate programs for machine operators.

## **13.Name of the partner: Deshan International Importers & Exporters (Pvt) Ltd.**

Project component: Value Chain Development (Fish)

Date & Time: 10.00 am, 28/03/2012.

Name & contact No.s of respondent/s: Mr. Sydney Fernando, Managing Director, Mobile: 077 3014610

## **Summary of findings:**

### **Background**

Deshan International importers and Exporters is a BOI approved company engaged in exporting fish and other seafood to Europe and Japanese markets and operates a processing facility close to Chilaw. Deshan learned about the CORE through a call for proposals in an advertisement in the newspaper. Deshan submitted a proposal to set up a fish processing facility in Trincomolee and to buy fish from the fishermen in the area for exporting. Deshan signed an agreement with CORE in May 2010. Quite a number of meetings and discussions took place and involved the training of about 600 fishermen in Trincomolee. Deshan and CORE shared the cost of training. Unfortunately, Deshan failed in acquiring land near Trincomolee for a collection center in addition to the failure in getting the anticipated bank loan. Deshan received a cost reimbursement of about Rs. 200,000 from CORE for the training of the fishermen.

### **Results**

The partnership with CORE was cancelled since Deshan could not obtain the necessary land and loan for the collection facility. Deshan continues to buy fish from Trincomolee, but at a low scale.

### **Company's suggestions/Lessons learned**

Deshan said that they had a long term plan for this project, but CORE pulled back after Deshan could not obtain a collection center in Trincomolee. Deshan said that they had difficulties in coping with the documentation requirements of the CORE project.

### **Special remarks/evaluators' comments**

The selection of the partner and the design of the intervention did not seem appropriate or well planned since Deshan did not have the required capacity and there are a number of local companies in the same business in Trincomolee. The cost of transport and maintaining collecting center in Trincomolee, which is a substantial distance from Deshan's processing plant in Chilaw could have been a problem for the company, as well as management issues and competition from other trading companies in the area. Future programs should focus on partnership linkages with indigenous companies or modernized companies that could cooperate with each other to sustain a commercial venture.

## **14.Name of the partner: PragathiSewa Finance**

Project component: Value Chain Services

Date & Time: 02.30 pm, 28/03/2012.

Name & contact No.s of respondent/s: Mr. Kumudu Gunawardena, Manager, Tel: 025-2235767, 071-8155491

## **Summary of findings:**

### **Background**

This small non-profit society with 49 members started in 2000 and provides finance to farmers in three districts. They work in social and financial development and have a portfolio of SLR112 million. A number of donors and the National Development Trust Fund provide capital to the society for lending. They try to add value to farmer produce and provide loans in the range of SLR5000 to SLR500,000 for terms of six months to four years. They charge an interest rate of 1.25% per month and claim that this interest covers their operational costs.

The society and CORE began discussions in 2009, and submitted two proposals to link CORE beneficiaries producing black gram with their microfinance program and to link their members in CORE target areas with other CORE programs. They claimed that it took numerous meetings and conversations with CORE before they entered into a Memorandum of Understanding with CORE. CORE did not provide any funds to the society, but linked it to the CORE black gram farmers in the area as a source of finance.

#### **Special remarks/evaluators' comments**

At a meeting with former CORE staff members after the evaluation team concluded their field trip, CORE staff stated that the delay in entering the MOU was due to the lack of an office in the Padaviya area. After that office was established, CORE and the society entered into a MOU. The delay in actualizing the relationship appears to have been justified.

#### **15.Name of the partner/ interviewee: Agriculture Instructor of Villachchiya area**

Project component: Value Chain (black gram)

Date & Time: 06.00 pm, 28/03/2012.

Name & contact No.s of respondent/s: Mr. Naleer Al -Willachchiya

Please refer to the notes regarding the Alli Company in item number 5 above. Since Steve Silcox had visited a number of black gram farmers during the Mid-Term Assessment of CORE and since not much had changed over the past two years, the Evaluation Team decided to forego a visit to the black gram farmers and focus on other beneficiaries during the field trip.

#### **16.Name of the partner/ interviewee/s: B'onion farmers group, Gallellagama, Horowpathana**

Project component: Value Chain (B'onion)

Date & Time: 10.00 am, 29/03/2012.

Name & contact No.s of respondent/s: Mr. Milton (Lead Farmer), + 16 Farmers (10 male + 6 female). Mr. Ruwan, Field Officer of the JK marketing organized the meeting and joined for the discussions.

Please refer to the notes regarding the JK Marketing Company in item number 8 above which includes this visit to these B'onion farmers.

**17.Name of the partner/ interviewee/s: MahasenGoviSamithiya,  
Weeragollegama**

Project component: Value Chain (B'onion)

Date & Time: 11.30 am, 29/03/2012.

Name & contact No.s of respondent/s: 19 Farmers (16female + 3 male). Mr. Ruwan, Field Officer of the JK marketing organized the meeting and joined the discussions.

Please refer to the notes regarding the JK Marketing Company in item number 8 above which includes this visit to these B'onion farmers.

**18.Name of the partner/ interviewee/s: Mr. Chinthaka Chandimal, Secretary,  
Stage – II Farmer organization, Mahadiulwewa**

Project component: Value Chain (corn cultivation)

Date & Time: 11.00 am, 30/03/2012.

Name & contact No.s of respondent/s:

Please refer to the notes regarding the Lankem Company in item number 11 above which includes this visit to these corn farmers.

**19.Name of the partner: G.P. Saman & Sons**

Project component: Value Chain Development (Fish processing)

Date & Time: 03.00 pm, 30/03/2012.

Name & contact No.s of respondent/s: Mr. G.P. Saman Kumara, Proprietor, 0715 665948

**Summary of findings:**

**Background**

Mr. Saman is the Chairman of the Trincomolee District Fisheries Society; there are 55 fisheries societies in the district with about 5,500 members. He learned about the CORE project in mid-2010 and requested support to set up an ice factory in Kumburupitiya village, which is in a remote area about 26 Km north of Trincomolee.

Saman submitted a proposal to CORE to construct an ice making factory in Kumburupitiya. CORE obtained a short-term consultant to study the requirement of ice plant and found that the plant was not viable, since it would serve only a small clientele in the village. Based on the recommendation of the consultant, CORE embarked on innovative approach to provide an ice storage facility worth SLR500,000. The company invested SLR180, 000 and the land, and an ice crusher on a cost sharing basis, i.e., SLR85,000 grant and SLR85,000 in contributions from Saman. In addition, CORE provided office furniture, training to fishermen on post-harvest handling of fish for about 500 fishermen, and ice boxes (value SLR55,000 each) to 10 selected fishermen. Further, CORE trained the staff in the fish collection center on the proper handling of fish. CORE has also facilitated linking the fishermen with banks in order to get loans to purchase GPS and other equipment.

## **Results**

The ice storing facility can hold ice for 2 days before it melts. The idea was for Saman to transport the ice from an ice plant in Trincomalee (which he already does) and put it in the storage facility to keep for 2-3 days so the fishermen can use the ice when they put it in their ice chests in the boats. The ice crusher is in operation and provides crushed ice to fishermen in Kumburupitiya for SLR10 per ice block of 50 Kg. Saman told the Evaluation Team that not all the fishermen in the village use the ice chests or the ice, but those that do are providing a demonstration of the efficiency of using the ice to the others.

## **Company's suggestions/Lessons learned**

Saman claims that without a cooling unit it is difficult to manage the ice storage box since the ice can be stored only for two days. The Evaluation Team noted that the company does not dispense use the total volume of ice in the box within the two days, so it is questionable that an ice factory or cooling unit would be effective.

## **Special remarks/evaluators' comments**

Time will tell if the company is interested enough to buy a cooling unit itself. Nevertheless, as a result of the provision of ice chest to fishermen, they have been able to improve the quality of their fish supply and get a higher price for the fish at the market. Saman has purchased ice chests for all the fishermen who provide him with fish in order to improve the quality of fish when he buys them.

## **20.Name of the partner/organizations: Sumedagama Fisheries Cooperative society**

Project component: Value Chain Development (Fisheries)

Date & Time: 04.30 pm, 30/03/2012.

Name & contact No.s of respondent/s: Ms. K.B. Disna Priyadarshani, Secretary, Tel: 0722820449

## **Summary of findings:**

### **Background**

The society has 419 members, comprising 319 male and 100 female. The majority of the members are Sinhalese, but there are 12 Tamil and 5 Muslim members. The society was introduced to CORE by the Ministry of Fisheries and began working with CORE in June 2009. CORE provided their members with training on post-harvest fish handling and the use of modern equipment. Two leadership training workshops were also provided and support was given for the preparation of an organization development plan and training on preparing a business plan. CORE also provided the society with a computer and an ice box for one of their members.

### **Results**

Ms. Disna Priyadarshani said that the training they received from CORE was very useful; their members have been able to get a better price for their fish catch through proper post-harvest handling and the market linkages established. They highly appreciate the support they got from CORE.

### **Organization's suggestions/Lessons learned**

This society is active in member services and provides loans for members for personal needs and business needs. The operation appears to be successful and this should be studied further for potential replication in other locations in the fisheries sector.

### **Special remarks/evaluators' comments**

BIZ+ should consider this model for assistance to other associations in the fisheries sector.

### **21.Name of the partner/organizations: Nilaveli Saltern Producers (Pvt) Ltd.**

Project component: Infrastructure – Livelihoods Development (Rehabilitation of a dam)

Date & Time: 09.30 am, 31/03/2012.

Name & contact No.s of respondent/s: Mr. Kailasapathy, former Chairman, Tel:  
0262232277,0716266645

## **SUMMARY OF FINDINGS:**

### **Background**

The society had 126 members before it was abandoned about 30 years ago due to the war. 87 members are now involved in sea salt production. CORE has rehabilitated the 36 gates and constructed the dam with funding of 16.8 Million rupees. CORE handed over the facility to the Assistant Government Agent of the Kuchchaweli DS division on 15th March 2012, and AGA has handed over it to the society.

CORE has provided training to 15 members through a study tour to the Puttalam Salt Company nearby and has provided other technical training in salt production to about 100 members in their locality. Most of the members are farmers or fishermen and producing sea salt will provide them with supplemental income. An officer of the Puttalam Salt Company whom they met during the study tour is also providing periodic technical assistance to the society.

### **Results**

They expected to start the salt production in next season starting after April. However, they do not have place to keep the doors of the gates and store salt. They said that they can sell their salt to Raigam or to Lanka Salt Ltd.

### **Organization's suggestions/Lessons learned**

An interview with the former CORE Trincomolee-based officer, Mr. Aravinthan, revealed that the project was unable to complete some tasks as the expected extension for CORE was not given. He noted that the company formation for the Saltern program is not completed. The project guided the beneficiaries to handle the legal process and at the time of closure of the program it was handed over to AGA of the area but the beneficiaries may be unable to complete this task without outside assistance. Currently there is no linkage with external assistance to coordinate and facilitate continuation of the work assisted

under CORE. The former CORE officials at the post-field trip meeting at Colombo also highlighted this observation. The former CORE staff meeting further confirmed that JAICA and UNDP are now implementing programs that support the continuity of some of the CORE initiated projects at the field level.

### **Special remarks/evaluators' comments**

The dam was just completed in February 2012 and the Evaluation Team observed in the visit to the site that it appears to be well constructed. The salt production season should begin in April, which is very close. It is doubtful that the new company formation and other elements will be completed before the season begins, so the members may not be able to produce any salt this season. Further assistance to complete this activity might be considered by BIZ+, the follow-on project to CORE.

## **22.Name of the partner/organizations: Eluwan Dairy Processing Ltd**

Project component: Value Chain Development (Dairy)

Date & Time: 10.30 am, 01/04/2012.

Name & contact No.s of respondent/s: Mr. Ramesh

### **Summary of findings:**

#### **Background**

Eluwan Dairy (Eluwan) started as a small household business in 2005 and later registered as BOI Company under the East Awakening Program. It is owned by five persons, of which three are from the same family. The company partnered with CORE in March 2011 through a recommendation made by BOI. CORE has provided machinery worth SLR5 million as a grant to set up the milk processing facility. The owners invested in the building, the ice cream and yoghurt machines, and the chilling plant for a total of about SLR4 million. The homogenizer paid for by CORE has not yet been delivered, but the company expects to receive it within a month. (CORE's contribution for processing equipment and Milk collection cans was SLR5,446,750 and SLR460,000 for farmer training). CORE provided training to dairy farmers and contributed 10 stud bulls, 10 cattle sheds, and 230 milk cans as well as providing office equipment to Eluwan. There are 600 Tamil dairy farmers (about 50% men and 50% women – women do most of the milking) in Eluwan's supply chain. About 200 members have herds of 100-200 cows, about 180 have 1-2 cows and the rest have approximately 10-15 cows. Most farmers cultivate rice and produce milk for supplemental income. Eluwan's proposal to CORE had planned for three phases, 1) collection and processing, 2) establishing a breeding farm, and 3) cattle feed production. However, the CORE project ended after the first phase.

#### **Results**

The company sends its truck ("bowser") to pick up the milk from the farmers (all the farmers are within an 8 kilometer radius from the plant) and produces Curd, yoghurt, fresh milk packet, milk toffee, etc. for the local market. Eluwan buys only Buffalo milk and pay farmers SLR60/L on average; this is 3-4 rupees higher than the price paid by other buyers. (This was confirmed by former CORE staff during the meeting with them after the field trip). The average daily collection is about 2,800 liters during the season (March to July). It should be corrected as: The capacity of the factory is 5000 liters per day. However, at present the daily collection is around 2800 Liters during the season. The company uses around 800 liters

per day for processing and balance is sold to fresh milk buyers. It was noted that the quantity used for processing was low due to a delay in installing the processing equipment and machinery. The dairy receives less milk supply during the off season and Eluwan has to close the factory for about three months due to lack of supply. Eight full time employees work in the factory.

### **Company's suggestions/Lessons learned**

Mr. Ramesh complained that the proposal he submitted to CORE was given to another company, Eastern Agri Business, and that company has submitted that plan to the BIZ+ project. (Silcox mentioned this to the COP of the BIZ+ project during their meeting after the field trip and she said she would be aware of this potential problem.) Eluwan hopes to receive support from the BIZ+ project to implement the second and third phases of their plan and planned to attend a training session on how to submit a proposal given by BIZ+ the day after the evaluation team met with them.

### **Special remarks/evaluators' comments**

The Eluwan milk processing facility is operating under capacity. The company manages to process only 800 liters of milk per day. The main products packaged are curd and yoghurt. The equipment, e.g., the ice cream maker, the milk packeting machine and the vacuum machine appear to be effectively used. The Evaluation Team observed that the hygiene at the factory was lacking and could create problems in the sale of unsanitary products. Nestle and Milko, two major competitors, operate purchasing centers a few meters away in the village from the Eluwan facility. During the meeting with former CORE staff, the Evaluation Team questioned why the grant extended to Eluwan was higher than the farmer services. However, the former CORE staff stated that they funded this company since it is an indigenous SME in the region and Eluwan has hired qualified technical personal to handle the factory operations. The Evaluation Team observed that the building space proposed to install the necessary machineries and equipments does not appear to be adequate. The area is very congested and will limit Eluwan's ability to have all the machinery and equipment in place for the processing of diverse milk products. The company seems to have a long way to go to reach the expected targets and will probably require additional assistance to move forward.

## **23. Name of the partner/organizations: Youth Environmental Forum (Eastern School of Tourism)**

Project component: Workforce Development

Date & Time: 12.30 pm, 01/04/2012.

Name & contact No.s of respondent/s: Mr. V.M. Ibhram, Lecturer. The Director, Ponniah Selbanayan, joined in the middle of the interview

### **Summary of findings:**

#### **Background**

The Youth Environmental Forum (YEF) started the tourism school in 2010 with support from a USAID-funded OTI project. The school has the capacity to train 50 students (all under 24 years old) at a time. It has conducted three training courses and CORE has financed the fourth course. The training curriculum

includes housekeeping, food and beverage, front office management and the basics of running a kitchen. The school conducts a three month training program, followed by a six month internship with a hotel. CORE funded SLR1.2 million for the training of the fourth session consisting of 50 students (2 Muslim + 48 Tamil, 50% male and 50% female). CORE has provided training materials and covered the costs of the students. The YEF pays the salaries of the staff at the center and they rent the building. The YEF has a relationship with the Cinnamon Grand in Colombo and it accepts many of their graduates, but their graduates are placed with hotels in various locations in Sri Lanka.

## **Results**

The language barrier is a key issue for the students; they face difficulties even during their internship period. However, those that stay at the hotels usually have learned enough English by the time they finish. The school is now giving training in Sinhala as well to help with the language difficulty. Some trainees change their hotel after the internship period, and some have gone abroad, particularly to Dubai. YEF keeps in touch with the students after they finish the training and keeps records on their completion of training, internships and final employment (about half of the students have cell phones).

## **Special remarks/evaluators' comments**

YEF plans on continuing the training of youths from former conflict affected areas but relies extensively on donor assistance and other social services networks.

## **24.Name of the partner/organizations: Paruchchechenai Anicut**

Project component: Livelihoods (Infrastructure)

Date & Time: 01.30 pm, 01/04/2012.

Name & contact No.s of respondent/s: Mr. Loganathan, Farmer Leader – 0774603501

## **Summary of findings:**

### **Background**

The anicut (water diversion dam) in Paruchchechenai was originally constructed in 1998, but was not completed due to the war. The Irrigation Department brought this project to the attention of CORE in 2010. CORE visited the incomplete anicut in April 2010 and CORE-funded the completion of the anicut construction for a total of SLR 14,447,348. Construction was started in April 2011 and was completed in September 2011. The construction has done by the Wijaya Construction Company which was selected through a tender process.

### **Results**

110 Farmer families have received irrigation facilities to cultivate crops, mainly paddy and some maize, on about 82 acres. In addition, another 240 farm families have benefited from being able to use the Anicut as access road to a town nearby, thereby providing a short cut that shortened the time needed to go to the town by going around the irrigation canal.

### **Special remarks/evaluators' comments**

The farmers and other business operators in the village have benefitted substantially as a result of this infrastructure project. It has not only facilitated better irrigation for the crops grown, but it has reduced the time and cost of transport of goods and services in and out of the village.

### **25.Name of the partner/organizations: Advance Information Consulting (Pvt) Ltd, Software Development Centre**

Project component: Workforce Development

Date & Time: 03.30 pm, 01/04/2012.

Name & contact No.s of respondent/s: Dr. Dharmawasam +31615162243

Please refer to the notes regarding the AIC Company in item number 6 above which includes this visit to the software development center in Akkaraipattu, near Batticaloa

### **26.Name of the Interviewee: Mr. A.M. Uvais, Former staff member of CORE who now works as an Extension Officer for Pelwatte Dairy**

Project component: Value Chain Development (Dairy)

Date & Time: 04.30 pm, 01/04/2012.

Contact No.s of respondent/s: 0777 362349

### **Summary of findings:**

Mr. Uvais worked for the CORE project in 2011 in the Batticaloa office. He was recently hired by the Pelwatte Dairy as an extension officer. Pelwatte plans to have five milk collection centers in Akkaraipattu area in the Eastern Province and three have been provided by the dairy company to date. CORE organized two dairy farmer societies in the area consisting of 400 farmers. CORE provided farmers with 83 cattle and training on animal husbandry practices.

In the Pelwatte area CORE helped establish five farmer societies with 100 members each. CORE provided training to these 500 farmers and gave them 10 stud bulls. Farmers were selected to establish ten cattle sheds, but these were never provided. In addition, CORE provided milk cans and testing equipment to the societies.

50% of beneficiaries in Akkaraipattu are Muslim, 45% Tamil and 5% Sinhala. Pelwatte Dairy hasn't started collection of the milk from the farmers in Akkaraipattu yet, but plans to start in April or May of this year. The factory actually started operations in October 2011 and at present they collect 18,000 liters of milk from the Nuwara Eliya district upcountry.

### **27.Name of the partner/organizations: Pelwatte Dairy Industries PLC**

Project component: Value Chain

Date & Time: 10.30 a.m., 02/04/2012.

Name & contact No.s of respondent/s: Rtd. Major General. Laksiri, General Manager and Mr. Jayathilake, Procurement Manager

## **Summary of findings:**

### **Background**

The factory started in July 2011 and has a capacity of 120,000 liters of milk per day, but they have only reached 40,000 liters/day at present. Pelwatte desires to develop the market and increase production. The dairy produces milk powder, ice cream, yoghurt, ghee, butter, and sterilized & pasteurized milk. The dairy officials said that three Milk collection centers with chilling machines were completed in Akkaraipattu area (Panama, Alayadiwembu & Pothuwil) and that they planned to start collection in May. They need a minimum of 2,000 liters of milk to send a bowser (truck). They paid the dairy farmers SLR48 per liter when they started, but it has gone up to SLR55 per liter now. The dairy has five extension officers to provide extension services to farmers. It has a cattle feed factory and they distribute cattle feed to farmers at the milk collection centers on credit and deduct the amount from the payment for the milk sold to Pelwatte by the farmers.

### **Results**

The Pelwatte officials said that CORE had promised to set up 10 model farms with breeding facilities, but it was not done. CORE has distributed stud bulls and provided training to farmers, but the dairy was not consulted on the selection of the farmers. They would prefer if USAID handled the project directly.

### **Special remarks/evaluators' comments**

At the meeting with the former CORE staff members after the field trip, they stated that CORE had not provided the cattle sheds because the Pelwatte Dairy had not completed the factory on time. At the time of the Mid-Term Assessment of CORE in June 2010, the assessment team was told by Pelwatte Dairy officials that the factory would be operational within a few months. Since the factory was not operational for about one year after the assessment, the CORE staff member comments that the dairy company had not lived up to its part of the agreement, the CORE staff appear to be correct in their assessment.

It was clear during the Mid-Term Assessment that the relationship between CORE and the dairy had deteriorated with both sides blaming the other for failure to perform according to the agreement. This seems to have persisted through the time that this final evaluation was conducted. Nevertheless, it would seem that the dairy company is continuing to purchase milk from the farmers' societies organized by CORE and the dairy has even hired a former CORE staff member to serve as an Extension Agent in the Eastern Province. In other words, although the relationship between CORE and Pelwatte was not positive, the results of the efforts of CORE seem to have borne fruit in that Pelwatte has been buying milk from farmers in the Pelwatte area which were organized by CORE and that Pelwatte will soon be buying milk from dairy farmers in the Eastern Province who were organized by CORE. So, although the relationship between CORE and Pelwatte had substantial problems, the end result is positive in terms of the dairy farmers organized by CORE will be selling their milk to Pelwatte and that this commercial relationship should be sustainable over time.

## **28.Name of the partner/organizations: Farmer web portal and internet access, Maha Aragama Farmer Cooperative Society**

Project component: Value Chain Services (Cyber Center)

Date & Time: 02.00 pm, 02/04/2012.

Name & contact No.s of respondent/s: Ms. Renuka

### **Summary of findings:**

#### **Background**

The Department of Agriculture connected the society with the CORE project and discussions started in October 2010 between the society and CORE. The society received the equipment in February 2011 to coincide with the Deyata Kirula project, an annual mega event organized by the Government aiming to improve the social and economic status of the villages in a selected district. There are 57 farmer cooperatives/farmer societies in Monaragala district and the Maha Aragama Farmer Cooperative Society was selected by CORE as the best farmer cooperative in the area. The society has 365 members.

CORE provided two computers, a scanner, a printer, a fax machine, a digital camera and office furniture in addition to the internet connection through Lanka.com. CORE trained 10 farmers on using the computers and internet by taking them to the audio visual unit of the Agriculture Department in Peradeniya. The manager and another staff member were provided with computer training on accessing the internet and on web-based solutions for a ten day course with training provided by IDM Computer Studies (Pvt) Ltd.

#### **Results**

About 15 -20 farmers come to the center each week to use the computers for various purposes. In addition, farmer groups of 15 members come to the center on a rotation basis to learn from CDs on good agricultural practices. These services are normally offered free of charge, but the center charges farmers SLR20 if the farmers use Skype to get advice from Department of Agriculture extension agents. The society also conducts computer training to school students. The center earns about SLR15,000 per month at present from its activities and the internet access from Lankem.com costs SLR1,000 per month. The center staff members showed the Evaluation Team their records on the revenues and costs of the center and how they provide internet services.

#### **Special remarks/evaluators' comments**

The official opening of the center took place in January 2012, although though the center actually started operations in February 2011. CORE provided equipment (photocopier, multimedia projector, laptop, 3 computers, a safe, and office furniture) used in the cyber center. In addition, CORE financed the training of the staff of the center. The staff appeared to be very competent with a good understanding of the process and how it could be of service to the farmers' society members.

This type of cyber-center is a good example for possible replication by BIZ+ and other future USAID projects.

## **29.Name of the partner/organizations: Pramuditha Mushroom**

Project component: Value Chain

Date & Time: 05.45 pm, 02/04/2012.

Name & contact No.s of respondent/s: Ms. W. G. Ramyalatha Ranaweera

### **Summary of findings:**

#### **Background**

The Pramuditha Company started the mushroom growing business on a small scale in 2005. It signed a contract with CORE in 2011. CORE provided 50% of the cost of a building and a dryer machine. CORE trained 50 farmers (25 Muslim & 25 Sinhala) as out growers. CORE subsidized the purchase of 600 mushroom spore starter kits to the selected farmers by 50% at SLR10 per bag. The society had sold mushroom spore starter kits to other farmers at SLR20. (Now they are being sold at SLR25 per bag.) For only SLR10 per bag of mushroom spore starter kits, the farmers can grow between 500 and 600 kilograms of mushrooms per starter bag over a period of 3-4 months.

#### **Results**

Farmers have continued growing mushrooms and most of them sell their harvest to Pramuditha although some farmers have found other markets. Pramuditha buys mushrooms from the out-grower farmers at SLR135 per kilogram. A farmer buying six hundred mushroom starter kits can grow about 300 Kilograms of mushrooms within four months and earn SLR40,500 total. Pramuditha gets about 40 kilograms of mushrooms per day and sells them at a price of SLR45 per 200g pack and distributes them using their own truck.

#### **Special remarks/evaluators' comments**

This activity appears to be a very cost effective operation, providing mushroom farmers with a good supplemental income for a relatively small effort. It would seem to have good prospects for replication in other areas.

## **30.Name of the partner/organizations: Link Natural products – Collection Center**

Project component: Value Chain

Date & Time: 09.30 am, 03/04/2012.

Name & contact No.s of respondent/s: Mr. H.P. Ranasinghe, Field officer of Link (mobile: 0777 253581) and few Turmeric and Ginger Farmers

Please refer to the notes regarding the Link Company in item number 3 above which includes this visit to the collection center and these turmeric and ginger farmers.

## **Annex 6: List of Questions for Guidance on Interviews/Meetings with the Various CORE Project Stakeholders**

**(These questions were designed to provide guidance on the types of questions to be asked of the various parties involved in the CORE Project. Since these questions were not necessarily applicable to all of the stakeholders, this list of questions was meant to be used as a guide in terms of the types of questions to be asked of the various stakeholders and implementers of the project. They are listed here to provide the reader of this report with an idea as to the questions asked of the various stakeholders and project implementers.)**

### **Project Implementation Team**

#### Process

- How did you decide on and develop the interventions?
- How did you ensure that the interventions reflected the need of the target groups?
- What are the main value chains you worked with?
- How did you select those value chains?
- How and by whom were the VC research and TNA done?
- How did you ensure that the analysis reflected the need to be pro-conflict affected, pro-vulnerable, pro-employment?
- How have stakeholders and partners participated in the research and analysis?
- In the design of interventions?
- In steering implementation?
- How were results chains developed?
- How did you plan the interventions? Are there written intervention plans?
- Are gender and ethnic issues addressed specifically in the intervention design?
- What were the main challenges you encountered in planning and implementing the interventions? (per sector, component)
- How did you address these?
- How would you describe the way you work with your stakeholders and partners and who paid for what?
- How did you select your partners, and how did you approach them?
- Were these the right partners, in terms of their position in the market system?
- What do you think of the balance between private and public sector partners?
- What are your experiences with regard to establishing dialogue between public and private sector?
- What forums for dialogue are functioning and what are the roles of the participants?
- What are the challenges of the project?
- How do you relate to other projects/agencies? Has there been any coordination, collaboration?

#### Results

- What progress has been made against the log frame results and indicators?
- What factors have affected this? What delays have there been? What were the reasons?
- What threats/obstacles affect the results being fully achieved?
- How were these overcome?

- Which changes were meant to be sustainable? To what extent has/will this be achieved? What are the main threats, constraints?
- Are there examples of stakeholders/partners continuing to use capacity built/tools without project support? Who pays for that support?

### Management

- How does the project management function? How often do they meet and who is involved?
- How does the team relate to the USAID office – administratively, technically, oversight, coordination with other USAID projects, donors, the government?
- To what extent has the M&E system been operationalized as designed? Constraints? Cost?
- What is the budget situation/financial progress (burn rate)?

### **Partners**

- What does your organization/business do?
- What has your work with the CORE project consisted of and who paid for what?
- Have you been involved in the design of the interventions? How? Was this adequate?
- What do you think of the activities undertaken together -- relevance, quality?
- What have been the results for you?
- Have sufficient numbers of people been reached? What are the constraints?
- If there has been capacity building, transfer of tools – How do you rate the quality? Has this been useful? Do you plan to continue using the capacity/tools? Did you do so already without project support? What are the constraints?
- How would you describe the way the project works with you on these interventions?
- Is this any difference from how you worked together with other projects or agencies?
- If you were involved in VC work, what do you think about the VC analysis, report? How useful was it? How were you involved in the research and analysis?
- What were the main challenges you and the project encountered in implementing the interventions and what factors affected implementation?
- How did you address these?
- Has anything changed about the way you relate to other organizations/firms, e.g., networking, more dialogue and sharing, etc.
- How were you involved in the monitoring and evaluation of the project? If so, how often did you collect data and provide the project with data?
- Broadly speaking, what has changed since the CORE project started? Is this positive or negative? How?
- Will the activities of the project make a lasting difference?
- What are the lessons learned from your collaboration with CORE?

### **Target groups/Beneficiaries**

- Did you work with the project directly or with CORE partners?
- How did CORE project contact you or did you contact the project? (or partner)?
- What did you do together?
- What was good about it, what not?

- If training/tools provided – Are you making use of what you have learned? Do you plan to continue to do so? What are the constraints?
- Are things different today compared to before the project intervention? Specifically, what changes has the project brought in the way you make a living/run your business?
- For companies involved in VCs – what have the changes been for the way the VC operates?
- Do you expect that these changes will last? Why or why not?
- What are your further expectations, from the project or partner, and for your business

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