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**EVALUATION OF PVO
CO-FINANCING PROJECTS
I & II (1979-1989)**

USAID/SRI LANKA

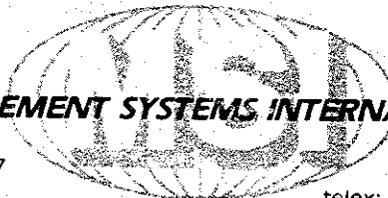
MAY 1990

Submitted to:

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USAID/Sri Lanka**

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NOTE: The following report represents the independent findings of Management Systems International's Evaluation Team. The report does not necessarily represent the official view of the Government of Sri Lanka or the United States Agency for International Development.

PVO CO-FI EVALUATION

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	i
SUBPROJECT LOCATION MAP	iv
ACRONYMS	vi
I. BACKGROUND	1
II. THE LAST DECADE	4
A. The Evolving Role of NGOs in Sri Lanka	4
B. Project Overview	6
1. Co-Financing Project History	6
2. Changing Objectives	9
3. Co-Financing Implementation Process and Procedures	10
C. Analysis of Effectiveness	11
1. USAID Performance	11
2. Non-Governmental Organizations	22
3. Communities and Beneficiaries	29
III. TO THE YEAR 2000	32
(Conclusions and Recommendations)	

TABLES

1. PVO-FI II Grants	7
2. USAID's Project Design Summary Logical Framework	13
3. PVO Co-Fi I Financial Summary	18
4. PVO Co-Fi II Sub-Project Activities	24

ANNEXES

A. Scope-of-Work	
B. Co-Fi I Summary Sheet	
C. Co-Fi II Subproject Briefs	
D. Case Studies	
E. Case Study Data Collection Guide	
F. GSL's Policy on NGOs	
G. Analysis of Proposal Processing	
H. Schedule of Agencies Contacted	
I. Selected Bibliography	

EXECUTIVE SUMMARY

After more than a decade of funding over 65 Non-Governmental Organization (NGO) activities USAID/Sri Lanka (USAID) commissioned this third appraisal of its PVO Co-Financing Project. This review of experience and results from ten years of work (1979-89) will also be used to plan for the 1990s as the Mission formulates its new Country Development Strategy Statement (CDSS) for the 1992-1996 period.

The objectives of the two projects, Co-Fi I and II, have evolved over the years. Both projects had roughly the same purpose - to enhance opportunities for local communities to participate in their own development. Co-Fi II, which began in 1987, put more emphasis than its predecessor project on strengthening NGO management capabilities as the means of reaching Sri Lanka's poor majority.

Management Systems International (MSI) carried out the study. The basic methodology included archival research, interviews, site visits and case studies. The MSI team studied USAID's entire NGO portfolio and sampled, in varying levels of detail, a wide range of NGO sub-projects. Activities supported by USAID included small-scale agricultural production, savings generation and credit access, family planning services, vocational training and services for the mentally handicapped. The activities have had a positive effect on the lives of a significant number of people in need; the team estimated that over 300,000 people benefitted either directly or indirectly. Invariably, those assisted were poor and disadvantaged as originally intended in USAID's project documentation. A large percentage of project beneficiaries were women.

This achievement is all the more significant because the two Co-Fi Projects operated during years that Sri Lanka's people and economy suffered greatly from a rapid succession of tragic episodes of violent civil strife.

Had it not been for the country's unsettled conditions, USAID would have been even further along in meeting the above objectives. Nevertheless, under the Co-Fi II Project, on which the evaluation team was requested to focus, the Mission has already financed 27 NGO activities, and to a broader range of NGOs than in the earlier project. Diversification of the number and geographic spread of NGOs supported was a particular concern of USAID. (See the following map which indicates the geographic distribution of the sub-projects.) The project was also found to be making substantial progress in strengthening NGO management through a major grant to support one of Sri Lanka's most respected and long-established umbrella agencies, the Central Council of Social Services, which has over eighty member agencies.

Discussions with NGO leaders indicated an increasing number of Sri Lankan NGOs are entering a new phase of sophistication and, given the present situation in the country, are in a position to make a large contribution to the country's development. The study also indicates that USAID, having invested considerable funds, time and effort in NGOs, is uniquely positioned to continue taking a key role in the support of NGOs.

The team found that USAID might have done many things differently and, in some cases, better over the past ten years. For example, USAID's own

monitoring of sub-projects could have been more systematically handled. In general, USAID has given insufficient attention to formulating a clear overall strategy for its NGO program. Inconsistently applied processes for the selection, design, monitoring and evaluation of co-fi activities were also of concern.

MSI's study of the strengths and weaknesses of a range of USAID's co-fi activities from the recent past suggest the need for important conceptual and managerial changes. But as the team looked back and thought ahead, it was obvious that USAID has already performed a valuable service to the community of Sri Lankan NGOs. Its wide ranging portfolio of NGO activities has improved the quality of NGO programs in Sri Lanka and increased understanding of the contribution such agencies can make. This evaluation strongly recommends that USAID make a long-term commitment to continue supporting NGO activities in Sri Lanka.

The recommendations of this study can serve as a starting point for strengthening continued co-financing programs. In summary, the study recommends:

CHANGES IN USAID'S CONCEPTUALIZATION OF ITS PVO CO-FI PROJECT. These include:

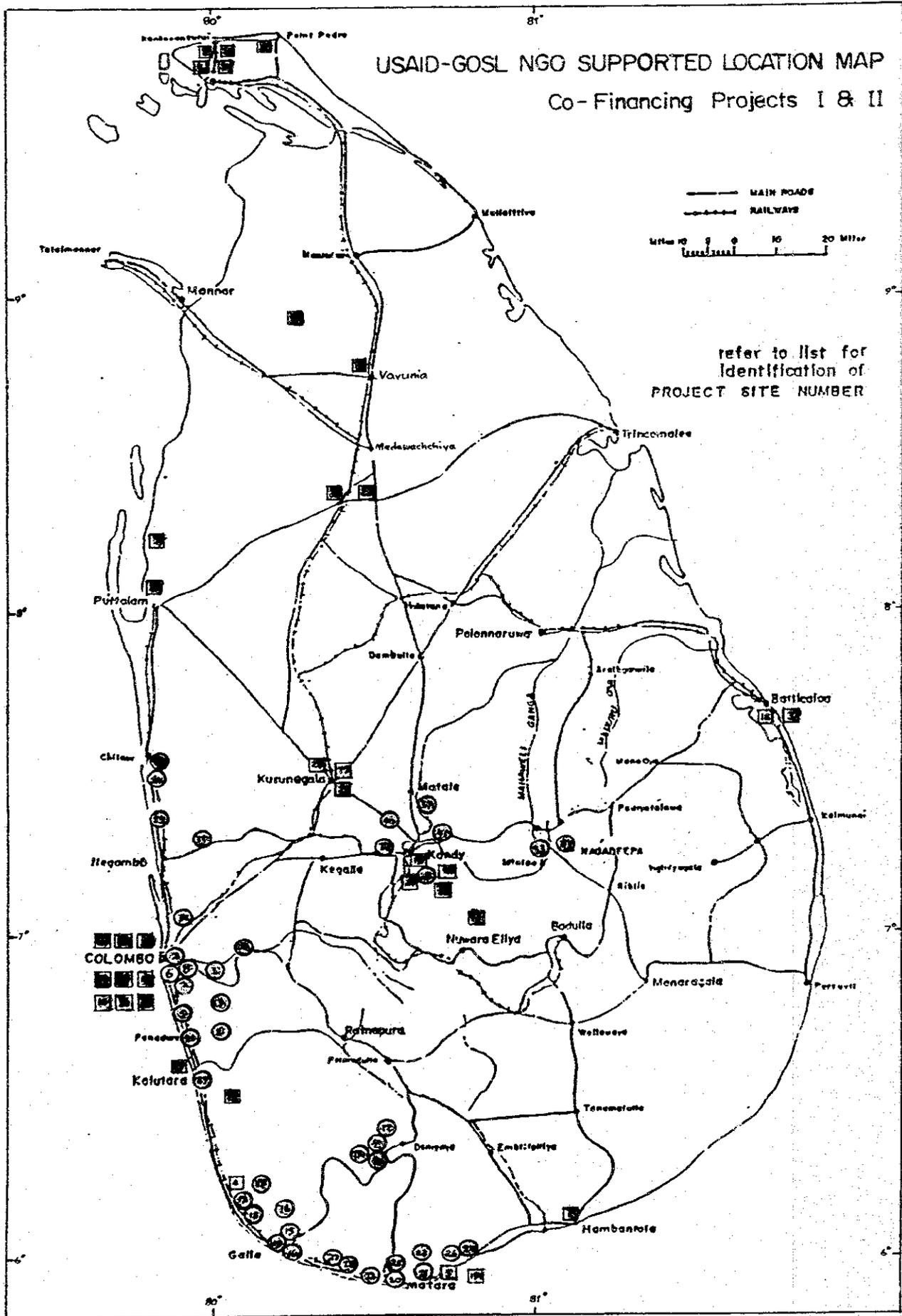
- deepening the relationship with the GSL by encouraging line government ministries and its own technical staff to review sub-projects in their sector of specialty;
- revising the project's Logical Framework to incorporate current objectives and reflect monitoring requirements;
- developing a means to clearly communicate to NGOs the types or themes of activities USAID will consider funding;
- subjecting sub-project designs to a more thorough analysis of: 1) major project design assumptions, and; 2) the likelihood that required inputs can be supplied in a timely manner and in the necessary quantity;
- considering sustainability according to the following three dimensions: 1) whether beneficiaries can continue activities begun through NGO interventions in the absence of continuing NGO involvement; 2) whether the NGO itself can continue implementing activities similar to those being supported by USAID following the discontinuation of USAID funding, (or in cases of demonstration projects can pass the activity to either the public or private sector), and; 3) whether the NGO itself is institutionally and financially able (with or without USAID funding) to continue its operations over the long-term; and
- designing and sponsoring, perhaps in conjunction with other donor agencies, a special initiative to support NGOs operating in the North and East.

CHANGES IN USAID's MANAGEMENT OF ITS CO-FI PROJECT. These include:

- reviewing proposals semi-annually and rating all proposals according to defined criteria to ensure objective consideration;
- developing NGO management training programs which could be conducted by USAID itself or an intermediary organization;
- ensuring that the Co-Fi Project has sufficient staff--perhaps two full-time Sri Lankan employees and a secretary--to continue monitoring of ongoing projects and to organize, consider and implement the types of changes recommended in this evaluation;
- moving over time to establish a semi-autonomous office, first within USAID, later perhaps outside on a contract basis, to clearly reflect a new dynamic spirit of USAID-GSL-NGO partnership, to organize information and co-financing proposals for USAID consideration and to oversee a range of periodic studies of special interest;
- establishing a simple and operationally-useful management information data base able to continually reflect the status of Co-Fi Project disbursements and the progress of all sub-projects;
- requiring monitoring and evaluation plans for all NGO sub-projects which can be used to continually reassess and improve project performance;
- having a local contractor analyze the GSL's registration requirements to determine to what degree they are congruous with those of AID/W; and
- ensuring that project monitoring and evaluation be viewed as an on-going activity rather than an exercise done by consultants every few years.

USAID-GOSL NGO SUPPORTED LOCATION MAP

Co-Financing Projects I & II



⊙ PVO CO-FINANCE PROJECT I

■ PVO CO-FINANCE PROJECT II

Co-Fi. II NGOs operating in more locations than those indicated on above map.

3 5 6 11 16 17 19 20 23 27

KEY TO MAP

PVO Co-Financing II Project Locations

Grant #	Name of NGO	Name of Project	Location
1	SARVODAYA	Agriculture Credit Scheme	Hambantota
2	CARE	Appropriate Credit & Training for Income Generation (Serve)	Kandy
3	YMCA	Home Garden Project — Stage II	All Island
4	ACBC	Training Program for Young Women	Balapitiya
5	CCSS	Strengthen CCSS and its Affiliates	All Island
6	OOTRU	Development of 50 villages in the Jaffna & Killinochchi Districts	Northern Province
7	LEADS	Vanathavilu & Dapiligoda Village Development Project	Puttalam, Matugama
8	WNPSS	Soil Conservation and Sustained Use of National Resources	Kalutara
9	CARE	TEACUP Project	Kandy
10	WSSMSNC	Early Detection & Vocational Training for the Disabled	Colombo
11	CUNA/WOCCU	Strengthening Financial Capabilities of TCCS in Sri Lanka	All Island
12	MARGA	Extension of Walgampaya Village Development	Kandy
13	NATION BUILDERS	Socio-Economic Upliftment of Small Farmers	Hanguranketha
14	JINARATHANA	Assistance to Vocational Training Institute	Colombo
15	IRED	Puttalam Regional Development Association	Puttalam
16	SARVODAYA	Volunteer Community Leadership Development Services	Jaffna
17	CARE	Credit & Training for Economic Development in Rural Sri Lanka (CATER)	Kurunegala Anuradhapura
18	SAMA	Organic Cultivation & Conservation	Battaramulla
19	LMS	Small Enterprise Development Program for Rural Women	All Island
20	FPASL	Youth Counseling Center	Colombo
21	IESC	Private Sector Dairy Development	To be identified
22	LCES	Pre-apprenticeship Skills Training	Colombo
23	CARE	CATER	Kurunegala Anuradhapura
24	SLAVSC	Private Provision of Health Facilities	Kandy
25	HBE	Establishment of Clothing Training — Institute of Northern Sri Lanka	Jaffna
26	SARVODAYA	Volunteer Community Leadership	Kurunegala
27	MALLAKAM	Assistance to Mallakam Rural Development Scheme	Jaffna

ACRONYMS

ACBC	All Ceylon Buddhist Congress
CARE	Cooperative for American Relief Everywhere
CATER	Credit and Training for Economic Development in Rural Sri Lanka
CCSS	Central Council of Social Services
CDSS	Country Development Strategy Statement
CO-FI	Co-Financing Project
CRB	Cooperative Rural Bank
CUNA	Credit Union National Association
DPI	Democratic Pluralism Initiative
FPASL	Family Planning Association of Sri Lanka
FTCCS	Federation of Thrifts and Credit Societies
GSL	Government of Sri Lanka
HBE	Hindu Board of Education
IESC	International Executive Service Corps
IHAP	International Human Assistance Program
IREC	Development Innovations and Networks
Jinarathana	Name of Vocational Training Institute
LCES	Lasallini Community Education Services
LEADS	Lanka Evangelical Alliance Development Service
LMS	Lanka Mahila Samiti (Sri Lanka Women's Society)
NGO	Non-governmental Organization
OOTRU	Tamil word for spring
PACD	Project Assistance Completion Date
PP	Project Paper
PVO	Private Voluntary Organization
SARVODAYA	Lanka Jathika Sarvodaya Shramadana Sangamaya
SERVE	Sarvodaya Economic Resources for Village Enterprise
SLAVSC	Sri Lankan Association for Voluntary Surgical Contraception
USAID	U.S. Agency for International Development
WNPSS	Wildlife & Nature Protection Society of Sri Lanka
WSSMSNC	Welfare Society of the School for the Mentally Sub-Normal (or Chitra Lane School)
WOCCU	World Council of Credit Unions
YMCA	Young Men's Christian Association

I. BACKGROUND

For over a decade USAID/Sri Lanka (USAID), coordinating closely with the Government of Sri Lanka (GSL), has supported the programs of a wide range of non-governmental organizations (NGOs), both Sri Lankan and U.S. agencies operating in Sri Lanka. Activities sponsored through two separate but closely related projects--USAID PVO Co-Financing I and II (Co-Fi I and II)--are the subject of this evaluation. The two projects (#s 383-0060, 383-0101) were of similar design and concept. The first began in August 1979 and operated until August 1989. The second was authorized in September 1987 and is projected to continue until August 1993.

The Co-Fi I Project was evaluated in 1983 and again in 1986. The 1986 evaluation in particular recommended significant design changes, most of which were seriously considered and many of which were implemented by USAID.

Management Systems International (MSI) was commissioned by USAID to conduct this third appraisal of the overall Co-Fi activity. This study focusses on five major aspects of the two projects:

1. A review of the impact of both projects against benchmarks set forth in USAID Project Papers;
2. A review of the degree to which the Co-Fi Projects have incorporated the recommendations of the 1986 evaluation;
3. An assessment of USAID and GSL management of the two projects, particularly the Co-Fi II Project;
4. An assessment of Co-Fi II sub-projects and the degree to which these sub-projects have benefitted intended participants; and
5. An analysis of findings gathered from researching the above issues followed by recommendations for improving project performance.

The complete scope-of-work for the study is presented as Annex A.

This brief (23 working day) but intensive study was carried out by four MSI consultants--Mahlon Barash, David Callihan, Edward Glaeser, and S.P.F. Senaratne--with excellent assistance from E.K. Koswatta of the GSL Ministry of Policy and Plan Implementation. Throughout the period of the study extraordinary support and assistance was provided to the team by a range of USAID's staff, both American and Sri Lankan. NGO leaders, headquarters and field staff were invariably generous with their time and patient with the team's numerous questions.

To cover the broad range of questions included in the scope of work in the limited time available, information and data were collected at three levels of detail. First, the team with the assistance of USAID, collected information about the thirty-eight now completed Co-Fi I sub-projects. (See Annex B.)

Second, the team conducted file research and selective interviewing concerning the twenty-seven ongoing Co-Fi II sub-projects. This step included the compilation of information on each NGO activity presented in "Sub-project Briefs" found at Annex C.

Third, the team selected NGO sub-project activities under Co-Fi II for extensive field examination. The criteria used for this selection were as follows:

- only activities over 30% disbursed were eligible (to ensure field activity was underway);
- activities selected had to be contiguous in two areas which the team, divided into two groups, could reach;
- at least one had to be a sub-project grant to a U.S. NGO;
- at least two NGOs had to have received funds from both Co-Fi I and II; and
- at least two had to be first-time recipients of USAID funds under Co-Fi II.

Nine activities met the thirty percent disbursement criteria. Applying the remaining criteria the following eight activities were selected, with the concurrence of USAID staff, for concentrated field study:

Agency	I & II /	New entrant /	USNGO
1. LEADS			x
2. Sarvodaya	x		
3. NBA	x		
4. ACBC	x		
5. CARE	x		x
6. YMCA	x		
7. Jinarathana		x	
8. Chitra Lane			x

Case studies concerning the activities of the first six agencies on the list are presented as Annex D. In addition to these six case studies it was originally envisaged that one additional study, covering the activities of USAID's major initiative to support an umbrella organization, the Central Council of Social Services (CCSS), would be written. The idea of writing this was dropped, however, because the CCSS activity has only recently begun. Instead findings about the CCSS activity are found in the main report and in a slightly expanded "Sub-project Brief" (brief # 5, Annex C).

Case study data were collected by interviews with NGO headquarter's and field staff, and from beneficiaries. In order to collect consistent data a "Data Collection Guide" was used. The "Guide" is presented as Annex E.

Finally, in order to round out the sample of Co-Fi II activities, the team also conducted headquarters or field visits to cover the other two agencies on the above list, as well as two in the health field, the unusual

CUNA/WOCCU sub-project assisting Thrift and Credit Societies, and the three agencies USAID is supporting in the Jaffna region.

USAID's decade-long NGO support program has made substantial progress despite unsettled times of civil strife in Sri Lanka since 1983. Through a period of terrorism, work stoppages, fiercely contested elections--and the fear and uncertainties these provoked--along with an overall period of resulting stifled economic growth, all programs in Sri Lanka were greatly affected. The Co-Fi Project was no exception.

During the course of this study this became abundantly clear as the team reviewed sub-project files, visited sub-project sites and read or heard the following: "We have not submitted our progress report because the district office was burned and seven dead bodies were found in the ditch the next morning." "We had to take our files and typewriters to my house because the office was being shelled periodically by Indian troops." "Our project vehicle was commandeered by local renegades." "Three young men came to my office, put a live grenade on my desk and told me it would be set off the next time I didn't obey orders."

The Co-Fi II Project began in 1987, about the time of the most intense insurgent activity of the entire decade. Therefore, it was clear that the project's results would have been different had it not been for such unfortunate circumstances. The evaluation team was asked to concentrate mainly on the Co-Fi II Project, and this was done.

The study was propitiously timed as the Mission is in the process of writing a new Country Development Strategy Statement (CDSS) for the period 1992-1996. This report is intended for use both in that planning process and in the continuing operation of USAID's Co-Fi Project. Both the CDSS exercise and this report come at what is hopefully the end of a long period of political turmoil and stifled economic growth in Sri Lanka. NGO's have often played a key role in assisting countries as they emerge from difficult times such as those recently experienced in Sri Lanka, both in terms of providing relief and rehabilitation and shortly thereafter by contributing to development change.

The next two sections are the results of our study. The first looks retrospectively on the past and summarizes accomplishments and major findings. The second consists of conclusions and recommendations. Both sections are based on the team's related experiences and the study of wide range of activities and subjects over a limited amount of time. There are certain, therefore, to be errors of both fact and interpretation for which we apologize.

II. THE LAST DECADE

A. The Evolving Role of NGOs in Sri Lanka

It is usually taken for granted that NGOs and voluntary social activity have had a long history in Sri Lanka. If what is meant is that rural, largely self-sufficient communities have developed ways through which they organized community effort for community purposes, this statement is no doubt true. It is also true that the absorption into a country-wide economy and integration into a national political system of a "modern" type have had the effect of blunting this community effort.

In urban areas in Sri Lanka non-governmental activity took a different approach. Guided by western orientations, often supported by business interests, both local and British, the upper-middle class looked after its less well off neighbors--among them the deaf, the blind, the crippled, the aged and the orphaned. Community collaboration and caring for the poor have a long-standing tradition in Sri Lanka. Following independence, there was an increasing interest in economic development instead of solely providing welfare. Old organizations (or for that matter new ones which were established at this time, sometimes under foreign impetus) adopted new approaches to development which emphasized income generation, skills training, employment and family planning.

More recently there has been another change, brought about this time by the troubles Sri Lanka has experienced in the last seven years. Development has been pursued with a new urgency and has been supplemented with rehabilitation activities.

The issue of resource distribution, as it has taken shape in Sri Lanka in recent times, has a rural focus. The issue relates to the distribution of resources between the rural and urban sectors and the redistribution of resources within the rural sector. What then is the rural problem in Sri Lanka? Why does it exist and how has it emerged in a country whose rural sector has been much better served by government policies than that of many other countries?

For many decades now, the village has seen its mobility and advancement coming from extra-village occupations, particularly from government employment rather than from village-based agriculture. Why this has happened cannot be fully explained in terms of narrow economic logic. To a large degree, it is the result of continuing population growth in a country whose finite quantity of arable land has, for the most part, already been claimed and is under cultivation. Within Asia, Sri Lanka is second only to Bangladesh as having the lowest amount of per capita arable land.

The demand for education through which this employment was to be attained has been part of the political armory of the village for a very long time -- at least since universal franchise gave the village its vote in 1931. No government has denied the village these facilities. Yet none has been able to satisfy, in any substantial measure, the demand for non-agricultural

employment which increasing numbers of rural citizens aspire to as a venue for social and economic mobility.

This then is the dilemma in which the government finds itself: To find ways to encourage enough economic growth to provide private sector non-farm employment to an expanding population. This challenge includes intensifying agriculture to provide an improved and acceptable standard of living to a significant proportion of the rural population.

In recent years many NGOs have targeted their interventions to address the problem of inadequate rural incomes. Ignoring organizations which work for, and within, a single village, one count estimated that there are two hundred NGOs working in Sri Lanka. About forty of these are of foreign origin. Some NGOs operate throughout the country while others confine their activities to a single region. There are others which limit themselves to a single village or project.

USAID's project is not a replication of activities found in other countries in the region; there are interesting differences between NGO activities in other Asian countries and the strategies being pursued in Sri Lanka. In India there was previously hostility by the government towards the NGO community. However, more recently, NGOs in India have been accepted as having a legitimate role to play the country's development. Comment on public policies now come from the NGO sector. In Bangladesh, in the early days of liberation, NGOs enjoyed an operating environment without restrictions. Now the government exercises more control but also assigns significant development responsibilities to NGOs. What can be said about the situation in Sri Lanka? Do the NGOs provide comment on government policy? Are important development tasks assigned to Sri Lankan NGOs as is the case in Bangladesh or are they fulfilling other roles? Although there are important exceptions like Sarvodaya, in general the role of NGOs in either of these dimensions has yet to be clearly established in Sri Lanka. (The GSL's policy on NGOs is presented as Annex F.)

In the period ahead there is every likelihood that the role of NGOs will become more significant than it has been historically. Such a continuing evolution of the importance of Sri Lanka's NGO community will make USAID support more critical than ever before. USAID has given support for many years and has learned valuable lessons about the capabilities and operating styles of Sri Lankan NGOs and has also succeeded in establishing a positive relationship with the government on such matters. USAID has an important role to play in supporting the continuing evolution of Sri Lankan NGOs.

B. Project Overview

1. Co-Financing Project History

USAID's NGO Co-Fi II Project is a logical continuation of an earlier project begun in 1979. The predecessor activity, Co-Fi I, was predicated on the idea that USAID could find the means through NGOs to multiply and improve local development efforts to benefit the poor majority in Sri Lanka.

During 1979-1989, the Co-Fi I Project financed 38 activities among twelve national NGOs and six U.S. NGOs. All Co-Fi I activities are now complete. These grants totaled nearly \$3,700,000, represented a wide range of development interventions, and created an experience base for the participating NGOs, USAID and the GSL.

The Co-Fi II Project got underway in 1987, and for a time overlapped with some final activities of the earlier project. Co-Fi II is slated to operate until 1993 with a life-of-project funding of \$6,046,000. \$1,000,000 of this amount is to be used in Sri Lanka's North and East.

As of March 1990, twenty-seven sub-grants representing a commitment of over \$4,350,000, or 72% of this amount, have been processed by USAID. Over \$700,000 of this amount is expressly for NGO operations in the North and East. During this evaluation, USAID received another five proposals seeking to claim a portion of the balance of Co-Fi II's funds.

A review of the Co-Fi II Project shows that:

- USAID has funded 27 sub-projects with 22 different NGOs;
- four organizations - CARE, Sarvodaya, CUNA/WOCUU, and CCSS - have received 70% of the allocations;
- NGO contributions have averaged 58% and thus exceeded USAID requirements by a large margin¹;
- the range of grants was from \$12,000 to \$670,466; and
- the average grant was \$160,920.

The following tables document financial information for each of the grants under Co-Fi II.

¹ The Project Paper states "Cash or in-kind contributions of at least 25% are required from non-AID sources." USAID/Sri Lanka has interpreted this as meaning that NGOs must contribute 25% of the Mission's financial commitment.

TABLE 1
PVO CO-FI II GRANTS
DATA SHEET
as of 3/24/90

#	PROJECT DESCRIPTION	NGO	STARTED	PACD	USAID TOTAL
1	AGRICULTURAL CREDIT SCHEME	SARVODAYA	12-1-87	12-31-90	92,183
2	SERVE — CREDIT & TRAINING	CARE	3-30-88	12-31-90	115,730
3	HOME GARDEN PROJECT-II	YMCA	3-1-88	2-28-90	155,833
4	TRAINING FOR YOUNG WOMEN	ACBC	5-1-88	4-30-90	65,085
5	STRENGTHEN CCSS	CCSS	5-1-88	5-1-93	580,770
6	DEVELOPMENT — 50 VILLAGES	OOTRU	5-1-88	5-1-91	136,250
7	VILLAGE DEVELOPMENT	LEADS	5-1-88	5-1-90	29,495
8	SOIL CONSERVATION	WNPSS	5-1-88	5-1-90	12,000
9	TEACUP PROJECT	CARE	6-30-88	6-1-93	321,859
10	DISABLED VOCATIONAL TRAINING	WSSMSNC	7-15-88	7-14-91	53,850
11	STRENGTHENING TOSS	WOCCU	9-1-88	8-3-91	586,318
12	WALGAMPAYA VILLAGE DEVELOPMENT	MARGA	8-1-86	7-31-90	49,516
13	ECONOMIC UPLIFT — SMALL FARMERS	NATION BUI.	11-1-88	9-30-91	70,000
14	VOCATIONAL TRAINING INSTITUTE	JINARATHAN	8-1-89	9-30-91	130,995
15	REGIONAL DEVELOPMENT ASSOCIATION	IRED	10-3-89	9-30-91	119,450
16	COMMUNITY LEADERSHIP DEVELOPMENT	SARVODAYA	6-1-89	7-31-91	440,988
17	CATER — CREDIT & TRAINING	CARE	8-1-89	2-28-90	60,586
18	ORGANIC CULTIVATION/CONSERVA.	SAMA	10-19-89	12-31-91	86,861
19	WOMEN'S SMALL ENTERPRISE DEV.	LMS	9-1-89	6-30-89	29,646
20	YOUTH COUNSELLING CENTER	FPASL	12-1-89	11-30-92	98,900
21	PRIVATE SECTOR DAIRY DEVELOPMENT	IESC	12-1-89	11-30-90	84,400
22	PRE-APPRENTICESHIP SKILLS TRAINING	LCES	12-1-89	11-30-91	71,800
23	CATER	CARE	1-23-90	8-31-83	670,466
24	PRIVATIZED HEALTH SERVICES	SLAVSC	1-1-90	1-31-91	39,300
25	CLOTHING TRAINING INSTITUTION	HBE	1-30-90	1-30-91	92,492
26	VOLUNTARY COMMUNITY LEADERSHIP	SARVODAYA	2-1-90	3-1-93	124,020
27	RURAL DEVELOPMENT SCHEME ASSISTANCE	MALLAKAM	2-1-90	3-1-91	26,050
TOTAL					4,344,841
AVERAGE					160,920

TABLE 1
PVO CO-FI II GRANTS
as of 3/24/90

#	NGO	USAID TOTAL	NGO TOTAL	TOTAL COST	PERCENT* NGO	L-O-P MONTHS	USAID COST/ MONTH
1	SARVODAYA	92,183	23,591	115,774	25.59	25	3,687
2	CARE	115,730	145,681	261,411	125.88	33	3,507
3	YMCA	155,833	184,525	340,358	118.41	24	6,493
4	ACBC	65,085	39,033	104,118	59.97	24	2,712
5	CCSS	580,770	59,000	639,770	10.16	61	9,521
6	OOTRU	138,250	40,483	176,713	29.70	24	5,677
7	LEADS	29,495	16,312	45,807	55.30	12	2,458
8	WNPSS	12,000	5,154	17,154	42.95	24	500
9	CARE	321,858	286,786	608,645	69.10	59	5,455
10	WSSMSNC	53,850	63,727	117,577	118.34	36	1,496
11	WOCCU	586,318	-	586,318	0.00	35	16,752
12	MAPGA	49,516	49,788	99,304	100.55	47	1,054
13	NATION BUI.	70,000	84,375	154,375	120.54	34	2,059
14	JINARATHAN	130,995	101,175	232,170	77.24	26	5,038
15	IREC	119,450	37,134	156,584	31.09	33	3,620
16	SARVODAYA	440,988	281,875	722,861	63.92	27	16,333
17	CARE	60,586	38,553	99,139	63.63	7	8,655
18	SAMA	66,861	35,260	122,141	40.62	27	3,217
19	LMS	29,646	14,937	44,583	50.38	10	2,965
20	FPASL	98,900	31,975	130,875	32.33	36	2,747
21	IESC	84,400	84,400	168,800	100.00	12	7,033
22	LCES	71,800	17,950	89,750	25.00	24	2,992
23	CARE	670,466	568,871	1,239,337	84.85	43	15,592
24	SLAVSC	39,300	31,675	70,975	80.60	13	3,023
25	HBE	92,492	30,948	123,440	33.46	12	7,708
26	SARVODAYA	124,020	124,020	248,040	100.00	37	3,352
27	MALLAKAM	26,050	11,375	37,425	43.67	13	2,004
TOTAL		4,344,841	2,408,600	6,753,441		758	145,649
AVERAGE		160,920	92,638	250,127	57.57	30	5,826

* USAID/SL requires that participating NGOs contribute 25% of USAID's grant commitment. Therefore, percent of NGO contribution is determined by NGO commitment divided by USAID/SL commitment.

2. Changing Objectives

The objectives of the Mission's Co-Fi activity have evolved and changed somewhat over the years.

Co-Fi I's original stated purpose was "to enhance the opportunity of local communities to participate in their own development by assisting indigenous and U.S. NGOs in undertaking collaborative activities which improve the lives of the poor." This "Logical Framework" statement of purpose was supplemented by a list of eight other objectives:

1. to enhance the opportunity and capacity of the rural poor to participate directly in their own development;
2. to develop the institutional capacity of indigenous NGOs to effectively collaborate with local communities...;
3. to increase the participation of women and disadvantaged segments of society...;
4. to promote private enterprise;
5. to create employment opportunities and raise incomes of the rural poor;
6. to accelerate the application of appropriate technology at the local level...;
7. to promote community-based, integrated rural development on a self-sustaining basis.

The promotion of private enterprise was added to the above list by grant amendment after the 1983 evaluation.

The higher level objective (goal) of Co-Fi I was rural and human development that increases agricultural production and employment and improves human productivity and the quality of life of the poor majority.

The Co-Fi II Project Paper states the purpose of the activity in much the same way as Co-Fi I, "to enhance opportunities for local communities to participate in their own development" but, unlike the earlier project, puts more emphasis on "increasing the involvement and effectiveness of [NGO's] conducting development activities." Indeed if there is a major difference in the design of the two projects, it is that the second more clearly focuses on strengthening NGOs as the means of reaching the poor majority.

This changed emphasis and intent is clear from what the Mission calls "elements" of the Co-Fi II Project, the major one of which continues financing sub-projects just as in the earlier project, but to which three other "minor elements" are added: 1) improving NGO management skills, 2) strengthening of one or more NGO Associations and 3) starting a program of "micro-grants" to small indigenous regional and community-based NGOs. This changed emphasis is

also shown by Co-Fi II's stated Goal: "to increase the number and diversity of private organizations which address significant local and national development problems."²

The changes in emphasis between Co-Fi I and II expressed in the Mission's July 1987 Project Paper were to correct some of the shortcomings identified by the project evaluations in 1983 and 1986.

Although not included in the Co-Fi II Project's Logical Framework as a goal, the Mission makes clear that NGO activities should increase rural productivity and income and promote private enterprise.

3. Co-Financing Implementation Process/Procedures

The project is implemented through sub-project grants to NGOs that meet the approval criteria of USAID and the GSL. These criteria and procedures are covered in a booklet published by USAID. Sub-projects are "co-financed" in that a non-AID contribution must be, at a minimum, 25% of the total contribution by USAID. The review process involves a standing committee at AID, the Project Review Committee, and all proposals are also screened by the GSL. The USAID staff has listed twenty-six separate steps in the process leading to the approval of a given sub-project, the exact number of which depends on such things as whether the NGO is registered with USAID, the clarity of its proposal and whether or not there are any technical or administrative questions that require further clarification.

After approval of the sub-project, the NGO is advanced a portion of the grant and further payments are made against the receipt of accounting information indicating expenditures against approved budget line-items. This replenishment can be as often as monthly. USAID requires that the accounts of each NGO be audited by an outside CPA firm annually. Each NGO is also required to submit quarterly reports in a prescribed format, and is asked to conduct a mid-term and final evaluation of its USAID funded activity.

² Although stated in the Project Paper as a goal, according to Logical Framework terminology, this is actually an output. For discussion of project design see page 14.

C. Analysis of Effectiveness

1. USAID PERFORMANCE

USAID has moved forward to consider a wide range of NGO proposals under its Co-Fi II Project. Twenty-seven had been approved at the time of this evaluation and a twenty-eighth was added to the list during this evaluation.

It was clear however, from the Mission's scope-of-work for this evaluation, and in briefings the team received in Colombo, that there is considerable dissatisfaction within USAID with the overall operation of its Co-Fi Project.

The main criticisms made by Mission staff were that:

- policies, criteria and procedures for selection and approval of sub-projects are not rigorous or objective;
- USAID staff is more interested in form than substance-i.e., the degree to which NGOs followed formats and complied with rules and regulations, rather than the nature and possible value of the activity proposed;
- a limited representation of agencies, with which USAID has had long experience receive most of the resources; and
- the overall process is too cumbersome and time-consuming.

In interviews with USAID staff and a representative sample of NGO leaders, in case studies, and through a file study of the twenty-seven existing grants the team tried to draw independent conclusions about these and other questions USAID had asked in its scope-of-work. The teams findings about these matters, and a range of other aspects concerning NGOs and beneficiaries, are summarized below.

USAID-GSL Relationship

According to officials of the Ministry of Policy Planning and Implementation and the Department of External Resources, USAID is the donor which has worked most closely with the GSL with respect to NGO matters. Both government entities have been included in USAID Co-Fi processes in important ways. For example, after proposals are approved by USAID, they are routinely sent to the Ministry of Policy Planning and Implementation for final approval. Among donors, USAID seems to be the most consistent in making an effort to tap the energy, enthusiasm and strengths of NGOs in Sri Lanka. USAID therefore has established a leadership position in this field as well as a knowledge and experience concerning NGO capabilities and shortcomings that is perhaps not resident within any other donor organization in Sri Lanka.

Project Design

The design of the Co-Fi II Project has a number of weaknesses. As it now stands, it is of little use to help frame or guide the thinking of USAID's present or future staff, or for the use of staff in drawing up substantive and clear criteria for use in judging projects. It is also of limited use as an evaluation tool against which to judge project accomplishments. (See page 13 for USAID's Project Design Summary Logical Framework.)

The linkages between the various objective levels are not clear, nor are the objectives themselves. For example, the goal is stated as "to increase the number and diversity of organizations addressing significant local and national development problems." This goal does not relate to the Mission's CDSS strategy. Since, it is clearly something the Mission can assure happens in this project alone, it is an output level result or "deliverable."³ An alternative goal statement might be "to create employment and increase income of the poor majority," which provides the proper linkage with the CDSS.

In turn, the goal level indicator used in the present design, "increased productivity and income for the poor majority," will not indicate whether the goal has been achieved. This indicator is closer to what the goal itself should be.

The present design's purpose statement is "to enhance opportunities for local communities to participate in their own development by increasing involvement and effectiveness of NGOs conducting development activities." Then this qualifier is added: "The purpose is to be achieved within the context of NGO activities relating to the new Mission strategic objectives of increasing rural productivity and income and promotion of private enterprise."

The purpose level is perhaps the most critical aspect of the Logical Framework's utility. A better purpose statement might be: "To test and demonstrate key rural interventions which assist the poor to improve their standard of living." It should tie an activity - inputs-outputs (the level of Mission's manageable interests) - to some higher level objective.

The team also found that the purpose level indicator was not appropriate. For example, "annual rate of assistance by U.S. and indigenous NGOs from their own resources should increase by 10%," is really an indicator for what should be an output - the achievement of financial self-sufficiency. Also, the focus should probably be on the self-sufficiency of local NGOs and not U.S. NGOs.

³ The goal should be the program rationale - the higher/broader objective to which this project, combined with others, contributes. Therefore, the goal should not be achievable by this one project alone.

TABLE 2

**USAID'S PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK**

Project Title & Number: PVO Co-Financing II-383-0101

Program or Sector Goal: The broader objective to which this project contributes:

Measures of Goal Achievement:

Assumptions for achieving goal targets:

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Goal:</p> <p>To increase the number and diversity of organizations addressing significant local and national development problems.</p>	<p>Increased productivity and income for the poor majority.</p>	<p>Central Bank statistics</p>	<p>That the PVOs can assist and motivate the poor majority to increase their productivity, income and thus their standard of living.</p>
<p>Project Purpose:</p> <p>To enhance opportunities for local communities to participate in their own development by increasing the involvement and effectiveness of PVOs conducting development activities. The purpose is to be achieved within the context of PVO activities relating to the new Mission strategic objectives of increasing rural productivity and income and promotion of private enterprise.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <p>Annual rate of assistance by U.S. and indigenous PVOs from own resources increased by 10%.</p>	<p>National statistics</p>	<p>Assumption for achieving purpose:</p> <p>PVOs will improve their financial base to increase their assistance for activities in Sri Lanka.</p>
<p>Outputs:</p> <p>Completed subproject; More U.S. PVOs active in building up institutional capability of indigenous PVOs; More indigenous PVOs becoming involved in self-reliant development activities.</p>	<p>Magnitude of Outputs:</p> <ul style="list-style-type: none"> - 30 sub-grants provided - 50 minor grants provided - one or more umbrella organizations established - 20 indigenous PVOs assisted to improve management skills 	<p>USAID and GSL implementation records</p>	<p>Assumptions for achieving outputs:</p> <p>GSL encouragement and support for U.S. and indigenous PVOs to expand activities will continue. Increased interest of indigenous PVOs in meeting A.I.D. requirement for funding.</p>
<p>Inputs:</p> <p>A.I.D. - Grant funding GSL - Continuation of PVO activities and support funds PVOs - Funds and management</p>	<p>Implementation Target (Type and Quantity)</p> <p>A.I.D. - \$5.1 million GSL - Staff time and support funds \$0.500 million PVO - \$3.0 million</p>	<p>USAID and GSL implementation records</p>	<p>Assumptions for providing inputs:</p> <p>GSL policy of encouraging promotion of private enterprise will continue and in turn private enterprise will increase.</p>

The team had particular problems with the four output indicators. Only two seemed to be actual indicators. Even so they are not indicators of the accomplishment of the stated outputs. The statements "20 sub-grants provided" and "50 minor grants provided" are really inputs because they are the provision of resources and do not indicate any results of providing these resources. The other two indicators are more results oriented. However, a whole new set of indicators should be established for new outputs. They should show the result of providing the resources and not just state the resources provided. Good indicators should have three elements - time (e.g., target date for accomplishment), quality, and quantity.

The above presents a few ideas to be incorporated in any redesign of the project. If the new purpose is to test and demonstrate - model building - then the first step in the redesign process should be to classify the projects by type of activity/intervention to date to see what can be learned from each. As the project is redesigned, NGO representatives could be assembled to contribute their ideas.

Proposal Solicitation and Review

In 1987, USAID published a paper titled "Guidelines and Procedures for the USAID PVO Co-Financing Project II-383-0101" for NGO's interested in submitting proposals. It suffers from ambiguities, in terms of criteria and subject matter, and does not present critical information in an easily discernable manner. An abbreviated and well-written version of the document, useful mainly in describing the Co-Fi Project in only an introductory way, was issued in early 1989.

The team did not study the question of how NGOs learned about the USAID program. Likely it is by means of information through networking, and through routine inquiries to donor agencies. According to a study done for USAID by a Peace Corps Volunteer, nearly 100 Sri Lankan NGOs are in a position to qualify for USAID funding. Although many of these agencies may have of notion of USAID as a possible donor they may not all be aware of the Co-Fi Project.

The team studied various aspects of USAID's process of reviewing proposals. Thus far under Co-Fi II, USAID has rejected 35 proposals. Of twenty-seven proposals that eventually led to grants only three were accepted in their original form. Eight had to be reformulated once and thirteen two or more times before approval.

This, of course, may prove many things or have many causes. In many cases requiring the reformulation of proposals might have yielded better activities. It may have been an indicator of the relative unsophistication of NGOs applying or represented a problem in communication between USAID and NGOs. The team could not be sure. In one way or another, it involved all these things. The team went on to look at the proposal process in a variety of additional ways.

In order to comparatively judge sub-project designs, the evaluation team developed an analytical series of questions which were applied to the documentation of each sub-project.

--form versus substance: judging on a scale of one to five, we gauged by reviewing USAID's comments on each proposal whether the concerns appeared to be mainly form, a score of 1, or mainly substance, a score of 5, (with gradations in between). In eleven of the 27 sub-projects, USAID seemed to concentrate on form alone. In twelve, questions of form and substance were of equal concern. In only three were USAID concerns and questions about substance alone.

--clarity of design: we rated each sub-project design by judging how well outputs were logically and consistently linked to purpose. On a scale of 1 to 5, with 1 an unclear purpose and 2 through 5 representing increasingly clear ties between purpose and outputs, eight designs scored 3, that is, they seemed to have only a moderate relationship between outputs and purpose; eleven seemed quite adequately designed, and the remaining seven (26%) seemed to deserve a score of 5, the highest and best rating.

--use of criteria: we looked as well for evidence that the merits of proposals were debated on the basis of criteria set forth in USAID's Guidelines. Statistical scoring was not possible due to a lack of detailed notes or memoranda concerning the discussions at review meetings. However, our clear impression from interviews was that the published criteria were not systematically used as a guide because they are too general and all inclusive to be of consequence.

--special interests: the team also tried to ascertain whether "special interests" influenced the approval of NGO grants. In a number of instances this was the case. A grant to CUNA/World Council of Credit Unions was clearly a case of the Co-Fi Project Review Committee being overruled in order to give a grant, and several other grants were encouraged by specific Mission officers or made because particular funds, (i.e. for health) were available for use in the Co-Fi Project despite this not being an area explicitly targeted in the original Project Paper. (The PP did indicate, however, that 15% of the projects could be outside of the basic sectors of concentration.)

--time in process: In data provided by USAID covering the period from May 1989 to the time of this study, the average elapsed time to consider and approve a proposal was 203 days, or almost seven months (see Annex G). The exact time depended on such things as whether the agency was already registered with AID, the clarity and completeness of the proposal or whether AID had any technical or administrative questions.

Resource Allocations

We examined the matter of which agencies got what, whether the same agencies were involved in both Co-Fi I and II, and the degree to which USAID had met its objective "of increasing the number and diversity of NGOs" included in its Co-Fi II Project.

This analysis indicated USAID is indeed succeeding to increase the number of NGOs it supports. USAID funded 18 different agencies under Co-Fi I and, thus far, 14 additional agencies have received funding through Co-Fi II. The Co-Fi I Project involved 38 grants to 18 agencies, six U.S. and twelve Sri

Lankan. Co-Fi II thus far has given 27 grants to a wider range of NGOs--22 agencies, two U.S. and 20 Sri Lankan.

Six Sri Lankan and four U.S. agencies which had received funds under Co-Fi I had received none under Co-Fi II. As of now, only seven Sri Lankan and one U.S. agency have made the transition from Co-Fi I to II and received funds under both projects. Co-Fi II grants have been made to twelve Sri Lankan and two U.S. agencies which are involved in the program for the first time. One of these is to an umbrella organization, the Central Council of Social Services, which has over eighty affiliates. Three of the new Sri Lankan agencies operate solely in the Jaffna area.

It appears true, however, that a few agencies in the past received the lion's share of the funding. Five activities involving six NGOs (and 18 of the 38 grants) received a total of approximately \$2,655,000 of the Co-Fi I Projects' final expenditure of \$3,700,000--the Diyalgala Boy's Town, over \$547,000; International Human Assistance Program (IHAP) over \$370,000; the Overseas Education Fund and Lanka Mahila (Women's) Society, over \$690,000; Sarvodaya, over \$490,000; and Nation Builders, over \$558,000.

Several of the recipients of large grants in the earlier program have received reduced amounts or nothing in Co-Fi II. The Boy's Town, for example, is said to have graduated to self-sufficiency and no longer requires funds. The Lanka Mahila Samiti has received only a modest grant under Co-Fi II. In a new grant, Nation-Builders has received only \$70,000.

Co-Fi II has funded a greater number of NGOs which have a considerably larger geographic coverage than agencies funded under Co-Fi I. Nevertheless, it is still true that a small number of agencies have received a significant percentage of the funds under Co-Fi II. Sarvodaya is still a recipient in the half million dollar plus category. CARE already has grants totalling almost \$1,200,000 under Co-Fi II (but had only expended \$132,000 under the earlier project). CCSS, an NGO umbrella organization with over 80 member agencies, received \$580,770. And CUNA/WOCUU received \$586,318 to support the nationwide operations of credit unions.

Sub-Project Monitoring

USAID's monitoring of NGO sub-projects has recently improved. A full-time staff liaison person for NGOs was added to the USAID staff a year ago. That plus the improvement in the political situation has meant that USAID-sponsored NGO sub-projects are now being visited regularly (except in the North and East).

As the country's peace and order situation improves, NGO reports to USAID are starting to be filed more regularly as well, and thus USAID should now be able to react more substantively to NGOs concerning their activities. We saw little evidence that USAID had provided feedback to NGOs concerning progress reports. Such reactions and questions could help considerably in improving these documents and putting NGO's on notice that USAID is serious about receiving reports containing data that give a real impression about NGO progress and problems.

Our analysis of the fourteen NGOs under Co-Fi II already reporting (the remaining NGOs have only recently received grants and have yet to file their first reports) showed that ten were filing reports we rated as "borderline satisfactory" or worse, while only four were rated as "highly satisfactory" with reports that provided readers a real feel for what was occurring in the field. Over half provided little or no beneficiary data.

Information on the progress of NGO sub-projects is routinely put before USAID management in quarterly Project Implementation Reviews. NGO reports are also circulated to interested Mission staff. As far as we could tell, however, little "synthesized" or summarized information was being produced. For example, the information presented in the previous section on the number and size of the various grants was not readily available and had to be painstakingly collected and organized by the team. Another example of information that could be routinely summarized for management would be the total of funds committed to sub-projects by category or type of project, such as vocational training, with a description of progress to date.

Financial Management

Recently, the process of overseeing NGO accounts was streamlined. USAID had collected originals of all receipts along with NGO financial reports, which came in as often as monthly. This practice has been replaced by a system of regular spot checks of records held by each NGO. This should work well provided enough field visits for this purpose are made by the staff of the Controller's Office. This same staff has also begun to make visits before or as grants begin. These visits to help "install" a proper accounting system have been helpful and appear an effective means to form a partnership in accounting matters between USAID and its client NGOs.

The Co-Fi Project draws on funds from several AID accounts--Food and Nutrition, Education and Human Resources, Health and Special Development and the Mission seemed to be effectively tracking expenditures in each category. However, since USAID considers proposals on a first-come, first-served basis, good proposals the Mission may want to fund may be received only to find that funds in its particular category are limited or have been exhausted.

Health and population activities had originally been excluded from Co-Fi II. However, funds became available in that category and the Mission has begun disbursing these.

Under Co-Fi I, NGOs had difficulties spending funds due mainly to the prevailing conditions of civil strife. This forced USAID to deobligate over \$1 million in funds from that project. Co-Fi II disbursements have since improved. Assuming stable conditions in Sri Lanka, there is little chance of the prior disbursement problem being repeated.

The following two tables document the disbursement patterns of each of the two Co-Fi Projects.

Table 3
PVO Co-Financing I Project
 (Project No. 383-0060)
Financial Summary as of 12/31/89

LOP	\$4,939,000
Obligations TD	\$4,938,998
Commitments TD	\$3,700,338
Accrued expenditures	\$3,692,602
Pipeline	\$1,246,396

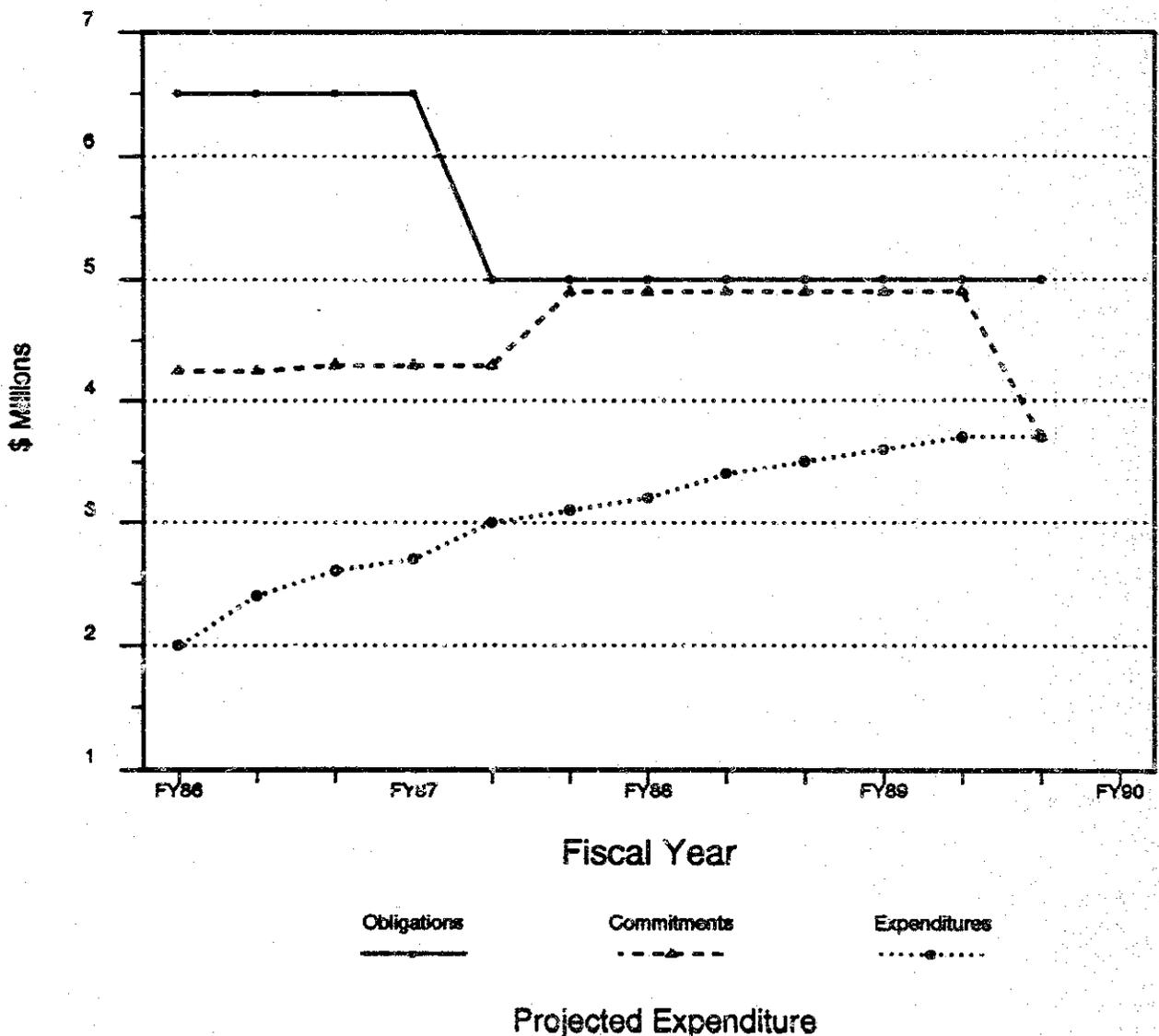
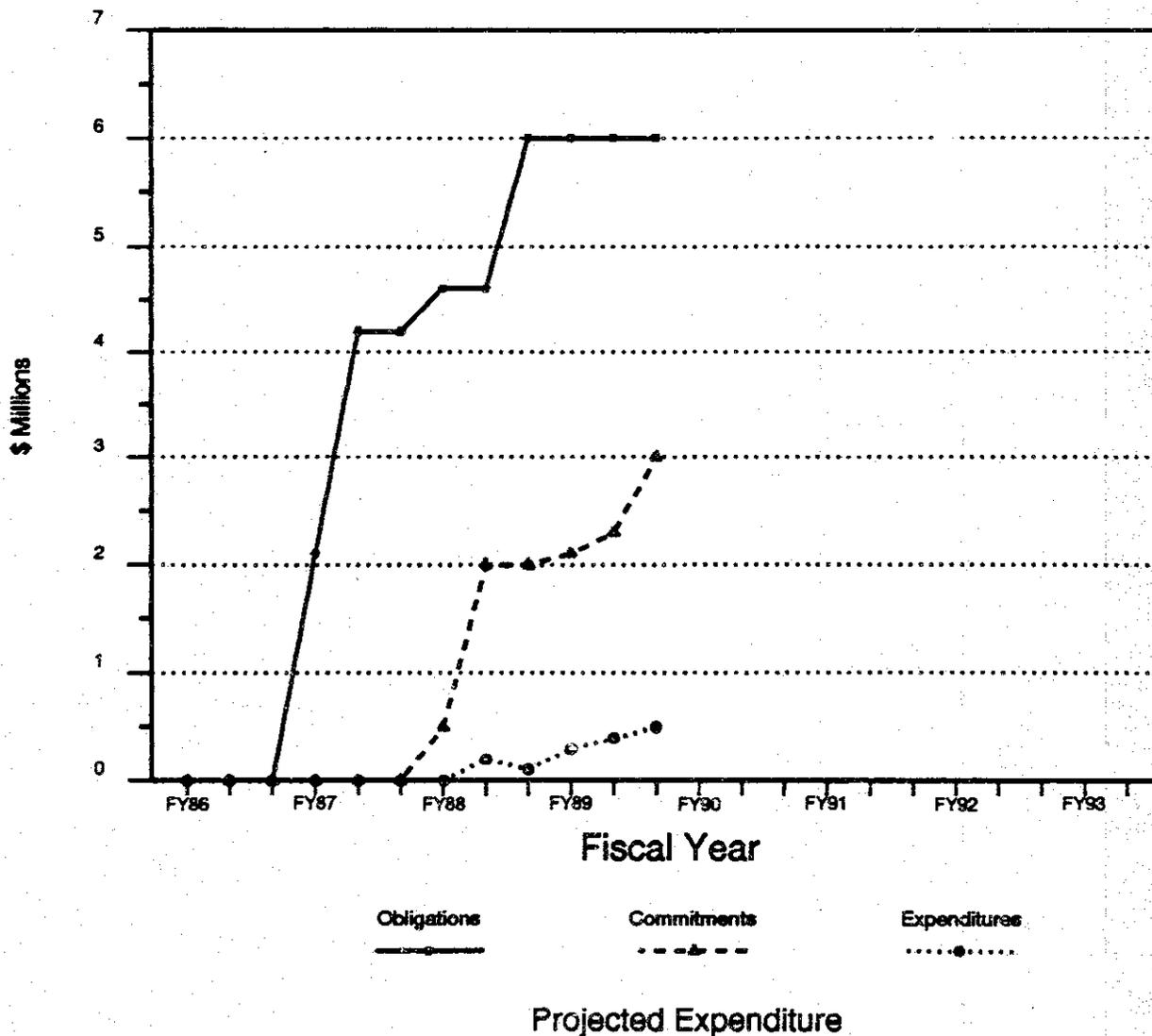


Table 3
PVO Co-Financing II Project
 (Project No. 383-0101)
Financial Summary as of 12/31/89

LOP	\$6,046,000
Obligations TD	\$6,046,000
Commitments TD	\$3,008,107
Accrued expenditures	\$ 544,179
Pipeline	\$5,501,821



Management Strengthening

USAID's intention to strengthen the management capabilities of NGOs, as expressed in its Project Paper, has not matched its performance, largely due to the unsettled conditions in the country. Nevertheless, in 1986 USAID did hold a workshop on participatory evaluations and the users guide was distributed to 40 NGOs.

In some cases, USAID used local consultants to assist NGOs with proposal design. The staff of the USAID NGO office also served capably in this role in a number of instances.

The Missions first, main effort--and a considerable one at that--to strengthen the capacities of NGOs involved finding and supporting an umbrella agency to assume this role. The Mission considered three concrete proposals and opted for the one submitted by the respected and long-established Central Council of Social Services (CCSS).

The ambitious CCSS activity is described in "Sub-project Brief 5" of Annex C.

The CCSS traditionally has been seen as made up of affiliated member organizations, over 80 in number, most of which manage social welfare programs. In supporting the CCSS, USAID hopes to encourage many such CCSS member agencies to shift their emphases from welfare to development (an effect USAID itself has had with some of its past NGO grants, e.g. the All Ceylon Buddhist Congress, the Chitra Lane School, and more recently with the Hindu Board of Education).

Last September an expatriate Executive Director has assumed management of the CCSS. Working with Board members, he and other new staff have accomplished a great deal in a short time. Actions are well underway to network affiliate agencies more effectively, to provide project design and management training, to organize and administer mini-grants and to do much more, for example, to start regional branches.

Two main issues facing the CCSS are: 1) how well the agency can represent the views of its members in policy dialogue since a small group of member agency leaders control the CCSS, and 2) the degree to which the Board sees CCSS representing a constituency greater than its members.

USAID, in defining its role vis-a-vis CCSS, faces similar issues as the organization itself. Some at USAID think of the CCSS grant as the major answer to USAID's hope to provide "management strengthening." But CCSS is an independent agency, with its own priorities and Board. It is, therefore, not necessarily in a position to be called on by USAID to provide assistance to non-CCSS NGOs at all times. Just what the CCSS will and will not do as to USAID requests for such assistance, or, for example, in doing special studies USAID may wish to commission, and at what cost, needs to be worked out with CCSS staff.

The team thinks the support of CCSS represents a fine initiative by USAID and one that is likely to yield excellent results over time. But it

management assistance to NGOs. There is much USAID itself, or through agencies other than the CCSS, can and should do in this regard.

Special Dimensions

The team looked at several sub-projects or subjects that represented "special dimensions" of the Co-Fi II Project. Comments on some of these are in the following paragraphs.

The North and the East of Sri Lanka have been the scene of the worst destruction and most severe dislocations due to civil conflict. The team visited three of the Co-Fi II supported agencies native to and operating in that area--Mallakam, HBE and Ootru. All three seemed to be doing important and badly needed work. The region, of course, needs much more than these three agencies (and Sarvodaya, another Co-Fi recipient with intentions to operate in the Jaffna area) can give. Indeed, more than NGOs can give. But it is clear that NGO activity of an intensive sort could be helpful in many ways--to assist in rehabilitation and to get started once again in village development. USAID might consider taking special steps, perhaps along with other donors, to mount an intensive NGO support program in the North and East. Doing so would help meet immediate human needs and also begin, in a small way, to bring northern agencies back into contact with like agencies in the south. The NGOs visited in the Jaffna area were extremely separatist oriented, and suspicious of any such links. Such a "special program" should perhaps be designed and run using criteria and procedures matching its emergency nature, at least for the first year or so.

Through discussions with Democratic Pluralism Initiative (DPI) experts contracted by AID/W, the MSI team examined how DPI objectives might be represented in the Co-Fi Project. It became clear in these meetings that the DPI should be conceived and implemented in a broad context and across a variety of Mission projects and activities. Equally apparent was that the Co-Fi Project could serve as an excellent vehicle for carrying out some DPI activities, particularly in the "voice" category, i.e. with NGOs involved with increasing the participation of "marginalized" Sri Lankans or civic groups. Elsewhere in this report it has been recommended that there be continual development and updating of new criteria and "themes" for the Co-Fi Project. These could be adapted to publicize DPI activities and to solicit the involvement, for example, of organizations interested in human rights or environmental issues. Care should be taken, however, that NGOs that become involved in DPI under the Co-Fi Project do so because their institutional mandate directs them to undertake such activities.

The team also looked in some detail at the CUNA/WOCUU TCCS sub-project, a costly \$500,000+ venture funded under Co-Fi II to support the Mission's large Housing Investment Guarantee Program. The grant to an absentee NGO -- CUNA/WOCUU consultants visit only episodically -- seemed to be yielding favorable results in terms of staffing and training cooperative offices nationwide. Some of the local activities made possible by TCCS loans were impressive. Unfortunately, the housing component of the program, the original rationale for USAID's support, has collapsed due to a change in GSL policy. Thus, USAID has been left with an activity doing good things for a reason other than originally envisaged. The activity should be reviewed, funding should perhaps be decreased, but the activity should continue. (USAID-NGO

experiences with this aspect of credit, along with the variety of other NGO supported credit schemes would make an interesting cross-analytical study which could be funded through the Co-Fi II Project, with the results subsequently being made available to the GSL and the NGO community.)

The 1986 Evaluation and Recommendations

The Mission's scope-of-work for this evaluation asked for an assessment of the degree to which the recommendations of the 1986 evaluation had been adapted into the current Co-Fi II Project. As previously discussed, the Co-Fi II Project had an intention to build the capacities of NGOs and to provide mini-grants through an intermediary organization (the CCSS sub-project), expand the number of NGOs supported by USAID, and had initiated Controller office visits to NGO's to help set up accounting systems. These three accomplishments represented compliance with four of nine overlapping recommendations of the 1986 report. Two other recommendations had to do with extending the Co-Fi I grant, which USAID did. Another recommendation had to do with publishing a brochure for distribution to NGOs. The Mission did this in two versions, one in 1987 and another in early 1989.

In only two cases did the Mission not entirely succeed in implementing the 1986 team's recommendations. First, the team recommended that criteria used for approving sub-projects and a clear definition of sustainability be worked out and published by USAID for its potential NGO clients. New criteria were written but, as noted elsewhere in this report, they were not sufficiently rigorous to be useful. For example, the concept of sustainability was not clearly defined.

Second, the 1986 team recommended that USAID clarify what it meant by direct and indirect beneficiaries as called for in the quarterly reports from NGOs. Again USAID staff made an effort to define these terms but NGO sub-project reports we examined did not reflect a clear distinction between the two (or indeed have clear and cumulative data concerning beneficiaries).

Overall, none of the recommendations of the 1986 team were left unattended. It was clear that USAID Sri Lanka staff had carefully considered each and every one.

2. NON-GOVERNMENTAL ORGANIZATIONS

There are few generalizations that can be made about Sri Lanka's NGO community. There is a wide variety of NGOs, they are representative of all of the country's religions, and they attempt to address a plethora of social and economic problems. NGOs that USAID currently supports can be categorized as those which:

- 1) have a country-wide coverage and do not limit themselves to any single type of activity, e.g. Sarvodaya, the Lanka Mahila Samiti;
- 2) implement development projects of an experimental nature but make no attempt to cover the entire country, e.g. CARE (CATER, SERVE, Teacup), IRED and Marga;

- 3) conduct activities which are primarily religious or cultural but have made forays into development, e.g. YMCA, ACBC, SAMA, LEADS, and WNPSS;
- 4) operate development activities within a single geographical area, e.g. Nation Builders, Ootru and Mallakam;
- 5) train young people for gainful employment, e.g. Jinarathana, LCES and the Hindu Board of Education;
- 6) deliver a service not otherwise available in the community, e.g. WSSMNC, FPA and SLAVSC; and
- 7) are umbrella organizations (CCSS and WOCUU) or other assorted agencies, e.g. the IESC Dairy project.

By and large Sri Lankan NGOs are relatively inexperienced in designing and implementing projects which conform to the degree of professionalism desired by USAID. Many, including half of those evaluated by the team, tended to pursue single dimensional development interventions which often did not seem to sufficiently consider deeper issues of the project's environment, e.g. the larger social and economic issues. However there are notable exceptions, particularly Sarvodaya, Nation Builders, Ootru, and the Sri Lankan Association for Voluntary Surgical Contraception. CARE, although not a Sri Lankan NGO, is also operating with a high degree of professional sophistication. In many cases, such agencies are pursuing extremely challenging interventions which, by their very nature, run the risk of falling short of their planned intentions. Despite possible implementation shortcomings, it is such innovative approaches that are most likely to yield valuable new lessons which can shape future NGO development strategies in Sri Lanka.

The types of sub-projects being implemented are as follows: 1) NGO managed local savings and credit programs, 2) credit access from formal lending institutions, 3) small-scale agricultural production, 4) vocational training, 5) family planning, 6) small enterprise development, 7) irrigation water management, and 8) rural development (Table 4 on page 26 gives an overview of NGO activities being supported by the Co-Fi II Project). All of the projects seemed to be having some positive economic impact on participants and, without exception, the sub-projects are benefitting the lowest economic sectors of Sri Lankan society. Additionally, many of the projects are specifically benefitting women.

NGO staff interviewed during the course of this study were reluctant to criticize USAID's requirements and procedures. This, of course, is not surprising since we were talking to people enjoying USAID support and loath to do or say anything to upset the relationship.

In the following sections, NGO staff comments and those of the evaluation team are combined as we discuss key elements of NGO operations under the co-financing project.

TABLE 4
PVO Co-Fi II Sub-Project Activities

NGO:	Small Scale Agricultural Production	Vocational Training	Rural Development *	Small Enterprise Development	NGO Managed Localized Savings & Credit Programs	Credit Access From Formal Lending Institutions	Family Planning **	Irrigation/Water Management
ACBC		■		■				
CARE	■			■		■		
FPASL							■	
HBE		■						
IESC	■							
IRED				■				
JINARATHANA		■						
LCES		■	■					
LEADS	■	■	■	■	■			
LMS				■	■			
MARGA	■	■	■					
MALLAKAM	■				■			
NATION BUILDERS	■		■					■
OOTRU	■		■		■			
SAMA	■							
SARVODAYA	■		■	■	■	■		
SLAVSC							■	
WNPSS	■		■					
WOCCU						■		
WSSMSNC		■						
YMCA	■				■			
Total Number of NGOs in each section	11	7	7	6	6	3	2	1

* Rural Development activities may include a wide range of intervention including the provision of drinking water, basic health services, reforestation, etc.

** Family Planning Activities use USAID funding for public awareness and to generate income to support basic family planning services (see Annex C for details).

Note: CCSS has not been included in this table because it is an NBO umbrella agency receiving USAID funds to strengthen the management capabilities of its 180 members and disperse mini-grants.

NGO Sub-Project Design

NGO staff, particularly those of national NGOs, generally indicated that USAID's requirements regarding the design of activities and contents of proposals were the most complex and extensive they had ever encountered.

Many stated that the discipline required and the need to respond to USAID's questions as proposals were considered, broadened their point of view. A few expressed the thought that USAID requests and requirements were pro forma and did not "help" their agencies to conceptualize or design better activities. Those willing to be critical cited the environmental analysis section of the proposal as an example of a requirement not useful or needed.

Several agencies commented about the amount of time it took to get proposals considered and approved. One agency's Executive Director commented that the USAID proposal review process seemed "disorganized" because USAID staff was unable to respond with full information, or on a timely basis, as to where his agency's proposals stood in the process.

Four agencies in particular stated that USAID staff had been exceptionally helpful and supportive in assisting to get proposals done properly. Three credited USAID resources, and the process of involvement including the design and proposal process, as moving their agencies from welfare to development programming.

The evaluation team's own analysis of the 27 project proposals funded by USAID revealed that, in the majority, the project's outputs and purposes were relatively clear and could be easily identified. This is not to imply that each proposal rationally and clearly presented a logical and rigorous relationship of inputs to outputs to purpose, but that the implied relationships and the strategy of implementation was nearly always clear.

A notable shortcoming of many NGO activities was the one dimensional view of the problem addressed. Few analyzed with any depth the economic sector in which their intervention was targeted. The majority of sub-projects focussed almost exclusively on technical assistance to increase productivity. Increased productivity is only a vehicle for achieving greater income and the evaluation team noted most sub-project designs paid little attention to any analysis of marketing dynamics and constraints.

The evaluation team feels confident that many of the more sophisticated NGOs, some of which are mentioned above, have the capabilities to plan and implement development projects of a higher degree of sophistication if constructively encouraged to do so.

Credit programs, on the other hand, often seemed to be designed with an assumption that credit access was the objective of the sub-project, an end in itself rather than a means to the higher level goal of increasing productivity and incomes. None seemed to consider that formal access to credit would be less of a constraint if individuals were able to attain the ability to consistently generate revenues which permit savings.

NGO Implementation

In general, NGOs interviewed reported that sub-project implementation had occurred behind schedule. Delays appeared to have been mainly caused by the prevailing conditions of civil strife. Other causes of implementation delays were: in some cases, community networks assumed to be in place for use in implementation were not actually in place; qualified personnel could not be recruited; and inputs needed for the sub-project were not available locally. For these and other reasons, NGO expenditures had fallen far behind the rates originally anticipated.

NGO staff did report that USAID had been understanding and helpful concerning these implementation shortfalls. USAID staff attempted to assist NGOs in overcoming programmatic/managerial obstacles (and the team noted that USAID had carefully monitored the flow of project disbursements throughout the last five years). Most NGO leaders with whom the evaluation team spoke thought that the improvement in the political situation would alleviate the implementation delays that previously plagued so many projects.

NGO Monitoring and Reporting

In general, NGOs did not indicate that USAID's reporting requirements were onerous or overly difficult, although several which have received funds from other donors commented that USAID required more extensive and frequent reports.

The evaluation team's study of NGO reports received by USAID showed that in general reporting of sub-project implementation has been adequate to meet USAID's minimal requirements. However, NGO sub-project reports seldom conveyed meaningful information regarding the actual status of sub-project accomplishments as measured against the higher level project goal. There has been a tendency among NGOs to report project inputs as accomplishments. One example of this, and there are many, are the progress reports submitted by Jinarathana concerning their vocational training grant. Project reports adequately describe the amount of training delivered but do not mention the results of the training as evidenced by the number of training graduates who have secured employment in their field of training. Delivery of training should be viewed as a means to achieve the result of enabling participants to earn income, this aspect of the project has been ignored in favor of reporting on day-to day operations.

NGO Financial Management/Reporting

Our study of the financial records at eight NGO headquarters, and discussions with the staff of six additional agencies, left the evaluation team with three specific impressions: 1) NGOs participating in the program are maintaining adequate financial records, 2) NGOs are meeting their grant obligations and agreements concerning the provision of non-USAID resources, and 3) NGOs have improved their financial management procedures as a result of receiving USAID Co-Fi support.

In many instances, accounting staff had been employed explicitly to oversee USAID funds. This, plus USAID's consistent requirement for detailed accounting reports, although initially seen by NGOs as a great burden, appears to have been responsible for the improvement in the quality of NGO financial management. Additionally, many agencies were grateful that USAID's earlier policy of micro-managing its financial resources has recently changed. Within the past year USAID has changed the method by which the financial accountability of sub-projects is managed. Prior to the changes NGOs were required, on a monthly basis, to submit all expense vouchers to USAID. This proved to be a process that consumed an inordinately large amount of time for both USAID and the NGOs.

The new financial accounting system introduced by USAID requires that financial reports be submitted quarterly and need not include all expense vouchers. Staff from USAID's controllers office periodically visit NGO headquarters to check vouchers and ascertain that NGOs financial reporting is honest and adequate. The new system has worked well and is seen by NGOs as an appropriate change and improvement over USAID's prior mode of operation.

USAID's Controllers staff visit each NGO which has been approved to receive their first USAID grant. During these site visits the NGOs are provided technical assistance on how to set up accounting systems which meet USAID's financial management standards. The NGOs view the technical assistance provided as making positive contributions to their professional financial management capabilities.

In short, USAID's reformed procedures for ascertaining the financial accountability of NGO grants have been successful and should be continued.

NGO Registration

The evaluation team found that while AID's process of registering Sri Lankan NGOs can be time consuming it has not constrained NGOs from accessing USAID funding. No Sri Lankan NGO that has applied for AID registration has yet been denied and, in fact, NGOs are able to receive grant allocations after provisional approval of registration applications. This is done under the condition that if registration is denied no further disbursements will be allowed. All Sri Lankan NGOs which apply for AID registration have been registered with the GSL as non-profit charitable organizations.

The team was unable, in the time allotted, to thoroughly analyze the issue of NGO registration procedures required by different GSL departments to judge which, if any, of these were consistent with procedures mandated by AID/W. In interviews with NGO staff it was clear that GSL procedures varied, were not entirely clear to agencies involved and, in many cases, took an inordinate amount of time. The local registration issue might well be explored in greater depth by an in-country organization.

Sustainability of NGO Sub-Project Activities and Implementing NGOs

Sustainability of NGOs and their activities can be looked at in two ways. First, will a NGO which receives funds from USAID be able to continue with activities if USAID funding ends? And, second, is the NGO itself

stable both financially and institutionally, as measured by a clear mission, a dedicated staff, an active Board, a fund-raising strategy, and a diverse set of donors.

Concerning the sustainability of USAID sponsored NGO activities, the team concluded that all but two sub-projects seemed likely or almost certain to continue in some manner after USAID funding ceased. (We were not sure about the MARGA activity, or the soil conservation, WNPSS activities.) Although vague, what is meant is that, at a minimum, the NGO sub-projects supported by USAID have contributed to the experience of the NGO and this is likely to be reflected in the future through the NGO's program portfolio. This will occur even though a specific sub-project may not continue beyond USAID's funding. This aspect of sustainability applies, as well, to most NGO activities designed to test or demonstrate an approach or methodology. Although the NGO itself may not continue the activity as such, if successful as a demonstration the activity may be passed off for further use in the private or government sector. Other sub-projects, such as the garment-making training factory program of the ACBC, may be sustainable in a different manner. Profits from the factory can be used to support future training activities. Having received considerable USAID funding, the Diyagala Boys' Town program is a good example of a program that continues to operate without further USAID funding. This is due to a combination of payments for services and continuing support from public and private non-USAID sources.

On the broader matter of NGO sustainability, through a series of questions it was determined that ten of the twenty-six NGOs in our sample were highly likely to sustain themselves institutionally. That is to say these ten NGOs are highly likely to be managing development programs in Sri Lanka during the next five to ten years with or without USAID funding. Of the other twelve institutions being funded under Co-Fi II, eleven have a medium probability of sustaining their operations independent of USAID funding, and only one, IESC, is not likely to institutionally sustain their development programs in Sri Lanka during the next five to ten years.

On a scale which three represented the highest level of institutional sustainability, the average score for institutional sustainability among the 27 sub-projects was a 2.41. Ninety-one percent of the institutions currently funded under the Co-Fi II Project have a medium to high probability of sustaining their activities independent of USAID funding. USAID has done exceptionally well in choosing to support institutions that are likely to participate in Sri Lankan development for many years to come.

Ultimately, however, sustainability of both specific NGO sub-projects and the NGOs themselves, depends on the good-will of potential public and private donors and the creativity of a given NGO to secure such support. Most NGOs supported by USAID, generally the older and well established organizations, had already developed a fairly stable relationship with a variety of donors. Newer agencies, like the Chitra Lane School or Jinarathana, through persistence and solid programming have built a solid base in a short time, thus proving there is still room for new initiatives, and resources to support these. Dedicated and clever agencies can successfully petition foreign donor organizations for funds, enter into creative arrangements with industry and business, and appeal to private individuals. The "market" in Sri Lanka is limited, however. Agencies that are to consistently sustain their operations, especially newer agencies, will have to

be dynamic in pursuing each and every possibility. For example, at the present time NGOs in the North and East may have a unique opportunity to tap the flow of remittances from people who left the area and settled in other countries. Direct mail programs mounted in the near future to "institutionalize" this flow to NGO programs might pay significant dividends.

3. COMMUNITIES AND BENEFICIARIES

If Co-Fi II is to be successful, it is among the projected beneficiaries that this project must have its impact. Earlier evaluations indicated that generally USAID's Co-Financing activity was meeting its objectives. In the broadest sense, the team agrees with those earlier findings (although as mentioned earlier, the team has some reservations regarding the objectives themselves). A wide range of people from Sri Lanka's lowest income group are currently being assisted by USAID sponsored NGO activities.

The evaluation team estimates that at least 125,000 to 130,000 people are being assisted either directly or indirectly (through family membership) by the 27 existing Co-Fi II sub-projects. It is estimated that 170,000 participants have benefitted from Co-Fi I sub-projects. This means that both projects together have benefitted 300,000 participants. This is a very approximate estimate since the data required to be any more precise was not available. As a result, it is impossible to determine the cost-effectiveness of any given activity. A rough estimate is that twice those being reached now, for a total of about 260,000, will be reached when all Co-Fi II funds are obligated. This would mean that an average of less than \$25 in benefits would be received per person (\$6,400,000 divided by 260,000) since all funds are not spent on beneficiaries.

From the perspective of the beneficiaries, the sub-projects of Co-Fi II can be divided into six non-mutually exclusive categories, which can be described in terms of their objectives:

- 1) Developing the rural economic environment;
- 2) Assisting individuals to increase income;
- 3) Training people to promote and guide village development;
- 4) Providing training for employment - for those in both rural and urban areas;
- 5) Supporting institutions which are engaged in the delivery of health-related services, and;
- 6) Supporting an NGO umbrella organization.

In the fifth category, the impact can be measured, at least potentially, in terms of the number of people who have received service. However, the ultimate impact is measured in terms of the transformation of attitudes and behaviors. Since such changes are more and more difficult to ascertain, the measurement of this impact should be the subject of a special investigation. In categories 1, 3 and 6 the impact on beneficiaries is indirect. In category

four the number of persons to whom training has been provided can be identified, but the real test is whether employment can be obtained. Therefore, it is only in category two that a direct impact on individual beneficiaries is intended in terms of the immediate improvement of their circumstances.

Even in the category of increasing income it was difficult to make accurate assessments of sub-project impact because most progress reports did not convey such information. One report stated "701 loans have been given out" without indicating the amounts, purposes and results. The returns on investment are recorded only in a few instances. In kind payments were often omitted and only financial returns were recorded. In some instances even the number of beneficiaries was not apparent.

A lack of detailed information made it difficult to determine what proportion of the grant had directly benefitted the participants, i.e., was there an acceptable allocation of resources between the NGO and the beneficiaries? In some instances (perhaps, for example, in the case of CARE as detailed in the case studies of Annex D) there is the possibility that the project has supported the NGO disproportionately while ostensibly attempting to improve the life of the beneficiary. However, more figures and details are necessary before any conclusions can be drawn.

Another area of concern was the process and criteria for beneficiary selection used by the NGO. Have the benefits reached the target groups? Since the entire target group cannot usually be served, how were those within the target group selected?

Competition for resources within Sri Lankan villages is often based on factional alignments (familial, locality, political). Village-level associations are usually controlled by one faction or the other. Only in exceptional and/or threatening circumstances may they work together for the common good. Thus, when an external agent comes into the village with the promise of assistance, it is very often taken over by a faction. This agency may be unwillingly drawn into the factional conflicts of the village. Those assumed by the agency to be village leaders may also be the leaders of a faction. While it had not been possible to explore this issue in depth in field visits, there have been some indications that factional affiliation has been a factor (in some cases significant) in the distribution of benefits. Another unintended and often unrecognized result is the improvement in the political position of leaders which provide the link between the community and the NGO.

What types of benefits have been delivered to the beneficiaries and with what results? Some projects have been limited to the teaching of skills. The assumption is that it is the lack of skills which stands between the beneficiaries and gainful employment. This assumption has not always been correct. In fact the critical element may simply be the lack of available employment.

In projects designed to increase income (for example, the cases of the YMCA, CARE and Sarvodaya as detailed in Annex D) the results cover a wide range. At one end were those modest increases of 30 and 40 percent, while at the other were those few cases where family income has transformed beyond recognition compared with the prior level of income.

In further examining the impact of such projects, it was possible to identify four types of beneficiaries although the distinctions between them may not always be very clear. First, there are those for whom the assistance was critical, but they remain at a subsistence level. Second, there are those who have achieved an improvement of income which is significant in percentage terms, but which is, nevertheless marginal in their own eyes due to their higher expectations. Such expectations are created by the pattern of mobility established by others. In the third and largest group the effect of the project has been to permit beneficiaries to merely proceed faster on a course already chosen. A final category of beneficiaries has altered its economic position radically - the change has been on a larger scale.

Whether the results that have been achieved are "sustainable" depends on the category to which the individual beneficiary belongs. Where a major change has taken place (fourth group) it would seem that the foundation has been laid for a profitable enterprise to operate well beyond the end of the project. This is also true to a lesser extent where the project has assisted an ongoing activity achieve a level of stability (third group). In effect, in these two instances the project has helped to develop village entrepreneurs. In other instances, beneficiaries continue to be far more vulnerable to the forces of the village economy beyond their control and their endeavors are not likely to survive beyond the project.

In the six sub-projects visited, the benefits appeared to be sustainable after the end of USAID funding. In most cases these benefits seemed sustainable either economically or as a demonstration/ multiplier effect. At the ACBC and HBE projects the training received seemed to provide the beneficiaries with marketable skills so as to obtain employment. However, as mentioned the lack of jobs in a certain area could be a barrier to realizing the objective of employment. In the case of ACBC, however, because the project had become primarily a business operation rather than a training operation the number of additional girls that could be trained was severely limited. In the income generating projects the team observed the range of results mentioned above. In projects visited in the north, the demonstration effect of improved agricultural methods showed an expansion of benefits beyond direct project participants.

In the CATER and SERVE projects while the benefit to participants had been demonstrated through successes achieved by some, these successes have not prompted the lending agencies (the People's Bank and the multi-purpose cooperative societies) to change their lending strategies or operational policies.

One of the principal benefits of USAID's program has been to allow NGOs to expand the benefits of successful programs. However, Co-Fi sub-projects' impacts on entire communities have been marginal. In some projects community development has been an explicit objective. In others it was to be achieved through the demonstrated success of those who were initially selected. Either way the amount of resources and the intensity of effort was usually insufficient to achieve the purpose of influencing a wider circle of potential beneficiaries.

III. TO THE YEAR 2000

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The team's conclusions and recommendations follow. The basic underpinnings of these are that NGOs, Sri Lankan NGOs in particular, are entering a new phase of development sophistication and, given the present situation in the country, are positioned to make an increasingly greater contribution to the country's development. USAID, meanwhile, is also uniquely positioned. It has invested substantial funds, time and effort in NGO affairs. This investment has paid off in terms of establishing USAID's leadership role in this field and in producing concrete results--for participating NGOs and the beneficiaries of their services. USAID has a solid foundation on which to build. Our first recommendation is that USAID use this foundation to make a further long-term commitment to the NGO sector.

The recommendations outlined below are predicated upon the following assumptions. They are:

- USAID will continue to support NGOs, as suggested above; and
- procedures will need to be developed within the busy and small Sri Lankan Mission to increase efficiency and minimize the staff's level of effort.

1. AID-GSL RELATIONSHIP

Conclusion: USAID has done well in developing a unique, close partnership with the GSL. The role of Sri Lankan NGOs in commenting on policy or demonstrating approaches with both public and private implications is reaching a new phase of maturity. Often the field activities of NGOs could provide GSL and USAID staff with unique and useful perspectives on community development and social change. For example, USAID supports several NGOs operating in the dairy sub-sector. An analysis and discussion of these sub-projects by USAID and GSL technical staffs may provide new ideas to each, and provide useful technical feedback to the NGOs involved.

Recommendation: USAID should consider deepening its relationship with the GSL by encouraging line government ministries and its own technical staff to review sub-projects in their sector of specialty. USAID should also involve the GSL more fully by informing them of sub-project selection criteria.

2. USAID PROJECT DESIGN

Conclusion: The Co-Fi II "Logical Framework" is not sufficiently clear, the project's purpose in particular. At present, too many confounding objectives or targets, criteria and considerations are scattered in the project's written documents and in the form of agendas, hidden or otherwise, in peoples minds. Indicators, means of verification and assumptions are all unclear.

Recommendation: USAID should update and refine the project's Logical Framework. The use of an outside facilitator should be considered. Practical indicators, means of verification and a system for the collection and analysis of verification would be the critical tasks accomplished by such a process.

An additional task would be to devise a new set of criteria for judgement of sub-projects. The new design and criteria must be sufficiently clear to allow for the effective screening of sub-projects, and sufficiently flexible to accommodate, without necessitating further revisions, inevitable changes over time in Mission priorities and emphases, e.g. Democratic Pluralism Initiative.

3. USAID PROPOSAL SOLICITATION

Conclusion: Because of a lack of proper publicity, knowledge of the USAID project has not been uniformly disseminated among potentially eligible Sri Lankan NGOs. Consequently, many areas of possible support are not being addressed by the project. For instance, there is a view in the country today that an effective program of teaching English, on a wide, if not massive scale would greatly increase the productivity of individuals who possess various training skills. NGOs with expertise in this area may not be aware of USAID's Co-Fi Project. Redesign of the project along with developing new criteria opens the possibility for USAID involvement in assisting ventures other than the types currently being funded, or for more thorough experimentation within designated economic sectors.

Recommendation: USAID should develop a means to clearly communicate to NGOs the types or themes of projects it will consider funding. This should be done in a manner that will encourage new and creative activities from eligible NGOs, including those not currently receiving USAID support. Such "themes," discussed and developed periodically by Mission and GSL staff might include emphases such as:

1. types of interventions, for example, delivery of services, increasing public awareness or attempting behavioral change;
2. special fields or sectors, for example, agriculture or health; or
3. specific target groups, for example, landless low-income families, people or regions affected by recent conflicts, school drop-outs, etc.

The announcement of considered themes should be timed in accordance with the cyclical review of proposals (see next recommendation).

4. USAID PROPOSAL ANALYSIS AND REVIEW

Conclusion: The steps in the present review process are logically necessary and important. Therefore, the present process needs to be fine tuned rather than discarded. Efforts at fine tuning should concentrate on creating clearer criteria and applying them in a routine and systematic way. "Streamlining" the process has more to do with developing and systematically applying criteria, and concentrating staff attention at key times on comparative review of proposals, rather than trying to develop an alternative system.

Recommendation: USAID should review proposals semi-annually. Review cycles could be publicized in accordance with pre-agreed upon themes. A system to rate all proposals according to defined criteria would ensure objectivity.

5. STRENGTHENING NGO MANAGEMENT

Conclusion: The management of NGOs, in many instances, is of a quality requiring substantial and continuing improvement. For example, the absence of a career path as well as a good working environment dissuades skilled professionals from entering the NGO sector. At the same time, many NGOs need to be convinced that their operations could benefit from an upgrade in staff skills. Thus, while USAID has taken a number of steps to strengthen NGO management, much remains to be done.

Recommendation: Management training programs helpful to NGOs in other South Asian countries offer examples which could be adapted for use in Sri Lanka. This possibility could be explored by USAID or the CCSS. Following the identification of the needed skills USAID itself, or an intermediary organization, should conduct appropriate training courses.

Training could be provided in the form of modules rather than as continuous courses. The advantage of this is that NGO staff would not have to take off too much time consecutively. Also, participants could attend only those modules relevant to their specific needs. Organizations such as the Sri Lankan Institute of Development Administration or the CCSS would be capable of conducting such courses.

Courses for NGO staff might include project design, social analysis, the rural economy, organizational management, project implementation, financial management, and reporting and evaluation. A case-study approach is often valid for such purposes. A logical consequence of this training is that NGOs should be encouraged to exchange information through seminars and publications.

USAID might also consider providing funds for key NGO core staff, for example planners or technical staff, other than solely for accounting personnel. This would permit NGOs to devote increased time to project design and management.

6. USAID PROJECT MANAGEMENT

Conclusion: The Co-Fi Project was managed, until a year ago, by a single individual. However, its successful implementation requires inputs from a wide range of staff, American and Sri Lankan. The cast of Americans has changed regularly and so has their knowledge, interest and interpretation of its objectives (which as we've said are subject to many differing interpretations). All of this has added up to making USAID's Co-Fi activities difficult to manage, and created the impression among some staff that the management has been inadequate and involved cumbersome procedures with the ultimate impacts indiscernible.

Recommendation: USAID should ensure that the Co-Fi Project has sufficient staff--perhaps two full-time Sri Lankan employees and a secretary--to continue oversight of ongoing projects, to organize, consider and implement the types of changes recommended in this evaluation, and to develop a more thorough knowledge of NGOs and their activities.

The role of this "core staff" supervised by the USAID Program Office should be to manage the Co-Fi Project (and indeed all NGO affairs) in such a way as to involve a wider range of USAID officers and technical staff at key times in the program cycle, while at other times insulating staff from routine detail. To do this successfully the "core staff" should be given greater decision making responsibilities and the capability to interact as needed with the independently spirited and dynamic Sri Lankan NGO community.

In order to bring the recommended USAID-GSL-NGO partnership to full fruition, USAID should consider establishing over time a semi-autonomous office, first within USAID, later perhaps outside on a contract basis, to clearly reflect the new spirit of partnership, and to organize information and co-financing proposals for USAID consideration and oversee a range of periodic studies of special interest. The special office could consider periodically seconding key NGO staff to enable greater NGO involvement in the partnership and to provide the NGO community a more complete knowledge of USAID's goals and procedures.

7. USAID'S MONITORING AND EVALUATION OF NGO SUB-PROJECTS

Conclusion: USAID does not have an adequate management information system for documenting the status and accomplishments of sub-projects. Although much critical information is collected through progress reports it is not organized in a useful manner. In addition, many NGO sub-project progress reports only document outputs and do not report to what degree objectives are being achieved.

Recommendations: USAID should establish a simple and operationally-useful management information data base to capture the status of Co-Fi Project disbursements and the progress of all sub-projects. Information on the status of sub-projects should be routinely collected and updated, Annex C- Sub-Project Briefs could serve as a model upon which such a system could be designed. When progress reports are received from NGOs critical information should be extracted and organized to succinctly document the financial status and performance accomplishments of each sub-project. Each progress report should be reviewed to assure that results reported are really measuring impact as determined by the established progress indicators, and not simply measuring outputs.

8. NGO SUB-PROJECT DESIGN

Conclusion: By and large Sri Lankan NGOs are relatively inexperienced in designing projects which conform to the degree of professionalism desired by USAID. Many sub-project designs, particularly those dealing with the improvement of rural incomes, tend to be more a recitation of outputs than an attempt to put forth the wider objectives which the project hopes to achieve. The design capabilities of NGOs have to be improved; good sub-project designs are not likely if staff do not have the requisite skills. (See "Strengthening of NGO Management.")

Recommendation: USAID should make an effort to strengthen the project design skills of Sri Lankan NGOs (see recommendation #5 - Strengthening NGO Management). Although CCSS will be undertaking such efforts it is unclear to what degree it can provide services to non-affiliate NGOs. Additionally, every sub-project design should be subjected to a more thorough analysis of: 1) the validity of its design assumptions; and 2) the likelihood that required inputs can be supplied in a timely manner and in the necessary quantity.

9. NGO REPORTING

Conclusion: Sub-project reports have often catalogued inputs rather than documented accomplishments as measured against design objectives and purpose. Consequently, the status and degree of success of sub-projects could not always be determined. In short, NGO reporting did not give an adequate assessment of project accomplishments nor did USAID prompt them to do so.

Recommendation: Proposals should include a monitoring and evaluation plan, not as a mere requirement to be satisfied, but as a tool which can be used to continually reassess and improve project performance. USAID, by providing feedback on progress reports, can encourage NGOs to gather and provide information that accurately indicates actual sub-project accomplishments. When appropriate, USAID should provide or pay for technical assistance to make this possible. This could be facilitated by USAID preparing a simple, user-friendly quarterly report format which would require project accomplishments at the objective and purpose levels to be reported.

10. SUSTAINABILITY

Conclusion: The team analyzed sustainability according to the following three dimensions during the course of the evaluation: 1) whether beneficiaries could continue activities begun through NGO interventions in the absence of continuing NGO involvement; 2) whether the NGO itself could continue implementing activities similar to those being supported by USAID following the discontinuation of USAID funding, (or in cases of demonstration projects can pass the activity to either the public or private sector); and 3) whether the NGO itself was institutionally and financially stable (with or without USAID funding) to continue its operations over the long-term. With few exceptions, in all respects the projects were succeeding. Only CCSS' institutional sustainability was in question due to the very large proportion of its budget provided by USAID.

Recommendation: Sustainability should be analyzed according to the aforementioned dimensions. In this project, USAID has thus far done an exceptional job in funding sustainable institutions. The best way for USAID to ensure institutional sustainability among its grantees is to enable them to attain the management skills necessary to continue securing donor funding, from a variety of donors, as well as to continue to implement effective development programs. To a large degree, a particular NGOs future success (sustainability) will depend upon the abilities of its staff and its reputation for implementing effective development programs.

11. NGO REGISTRATION

Conclusion: The evaluation team found that while the process of registering Sri Lankan NGOs with USAID can be time consuming it has not constrained NGOs from accessing USAID funding. No Sri Lankan NGO that has applied for AID registration has yet been denied and, in fact, NGOs are able to receive grant allocations while registration applications are being processed. This is done under the condition that if registration is denied no further disbursements will be allowed. All NGOs which apply for registration with AID have been previously registered with the GSL as charitable non-profit organizations.

The team was unable, in the time allotted, to thoroughly analyze the issue of NGO registration procedures required by different GSL departments to judge which, if any, of these were consistent with procedures mandated by AID/W. In interviews with NGO staff it was clear that GSL procedures varied, were not entirely clear to agencies involved and, in many cases, took an inordinate amount of time.

Recommendation: The GSL's registration requirements should be analyzed by a local contractor to determine to what degree they are congruous with those of USAID/W.

12. THE NORTH AND EAST

Conclusion: The region's needs are massive. Capable NGOs, indigenous to the region, are already operating but assistance from Sri Lankan NGOs based in the south is also urgently needed. Whatever the activities of such groups, they will serve pressing human needs and an aspect of USAID's interest in democratic pluralism.

Recommendations: USAID should design and sponsor, perhaps in conjunction with other donor agencies, a special initiative to sponsor NGOs operating in the North and East. For example, on one occasion, all semi-annual submissions recommended in point four above could be restricted to activities in the North and East.

13. DEMOCRATIC PLURALISM INITIATIVE (DPI)

Conclusion: Some NGOs are uniquely positioned to achieve results congruent with USAID's DPI mandate, particularly in the "voice category." Others, many of whom are receiving USAID funding, are already involved in activities encouraging wider participation and may increasingly have a valuable role to play in commenting on public policies.

Recommendation: As USAID solicits proposals in upcoming cycles of the Co-Fi II Project, it should identify and clearly describe a range of subject areas particularly aimed at civic participation and advocacy.

14. BENEFICIARIES

Conclusions: Without notable exception, participants in NGO sub-projects were from the country's lowest income groups and, as a result of their participation, had improved their standard of living. In some cases improvements were marginal but, in other cases, participants dramatically increased their incomes. Women were highly represented among project participants.

In most projects there were those who should have received benefits, but for two basic reasons did not. First, most of these persons were excluded from receiving benefits merely because the project resources were not available. In addition, factional alignments (familial, locality, political) also were a factor in beneficiary selection in some cases.

The following outcomes occurred as a result of income generating projects:

- participants increased their incomes, in some cases dramatically, and family and/or individual incomes were increased.
- In addition, others were able to transform a small investment into a functioning small enterprise.
- In most loan programs the rate of repayment was high which indicates that the loans were within the borrower's capacity to pay.

Vocational training programs have allowed participants to acquire skills enabling them to secure employment. Some participants have acquired full time private sector employment.

Many NGO programs, for very little cost, have linked participants with existing government training programs, particularly training programs run by the Department of Agriculture.

Recommendations:

NGOs should be encouraged to ensure selection criteria are applied in an evenhanded and equitable basis to the fullest extent possible.

NGOs focussed on training for employment should include, if possible, training in business skills as well as technical skills so there is a future possibility of self-employment.

15. THE PROJECT'S ABILITY TO HAVE A LARGER IMPACT

Conclusion: Through its Co-Fi Project, USAID has funded an interesting and diverse set of development activities. Without exception, all of them are having some positive impact upon their participants. However, USAID's NGO expenditures are insufficient to address the problems of the millions of Sri Lankans trapped in desperate poverty. In light of this situation, USAID should do as much as it can to enable the project to have an impact greater

than the sum of its sub-projects. For the most part this has not occurred. A notable exception to this has been the Sri Lankan Association for Voluntary Surgical Contraception which has been supported for a number of years by AID/Washington and more recently by a grant from USAID/Sri Lanka. The World Bank has recently assessed the utility of the services being provided and decided to expand the organization from a single office into a nation wide organization of 53 offices. This is an excellent example of how USAID funds can be used to validate experimental and demonstration projects so that the GSL, or other donors, can provide large sums of money to support proven development strategies. USAID has not systematically or effectively identified the lessons learned from its NGO portfolio nor communicated those lessons throughout the development community in Sri Lanka.

Recommendation: USAID should identify lessons learned from its NGO sub-projects and make the information available to the Sri Lankan development community. Pilot and demonstration projects should be identified as such, and the results should be analyzed and disseminated. USAID is currently funding numerous sub-projects intended to achieve analogous objectives; dairy production and accessing formal credit are two categories of activities being simultaneously implemented by several different NGOs. The particular merits of different approaches should be identified and captured. The results of special studies could be disseminated through "USAID Occasional Papers in Cooperative Development." USAID need not conduct these special studies itself but could contract the work to Sri Lankan research institutions. By supporting and publishing such special studies, USAID would make itself the recognized authority on NGO development strategies in Sri Lanka. This would also be a tool enabling the Mission to learn more about the success of various NGO projects it has funded.

16. THE NEXT EVALUATION

Conclusion: It was necessary for the evaluation team to spend an inordinate amount of time organizing basic information for this study. Updated, systematically presented information on the status of the Co-Fi Project was not well organized or easily attainable.

Recommendation: The information collected and available from USAID for the next evaluation should, at a minimum, include information on the status of the Co-Fi portfolio. Project monitoring and evaluation should be viewed as an on-going activity rather than an exercise episodically performed by consultants. (See recommendation number seven, Monitoring and Evaluation of NGO sub-projects.)

ANNEXES

ANNEX A

SCOPE OF WORK

SCOPE OF WORK

I. Purpose

There are several purposes of this evaluation. The first is to review the impact of both PVO projects against benchmarks set forth in both PPs. The second is to assess the Mission's and GSL's management of the PVO Co-Financing II project, and provide recommendations for improvement, as needed. In this management assessment the evaluation will provide recommendations on how to streamline the USAID and GSL review and approval process, refine the criteria for review, and examine adequacy of PVO accounting procedures, records and review USAID's voucher review and processing system. The third is to review PVO Co-Financing II project to determine if all of the recommendations in the second interim evaluation of the PVO Co-Financing I project are appropriately incorporated and effective, particularly the recommendations to improve coordination among indigenous PVOs. The fourth is to come up with recommendations for redefining and expanding the objectives of PVO Co-Financing II to include greater emphasis on sustainability and democratic pluralism.

Finally, the evaluation will include a comprehensive review of NGO/PVO registration procedures established by different government departments. Each procedure will be reviewed and assessed in terms of the extent to which it meets the conditions set forth in AID/W PVO registration procedures. If a particular government department does not fully meet the A.I.D. registration guidelines, recommendations should be made regarding what can be done to rectify this situation.

II. Background:

The purpose of the PVO Co-Financing I & II projects is to enhance the opportunity of local communities to participate in their own development by increasing the involvement and effectiveness of private voluntary organizations (PVOs) to conduct sustainable development activities.

The PVO Co-Financing I project was authorized on August 27, 1979 with a life-of-project grant funding of \$2.5 million. A Project Authorization Amendment raised the funding level to \$6.4 million and extended the PACD from August 1985 to August 29, 1989. Through FY 89 the project committed \$4.8 million and disbursed \$3.7 million. Six U.S. PVOs received 10 grants, and 12 indigenous PVOs received 28 grants. The PVO Co-Financing I project had a broad range of development objectives.

Evaluations in 1983 and 1986 of the PVO Co-Financing I project recommended bringing the objectives of the project more in line with the Mission's Country Development Strategy Statement and extending the project to 1989.

The PVO Co-Financing II project is a continuation of the PVO Co-Financing I. The PVO Co-Financing II project was authorized on August 27, 1987 with a life-of-project funding of \$5,046 million. The funding level was raised to \$6.046 million in a Project Authorization Amendment on September 27, 1987. This \$1 million increase will be used to fund PVO activities in the North and East. The PACD is August 31, 1993. The total amount obligated is \$6.046 million. As of FY 89 fourth quarter, \$2.3 million had been committed. Total accrued expenditures as of FY 1989 4th quarter is \$.4 million. As of October 30, 18 sub-project proposals were approved and agreements signed. Agreements for 3 sub-project proposals approved will be signed in November 1989. In November, 14 project proposals were received but not yet reviewed.

Under PVO Co-Financing II the project goals remain to meet basic human needs by bringing assistance as directly as possible to the poor through co-financing grants to PVOs. The purpose is now intended to be achieved within the context of the overall goals of the Mission's current CDSS objectives: increasing rural productivity and income and the promotion of private enterprise.

The PVO CO-Financing II project emphasizes providing Co-Financing grants to U.S. and indigenous PVOs. It also provides micro-grants to small indigenous regional and community-based PVOs, improves PVO management skills, and strengthens cooperation and coordination among PVOs through assistance to PVO associations.

An umbrella organization, the Central Council of Social Services, has received a grant of \$348,000 to achieve three objectives: strengthen the organization; establish a micro-grants program to support small regional PVOs; and improve PVO management skills in planning, managing and evaluating development projects.

The Mission is interested in finding out if the goals and objectives of PVO Co-Financing II are still appropriate or need to be redefined to include a greater focus on the goals of the Mission's evolving 1992-96 CDSS, linking income growth to broad based participation in development, and promoting more effective markets. Furthermore, the Mission is interested in the cross-cutting themes of increased emphasis on sustainability and democratic pluralism. Regarding the latter, there appear to be several attractive opportunities in Sri Lanka. An illustrative list of possibilities follows: environmental NGOs that can mobilize public support for better environmental policies, trade unions that can provide training in deficit skill areas and provide employment counselling, PVOs involved in desubsidization of family planning, PVOs/NGOs involved in private provision of public services and PVOs that promote the creation of women owned and managed microenterprises.

III. Evaluation

The evaluation will: 1) review both projects' progress to date, toward planned outputs, and project purposes and goals; 2) examine the development impact of PVO-sponsored sub-projects; 3) reassess the relevance of the PVO Co-Financing II project's objectives to the Sri Lanka's and USAID's development program as is being developed in the 1992-96 CDSS; 4) review the the effectiveness and appropriateness of the approval criteria, procedure, and the monitoring and evaluation roles; 5) identify actions for improving the efficiency and of GSL/USAID's management and of the PVO Co-Financing II project, speeding up the disbursement process, and expanding participation of PVOs which represent different ethnic groups and geographical regions; and 6) review the PVO registration guidelines and process to identify options for including assistance to NGOs which have been registered via a mechanism other than the Approved Charities Act. The evaluation team will also assess the effectiveness of USAID/Sri Lanka's project implementation procedures.

Timing: The evaluation will begin in January 1990. Approximately four weeks will be required to complete the evaluation.

This evaluation team shall be composed of three key members, a team leader, rural development specialist, and a financial management specialist, and three other members as described below.

- a team leader (under an IQC) with considerable experience in managing interdisciplinary evaluation/appraisal teams, extensive background in the economic appraisal/evaluation of grass roots development projects, experience in the evaluation of resource institutions and activities for small scale farmers and entrepreneurs: technical assistance, training resource access, demonstrated familiarity with PVO operations, expertise in organizational assessment/management appraisal, and crosscultural communications or training
- Rural development specialist with expertise in the social analysis of rural development, the institutional assessment of self-help organizations, evaluation of participatory development, specifically WID issues, rapid rural appraisal techniques, analysis of sample surveys, and demonstrated familiarity with PVO operations
- Financial management specialist with expertise in the assessment of financial management procedures, auditing, management of different types of PVOs including loosely structured institutions, project management, and demonstrated familiarity with PVO operations
- one Sri Lankan anthropologist or sociologist with experience in field research, social analysis and evaluation of rural development or grass roots participatory development activities especially in Sri Lanka, and development management experience

- one person nominated from the GSL Ministry of Plan Implementation with relevant experience in development management and rural development projects
- USAID staff person with experience in project management and grass roots development

The USAID Controller's office will provide the evaluation team with input on the financial management of the projects and financial information. The technical review committee for the PVO Co-Financing Projects will be available to provide needed background information. The team leader will be responsible for assigning tasks and completing the final report.

Methodology and Procedures

The duration of the evaluation of the project will be approximately 23 working days in country, beginning on or about January 16, 1990. The host country and USAID team members and the U.S. financial management consultant will be expected to begin work approximately 2-3 days prior to the arrival of the team leader who will compile/prepare related project documents and data and set up preliminary site visit itineraries in consultation with the USAID.

Contractors will be authorized to work six day weeks. Approximate one half of the team's time in-country should be spent doing site visits, and the remaining half should be divided into review of documents, interviews in the capital city, and report writing.

The following is the team's planned schedule:

- January 16 - 17 : Review of documentation and preliminary team meetings
- January 18 - 31 : Intensive field interview and discussions
- CCSS, PVO associations, sub projects, micro-grants, etc.
- February 1 - 9 : Final discussions of identified issues and proposed recommendations
(Mission review is scheduled on February 2)
Preparation and completion of the Final draft the evaluation.

The team will use the evaluation techniques as laid out in the AID publications Evaluation Guidelines and the AID Evaluation Handbook. The evaluation shall examine the relationships between inputs, outputs, purpose and goal level objectives.

In reviewing the evaluation questions below and in conducting the evaluation, the team should keep in mind that more emphasis should be given to the present status of the two projects, as supported by documentation rather than the past status. There should be some

discussion on whether the original project assumptions are or are not valid, and why. However, overall responses should focus on: 1) why have the intended project beneficiaries e.g. PVOs, micro-grantees, beneficiaries in sub-project activities, etc. (not) benefited or participated, and how can the project be strengthened and project benefits and project participation be increased; and 2) how can the PVO Co-Financing II project better support the Mission's evolving 1992-96 CDSS.

IV. Questions and issues to be addressed in the evaluation:

Particular attention should be given to addressing the following identified major evaluation questions and issues which related to overall project implementation and impact.

- Project Accomplishments: How effective has the project been in meeting its goals, purpose and objectives? What has it actually achieved?
- Can the GSL's and the USAID's administrative and financial management and implementation of the project and sub-project activities be made more efficient? Is accountability adequate?
- Are the PVO associations, PVOs and sub-projects funded sustainable institutionally and financially? If not, why? Do these institutions or activities have a planned strategy to achieve sustainability?
- What is the impact of activities on participants and communities? How can the project increase the capabilities of PVOs to manage their own sub-projects more effectively?
- What can be learned from these projects which may be useful in similar projects or in redefining PVO Co-Financing II?

The rest of the evaluation questions and issues listed are grouped by categories relating to project accomplishments, impact, financial and administrative management, resources, project activities, cost effectiveness, and lessons learned.

A. Project Accomplishments: Assess the extent to which the following have been met.

- Promotion of private enterprise
- Promotion of broad based rural development on a self-sustaining basis at the local level. What project benefits are likely to be sustained after donor funding ends?

B. Impact:

- What is the capacity of local communities to participate in their own development?

- What is the level of participation of women and other disadvantaged segments of society in developmental activities which address problems peculiar to their socioeconomic status? How can the participation of women and disadvantaged groups in PVO Co-Financing II be increased?
- What are the environmental effects, if any in project sponsored activities?
- What effect have the security situation and the ethnic conflict had on PVO Co-Financing II?
- How effective is PVO Co-Financing II in imparting management skills to PVOs and community organizations

C. Management:

- What management changes are recommended in continuing the project?
- Review the experience of PVOs in submitting proposals through the GSL to the the USAID.
- Review USAID's procedure for reviewing and approving submitted proposals.
- How effective is the project in encouraging and assisting funded institutions of becoming self-sufficient?
- How adequate are the monitoring activities and the role of the intermediary organizations in managing micro-grants?
- How effective are the grant recipients in performing evaluation functions and meeting audit requirements?
- How effective are the grant recipients in the implementation of recommendations made by GSL/the USAID in managing sub-project activities?
- How adequate was the level of effort that went into reviewing proposed sub-project activities?

D. Resources

- How adequate is the training and technical assistance provided in project activities?
- What is the extent of adaption of new information among those who received assistance or training? Why?
- Are the resources provided in PVO Co-Financing II meeting the perceived needs of the PVO associations, PVOs, micro-grants?
- Do the GSL and the participating PVOs provide the agreed upon level of financial, staffing, physical input in the project?

E. Activities

- Are there certain types of sub-projects that were more successful than others? If so, which ones and why?
- Which type of project activities funded are replicable?
- Are the sub-project proposals of approved sub-projects relate to the overall goals of the project and the progress made in achieving these goals?
- Are the sub-project activities meeting the perceived needs of the beneficiaries and the community? What are the side effects?
- What is the level of participation of the beneficiaries in the decision-making process and the implementation of sub-project activities? Constituency support? How can participation be increased?
- What linkages are available for increased communication and coordination among PVOs and sub-project activities?
- What is the geographical coverage of the PVO Co-Financing I and II projects's activities?
- Do the PVOs supported represent Sri Lanka as a whole?
- Are there opportunities for linking up sub-project activities with other USAID projects?

F. Financial

- Is the time period it takes the Mission to review a PVOs's budgets, sign a grant agreement, advance funds, to the submission of the first voucher payment reasonable?
 - Are the financial management and accounting procedures adopted by PVOs or intermediary organization for micro-grants adequate enough to meet USAID's financial reporting and auditing requirements?.
 - Are PVOs meeting audit requirements of grant agreements?
 - How do organizations accounting systems relate overhead charges to expenditures accepted by USAID? (e.g. verify if overhead rates are appropriate and if items generally considered as part of overhead are not calculated as expenditures or direct charges.)
- 48

G. Cost Effectiveness

- How should USAID look at cost effectiveness in the PVO Co-Financing II project? (e.g. what is a reasonable percentage of project cost that should go to administrative cost?)
- What are some recommendations to measure project benefits?
- Do the administrative costs of implementing the project by each PVO exceed the cost of services provided to each beneficiary?
- Could another approach achieve sub-project results with less cost and effort?
- What alternatives exist to PVO Co-Financing project structures to help NGOs? (e.g. Is it efficient to provide fewer grants and larger grants?)

H. Lessons Learned:

- What are appropriate output goals?
- Possible changes in the log frame needed?
- Inputs relevant to achieving project goals and objectives.

V. Funding

The evaluation will be funded under the PVO Co-Financing II Project.

VI. Reporting Requirements

1. Format of the report - The final report will contain the following sections:
 - a. Executive Summary should state the development objectives of the projects evaluated; purpose of the evaluation; study method; findings, conclusions, and recommendations; and lessons learned about the design and implementation of these type of development projects.
 - b. Body of report - should include a discussion on the final assessment of PVO Co-Financing I; and the interim assessment of PVO Co-Financing II; The discussion should include a description of the two projects and their status, the impact of the project on PVOs, PVO associations, the sub-projects' beneficiaries, and their communities, and status of the projects budgets

The body of the report should also include the following:

- 1) a discussion of the purpose and study questions of the evaluation;
- 2) the study method used (one page maximum);
- 3) evidence/findings of the study concerning the evaluation;
- 4) conclusions drawn from the findings, stated in succinct language; and
- 5) recommendations based on the study findings and conclusions stated as actions to be taken to improve the PV Co-Financing II project performance.

Appendixes should include a copy of the evaluation scope of work, the Logical Framework, a list of documents consulted, and individuals and agencies contacted; brief description of the PV sub-projects funded which include the level of funding, location, project description, date started, PACD, current status.

Draft reports submitted and circulated should be clearly be marked "DRAFT". Both draft and final reports should include a disclaimer, such as the following: "This report presents the independent findings and recommendations of the consultants. It does not necessarily represent the official view of the Government of Sri Lanka or the Agency for International Development."

The first draft of the report should be submitted no later than January 30, 1990 for USAID's review. The Final draft and 20 copies should be submitted by February 9, 1990.

ANNEX B

CO-FI I SUMMARY SHEET

SUMMARY SHEETS
PVO CO-FINANCING PROJECT I - 383-0060

<u>Appropriation Account</u>	Total Obligations	Amount Committed	Balance uncommitted	Amount Spent	Balance available for deob
Agriculture, Rural Development and Nutrition	1,550,000	1,535,823	14,177	1,240,168	309,832
Health Population	974,000	972,951	1,049	557,409	416,591
Education/Human Resources Development	959,000	933,043	25,957	875,556	83,444
Selected Development Activities	<u>1,456,000</u>	<u>1,431,049</u>	<u>24,951</u>	<u>1,024,579</u>	<u>431,421</u>
TOTAL	<u><u>4,939,000</u></u>	<u><u>4,872,866</u></u>	<u><u>66,134</u></u>	<u><u>3,697,712</u></u>	<u><u>1,241,288</u></u>

CO-FI I . SUMMARY SHEETS

ANNEX B

PVO CO-FINANCING PROJECT - 383-0060

<u>Sub Projects</u>	<u>Agreement Number</u>	<u>Date of Commitment</u>	<u>Total estimated Cost</u>	<u>Amount Committed</u>	<u>Location</u>	<u>Amount Spent</u>	<u>Completed Date</u>	<u>Beneficiaries</u>
<u>Agriculture, Rural Development & Nutrition:</u>								
1. IHAP - Training of young men and women in Karadeniya Electorate in employment skills and assisting farmers in the area to increase their crop production	) 002 ^{a/}	4/01/80	520,137	16,507	South	16,507	Terminated on 12/9/80	Nil
2. Yahapath Endera Farming Center, Hanwella - Training of rural young women in agriculture and animal husbandry	) 005	1/13/81	40,000	28,763	West	28,763	1/12/82	50
3. Sri Lanka Overseas Foundation Inc./Lanka Jathika Sarvodaya Shramadana Sangamaya - Indigahena Village Development Project) for the development of a cluster of ten villages around Indigahena in Matara district	) 008 ^{b/}	3/29/82	124,938	42,111	South	42,111	Terminated on 8/28/84	Nil
4. Save The Children Federation - Meegoda - Semi-urban development project	009	5/18/82	704,544	173,395	West	173,395	11/30/85	290 families
5. Marga Institute - Experimental Village Development project	013	2/18/83	252,020	125,350	Central & North-West	98,420	6/15/88	225
6. IHAP - Kimbulwena Oya Colonization Scheme Development Project	) 014	3/17/83	185,000	101,494	North West	101,494	6/30/85	1,153 families

- a/ This sub-project estimated to cost \$121,115 during the first year had to be abandoned before commencement for various reasons. IHAP preliminary expenses on the project were \$16,507.
- b/ Agreement with U.S. PVO terminated and completion of this project entrusted to the indigenous PVO - Sarvodaya - See No. 10 - Agreement No. 024.

<u>Sub Projects</u>	<u>Agreement Number</u>	<u>Date of Commitment</u>	<u>Total estimated Cost</u>	<u>Amount Committed</u>	<u>Location</u>	<u>Amount Spent</u>	<u>Completed Date</u>	<u>Beneficiaries</u>
7. Lanka Jathika Sarvodaya Shramadana Sangamaya Inc. - Home Gardening for better Nutrition in the Galle District)	016	7/25/83	220,850	65,267	South	57,781	1/24/86	1162 families
8. OEF/Lanka Mohila Samithi - Small Enterprise Development for rural women)	017	9/19/83	169,043	110,499	Islandwide except North and East	110,499	12/31/84	165 families
9. Nation Builders Association - Conservation and Forestry Project Minipe Right Bank Transbasin Canal)	021	7/03/84	200,000	125,402	Central	125,402	7/02/85	Nil
10. Lanka Jathika Sarvodaya Shramadana Sangamaya - Indigahahena Village Development Project) for the development of a cluster of ten) villages around Indigahena (continuation) of Agreement No. 8)	024	10/16/84	124,938	17,241	South	17,241	9/30/86	2300
11. Nation Builders Association - Conservation and Forestry Project, Minipe Right Bank Transbasin Canal - Phase II)	026	11/02/85	1,094,553	423,678	Central	310,896	7/31/89	Nil
12. National Council of YMCAs - Home Gardening Project)	027	11/06/85	72,180	41,433	Islandwide mainly North & East	41,433	9/30/87	500 families
13. Nation Builders Association - Water Management Nagadeepa Mahawewa)	029 Project	2/13/86	174,753	62,253	Central	62,253	8/29/89	2000 families
14. Nation Builders Association - Water Management, Pimburettawa)	035	12/31/86	609,428	64,464	Central	58,056	7/31/89	1500 families

<u>Sub Projects</u>	<u>Agreement Number</u>	<u>Date of Commitment</u>	<u>Total estimated Cost</u>	<u>Amount Committed</u>	<u>Location</u>	<u>Amount Spent</u>	<u>Completed Date</u>	<u>Beneficiaries</u>
15. Lanka Jathika Sarvodaya Shramadana) Sangamaya -) Volunteers Community Leadership) Development Services in the North &) East) TOTAL	038	10/13/87	907,008	145,452 <u>1,535,823</u>	North & East	NIL	No work done - Continuing under PVO Co-FI. II	NIL

<u>Sub Projects</u>	<u>Agreement Number</u>	<u>Date of Commitment</u>	<u>Total estimated Cost</u>	<u>Amount Committed</u>	<u>Location</u>	<u>Amount Spent</u>	<u>Completed Date</u>	<u>Beneficiaries</u>
<u>Health/Population:</u>								
1. Overseas Education Fund - League of Women voters and Sri Lanka Women's Bureau project to provide extension services for rural women in family health and income generation	) 003	8/12/80	322,501	200,000	Islandwide	200,000	6/12/82	2291 families
2. Lanka Mahila Samithi - Program for family health and family planning motivation for rural women in some 400 villages	) 006	4/01/81	38,500	22,479	Islandwide except North & East	22,479	4/30/82	Nil
3. Lanka Mahila Samithi - Extension of project for motivating rural women in family health with special emphasis on family planning	) 011	6/07/82	81,250	37,056	Islandwide except North and East	37,056	6/30/84	40,000 household
4. IHAP - Vocational training for the physically disabled in Sri Lanka	) 010	7/20/82	347,800	138,600	South and West	138,600	1/21/85	133
5. Sukhitha Welfare Society Inc. - Training Center and Sheltered Workshop for physically disabled women at Horana	) 015	7/23/83	134,767	70,000	West	69,574	12/31/88	46
6. Lanka Jathika Sarvodaya Shramadana Sangamaya Inc. - Development of children's services in coastal communities	) 020	12/28/83	202,940	79,060	West, South & North West	63,316	7/31/87	420 families
7. FRIDSRO - Community Development Program	028	1/22/86	93,132	45,756	Central	26,384	1/21/88	206

<u>Sub Projects</u>	<u>Agreement Number</u>	<u>Date of Commitment</u>	<u>Total estimated Cost</u>	<u>Amount Committed</u>	<u>Location</u>	<u>Amount Spent</u>	<u>Completed Date</u>	<u>Beneficiaries</u>
8. Lanka Jathika Sarvodaya Shramadana) Sangamaya -) Volunteer Community Leadership) Development Services in the North) & East)	038	10/13/87	907,008	380,000	North & East Nil			
TOTAL				<u>972,951</u>	<u>557,409</u>			No work - Nil done continuing under PVO Co-FI.II

<u>Sub Projects</u>	<u>Agreement Number</u>	<u>Date of Commitment</u>	<u>Total estimated Cost</u>	<u>Amount Committed</u>	<u>Location</u>	<u>Amount Spent</u>	<u>Completed Date</u>	<u>Beneficiaries</u>
<u>Education And Human Resources:</u>								
1. Sri Lanka Technical Institute and Diyagala Boys' Town - Training of youths in the proper livestock)	001	11/27/79	520,137	316,000	West	316,000	9/30/83	425
2. IHAP - School Support Project	019	11/04/83	182,685	122,338	North & East	12,338	11/03/84	2000
3. All Ceylon Buddhist Congress - Vocational Training Program for Disadvantaged young people)	022	9/11/84	149,311	92,576	West	92,576	8/29/89	38
4. Lanka Mahila Samithi - Nursery School Teacher Training Program	023	9/12/84	55,678	26,739	West	26,413	12/12/86	120
5. Lasallian Community Education Services - Pre-Apprenticeship Training Program	031	7/16/86	131,917	74,863	West	67,932	Continuing under PVO Co-FI. II	227
6. All Ceylon Buddhist Congress - Extension of Vocational Training) Facilities, Palatota, Kalutara)	033	1/8/87	66,477	40,135	West	30,366	8/28/89	35
7. Sri Lanka Technical Institute & Diyagala Boys's Town - Extension of Training facilities at) Ragama, Nuwara Eliya & Pallama)	034	12/31/86	402,183	211,520	West	197,711	6/30/89	225
8. Yahapath Endera Farming Center, Harwella - Expansion of Training facilities	036	1/2/87	37,820	20,678	West	16,080	1/01/89	40
9. Nation Builders Association Water Management Nagadeepa Mahawewa Project	029 (Part)	2/13/86	-	6,140	West Central	6,140	8/13/85	2000 families
T O T A L			933,043					

<u>Sub Projects</u>	<u>Agreement Number</u>	<u>Date of Commitment</u>	<u>Total estimated Cost</u>	<u>Amount Committed</u>	<u>Location</u>	<u>Amount Spent</u>	<u>Completed Date</u>	<u>Beneficiaries</u>
<u>Selected Development:</u>								
1. Sri Lanka Technical Institute and Diyagala Boys' Town - Purchase of two 45 KW generators in support of the program to train youths in the breeding and care of livestock	) Amendment No.1-Imp. Agreement No. 001	3/27/81	-	34,666	West	34,666	3/31/82	Nil
2. Sri Lanka Women's Conference Training - Workshop in Project Management for women in rural and urban areas involved in projects	) 007	6/24/81	-	525	West	525	8/25/81	30
3. Rural Women Leaders - Exchange Program by the Bharatiya Craneen Mahila Sangha and the Sri Lanka Women's Conference	) 012	7/20/82	47,790	16,960	West	16,960	7/19/83	40
4. Save the Children Federation Inc. - Rehabilitation of 250 families displaced by the Civil Strife	) 018	10/07/83	256,632	115,630	West	115,630	11/30/84	250 families
5. Lanka Mahila Samithi - Program for Small Enterprise Dev.	025	12/05/84	484,630	350,000	Islandwide except North & East	243,840	Continuing under PVO Co-FI. II	1297
6. Save the Children Federation - Evaluation Workshop	-	12/23/85	-	6,276	-	6,276	3/01/86	-
7. PVO Co-financing - Second Interim Evaluation	-	-	-	10,688	-	20,688	7/31/86	-

<u>Sub Projects</u>	<u>Agreement Number</u>	<u>Date of Commitment</u>	<u>Total estimated Cost</u>	<u>Amount Committed</u>	<u>Location</u>	<u>Amount Spent</u>	<u>Completed Date</u>	<u>Beneficiaries</u>
8. PACT - Evaluation Workshop	Contract	12/01/85	-	37,708	Islandwide	37,707	7/31/86	-
9. Lanka Jathika Sarvodaya Shramadana Sanganaya Inc. - Volunteer Community Leadership Development Service in a thousand villages	030)	5/21/86	1,451,370	637,225	North-Central & North-West	352,106	Continued under PVO Co-Fi. II	1500 families
10. Sri Lanka Foundation - Human Rights Seminar	032	12/17/86	47,746	23,586	Islandwide	23,586	7/31/86	40
11. CARE - Credit and Training for Economic Development in Rural Sri Lanka (CATER)	037	6/26/87	404,418	197,786	North-West	132,596	Continued under PVO Co- Financing II	901
TOTAL				<u>1,431,049</u>		<u>1,024,579</u>		

ANNEX C

CO-FI II SUB-PROJECT BRIEFS

ANNEX C

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 1
Sub-project name: Agricultural Credit Scheme
2. Implementing PVO: Sarvodaya
3. Date started: 12-1-87
PACD: 12-31-90
4. Level of Funding:
USAID- \$ 92,183
PVO- \$ 23,591
TOTAL- \$ 115,774
5. Type of Activity:
Income generation
6. Location of PVO headquarters: Colombo
sub-project field activities: Hambantota
7. Project Description:

This is a comprehensive rural credit scheme to benefit low-income farmers in 75 villages. Through the use of a revolving loan fund the following activities will be supported: rice cultivation, cereal and cotton production, animal husbandry, and the creation of small industries. Loans are approved pending Saravodaya's determination that the activity will generate profit.

62

To increase the skills of loan recipients Sarvodaya will setup a training center where all participants will receive the following training: management, accounting, savings encouragement and rationale, and technical assistance specific to their entrepreneurial endeavors. In addition, Sarvodaya will organize and manage input and marketing cooperatives to support the activities of the farmers.

8. Progress to Date:

According to the latest comprehensive project report, dated March 1989, 701 loans have been disbursed totalling Rs 2,460,693. Sarvodaya reports a 95% repayment rate on these loans. Additionally, 331 savings accounts have been established with Sarvodaya Savings Societies.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 2

name: Sarvodaya-CARE Economic Resources for Village
Enhancement and Credit Training (SERVE)

2. Implementing PVO: CARE

3. Date started: 3-30-88

PACD: 12-31-90

4. Level of Funding:

USAID- \$ 115,730

PVO- \$ 145,681

TOTAL- \$ 261,411

5. Type of Activity:

Income generation

6. Location of PVO headquarters: Colombo

sub-project field activities: Kandy District

7. Project Description:

CARE is assisting Sarvodaya to introduce and institutionalize and savings-loans-income generation program to benefit existing Sarvodaya societies. The project proposal listed the following four goals and objectives:

- 1) promote regular cash savings habit among the membership of existing Sarvodaya societies;
- 2) assist society members to increase income from existing businesses;
- 3) ensure credit is available to finance new businesses or expand existing ones;

- 4) generate income that will enhance Sarvodaya development programs.

The measurable outputs which correspond to the above objectives were listed as follows:

- 1) officials from 45 Sarvodaya societies will be trained in savings and loan operations and 2000 members should have savings accounts by the end of the project;
- 2) thirty societies will train officials in credit access resulting in society members receiving 20 bank loans issued within a three months from date of application;
- 3) 80 members will receive technical training and 100 will attend small business courses conducted by Sarvodaya;
- 4) by the end of the project 40 Sarvodaya Societies will be maintaining SERVE activities.

8. Progress to Date:

The most recent progress report received by AID/Sri Lanka was dated August 10, 1989 and covered activities through July 1989. It listed the following accomplishments:

- 1) 33 societies were maintaining SERVE activities;
- 2) 1,267 individuals Sarvodaya Savings Society accounts had been established;
- 3) 27 bank loans had been released for new businesses;
- 4) 33 bank loans had been released to expand existing businesses.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 3
name: Home Garden Project
2. Implementing PVO: Young Men's Christian Association (YMCA)
3. Date started: 3-1-88
PACD: 2-28-90
4. Level of Funding:
USAID- \$ 155,833
PVO- \$ 184,525
TOTAL- \$ 340,358
5. Type of Activity:
Income generation
(Improved nutrition)
6. Location of PVO headquarters: Colombo
sub-project field activities: Northern, Eastern and Western
Sri Lanka
7. Project Description:

The project is providing in-kind vegetable seeds, tools, fertilizers, and insecticides to low-income families. The value of each package is Rs. 1,375. Fifty percent of the loan must be repaid to the YMCA within 24 months of disbursement. YMCA loan repayment revenues will be recycled into the program to expand the number of participants. Each family may only receive the in-kind loan package once.

For each ten participants one facilitator is chosen to provide technical and/or financial assistance to other participants, to monitor the progress of other participants, and to collect loan repayments for the YMCA. In addition, the YMCA

ensures that all participants have an opportunity to participate in Department of Agriculture training seminars.

8. Progress to Date:

For the most part, project implementation is proceeding as scheduled. In Central Sri Lanka the project is proceeding ahead of planned targets. However, in the Northern and Eastern areas of the country implementation delays have occurred due to ^R civil strife. According to progress reports, over 3000 families have thus far been assisted through the program. The most active participants have been women and children.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 4

Name: Training Program for Young Women

2. Implementing PVO: All Ceylon Buddhist Congress (ACBC)

3. Date started: 5/1/88

PACD: 4/30/90, extended to 4/30/91

4. Level of Funding:

USAID \$ 65,085

PVO \$ 39,033

Total \$ 104,118

5. Type of Activity:

Income generation

Employment generation

6. Location of PVO headquarters: Colombo

Sub-project field activities: Welitara, Balapitiya, Galle District, Southern Prov.

7. Project Description:

The purpose of the project is to support ACBC's program to provide training for young women in tailoring, embroidery, and lacemaking at A.W. Girls' Home. The two main components of the program are as follows:

1) Training and employment - for 30 months to help 45 girls;

2) Rehabilitation - girls to secure employment in the free trade zone or to start their own dress making businesses.

8. Progress to Date:

Forty girls have been trained in dressmaking. The average age of participants is fifteen. All but three of the women trained are from the nearby village. Thirty-eight of the current

employees have had prior dressmaking experience. The training center has an informal arrangement with a garment company in Colombo which pays all operating costs in exchange for the factory's total production output. No grant funds have been spent for instructors' salaries. To date, \$25,429 has been expended (39%) making financial disbursement 53% (\$34,232) behind schedule according to the original PACD and 22% (\$14,345) behind schedule as compared to the revised PACD.

The project implementation has deviated somewhat from the design approved by AID in that only limited training has occurred because those trained have not felt compelled to search for employment because they are all working full-time in the factory. The majority of the training provided has been to individuals already having some prior experience. Although this has its advantages, it also means that there are extremely limited opportunities to train additional participants.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 5
name: Strengthen the Central Council of Social Services
and its Affiliates
2. Implementing PVO: Central Council of Social Services
(CCSS)
3. Date started: 5-1-88
PACD: 5-1-93
4. Level of Funding:
USAID- \$ 580,770
PVO- \$ 59,000
TOTAL- \$ 639,770
5. Type of Activity:
Strengthening Sri Lankan PVOs
6. Location of PVO headquarters: Colombo
sub-project field activities: Colombo plus 89 affiliates
7. Project Description:

The CCSS is an umbrella agency serving over eighty affiliated organizations. Using USAID funds, CCSS will be able to better serve an increasing number of affiliate organizations as well as increase its own capacity to operate as a clearing house for development information, provide management training, and administer micro-grants under \$ 10,000 to a wide range of Sri Lankan PVOs. A major objective of the CCSS grant is to foster an orientational shift among Sri Lanka PVOs from social welfare programs to development activities which result in income generation and increased rural productivity.

8. Progress to Date:

Since receiving USAID funding in 1988 the CCSS has undergone large organizational and operational changes. A new office was found and equipped, a newsletter begun, an expatriate Executive Director was recruited and hired, as were additional Sri Lankan staff and a new administrative structure was established to manage the USAID grant. The current Executive Director, Robert Russell, assumed his position in September 1989. All of these changes have significantly altered the operations of the forty-year-old CCSS.

The organizational make over has led to a new operational relationships between CCSS and its affiliates and this period of transition has caused considerable turmoil and tension within the organization. Nevertheless, significant progress has been achieved.

Achievements since September have been numerous. The new Executive Director has overseen the installation of computer management systems; conducted a five-day Board-staff planning workshop; completed plans for conducting short-term training in proposal writing and organizational management; overseen the hiring of a Deputy Director, two project officers and a number of staff; renegotiated the program's budget; established a staff insurance plan; submitted funding proposals to three additional donors; re-shaped the format for micro-grant proposals and funded seven such proposals; initiated contact with other coordinating organizations in Sri Lanka while, along with other new staff, has been learning about the general context, the potential and needs of Sri Lankan FVOs.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 6

name: Development of Fifty Villages in the Jaffna and
Kilinochchi Districts

2. Implementing PVO: OOTRU

3. Date started: 5-1-88

PACD: 5-1-91

4. Level of Funding:

USAID- \$ 136,250

PVO- \$ 40,463

TOTAL- \$ 176,713

5. Type of Activity:

Income generation
Private Enterprise Promotion

6. Location of PVO headquarters: Jaffna and Kilinochchi
Districts

sub-project field activities: Jaffna and Kilinochchi
Districts

7. Project Description:

Ootru, which means fountain or spring, is an organization dedicated to participatory rural development. It has a relatively sophisticated and thorough development approach which is based on peoples' innate creativity. Its project activities are based on an analysis of rural conditions and the degree to which participant's can be motivated and mobilized toward implementing specific activities which they themselves manage. Ootru has its base in the Jaffna university community and has a definite research and experimentation overlay to all its

activities. Since its founding in 1980 30 projects have been implemented.

The AID funded project is designed to provide an impetus to the residents of fifty villages to be responsible for their own development rather than being dependent on government assistance. Funding supports Ootru staff costs, training of volunteers, poultry development, pond desilting, construction of drainage canals, livestock development, and a credit disbursement scheme charging 25% interest.

8. Progress to Date:

In the first year of the program, despite the difficult conditions caused by fighting between the LTTE and the IPKF, program accomplishments have been significant. Volunteers have been selected and trained, village societies established, livestock vaccinated against Rinderpest, ponds desilted, and a poultry program has begun. However, many program components have been altered since the project's inception due to lessons learned and because of the difficulties in implementing development projects in a war zone. Specific beneficiary numbers are not available in either the project proposal or progress reports. The total population of the fifty target villages is approximately 50,000.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 7

Name: Wanathavillu & Dapiligoda Village Development

2. Implementing PVO: Lanka Evangelical Alliance Development Service (LEADS)

3. Date started: 5/1/88

PACD: 5/1/91

4. Level of Funding:

USAID \$ 29,475

Non-USAID \$ 16,312

Total \$ 45,787

5. Type of Activity:

Income generation
Vocational training (vocational)

6. Location of PVO headquarters: Colombo

Sub-project field activities: Wanathavillu, Puttalam, N.W. Prov. & Dapiligoda, Agalwatte, Kalutara District, Western Prov.

7. Project Description:

The purpose of the project is to support the program of LEADS to improve the living conditions of the rural poor in the villages of Dapiligoda and Wanathavillu. Project activities are as follows:

Wanathavillu: Settling 15 displaced fisher families, constructing 15 semi-permanent houses, providing sufficient water supply, providing adult and pre-school education, and increasing family income of those families being primarily supported by fishing.

Dapiligoda: Raising 80 families' average incomes 40% through self-employment, structural improvement of 22 houses, providing pre-school education (35%) and vocational training to 20 girls, encouraging home gardening, providing primary health and nutritional care, and providing employment to two teachers.

8. Progress to Date:

Wanathavillu:

- 11 houses, a community hall, and a pre-school have been constructed;
- some income generating loans have been disbursed but repayment is very low;
- the goat breeders' association has been plagued by internal conflict compounded by goat illnesses.

Dapiligoda:

- assistance has been provided to 24 families to start income generating activities;
- 12 families have received Rs 25,000 to upgrade houses;
- a pre-school has been established with a functioning staff of two paid teachers, 25 students (33% of pre-school age children) are attending classes; there are plans for the two pre-school teachers to be trained in Montessori instruction methodology;
- two sewing machines have been purchased and the first sewing workshop is scheduled for March 1990 for ten women;
- Rs 5,000 have been disbursed to 14 families to buy plants for home gardens, however, most of the plants have died;
- so far no primary health care or nutrition activities have commenced.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 8

Name: Soil Conservation and Sustained Use of Natural Resources in Udakalagammane at Weiwalketiya

2. Implementing PVO: Wildlife and Nature Protection Society of Sri Lanka (WNPSS)

3. Date started: 5/1/88

PACD: 5/1/89, extended to 5/1/90

4. Level of Funding:

USAID \$ 12,000

PVO \$ 5,154

Total \$ 17,154

5. Type of Activity:

Income Generation
Environmental conservation

6. Location of PVO headquarters: Colombo

Sub-project field activities: Nagoda, Kalutara District, Western Province

7. Project Description:

The project's purpose is to promote soil conservation, sustainable use of natural resources and safeguarding the environment in the Udakalagammane at Weiwalketiya. Specific activities include: 1) construction of 30 wells and reinforcement of 30 existing wells; 2) soil conservation through terracing sloped land and constructing surface drains, and 3) establishment of home gardens to increase family incomes.

8. Progress to Date:

1) A total of 46 wells have been completed as of 12/89;

2) Terracing has been postponed since the required explosives are not available due to security reasons;

3) Home gardening has not been carried out due a shortage of water and the non-availability of plants at the Agriculture Service Unit.

Project funds are 11% disbursed making the project 81% (\$ 10,000) behind schedule.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 9
name: TEACUP Project
2. Implementing PVO: CARE
3. Date started: 6-30-88
PACD: 6-1-93

4. Level of Funding:
USAID- \$ 301,690
FX(AID)- \$ 30,169
PVO- \$ 286,786
TOTAL- \$ 618,645

5. Type of Activity:

Income generation

6. Location of PVO headquarters: Colombo
sub-project field activities: Kandy

7. Project Description:

The project's goal is to increase income among farmers in the Kandy District through increased tea production and the adoption of better marketing practices. The project emphasizes improved cultivation practices, the establishment of Smallholder Tea Associations to manage production and marketing activities as well as training government tea extension agents to assist those cultivating less than one hectare of land. USAID funds provide salaries for field staff, materials and equipment, motorcycles, training, and a revolving loan fund.

8. Progress to Date:

This project experienced implementation delays due to civil strife, a change in CARE's Director and the need to modify several aspects of the project's design. In particular, the plan to use 52 volunteer field assistants was dropped in favor of hiring seven trained agricultural agents. Additionally, the idea of providing credit through existing credit institutions was dropped and it was decided to start a new association.

Project implementation is well behind schedule but progressing. Staff have been hired, some small tea holder participants identified, local groups have been formed, training has begun and credit is beginning to be disbursed.

The project is expected to benefit 2000 tea farmers organized into 100 local groups and 22 societies. Current participants number around 650. CARE reports the project is now gaining momentum and expects to achieve substantial results in the near future.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 10
name: Early Detection and Vocational Training for the Disabled
2. Implementing PVO: Welfare Society of the School for the Mentally Sub-Normal Child (WSSMSNC)
3. Date started: 7-15-88
PACD: 7-14-91
4. Level of Funding:
USAID- \$ 53,850
PVO- \$ 63,727
TOTAL- \$ 117,577
5. Type of Activity:
Employment generation
Special needs services
6. Location of PVO headquarters: West Colombo
sub-project field activities: West Colombo
7. Project Description:

The purpose of this grant is to support the program of the WSSMSNC to extend services of assessment and intervention to an increased number of mentally sub-normal children within the Colombo area. USAID funding covers equipment costs, training program salaries of full- and part-time personnel, building renovation, an entrepreneurship fund, a public awareness campaign, and an audit/evaluation.

8. Progress to Date:

A site visit confirmed the facility is both adequately staffed and equipped and that excellent services are being provided to retarded and autistic children. The range of services provided by the Chitra Lane Medical Clinic and its parent counselling organization include vocational training and home support services. Thus far, the program is able to document assistance to 1,200 individuals. Many individuals receive several different types of assistance such as support throughout their schooling years, home visits, various types of therapy, and specialized medical care.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 11

Name: Strengthening Financial Management Capabilities of
the Thrift and Credit Co-operative System in Sri
Lanka

2. Implementing PVOs: Credit Union National Association
(CUNA), the World Council of Credit
Unions (WOCCU) and the Sri Lanka
Federation of Thrift and Credit
Cooperative Societies (FTCCS)

3. Date started: 9/1/88

PACD: 8/30/91

4. Level of Funding:

USAID - LC	\$ 586,318
PVO	\$ _____
Total	\$ 586,318

5. Type of Activity:

Training and technical assistance

6. Location of PVO headquarters: Madison, Wisconsin, USA and
Colombo

Sub-project field activities: Countrywide

7. Project Description:

The project's purpose is to develop the financial management capabilities of the Thrift and Credit Co-operative System so that it will be: 1) financially and technically self-sustaining within a reasonable period of time; and 2) able to provide savings, credit and related services to low and middle income members to increase productivity, income and the availability of basic services.

The project was designed to fund the following inputs: the salaries and travel expenses of five FTCCS staff, of 21 financial

officers/managers and of 164 assistant secretaries (fieldworkers) at the district society level and to provide technical assistance and training in order to strengthen the technical and financial capabilities at these same levels as well as provide 27 motorcycles and miscellaneous office equipment.

8. Progress to Date:

Civil strife has delayed meeting implementation. The following major inputs have been completed as of 12/31/89:

- a) 16 financial officers and 129 assistant secretaries have been hired by district societies.
- b) Several training and education programs have been completed for financial officers and assistant secretaries.
- c) 21 motorcycles have been purchased.
- d) 82,00 of office equipment has been purchased.

<u>Project Indicators</u>	<u>Year 1989</u>	<u>Actual 1989</u>	<u>End of Project</u>
1. Growth:			
No. of TCSS	5,800	6,000	6,000
No. of Members	400,000	600,000	500,000
2. FTCCS self-supporting costs from non-AID sources	30%	45%	100%
3. District societies self-support costs	20%	30%	60%
4. PSSs self-supporting from loan operations	80%	90%	100%
5. Loan delinquency	10%	8%	<4%
6. Regular monthly financial reports from PSSs & DSs	40%	60%	100%
7. Project staff training complete	100%	45%	100%

8. Project staff demonstrating basic competence in assigned duties	100%	65%	100%
9. FTCCS interlending loan volume (Rs)	15m	23.6m	25m
10.No. PSs with savings/loan insurance	248	38	1,000
11.No. of part-time positions in PSs	250	700	2,500

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 12

name: Extension of Walgampaya Village Development

2. Implementing PVO: Marga Institute

3. Date started: 8-1-86

PACD: 7-31-91

4. Level of Funding:

USAID- \$ 49,516

PVO- \$ 38,375

TOTAL-\$ 87,891

5. Type of Activity:

Income generation

6. Location of PVO headquarters: Colombo

sub-project field activities: Walgampaya

7. Project Description:

The purpose of the grant is to support Marga's program to extend the Walgampaya Integrated Village Experimental Development Scheme, begun under Co-FI-I, to three additional villages having a total population of 7,200 persons in 1,500 households. Funds are being used to purchase agricultural inputs, for soil testing and drainage, to begin nurseries for home gardens, to develop small tea holdings, establish a revolving fund for housing construction and to develop basic infrastructure.

Overall the project is attempting to develop techniques for intensive micro-level planning suited to village economies and subsequently identify untapped capacities within the three target villages.

8. Progress to Date:

The Marga Institute has had great difficulty in implementing its USAID-funded project activities. The experimental work undertaken under their Co-FI-I grant concerning three alternative models for village development did not work out well. The Walgampaya village project was considered to have been the best of the three models and therefore, considering the under expenditure of Co-FI-I funds, continued to be funded under USAID's CO-FI-II project.

Since the signing of the new grant disbursements have again continued behind schedule. Staff changes and conditions of civil strife within the project's impact area have been principally responsible for these delays. As of January 17, 1990 Marga reported "the situation has now improved, we have already reactivated the carpentry training centre... [and] action is being undertaken to commence the other activities under the programme."

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 13

name: Socio-Economic Uplift of Small Farmers Through Improved Water Management

2. Implementing PVO: Nation Builders

3. Date started: 11-1-88

PACD: 9-30-91

4. Level of Funding:

USAID- \$ 70,000

PVO- \$ 84,375

TOTAL- \$ 154,375

5. Type of Activity:

Income generation

6. Location of PVO headquarters: Kundasale

sub-project field activities: Central Hanguranketha

7. Project Description:

The objective of the project is to improve the economic status of small farmers through organizing them to collectively manage irrigation systems. By increasing the operational efficiency of current irrigation channels it is anticipated that farmers will increase their annual agricultural production levels. In addition to farmer organization and management, structural repairs were to be made to existing irrigation channels and control structures were to be introduced to improve the function of the system.

Nation Builders will also assist participating farmers by promoting crop diversification, managing reforestation and soil conservation schemes, and improving the linkage between the Department of Irrigation and farmers organizations. As per

project design, 1,230 farm families should directly benefit from the project.

8. Progress to Date:

According to the most recent progress report training of 414 farm leaders has been completed, 28 government officials, and 190 students. Due to improved irrigation management 12,360 farmers and families have directly benefitted. In several project impact areas agricultural production has dramatically increased because improved irrigation management has enabled farmers to produce an extra harvest per year.

Although progress reports indicate that reforestation activities have begun no details are given. Similarly, details about exactly how participants are benefitting from the project and whether any physical infrastructure improvements have been undertaken or completed are lacking.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 14

name: Assistance to Vocational Training Institute

2. Implementing PVO: Jinarathana

3. Date started: 8-1-89

PACD: 9-30-91

4. Level of Funding:

USAID- \$ 130,995

PVO- \$ 101,175

TOTAL- \$ 232,170

5. Type of Activity:

Employment generation

6. Location of PVO headquarters: Colombo

sub-project field activities: Colombo with 28 "outstations"

7. Project Description:

This project is providing selected youth three-month vocational training courses in the following five specializations: electrical wiring, motor mechanics, lathe operation, radio and television repair, and general electronics. The Jinarathan staff point out that the training addresses three major problems: 1) youth who leave school without graduating will be able to secure employment, 2) the shortage of skilled labor in the above fields will be partially ameliorated, and 3) to some extent, youth unrest in Sri Lanka will be lessened. Males and females between the ages of 17 and 24 are benefitting from the expansion of each of the five programs, all of which were previously established by Jinarathana.

8. Progress to Date:

In an exceptionally well-staffed and disciplined setting, training in the aforementioned subject areas (and 44 other fields) is underway. Seven hundred students are currently enrolled in the USAID sponsored courses. A projected 1,310 are expected to complete course in the five specialization during 1990 and a similar number again in 1991. Overall, 3000 students are currently being trained by Jinarathana. In addition, efforts are being undertaken to secure employment for training graduates and, in many cases, these efforts seem to be successful. However, information concerning the number of graduates who find work in their fields of training was unavailable.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEFS

1. Sub-project number: 15

Name: Puttalam Regional Development Association

2. Implementing PVO: Development Innovations and Networks (IREN)

3. Date started: 10/3/89

PACD: 9/30/92

4. Level of Funding:

USAID - \$ 119,450

PVO - \$ 37,134

Total - \$ 156,584

5. Type of Activity:

Income generation
Employment generation
Private Enterprise Promotion

6. Location of PVO headquarters: Colombo

Sub-project field activities: Puttalam, Puttalam
District, Northwest
Province

7. Project Description:

The project's purpose is to provide support for the establishment of the Puttalam Regional Development Association (PRDA) in the promotion of economically productive activities among the district's rural poor. Specific objectives are as follows:

1) Promotion of small enterprise development leading to employment creation and income generation;

2) Assistance in the coordination of local PVOs and their activities particularly focussing on small scale enterprise development;

3) Promotion of private sector involvement and financial participation in small enterprise development.

8. Progress to Date:

Start-up costs of Rs 122,000 (\$3,050) have been incurred for consultant fees, advertisements for positions, and other administrative costs. Project funds are 3% disbursed making the project 11% or \$13,500 behind schedule. Only organizational activities for PRDA have taken place and no progress reports have yet been submitted.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 16

name: Volunteer Community Leadership Development Services

2. Implementing PVO: Sarvodaya

3. Date started: 6-1-89

PACD: 7-31-91

4. Level of Funding:

USAID- \$440,986

PVO- \$ 281,875

TOTAL- \$ 722,861

5. Type of Activity:

Income generation

6. Location of PVO headquarters: Colombo

sub-project field activities: Mullaitivu, Killinochi, Jaffna, Vavuniya, Battilacoa, Ampari.

7. Project Description:

The project is designed to train volunteer leadership to organize and manage community development. Development activities will include vegetable gardening, construction of latrines and water wells, establish pre-schools, training primary health care workers, developing nutrition and health education materials, and distributing gardening tools.

8. Progress to Date:

The project has only recently begun and progress reports have not yet been submitted. Implementation has been delayed due to civil strife.

The specific objectives of the grant are as follows:

- 1) Train 200 Gramadana workers in leadership and community development to coordinate project activities in 20 clusters.
- 2) Train 240 health care workers to guide and support the project's health and sanitation activities.
- 3) Train 240 pre-school teachers attached to the children's services centers in 240 core villages in home-gardening to promote gardening at the home and community levels.
- 4) Establish 240 home-gardens at children's services centers as a demonstration and to increase the nutritional welfare of mothers and children.
- 5) Make and distribute educational materials kits on nutrition and health to 240 core children's services centers.
- 6) Manufacture and distribute tool kits to each family participating in home-gardening.
- 7) Construct four covered wells in each village to supply residents with safe drinking water.
- 8) Construct ten latrines in each of 240 villages for the poorest of the poor.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 17 +
 23¹

name: Credit and Training for Economic Development in Rural Sri Lanka (CATER)

2. Implementing PVO: CARE

3. Date started: 8-1-89

PACD: 8-31-93

4. Level of Funding:

USAID- \$741,052

PVO- \$607,424

TOTAL- \$ 1,348,476

5. Type of Activity:

Income generation

6. Location of PVO headquarters: Colombo

sub-project field activities: North Central Kurnegala.
Anuradhapura

7. Project Description:

The project seeks to assist low-income women and out-of-school youth who are members of Multi-Purpose Cooperative Societies (MPCSs) to achieve sustainable increases in income by expanding

¹ Sub-projects 17 and 23 are being described as a single project because 17 was interim funding until a final proposal was approved- 23. Both grants are an extension of a Co-Fi-I funded project.

or establishing commercially viable enterprises. This will be accomplished through the following two interventions:

- 1) small amounts of production capital (up to Rs. 10,000 per loan) will be disbursed from Cooperative Rural Banks (CRBs) and from Regional Rural Development Banks at 16% interest. CARE will establish a limited Risk Guarantee Fund up to 10% of the loans issued;
- 2) small enterprise extension services will be established and will include training in small business management skills, and upgrading of technical production skills.

The goal of CATER is that 4380 members of MPCSS (women and youth) in nine districts will achieve sustained increases in net income by completion of the project. CARE anticipates this can be achieved if at least 80% of project participants are successful.

It is assumed that successful implementation of the project will build the institutional capacity of MPCSS and CRBs to sustain a viable credit system enabling rural women to access credit which can be used to increase their incomes and improve their lives.

8. Progress to Date:

Although recently implemented, the project is an extension of a Co-Fi-I grant which recorded the following achievements:

- 1) 840 women beneficiaries have completed training in project rationale and training in record keeping, bookkeeping and various technical training in income generating activities;
- 2) 576 participants received loans from their respective CRBs;
- 3) as of July 1989, Rs. 2,049,410 in loans had been disbursed with an average repayment rate of 83%. By CARE standards, this is a low repayment rate and can be attributed to civil strife which has adversely affected a number of project activities.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: Grant No. 18

Name: Organic Conservation and Cultivation

2. Implementing PVO: Sama International Trust

3. Date started: 10/19/89

PACD: 12/31/91

4. Level of Funding:

USAID - \$ 86,861

PVO - \$ 35,280

Total - \$ 122,141

5. Type of Activity:

Income generation

6. Location of PVO headquarters: Colombo (Talangama)

Sub-project field activities: Akurugoda Kotte, West Battaramu, Colombo District, Western Province

7. Project Description:

The project's purpose is to promote organic backyard cultivation of fruits, vegetables and medicinal herbs and assist participants in marketing their produce. The anticipated benefits are: increased monthly family income of up to Rs 3,000 for 120 families; upgrading of skills and knowledge of appropriate technologies; and the achievement of financially sustainable projects.

8. Progress to Date:

No funds have yet been disbursed. The project is 16% or \$14,000 behind schedule.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 19

name: Small Enterprise Development for Rural Women

2. Implementing PVO: Lanka Mahila Samiti (LMS)

3. Date started: 9-1-89

PACD: 6-30-90

4. Level of Funding:

USAID- \$ 29,646

PVO- \$ 14,937

TOTAL- \$ 44,583

5. Type of Activity:

Income generation
Employment generation

6. Location of PVO headquarters: Colombo

sub-project field activities: Puttalam, Moneragala, Matule,
Kegalle, Kandy, Kurunegala, Matara, Gampoha, Anuradhapura.

7. Project Description:

Through LMS's revolving loan fund, women are provided loans to start their own businesses. LMS provides technical assistance relevant to the participant's particular venture and also provides training in conducting initial feasibility studies and basic bookkeeping. The following technical training has been provided: dress making, soft toymaking, and agriculture and animal husbandry. LMS' cost per trainee is estimated to Rs. 3,183 per trainee and the project was designed to train 560 women.

When appropriate, LMS also encourages similar small businesses to consolidate their activities.

This project is a continuation of a Co-Fi-I grant.

8. Progress to Date:

As of September 1989, 1,297 small loans have been disbursed.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEFS

1. Sub-project number: 20

name: Youth Counselling Center

2. Implementing PVO: Family Planning Association (FPA)

3. Date started: 12-1-89

PACD: 11-30-92

4. Level of Funding:

USAID- \$ 98,900

PVO- \$ 31,975

TOTAL- \$ 130,875

5. Type of Activity:

Family Planning

6. Location of PVO headquarters: Colombo

sub-project field activities: Colombo

7. Project Description:

The project supports the operation of an experimental family planning counselling center which provides youth with affordable advice, guidance and services to overcome problems and frustrations related to reproductive mental and physical health. The center will target its services on lower- and middle-class youths who would otherwise not be able afford similar services provided by general medical practitioners of specialist physicians.

8. Progress to Date:

USAID funds have only recently been made available and consequently no significant progress has thus far been accomplished. Beneficiaries are expected to number 4000 per year during the two year life of the grant.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 21

name: Private Sector Dairy Development Program

2. Implementing PVO: International Executive Service Corps (IESC)

3. Date started: 12-1-89

PACD: 11-30-92

4. Level of Funding:

USAID- \$ 84,400

PVO- \$ 84,400

TOTAL- \$ 160,800

5. Type of Activity:

Income generation

6. Location of PVO headquarters: To be selected

sub-project field activities: To be selected

7. Project Description:

Forty-five percent of the population of Sri Lanka lives in rural areas and 45 percent work in agriculture. Through this sector the Government of Sri Lanka (GSL) is attempting to increase basic food production, expand exports, increase income levels and employment, and improve the nutritional status of its citizens. This IESC project relates to the aforementioned GSL goals by proposing to provide nine-person months of specialized technical assistance and twelve person-months of administrative assistance to five dairy companies which will collect, process and market milk in rural areas.

8. Progress to Date:

The target goals of the project are to assist five factories each of which employs 200 workers. A total of 3000 dairy farmers should benefit from the project; 600 farmers by the end of the first year, 1,200 the second year, and 3000 by the completion of the project.

Only first year project funding has been disbursed. The remaining committed funds will be disbursed if and when the IESC locates five firms willing to participate in the project.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 22
name: Pre-apprenticeship Skills Training
2. Implementing PVO: LCES
3. Date started: 12-1-89
PACD: 11-30-90
4. Level of Funding:
USAID- \$ 71,800.
PVO- \$ 17,950.
TOTAL- \$ 89,750.
5. Type of Activity:
Employment generation
6. Location of PVO headquarters: Colombo
sub-project field activities: Colombo
7. Project Description:

The project is to provide vocational training to adolescent slum dwellers. AID funding is to be used to purchase equipment to provide training in welding, carpentry, leatherwork, and painting. The training should result in participants gaining skills that will enable them to earn income through employment in the informal sector. In addition, health care, nutrition, and sanitation will be taught. This was determined to be necessary because of the generally low levels of education among the participants and because sanitary and health conditions in the slums are considered to be dangerously substandard.

8. Progress to Date:

This is a new grant and consequently no progress reports have been submitted to USAID. However, the project is designed to benefit 2000 participants during its two years of USAID funding. Specifically, 400 boys and girls and 100 young mothers are to receive vocational training that should enable them to secure jobs in the informal sector. It is estimated that these jobs will provide the trainees an average income of Rs 1,600 (\$40) per month. Additionally, 176 pregnant and lactating mothers and 400 children will benefit from a feeding program. The project's impact area is three city slums having a total population of 10,844. The average cost per beneficiary is Rs. 1,436.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 24

name: Private Provision of Health Facilities

2. Implementing PVO: Sri Lankan Association for Voluntary Surgical Contraception (SLAVSC)

3. Date started: 1-1-90

PACD: 1-30-91

4. Level of Funding (U.S.\$):

USAID- 39,300

PVO- 31,675

TOTAL- 70,975

5. Type of Activity:

Income generation

6. Location of PVO headquarters: Kandy

Sub-project field activities: Kandy

7. Project Description:

The SLAVSC has a fully staffed clinic and family counselling center in Kandy which has been in operation since 1974. The operations of the Kandy office are supported by its New York headquarters, at least in part, through USAID grants. The counselling center currently has three professional family counsellors who will discuss with clients, for a nominal fee, birth control options as well as other problems confronting the family. The center never recommends abortion and does maintain contacts with adoption agencies should unwed mothers decide in favor of such an option.

The grant received from USAID/Sri Lanka is to purchase laboratory equipment to conduct comprehensive (with the exception of x-rays) testing and analysis services. Some of these tests will be related to fertility issues but many others will not. The income derived from the fee-for-service laboratory tests will be used to subsidize the clinic's most requested service- family planning counselling. A comprehensive market analysis has concluded that the laboratory services will be in high demand, particularly since the alternative public hospitals are either inconveniently located and/or are often slow to process tests and communicate results.

8. Progress to Date:

Although only recently funded, the grant's implementation has experienced a minor stumbling block in that the price of the laboratory equipment to be purchased from Germany has recently increased in price and the Sri Lankan Ruppee has recently decreased in value vis-a-vis the German Deustchmark. However, the problem has been communicated to AID/SL and the approval to purchase the same equipment at a somewhat higher price is considered to be forthcoming.

The World Bank has recently made a major commitment to the SLAVSC to finance the expansion of their program throughout the country. World Bank support is expected to begin in 1990 with initial financial support to construct and staff eight new offices by the end of the year.

USI 7 PVO-CO-FI-II

SUB-PROJECT BRIEFS

1. Sub-project number: 25

name: Establishment of Clothing Training Institute in Northern Sri Lanka

2. Implementing PVO: Hindu Board of Education

3. Date started: 1-30-90

PACD: 1-30-91

4. Level of Funding:

USAID- \$ 92,492

PVO- \$ 30,948

TOTAL- \$ 123,440

5. Type of Activity:

Employment generation

6. Location of PVO headquarters: North Jaffna

sub-project field activities: North Jaffna

7. Project Description:

To establish a clothing training institute in Northern Jaffna to provide twelve months training to those orphaned, or women rendered destitute, as a result of the region's civil strife. It is envisaged that trainees will be rehabilitated through either the generation of self-employment or by securing paid employment in garment factories expected to be established in Jaffna during the coming year if the GSL policies favor the area with investment quotas. Training provided will be a three month basic introductory course followed by specialized courses in dress making, embroidery, and lace making.

8. Progress to Date:

The MSI team met with the HBE in Jaffna and concluded that the prospect for project success is likely since civil strife in Jaffna has recently abated. Quotations on equipment purchases have been requested and commitments from potential staff have been received. The project expects to train 45 participants annually. The facility is expected to eventually become self-sufficient through solicitation of production contracts.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 26

name: Volunteer Community Leadership

2. Implementing PVO: Sarvodaya

3. Date started: 2-1-90

PACD: 3-1-93

4. Level of Funding:

USAID- \$ 124,020

PVO- \$ 124,020

TOTAL- \$ 248,040

5. Type of Activity:

Income generation

6. Location of PVO headquarters: Colombo

sub-project field activities: Kurnegala

7. Project Description:

This project is designed to encourage savings and promote incoming generating activities. Sarvodaya will select and train a cadre of village leaders to facilitate the process. Once participants are identified they will be encouraged to open a personal savings account in the community savings society which will be created and managed by Sarvodaya. Once the community savings society is firmly established loans can be disbursed to society participants if approved by the locally elected savings council. Limits for all Sarvodaya loans is Rs. 5,000.

Sarvodaya will also provide savings society members training in accounting/bookkeeping as well as any relevant technical training to support loan activities. Training will be provided by Sarvodaya's Economic Enterprise Development Services.

This grant is a continuation of a project funded under Co-Fi-I. The project does not objectively identify the number of beneficiaries that the project expects to assist.

8. Progress to Date:

The grant was begun in February 1990 and progress reports have not yet been received. However, during the three years that the project operated in Kurnegala district under Co-Fi-I Rs. 1.5 million in loans were disbursed, 25 young volunteers received leadership training, and nine community shops/fertilizer stores were started.

USAID PVO-CO-FI-II

SUB-PROJECT BRIEF

1. Sub-project number: 27

name: Assistance to Mallakam (Jaffna)

2. Implementing PVO: Mallakam

3. Date started: 2-1-90

PACD: 3-1-91

4. Level of Funding:

USAID- \$ 26,050

PVO- \$ 11,375

TOTAL- \$ 37,425

5. Type of Activity:

Income generation
Community Development

6. Location of PVO headquarters: Jaffna

sub-project field activities: Jaffna

7. Project Description:

Mallakam activities sponsored by USAID include domestic dairy production, domestic goat farming and the desilting of a major water tank. Under dairy production, cows will be provided to participants at half price under the condition that the first female calf will be donated back to Mallakam to be redistributed. Mallakam will purchase and market all milk produced. The second activity is similarly designed but involves goats which, at present, are interbred to the extent that the available stock has become small, stunted and largely non-productive. Over 100 nanny goats and six bucks of superior breeding will be distributed throughout the community in order to improve meat and milk production. Lastly, Mallakam plans to desilt and repair a large water tank centrally located within the community. This will provide irrigation to grow cash crops during the dry season and

help to insure the success of the rice crop in the dry season by providing available irrigation water to offset the impact of late or short rainfall.

8. Progress to Date:

Funding for the program has been provided in the very recent past and implementation is planned to commence in April 1990. The project is expected to provide cows to 200 families, goats to 400 families and irrigation to 180 families over the next four years.

ANNEX D

CASE STUDIES

ANNEX D
CASE STUDIES

ALL CEYLON BUDDHIST CONGRESS

PROJECT GRANT NO. 4: TRAINING PROGRAM FOR YOUNG WOMEN

DESCRIPTIVE INFORMATION

Project Description

The USAID grant provides for a training program for young women, run by the All Ceylon Buddhist Congress (ACBC). It was signed on May 1, 1988 with a completion date of April 30, 1990 (later extended to April 30, 1991). The level of funding is:

USAID	\$55,085	Rs1,952,630 (incr to Rs2,192,302)
Non-USAID	<u>\$39,000</u>	<u>Rs1,277,000</u>
Total	\$104,118	Rs3,229,630 (incr to Rs3,469,302)

The facility is located near Balapitiya in the Galle District of the Southern Province. It is administered by the ACBC whose headquarters are in Colombo.

The purpose of the project as stated in the grant agreement is "to support a program of the ACBC for training of young (guardian-less) women in tailoring, embroidery, and lacemaking at Anula Wijerama Girl's Home." Training was to have been provided in two phases:

The first was to a period of training and employment of 30 months for girls from two ACBC orphanages and the villages adjacent to the factory. The proposal indicated that the trainees would be as follows:

<u>Origin of Girls</u>	<u>Number</u>	<u>Subject of Training</u>	<u>Number</u>
Anula Wijerama Home	15	Tailoring	25
Wijerama Home	10	Embroidery/	
Village	20	Lacemaking	20
	----		----
Total	45		45

The second "rehabilitation" phase was to place girls in employment in the free trade zone (FTZ) at Katunayake or assist them to start their own dress making businesses.

115

The project was designed to "help young women to accumulate capital or regular income generating skills or regular employment", but this was not the stated purpose.

A. Progress to Date

The start-up on this project was delayed by one year (to 5/89) due to civil disturbances. It was difficult for ACBC people to move out of Colombo to assist in setting up the factory. By the time construction was begun costs had increased. An increase of Rs177,00 was approved by USAID, but the dollar authorized amount remained the same.

To date 40 girls ages 16-18 have been trained in dressmaking. Only three of these have been from ACBC orphanages. The rest are from the nearby village. Apparently school schedules and a lack of eligible girls of the right age in the orphanages have kept enrollment low from this original target group. Thus 37 trainees from the nearby village were allowed to enroll. Trainees earn Rs525 per month. When they become workers after six months of training their salary increases to Rs1,000, then later to Rs1,200.

Instead of proceeding as originally envisaged to operate the factory with its own staff, ACBC, without seeking USAID's prior concurrence, decided to allow a commercial firm to operate the factory built with USAID funds. An "arrangement" (unwritten agreement) was negotiated by ACBC with a medium sized (600 employees) garment company in Colombo.¹ This arrangement which allows the company - Tisara Garments Lt. - to operate the factory for an unspecified length of time (ACBC says for a year), was to assure that the factory/training center is run by capable, experienced professionals. ACBC apparently presumed that this would: 1) insure that young women were properly trained, 2) assure that the facility would become self-sustaining and 3) save USAID funds for later use. Tisara pays all salaries, including instructors, and other operating costs. The firm has also installed its own equipment to supplement that provided by USAID

¹ Since this is not a legal contract, presumably this "arrangement" could be terminated at any time by either party. Tisara's requirements are that the factory/center maintain a certain level of production and quality.

funds.² Consequently, none of the funds which were allocated to pay instructors' salaries have been spent. If one compares the disbursement to date (39%) to time elapsed as per the original PACD (92%), the project is 53% (\$34,232) behind schedule, but 22% (\$14,345) as compared to the new PACD. ACBC is requesting that the undisbursed funds (\$39,656) be put into an interest bearing account for a year until the "arrangement" ends and then they would be used for instructors' salaries. USAID has not yet formally responded to this request. See "Recommendations" for suggestions on how these funds might be used.

The arrangement with Tisara has in fact allowed training to proceed with alacrity, and given Tisara access to labor from 40 young women at very low wages. It also provided employment to an additional 78 young women from the villages near the factory. In order to get commercial production underway Tisara advertised for and hired 38 workers with previous experience in garment making to bring the total work force to 78.

To date ACBC has provided USAID only one progress report although seven quarterly reports should have been submitted by this date). This single report does not conform to the format established in the grant agreement.

I. EVALUATIVE INFORMATION

A. Project Design

The project purpose is not clearly stated, nor is there any reference to what should have been the ultimate objective - employment (self-employed or otherwise) of young guardian-less girls. The training mentioned is only a means to this end. There are quantifiable indicators in the Project Description, but they are not clearly linked to the project purpose. The project proposal, which became the Project Description, was prepared by the Chairman of the National Development Council of ACBC.

In actual practice the "arrangement" with Tisara has changed the project from its original design of primarily a training center to that of a factory offering employment to a limited number (78) of girls. For this reason concurrence should have been sought from USAID before implementation.

² Tisara has invested approximately \$6,800 in the purchase of 14 additional machines for the center.

B. Project Management

1. External Relations

a. USAID

ACBC indicates that they were registered with USAID for CoFi I (1984) and they did not consider the process to be overly cumbersome. The proposal process for CoFi II took about 3-4 months and included some guidance from USAID. ACBC feels it has a good relationship with USAID, which has always been very supportive and responsive to inquiries (mostly informal).

b. Umbrella Organization

ACBC is not a member of any umbrella organization.

c. GSL

ACBC has little contact with the government.

d. Political Context

The project implementation was delayed for one year due the civil unrest in Balapitiya and in Colombo. This meant that the purchase of building materials and machinery was delayed. The dominant political party in the area, however, is the UDP the government party. This has does not seem to have affected the project in areas such as trainee selection.

e. Economic Context

The principle industries of the local economy are fishing and agriculture - rubber and rice. The unemployment rate is approximately 30%. By providing jobs to 78 girls the project has made a small contribution to lowering unemployment but only in the short run since no new trainees are being brought into the factory.

f. Beneficiaries

The perception of the target group by the girls' home staff seems to be poor, young girls with little or no work experience. The perception of beneficiaries by ACBC (as mandated by Tisara), however, includes experienced workers as well as trainees. The girls' home is aware that the target group is not being adequately served. Also, although 20 girls or 50% of the

original number to be trained were to have come from the home, only 3 are of this origin. All 45 were supposed to be trainees and this number has almost been met (40). An unanticipated benefit is that 38 girls over the number originally projected were given employment in an area of high unemployment.

2. Internal Management

As a result of the involvement with CoFi I and II, ACBC has to some extent changed its orientation from that of social welfare to that of village development. However, the USAID sponsored projects remain the main developmental aspect of the ACBC portfolio.

a. Financial

A cursory look at the records indicates that the accounting system though rudimentary keeps track of the inflows (disbursements) and the outflows (expenditures). However, a review of the USAID files reveals that no substantive financial reports have yet been submitted to USAID.

b. Skill Level of Staff

The factory itself is staffed by highly qualified Tisara employees - one production manager, one mechanic, three clerical workers and two instructors/forewomen. All have worked with Tisara for 4-5 years previously and are certainly qualified instructors cum managers. In addition the coordinator, who was originally on the Board of the local ACBC Directorate, is now a Tisara employee. The ACBC home office staff in Colombo also seems qualified, but not yet used to managing "goal" oriented projects.

c. Operations

The girls' home in Balapitiya had thought that the financial support from Tisara was a gift and that the home would be able to run the factory. In fact, the "training factory" is run entirely by Tisara. Thus the factory has become rather thoroughly of a business operation rather than a training center. All operational and policy decisions are made by Tisara with no input from the girls' home staff. Also, the home is not permitted to bring in any additional trainees since, as Tisara sees it, this would "dilute" the level of production.

The budgeting and any planning for the factory is done by Tisara with no input from the staff of the girls' home (or from

ACBC). Tisara does not do long-term planning and concentrates only on establishing short term production targets.

d. Management Style

Management of the factory is very centralized and no authority or responsibility is given to the girls' home staff and very little even to ACBC headquarters. All of the operational information is kept at Tisara. The production manager reports directly to Tisara management.

3. Sustainability of NGO

a. Financial

In addition to covering all operational costs, Tisara pays a total of Rs20,00 per month as follows:

- 5,000 to girls' home
- 5,000 to ACBC
- 10,000 to Industrial Section of ACBC to run other ACBC industrial operations

There is some question about exactly for what ACBC uses the Rs15,000. The Chairman of ACBC's National Development Council said was being saved, but for what is not certain.

Thus the factory is fully self-sustainable for the one year period of the "arrangement" (and helps ACBC cover costs of other operations). However, it is not known how or if this arrangement will continue after this period expires.

After one year ACBC Colombo staff indicate that it hopes the factory will become independent of Tisara and "diversify" its market. At this point ACBC indicate it will again need to use USAID funds to cover operational costs. ACBC feels that the factory could possibly be self-sufficient one year after that (1991) having by then established its own diversified market.

b. Benefits

The difference in perception of beneficiaries between the girls' home, ACBC Colombo and Tisara has implications for the sustainability of benefits. By becoming primarily a business operation, the number of girls who can be trained is severely curtailed. If the benefits are considered to be solely employment, benefits may be sustainable but are very limited. On the other hand, if the number of new trainees being brought in could be at least half of the work force there would be a

multiplier effect every six months (or even every three months). Once the girls are proficient they should be encouraged to seek employment in other factories or to start their own businesses. If this is thought of solely as a business venture, however, there will be no desire by management (Tisara now, ACBC later) to encourage women to leave because the experience they have gained will be seen purely as an investment by the company to be maintained and protected.

However, the Director of Tisara indicated that they might be willing to allow up to 10 new girls to come in as trainees every three months with the understanding that they would not be guaranteed a job after they were trained/achieved a certain level of proficiency.

Tisara is contributing the mandatory 15% of salaries to two retirement funds for employees. These funds would be available to the women if they leave the company's employ.

C. Beneficiaries

A total of four workers (girls) were interviewed in the factory. Nearly all girls have received six months of training in various aspects of garment making. Those interviewed were all from the first group that began when the factory opened. Most of the girls have no aspirations beyond the factory since the work is relatively pleasant and located close to their homes. Even though the salaries are higher in the FTZ, virtually none of the girls wanted to leave the factory and seek employment there because it would require them to live away from home, be more expensive and they would possibly be subjected to harassment. . Thus a feeling of dependency on the factory has been created. None mentioned the possibility of starting her own business.

D. Non-Beneficiaries

Non-beneficiaries interviewed in the nearby village indicated that they felt there had been some favoritism shown in the selection of the girls for the factory. Many had tried to get work there but could not because all jobs were already taken.

II. CONCLUSIONS

A. Strengths

The factory has trained 40 girls to a level where they have marketable skills.

Full-time employment has been given to a total of 78 girls.

The factory has become self-sustaining without the use of all the USAID funds, but in doing so has raised many issues, the major of which is whether the USAID funded facility is a factory or a training facility.

B. Weaknesses

A certain degree of dependency has been created so that girls do not want to leave factory. This prevents other groups from being trained since the factory is now at capacity.

III. RECOMMENDATIONS

1) The "arrangement" between ACBC and Tisara must be formalized following a formal request to USAID to approved this modification in the original design. USAID should make its approval contingent on the re-inclusion of a formal training element such as bringing in a certain number of girls periodically as trainees, and after training to assist them in finding employment.

2) Prior to giving its approval to this new design, USAID should conduct an audit of this project to determine if all funds have been handled properly. ACBC should also clarify how the Rs15,000 it receives monthly from Tisara are used. These funds could be reinvested in upgrading the factory and expanding the capacity for training additional girls. It should also be made clear exactly how ACBC plans to use the undisbursed funds and when.

3) There is a need for follow-on to training. Possibly ACBC should give girls some business skills as well as technical skills so they can leave the factory and go off on their own, thereby allowing a new group to be trained. As it stands now, many girls have an attitude of dependency on the factory and do not want to leave. The question is: Is this to be a true training project or only a factory offering employment to a limited number? By being a training facility it will have much greater leveraging effect and will ultimately provide marketable skills to a greater number.

4) Funds not utilized for instructors salaries should not be deobligated, but reprogrammed for additional training in business skills and to establish a revolving loan fund to provide start-up capital for those with the desire and aptitude for it. The factory should either provide or contract to provide technical assistance in setting up such enterprises. However, the women should be assisted to make the proper contacts so as to assure a local market for their production before such enterprises are established. It is not recommended that they try to enter the export market as this would require a much higher level of production and degree of quality control than nascent enterprises likely could guarantee.

IV. STRATEGIC IMPLICATIONS FOR THE CO-FINANCING II PROGRAM

In order to be consistent with the goal of increased productivity in the CDSS, the purpose of training projects should be to create additional employment/income generating opportunities.

The issue of post -training employment should be examined in projects of this sort.

USAID should insure that similar projects such as the Hindu Board of Education's garment factory (Jaffna) benefit from the lessons on this project.

Private enterprises with specialized technical and business skills should be involved in the management by formal agreement in NGO projects which seek to tap into regular commercial markets, especially export markets. This is because NGOs generally do not have the business experience to run such operations on a self-sustaining and even profit-making basis. Some even have an aversion to any profit-making venture.

LANKA EVANGELICAL ALLIANCE DEVELOPMENT SERVICE
PROJECT GRANT NO. 7: DAPILIGODA (AND WANATHAVILLA)
VILLAGE DEVELOPMENT

DESCRIPTIVE INFORMATION

Project Description

The USAID grant agreement for the Dapiligoda and Wanathavilla village development, a project of the Lanka Evangelical Alliance Development Service (LEADS) was signed on May 1, 1988 with a projected completion date of May 1, 1991. The level of funding is:

USAID	\$29,475	Rs884,235
Non-USAID	<u>\$16,312</u>	<u>Rs489,350</u>
Total	\$45,787	Rs1,373,585

The team visited the Dapiligoda site, which is located near Agalwatte in the Kalutara District of the Western Province. The activity is administered locally by the Women's Rural Development Society under the supervision of LEADS, whose headquarters are in Colombo.

The project's purpose as stated in the grant agreement is "to support the program of LEADS to improve the living conditions of the rural poor in the villages of Dapiligoda and Wanathavilla." The Dapiligoda village activity consists of six components designed:

1) to increase the average income of 80 families by 40% within one year through self-employment and to decrease unemployment by 20% through the provision of loans. (The specific targets for 80 families were: 50 loans for cash crops, 15 loans for animal husbandry, 15 loans for small industry.);

2) to improve the condition of the houses of 22 families within one year through the provision of loans from a revolving fund;

3) to provide employment to two educated persons aged 20-40 as teachers in the Montessori method and to provide a primary education facility for 35% of the pre-school children;

4) to provide a vocational training facility in sewing for 20 girls ages 18-2; and

5) to encourage all villagers to become involved in home-gardening, improved primary health and nutritional care.

A. Progress to Date

To date in both the Dapiligoda and Wanathavilla activities \$12,889 has been expended, leaving a balance of \$16,606 to be disbursed. At this level of expenditure the project is only slightly behind schedule. The progress on each component is as follows:

1) Self-employment: Twenty-four families in groups of eight have been assisted financially to start income generating activities - 7 in poultry raising, 5 in banana growing, 6 in mat/reed weaving, 6 for retail shops. The loans are of Rs1,900 to Rs2,500 at 7% interest for 18 months and include a six month grace period during which no interest is paid. During the period of civil unrest in the area people stopped repaying but as of early 1990 they are getting caught up. All of the borrowers have other regular jobs so income resulting from the loans is supplemental. Since it is still too dangerous to visit some families, the project officer does not know if family incomes have actually increased as a result of investments made possible by the loans.

2) Housing: Since July 1989 twelve families received a total of Rs25,000 to upgrade their existing houses. Two of these loans were made from the repayments of the first loans. The loans are at 7% interest for 18 months with no grace period. Repayments were slow during the period of civil unrest, but as of March 1990 none are delinquent. A total of Rs5,100 has been repaid. The families contribute their own unskilled labor and hire skilled laborers to renovate their houses.

3) Teacher training and primary education: The pre-school was constructed using communal labor and now has two paid teachers. The teachers are slated to be trained in the Montessori method by Save the Children Federation (U.K.) starting in late March 1990. There are 25 students which represents 33% of the pre-school age children.

4) Vocational training: Two sewing machines have been purchased. Training has yet to begin because no instructor was provided by the Small Industries Department and the President of the Women's Society, who was to make these arrangements left the village suddenly. The sewing workshop for up to ten women up to age of 30 is now expected to get underway in April 1990 with an instructor was recently located.

5) Home gardening, health care, nutrition: Since October 1989 an amount of Rs5,000 has been disbursed to 14 families (average Rs360 each) as grants to buy plants - peppers, cardamom, coffee - for home garden crops and for fertilizer. Unfortunately, most of the plants have died due to improper planting. Another disbursement of Rs10,000 will be made sometime in 1990. Aside from a midwife who made one visit to discuss prenatal care, little has been done in primary health care or nutrition. There are plans to have a clinic on health care and nutrition and the possibility of food distribution by CARE is being discussed.

V. EVALUATIVE INFORMATION

A. Project Design

The project purpose is not clearly stated, nor is there any reference to what should have been the ultimate objective - increase in family income and improvement in educational/skill levels. "Support the program" is only a means to this end. The project's design does include quantifiable indicators (in the Project Description), but they are not clearly linked to the project purpose tend to mix outputs with inputs. The project proposal, which became the Project Description, was prepared by the previous LEADS project officer. The proposal was based on a survey of the community by LEADS, which covered economic conditions, housing needs, health, skill levels, etc.

B. Project Management

1. External Relations

a. USAID

LEADS was already registered with USAID before the proposal was funded. The USAID approval process for this activity took four months, during which time the proposal's budget was revised to increase the LEADS contribution to 25% of project cost. LEADS

feels that USAID should assist more in the project design and that this would have resulted in a more coherent design. In addition, they felt that the requirement for a 25% cash contribution was unjust and that all existing assets and in-kind services contributed should have been "costed in".

There also seems to be some confusion about the amount that can be claimed for administrative costs. In the July 1989 financial report the amount LEADS submitted for administrative costs was partially disallowed by USAID, but without any formal written explanation. A verbal explanation was given, but its content was not entirely clear.

LEADS feels that the overall USAID reporting requirements are reasonable.

b. Umbrella Organization

LEADS is not a member of any umbrella organization and prefers to concentrate its energies solely on village level development.

c. GSL

LEADS is a registered charity with the government and does not pay taxes. The agency sees its role to carry out a function that the government is not able to do, but always delivering such services in an impartial manner.

d. Political Context

The civil conflict seriously affected implementation in 1988-89. Funds could not be disbursed and the start-up was delayed. Also, on one occasion the guerilla group, JVP, demanded the use of the project vehicle for about three hours to transport arms. The JVP also forced the people of the village not to work for a period.

e. Economic Context

The main crops of the region are plantains, rubber and rice. Fishing and small industries complete the economic base. There is a high level of underemployment and family incomes tend to be very low. At this point it is hard to say if the project has resulted in a sustained increase in incomes.

f. Beneficiaries

LEADS' perceives the beneficiaries of its activities - members of the women's society - as the "poorest of the poor" who need supplementary income to attain a higher economic level. LEADS staff commented that revolving funds for housing and home improvement carefully managed, will assure benefits continue after USAID funding ends.

An interview with the LEADS project officer in the village provided a different perspective of beneficiaries. The target group is assumed to be large, poor families (not necessarily members of the women's society) with monthly income of less than Rs700. This target group is not being adequately served by the project.

It is too early to determine if the project has had a lasting impact on the incomes of the beneficiaries.

There seems to be some conflict between the older villagers (Buddhists) and the "newcomers" (fishermen from other districts). The old villagers think that the newcomers are trying to convert them to Christianity. In addition, these older villagers "are not very entrepreneurial" according to the project officer, and they are not repaying their loans very well. They did not use the financial assistance to start income generating activities.

There are other programs in the area to serve the same target group such as the Integrated Rural Development Program for the Kalutara District of the GSL. However, even this program is not reaching all the people who need assistance.

According to the project officer the selection criteria for beneficiaries are as follows:

a) Self-employment loans are limited to food stamp holders which have less than Rs700 per month family income with previous experience in the activity.

b) Housing loans are limited to food stamp holders who did not get a self-employment loan and who are living in houses which are too small and/or in poor condition.

c) Vocational training will be provided to the first 10 who apply up to age 30.

d) Home gardens are limited to food stamp holders, but with higher family incomes than a) or b) above and have recognized capacity to raise gardens.

e) Pre-school children 3-4 years old were selected on a first-come first served basis.

f) Pre-school teachers - it appeared that the original teachers were chosen on the basis of favoritism of the President of the Womens' Development Society, were not well-qualified, nor and did not fit the criteria of being young and unemployed. After the Society was reorganized these teachers were terminated and a new selection was made on the basis of educational qualification.

The village of Dapiligoda was originally chosen by LEADS because of the need to provide relief to flood victims. The village then requested that LEADS mount the current USAID funded development activities.

2. Internal Management

LEADS indicates that its relationship with USAID has resulted in better discipline for the organization. As a result the agency's reporting style has changed and deadlines have become more important.

a. Financial

LEADS' existing accounting system was adequate to provide the financial reports to USAID. The only modification required was setting up separate bank accounts for the two USAID supported activities to keep track of USAID disbursements and expenditures.

To date five quarterly progress reports have been submitted (seven reports should have been submitted by this date) and only the first three include financial data. The latest report, which covers September to November 1989, reports only on the Wanathavillu project and does not include any financial data. The reports that are submitted are often received up to three months after the reporting period ends. The financial reports that have been submitted, however, did seem to conform to USAID requirements. Unfortunately, the reports do not give an accounting of loan recovery (since USAID does not require it) so it is uncertain whether adequate records are being kept of repayments by the Women's Society. However, the LEADS field officer does seem to know how much has been disbursed, and repaid.

b. Skill Level of Staff

All staff (15) at LEADS headquarters are paid. All of the officers of the Women's Rural Development Society are volunteers.

The only salaried employees are the two pre-school teachers. None of the staff had any previous development experience before LEADS. A continuing problem has been the high turnover rate of staff due to the low salaries. But LEADS sees a positive aspect in this in that these persons have gotten development training which can be applied to help Sri Lanka's development in other organizations.

The Coordinator himself is a graduate in communications. He previously lived in a village doing development work and that experience held high relevance to his current job.

The LEADS project officer for Dapiligoda has some background as a civil engineer and has instructed youth in masonry.

c. Operations

LEADS does not have a formal set of operating procedures, but it does have a format for project design. Day to day operations of the project are administered by the Women's Society - part-time volunteers. The Women's Society does not have a full-time staff person to add continuity and stability. There seem to be no established procedures for processing loans or any pre-loan analysis of the borrower's capacity to pay. Actual funds are not administered by the Women's Society but by LEADS from its headquarters in Colombo. Disbursements and repayments are done at a local bank.

LEADS has developed a five year budget against which actual expenditures are monitored annually. Individual project budgets are monitored quarterly as required by most donors. In addition, LEADS contracts an annual audit. There is no evidence that the Women's Society does any budget planning

LEADS also conducts an annual planning exercise in which all key LEADS staff and the Board of directors participate. Certain persons are assigned primary responsibility for the completion of certain tasks. The coordinating officer does the monitoring on each project. LEADS also does quarterly reporting on projects and impact evaluations of project accomplishments. For example, two years ago they hired a management team to do a complete evaluation of all projects. There is no evidence that the Women's Society does any planning.

Also LEADS points out that better monitoring is needed of the loans.

d. Management Style

LEADS decentralizes the responsibility and authority for the administration for village development projects such as this one. The project officer acts merely as an advisor. In Dapiligoda only the financial management is handled by LEADS. All other decisions are left to the Women's Society. In other types of LEADS activities the project officer has both the responsibility and authority for administration. In either type of activity after approval by the Board the project officer is the main liaison with the project. Only policy decisions are made by the Board if there is a major change. The Management Committee of the Board only reviews reports (prepared by the project officer) if there are special problems. Otherwise, only the Coordinator reviews the reports before they sent to USAID or other donors.

3. Sustainability of NGO

a. Financial

LEADS has at least two other sources of donor funding - World Relief (USA) and the TEAR (The Evangelical Alliance Relief) Fund of the Netherlands, U.K. and Australia. LEADS had thought of starting a combination income producing/training operation to produce some commercially viable item(s). However, the two donors mentioned opposed this idea as being unnecessary since the grant from World relief covers LEADS operating costs. These donors recommend that LEADS concentrate on development and not on producing income to cover its own expenses.

In Dapiligoda the teachers salaries (the only paid staff) are covered partially by fees collected from the parents of the pre-school students from some of the interest collected on the loans. The rest of the salaries are covered by the USAID grant.

b. Benefits

The Women's Society was in the village before LEADS' operations commenced doing mainly welfare work and is expected continue to work after USAID funding ends. LEADS fully intends to continue its technical support of both the Dapiligoda and Wanathavilla projects after USAID funding ends.

c. Beneficiaries

In some instances, villagers originally thought that one had to convert to Christianity to be selected as beneficiary, but LEADS has in fact run a religiously neutral selection process. Also, an image of favoritism in selection was attributed to the

former President of the Women's Society, but this image has also been "cleared".

A sample of five beneficiaries was interviewed from each of the active programs.

The pre-school teachers were hired at Rs500 per month, but they have not yet been paid after 1 1/2 months. Both women are highly motivated and seem to be doing a laudable job. The community development aspect seems to give them great satisfaction. Alternative positions in similar status jobs are very scarce. Only one other young man in this area had obtained a teaching appointment.

One borrower received a loan of Rs.1430 (of which he has repaid Rs520) for small banana cultivation. He had worked as a casual worker in the fields of others. His monthly loan payments are Rs130, which he has some trouble paying. He appeared to view the loan more as a grant and he seemed to feel no great urgency to repay it.

His income from the plantain crop is about Rs300 a month, which leaves only a small balance to maintain a family of five dependents. His expenses for the plants was only Rs100. The rest was to cover the cost of hired labor, which instead he provided himself. Thus the loan amount could have been reduced, payments would have more affordable and the remaining funds could have been used for loans to others. No technical assistance was given by the LEADS staff.

Bananas have provided an income only in the last four months. He originally planted one year ago. Since bananas do not require much attention, the farmer could theoretically have continued other income producing activity - casual labor, rubber tapping and other seasonal activities. However, the paddy land he has is small overworked areas in five year crop rotation and he was only able to find limited work for others (casual labor) since this is an economically depressed area.

The farmer says no special criteria were used in his selection and that there was no favoritism.

Another borrower, the Secretary of the Women's Society has a house which needs both renovation and expansion. She received a loan of Rs.2500 for roof construction from the revolving loan fund. However, this amount was not sufficient for all the tiles needed. She used family and other loans to make up the shortfall. Her repayments have been behind. She says the loans were made on a first come first served basis. The house needed other repairs

and expansion as well. In fact the house renovation became a house rebuilding. The whole new house is being constructed in stages. She borrowed Rs5,000 from the local Thrift and Credit Society.

In spite of various family members working, monthly family income is less than Rs750 per month. Therefore, they were recipients of the Janasaviya program which provides Rs.2500 per month. Some of this money could be saved and they expect to have Rs25,000 in two years with which they hope to start a business. The Janasaviya food stamps income helping her to meet some of the loan obligations.

There seems to be some connection between the beneficiaries and the officers of the Women's Society. These are considered some of the benefits of voluntary work.

Another woman was given a grant of some tools and plants for home gardening. The home garden was supposed to enhance the nutrition of the household. This group are so poor they were not expected to pay back - only to show results. The home garden was to help the family to become self sufficient in food. The husband could not do heavy labor. His wife looked after the home garden with him. They had about 40 patches of land. She had developed her garden to include a few vegetables and herbs. The Janasaviya advance for food is helping them (family of 8) to eke out a living. Their ultimate plan is to have a pond for breeding tropical fish for export.

D. Non-Beneficiaries

No non-beneficiaries were visited in Dapiligoda.

VI. CONCLUSIONS

A. Strengths

The LEADS activity has provided some families a way to supplement their incomes in an area of high underemployment.

B. Weaknesses

1) Apparently the appraisal process for loans from the two revolving funds is ad hoc and irregular. Loans are given beyond the borrower's capacity to pay. A assessment of the amount

needed is not done, but merely responds to the borrower's request on a first-come, first served basis.

2) No standardized monitoring of loan repayments is done.

VII. RECOMMENDATIONS

1) More emphasis should be placed on an analysis of borrower capacity to pay in the revolving loan programs.

2) A standardized system for monitoring loans should be developed for NGOs and reporting on loan repayments should be a requirement for NGO periodic reports

VIII. STRATEGIC IMPLICATIONS FOR THE CO-FINANCING II PROGRAM

A standardized monitoring system could be developed so that data from all projects could be compared and tracked easily. The effectiveness of such a system would depend on all reports being received in the same format and on a timely basis.

Program progress can be monitored more efficiently if progress reports are received within a maximum time after the end of the reporting period.

CARE - CATER

I Preliminary Project Description

The project seeks to assist low-income women and out-of-school youth who are members of Multi-Purpose Cooperative Societies (MPCSS) to achieve sustainable increases in income by expanding or establishing commercially viable enterprises. This will be accomplished through the following two interventions:

- 1) small amounts of production capital (up to Rs. 10,000 per loan) will be disbursed from Cooperative Rural Banks (CRBs) and from Regional Rural Development Banks at 16% interest. CARE will establish a limited Risk Guarantee Fund up to 10% of the loans issued;
- 2) small enterprise extension services will be established and will include training in small business management skills, and upgrading of technical production skills.

The goal of CATER is that 4380 members of MPCSS (women and youth) in nine districts will achieve sustained increases in net income by completion of the project. CARE anticipates this can be achieved if at least 80% of project participants are successful.

It is assumed that successful implementation of the project will build the institutional capacity of MPCSS and CRBs to sustain a viable credit system enabling rural women to access credit which can be used to increase their incomes and improve their lives.

II The Design

This project begins with the following assumption: women have no access to credit and if they had, they could engage in productive income-generating activities. The multi-purpose cooperative societies (MPCSS) have large deposits of capital which could be used to provide this credit. CARE's role is to supply the deficiency of the one with the resources of the other. CARE's contribution is the training that it provides and the guarantee that it gives the MPCSS that it will absorb the first ten percent of any losses that it may incur. It was attractive to CARE to link up with an organization which engaged in a wide variety of development activities and was represented by institutions at both village and sub-provincial levels.

There are 270 odd MPCSSs in the country, each catering to a population of about 60,000. The MPCSS has members who have bought shares in it and who save through it. These members elect the office-bearers. The capital deposits of the MPCSS derive from savings and from the profits earned through its trading activities. Its banking arm is the Co-operative Rural Bank (CRB), four or five branches of which are found in each MPCSS area. The MPCSS also has a series of retail shops (40, as we discovered, in one case). Each of these is managed by a committee which generally delegates this function to its president and secretary.

For this project four impact areas were chosen. In each area four MPCSSs were selected by the Assistant Commissioner for Cooperative Development of the Area. He has apparently done so, taking into account the financial standing of the MPCSS, the nature of its office-bearers, and the efficiency of its General Manager. It is clear, though, that some of the MPCSSs did not take kindly to the scheme. They saw no reason to risk their money by giving credit to women when it was difficult enough to recover loans from income-earning men. It would appear that what finally swung the decision in favor of the project was the guarantee offered by CARE and, possibly, some arm-twisting by the Cooperative administration.

In this project key functions were performed by the following: The credit and loan review committee, the credit manager of the MPCSS, the managers of the five CRBs, the president and secretary of the cooperative committees managing the retail stores, and the Education Officer of the MPCSS.

The project planned to give eighty loans, of Rs. 5000 each, for any venture run and managed by a woman. Applications had to be made on prescribed forms and were to be checked initially by the President and the Secretary of the Co-operative Committee and later by the area's CRB Manager. These three people would have to approve the application on several counts; residence within the area, membership of the MPCSS, previous transactions with the MPCSS, the feasibility of the project, the applicant's skill to engage in it, and so on. The application would then be examined by the loan review committee which would summon the applicant or visit the proposed location of the project if they thought it necessary. Only after such an investigation would the loan be granted.

CARE, it will be remembered, was to provide the training. The training envisaged was of three types. Participants were to be trained in technical, as well as other aspects, both at agricultural centers and in the village. Training was also to be provided to leaders and to officials largely in Colombo.

The costs and inputs of the project can be broken down in this way: loans disbursed by the MPCs, the administrative costs of the MPCs, the training cost of CARE and the Agriculture Department, the field services provided by CARE, and CARE's overhead. The expected outcome of the project was eighty successful ventures as well as a new approach to credit by the MPCs which would support many new ventures utilizing a corps of newly trained staff.

This outline of the project and the account that follows is based on discussions at CARE's Headquarters in Colombo, a visit to one MPCs, and field visits in that area.

III Operation

It is clear that the procedure through which a loan had to be obtained was a somewhat exhausting one for the applicant. Many applications did not proceed beyond the CRB merely because the applicant could not correctly complete the form. Forms returned to the applicant because of errors sometimes never came back to the CRB. Besides this, it is also apparent that village politics must have had a hand in this because the loan had to be passed by two persons, the president and the secretary of the cooperative committee, who were, more often than not, political personalities.

There is little doubt that many more than eighty could have made use of loans of this type. However, little publicity was given to the scheme and to this day there are many who do not know that a scheme such as this operated in their area. The task of publicity was assigned to the Education Officer; in the MPCs that we visited we were told with some bitterness that the motor cycle which CARE has provided, and which should have been made available to this officer, had been retained by the Assistant Commissioner of Cooperative Development.

Despite the problems of application completion, the eighty loans appear to have been given out in most areas without too much difficulty for a wide variety of projects. For some purposes, such as betel cultivation, the Rs. 5000 that was given was more than adequate. For other purposes, such as goat-rearing, this was found to be insufficient. Loan repayment has been high and the MPCs has not needed to have recourse to CARE's guarantee.

It must be pointed out that the MPCs takes some credit for the situation. The one that we visited claimed that it had been very circumspect about the way in which it released funds to the applicants no more than was immediately necessary. It also

appears to be true that a sizable proportion of the loans were given to those who were engaged in ongoing projects thus minimizing the risk of loss though, perhaps, doing some violence to the goals of the project.

It is generally agreed that the training provided to the project was good and both participants and officials would have been happy to have had even more of it. One of the functions that these courses performed was to pick out those who by temperament and by skill were suited to engage in self-employment projects. The officials also found monitoring a very useful exercise. In their view, the project has clearly demonstrated that women, and the income-generating projects in which they engage, are credit-worthy.

After these eighty loans had been given out, it was, perhaps, expected that another round of loans might be launched by the MPCS for the same purposes. In the area that we visited this did not happen. Loans that were given after this period were largely for housing construction within a scheme which had been followed earlier.

If this project had an impact, it was in relation to some loans which were given for group projects. By and large, it is difficult to say that the project has had a decisive impact on the credit policy of the MPCS or that training, as an integral part of credit, has been accepted as a principle. All of this means that the project has had little impact on the economy of the area.

The MPCS defends its position on credit. It does not need to lend the money of its shareholders, even to its own shareholders, without proper collateral when the money can be invested easily to give a better and a safer return. Even a successful potter, with an ongoing business, has not been able to obtain a loan, purely because he could not provide the collateral. The only exception to this rule is the group loans, in which each participant guarantees the loan of the others. There is, however, a drop in the demand for loans, possibly temporary, following the Debt Recovery legislation which was recently introduced in Parliament.

CARE claims that its representations to USAID about the financial reporting that the grant involves has led to some very sensible changes. They did not see why an organization such as theirs, whose accounts are given both an internal and an external audit, need be scrutinized once again on an item to item basis.

IV Comments

The purpose of this project was not merely to grant eighty loans to low-income women in each of the selected MPCSS areas, but to convince the MPCSSs to change their attitudes, practices and policies towards lending to women. The project attempted to demonstrate that low-income women could be good credit risks - an idea apparently not shared by the area's MPCSSs. If the project could have transformed the attitudes among MPCSS officials, community leaders and participants, the efforts of the program would be able to continue without further CARE involvement. This does not appear likely to happen, at least in the area visited by the team.

To the extent that the MPCSSs have not noticeably altered their lending policies or practices, the project has failed. The extent of CARE's achievements has been the establishment of eighty successful and sustainable income-generating ventures in each location. Thus, the project achieved its output-level objectives of creating a limited number of women-managed income generating activities but did not attain its higher level purpose of transforming the lending practices of the MPCSSs regarding the approval of credit for low-income women. The high costs of facilitating the disbursement of such a limited amount of credit seemed unacceptable.

It seems strange that a study of the structure, the composition, and the financial policy of the MPCSSs did not reveal that this project had little chance of developing into the transforming instrument that CARE clearly wanted it to be. Where MPCSSs have been successful they have generally achieved this success through sound trading and conservative financial policies. Because they have been successful, there is little incentive for them to alter that practice.

The results of this project bring into focus its basic premises. Credit is necessary, so the project says, for people in the low-income categories to develop profitable ventures. Some devices, even gimmicks, are necessary to obtain this credit because lenders are reluctant to release their capital to borrowers who are at this level of income. Yet, all over the country, credit is being enjoyed by borrowers who sell their product, perhaps have to sell their product, to the lender. Such people may, through such an arrangement, lose some part of their income, but they do not have the problem of launching into an entrepreneurial role with the handicap of a severe shortage of capital.

CARE-SERVE

I. Preliminary Project Description

CARE is assisting Sarvodaya to introduce and institutionalize and savings-loans-income generation program to benefit existing Sarvodaya societies. The project proposal listed the following four goals and objectives:

- 1) promote regular cash savings habit among the membership of existing Sarvodaya societies;
- 2) assist society members to increase income from existing businesses;
- 3) ensure credit is available to finance new businesses or expand existing ones;
- 4) generate income that will enhance Sarvodaya development programs.

The measurable outputs which correspond to the above objectives were listed as follows:

- 1) officials from 45 Sarvodaya societies will be trained in savings and loan operations and 2000 members should have savings accounts by the end of the project;
- 2) thirty societies will train officials in credit access resulting in society members receiving 20 bank loans issued within a three months from date of application;
- 3) 80 members will receive technical training and 100 will attend small business courses conducted by Sarvodaya;
- 4) by the end of the project 40 Sarvodaya Societies will be maintaining SERVE activities.

II. The Design

In recent months Sarvodaya has established a program to improve rural incomes. In the Kandy district this same intention is pursued, not through its own organizations alone, but in collaboration with CARE. Through this arrangement CARE, presumably, has the opportunity of working at village level without having to incur the expenses of establishing a new

organization. Sarvodaya, it would seem benefits from the management techniques, the training and the review systems which CARE would bring to the project.

At the village level the project is designed to operate through the Sarvodaya Shramadana society. Sarvodaya has divided the Kandy district into 14 divisions with about 20 villages to each division. At the time that this project began, Sarvodaya was working in ten of these divisions and had thirty odd active societies. A major goal was to promote savings. This was regarded as the essential first step in the improvement of income as it would give the village its own capital.

This project sought, however, to mobilize a higher level of capital, not through loans from Sarvodaya or CARE but by using the People's Bank. Applications were to be made by the individuals to the Bank for loans which would assist them in developing income-generating ventures. SERVE did not guarantee these loans; applications were judged by the criteria of the Bank. However, Serve's project staff and the office-bearers of the Sarvodaya societies were to help applications to so develop their projects that they would meet with Bank approval. Through this activity it was intended that the savings programs of the societies would be stimulated and the technical and business skills of the community would be increased. Overall, it was hoped that the Sarvodaya societies would be strengthened and that its office-bearers would acquire the qualities of the leadership which they should possess.

SERVE was to operate with a project worker in each of the ten divisions of the Kandy district in which Sarvodaya was working. Besides this the project had a further staff of six persons at its Kandy Headquarters, drawn from both Sarvodaya and Serve. Performance was to be reviewed periodically through a project Review Meeting in which both Sarvodaya and CARE personnel were to participate. The funds provided by USAID were for overheads, administrative costs and for training programs.

The training envisaged was of three types. The office bearers of Sarvodaya societies, ie. village leaders were to be trained in the management of savings and loan schemes. The members were to be taught the necessary technical and business skills. The leaders were also to be trained in organizing the societies as instruments of community advancement.

The project has at least two major inputs; the operating costs of Serve and the loans provided by the People's Bank. The goals were clear, though not always measured easily. Individuals were to be set on their feet through carefully chosen and well-planned

projects, launched of course with the assistance of the Bank loans. While no target was set for the two-year period in respect of the number of loans that should be obtained, it was clear in our discussion that anything less than 300 would have been somewhat unsatisfactory. The societies were to be promoted and strengthened in various ways. They were to be brought to a point at which they could function as independent units with a strong, skilled, and dedicated leadership. A major aspect of this strength was to be the savings scheme and the capital that would be thus mobilized for village purposes. This in turn would give the societies added strength in seeking loans from Banks and other credit institutions.

This project has several interesting features. It sought to combine the grassroots network of Sri Lanka's largest NGO with the management skills of an American NGO through profitable and well-planned income-generating projects, using the credit facilities of a State Bank. In doing so it took the position that the road to prosperity lay through skills, credit and strong village organizations. The observations that follow, and this description of the project are based on discussions held at the CARE office in Colombo, at the SERVE headquarters in Kandy, and a few site visits.

III Operation

Apart from the disturbances that took place in the Country, the progress of the project was hindered by two factors. The first was state of the Sarvodaya societies; they were far less active and much less cohesive than CARE has expected them to be. The societies did not meet regularly and there was little to entice them to do so. The leadership was weak and the frequent change of office-bearers did not permit the acquisition of the necessary skills. This ultimately led to the feeling that the societies could benefit from having permanent managers.

The second factor was even more serious. During a twenty-month period 105 loans were granted by the People's Bank. This was out of 311 applications which had been submitted. This works out at three successful loans per active society, or one loan for every two villages in the project area. Clearly, SERVE is disappointed with the result, so much so that the possibility of the societies being the loanees was canvassed. However, this has not met with Bank approval.

At the base of these difficulties is an unresolved problem. A Bank lends on the basis of collateral, of adequate income, or on guarantees. In this project, as with other projects of this type,

no collateral is offered, income is uncertain, and guarantors are largely absent. Unless Bank policy is altered, perhaps at the behest of the State, obtaining loans for new ventures in the low-income sector will be difficult. Form-filling and other procedural problems are, at least in part, merely a reflection of this basic situation.

The participants appear to have been well trained to undertake their projects. The majority of them appear to be working satisfactorily, if we are to judge from the high rate of loan repayment. However, the range of the projects does not indicate that much new ground has been broken. Old skills have been sharpened and the participants have been taught to run their enterprises in a systematic manner. Milk production, banana cultivation and the running of retail stores account for 70% of the projects. There is also not much evidence that the lower-income segment is particularly prominent among those who have secured loans for new projects. Our field visits, though admittedly brief, did not incline us to accept the statement that 80% of the loanees are women.

Meanwhile, we were told, the savings exercise operated satisfactorily. Many societies have developed sizeable funds which have been sufficient for each to give an average of twenty loans of Rs.700/- each to its members, largely for consumption purposes.

The two NGOs are experienced clients of USAID. The reporting system that is required of them has not presented any great difficulty. At another level, however, given the elaborate review procedures of the project, monitoring is not all that it might be. SERVE, it would seem, should have a much better grasp of two problems if it is to have a proper understanding of its projects. The first relates to context - the relation between different types of individuals and the Sarvodaya Society, as well as the relation between the Sarvodaya Society and the village as a whole. The second is the economic structure of those sectors which the participants have been prompted into entering.

SERVE's own comments on the operation of the project are significant. Apart from the limited access to Bank credit and the weak status of Sarvodaya Societies, another difficulty has been identified. It is the inadequate absorption of the SERVE program into Sarvodaya's mainstream activities. The economic and the ideological, it would seem, are uncomfortably distant from each other.

IV Comments

The major result of the project is that 105 loans were approved by the People's Bank for applicants assisted by Sarvodaya; and that the activities generated by those loans were successful in raising incomes. However, the majority of those who applied for loans were rejected (more than 200), despite Sarvodaya's and CARE's assistance in the design of individual projects and their efforts in mediating the application process between the bank and the loan applicants.

As seen already, the loans did not go primarily to the very poor, nor could it be confirmed that 80% of the recipients were women. They also do not demonstrate a marked movement towards promoting rural industry.

The impact of this project in the village economy has been very limited, even in those villages where the number of participants has been somewhat higher than average. Nor does it appear to be the case that the loan scheme and the saving plan have been mutually reinforcing. CARE's own comments make this clear.

The most obvious fact about this is that, during a period of 20 months, the efforts of 16 people [the SERVE project staff] found it possible to obtain only 105 loans. What is more, the Sarvodaya Societies have not reached a position where they can be effective mediators between their members and the banks. The basic premises of the project are, therefore, clearly in question.

The problem appears to be with the project's design and not with its implementation or management. The project assumed that strong Sarvodaya Societies, coupled with effective training, would establish the right base from which income generation projects could be launched. The demand for the product, the nature of the market and sector characteristics were largely ignored. Given this emphasis, a concentration on inputs was inevitable. It is this emphasis which is now in question.

A point about loan repayment. There has been a tendency to magnify this out of all proportion and to use it as a litmus test to judge the success of a project. This follows, of course, from the emphasis on credit. It is as well to look across the board at a wide range of projects and to examine the factors which make for a high level of repayment.

NATION BUILDERS ASSOCIATION - HANGURANKETA PROJECT

I Preliminary Project Description

The objective of the project is to improve the economic status of small farmers through organizing them to collectively manage irrigation systems. By increasing the operational efficiency of current irrigation channels it is anticipated that farmers will increase their annual agricultural production levels. In addition to farmer organization and management, structural repairs were to be made to existing irrigation channels and control structures were to be introduced to improve the function of the system.

Nation Builders is also assisting participating farmers by promoting crop diversification, managing reforestation and soil conservation schemes, and improving the linkage between the Department of Irrigation and farmers organizations. As per project design, 1,230 farm families should directly benefit from this activity.

II The Design

For several years Sri Lanka has had a "water management" problem. The GSL's investment in irrigation has not brought with it commensurate increases in production and in farmer incomes. Several experiments and initiatives have addressed the problem - not with any conspicuous success. While the problem has many aspects, two features stand out: there is the sharing of responsibility between the Government and the community in the maintenance of the irrigation system. Then there are the conflicts within a community which prevent it from performing its share of the task effectively.

During PVO CoFi I the Nation Builders Association (NBA) conducted an experiment to test a possible approach to this problem. The essential principle was to set up an organization in which the Government and the community were linked and to generate those attitudes, within this organization, which would make for the proper maintenance of the irrigation system. This was largely to be done by making the farmers aware of their rights and interests and also of the benefits that they would derive if the system worked effectively. This project at Nagadipa is regarded as a success. It has been repeated at Pimburaththewa and the

'Nagadipa' model has apparently been accepted by Government as a useful strategy in improving water management.

The assumption is that, in most schemes, there is enough water to adequately distribute among most farmers. However, this will only happen if the channels are in good repair. Despite the large expenditures, the GSL has not achieved its objective. When channels get into disrepair, farmers at the upper end may get some water. If there is further deterioration there may not be any water at all. The NBA in its approach has sought to bring these facts home to the community and to demonstrate to them that cooperation with the Government is vital.

In the Hanguranketa Project under CoFi II this approach is taken a stage further. The project covers 4 schemes in one area, mid-way between Kandy and Nuwara Eliya. The 4 schemes (taken together as the 'project') irrigate 4000 acres of land which belong to 3200 households. The objective of the present project, as with those which went before it, is to establish an organization to generate the attitudes necessary for maintaining the irrigation system. When this is accomplished, by the time project ends, NBA will move out as it has done in the other places.

The organization operates at three levels - the project (the four schemes together); the scheme (sub-project); the field canal and village level. Only farmers participate at the lowest level. The second level includes Government officials whose work has a direct bearing on the land. The secretary of the sub-project committee is the Technical Assistant of the Irrigation Department who is responsible for this area. Preparing estimates, settling disputes and the drawing up of cultivation plans are some of the responsibilities of the sub-project committee. Each sub-project committee sends its representative to the project Committee. All Government departments connected with cultivation are represented. Its Chairman is the assistant Government Agent and its Secretary is the Irrigation Engineer.

USAID contributes 40% of the cost of this project, while Government's contribution is 50%. The balance comes from NBA. Broadly, the Government's contribution looks after the purely irrigation problems, while other contributions are used for institutional development. A major component of this is the training of farmers which is conducted in part at the NBA Headquarters at Kundasale. The village contribution, in the form of shramadana or voluntary labor, has not been quantified but was expected to be considerable. In the short-term the expected return was, primarily, a substantial increase in crop production. In the longer-term, strong village organizations, it was

expected, would branch out into other ventures of profit to the community.

Our comments are based on discussions at the NBA Headquarters at Kundasale and on visits to two of the four irrigation schemes.

III Operation

In the sixteen months since the project began it has operated on schedule. Unlike in many other places, the country's problems have not delayed project implementation. In fact, a traditional ceremony related to paddy cultivation, and involving a large number of people, was organized when the disturbance were at their highest.

What the project has done so far is to train and educate the farmers and to set up the organization at its different levels. The NBA claims that the different committees are now functioning as intended; our field visits dispose us to agree with this statement. It would, however, be rash to claim that all individuals have been won over to the type of thinking that the NBA has proposed. They have not. In every village there is a small percentage of individuals who would like to subvert the new organizations, but who feel that this is beyond their capabilities at the present time.

As in other similar situations, the reasons for such opposition are many. Those whose main activity is not paddy cultivation see no reason, in terms of immediate personal interest, to support the new scheme. Others, from families who have traditionally supplied the leaders, might consider this a move to overturn their position. However, it would appear that the real interest of the community has been widely recognized and for this reason the new organizations are strongly supported.

In dealing with one type of problem the NBA has been significantly successful. Prior to the commencement of this scheme there were conflicts between villages about the sharing of water. These conflicts, which at times expressed themselves in violent form, were often projected on a political screen and took on the coloring of a political battle. In most instances, these conflicts have been resolved within the framework of the new committees. It has been recognized through discussion that there is water for all, provided it is utilized according to a plan.

In the present project more responsibility has been given to the farmers' committees than in the previous NBA projects. NBA workers are proportionately less than on former occasions. In

these circumstances, the NBA has evolved a scheme to monitor the performance of farmers' committees. They are rated in terms of 7 characteristics - the nature of the leadership, interaction within the committee, management of finances, the adherence to rules and procedure and so on. These assessments have, unfortunately, not found their way into the progress reports. They do, however, suggest that the committees are functioning as well as can be expected.

The real test of the scheme is yet to come. The first harvest, after the farmers were trained and after the organizations were set up, has still to take place. It is due shortly and is eagerly awaited. Even though all channels have not yet been fully repaired there is every reason for the community to expect a good harvest. Water has been delivered to the fields at the right time. Even when channels collapsed owing to rain, they have been repaired quickly and the flow of water has been maintained uninterrupted. Apparently, in some years, the crop would have been destroyed by the time it reached its present stage of growth owing to the lack of water.

This is not the first project that the NBA has undertaken with USAID assistance. It is well acquainted with reporting formats and with the other procedures which the grant entails. In fact, perhaps because of this format, the NBA has not included as much in these reports as it might otherwise have done. Visits by Aid personnel, particularly on the technical side, have been useful and they look forward to more of them.

IV Comments

There is little doubt that in Hanguranketa the NBA has established an effective organization. It is necessary, though, to be aware of the special circumstances which have contributed to this success.

The community has long since come to the conclusion that the Government, left to itself, is unlikely to solve its water problems. For the Government, water management was becoming an intractable problem for which a solution had to be found. In Hanguranketa the channels were in such a state of disrepair that very little water was flowing through them. The result was that a very large percentage of people were affected, if not in income, than by the increased cost of rice consumption. In this area the disparities of income were not such that many people were markedly richer and more powerful than the others. Common interest was, therefore, very much to the fore.

To these 'favorable' factors another of considerable significance was added. The NBA has a complement of directors and advisers who work on a voluntary basis. Some of them are staff members of the irrigation administration. In this project, therefore, they wore two hats and by doing so contributed greatly to the coordination of the project.

The success of this project, as in previous instances, is due in no small measure to this very special arrangement.

Paradoxical, though it may seem, the disturbances in the country also helped the project. The community realized that this was no time for internal squabbles. The district administration, for its part, sought the support of all law-abiding citizens. There was, as a consequence, more give and take than could normally have been expected. It must be apparent, and it should be recognized, that the NBA approach is not one for all places at all times. Even in the Hanguranketa context it does not provide the full answer to the problem of incomes; it merely ensures that paddy production is pushed towards its maximum. This will provide a solution to the income deficiencies of only a small percentage of the area's population. The majority will have to seek answers through other forms of production, trade or employment.

To what extent will the new organization provide support for initiatives in these directions? This is yet to be seen, but one step has already been taken; village level ventures of a cooperative nature have been started. It is expected that before long they will take a hand in the marketing of village produce.

What can be said about the economic viability of the project? Its listed expenditure is approximately Rs.6,000,000 (US\$150,000). If there is an increase of even 10 bushels per acre, the 4000 acres will produce an increase of 40,000 bushels. At Rs.200 a bushel of paddy, the increased production has a value of Rs.8,000,000, without taking into account the increased output of vegetables in the second season of the year.

Assuming that the approach is a success under the conditions described, what is the role of organizations such as NBA in water management? Can all irrigation schemes in the country be handed over to them? Clearly not. Their role has to be one of innovation and experimentation; the final responsibility for successful water management has to lie with the Government. Within such a perspective, NBA should be helped to refine their approach, to develop new ones for those situations where it will not work, and to communicate these successfully to the Government.

YMCA HOME GARDEN PROJECT

I Preliminary Project Description

The project is providing in-kind vegetable seeds, tools, fertilizers, and insecticides to low-income families. The value of each package is Rs. 1,375. Fifty percent of the loan must be repaid to the YMCA within 24 months of disbursement. YMCA loan repayment revenues will be recycled into the program to expand the number of participants. Each family may only receive the in-kind loan package once.

For each ten participants one facilitator is chosen to provide technical and/or financial assistance to other participants, to monitor the progress of other participants, and to collect loan repayments for the YMCA. In addition, the YMCA ensures that all participants have an opportunity to participate in Department of Agriculture training seminars.

II The Design

This project has been undertaken by the National Council of YMCAs in Sri Lanka as part of its involvement in development activities. The assumption that the project makes is that homestead land and unutilized domestic labor can be harnessed to increase income and to provide better nutrition if the knowledge and the limited inputs that are required are provided. An interim project during the PVO Co-financing I appears to have convinced everybody that the assumption was valid. All branch YMCAs in the country were informed and eighteen have responded. The project is now operating in these areas though not uniformly well in all. The somewhat disproportionate representation of YMCAs in the North and the East is attributed to the keenness of their response. This short study of the project is based on interviews with the Headquarters staff at the National Council and on a field visit to one out of the 18 participating branches.

Only those with a monthly income of less than Rs. 600/-, and who are resident within the area served by a YMCA, are eligible. This area may have a population of a 100,000 or more. The Christian component is much less but eligibility is not confined to those with the religious affiliation. Each branch YMCA is allotted resources to assist 250 households which in some areas may be about 1 percent of its total population. The YMCA is expected to

give publicity to the scheme, call for applications and make selections after investigation.

At the National Council the small staff working on the project includes a project officer and an accountant. At the branch YMCAs the Home Garden Committee consists of office-bearers of the YMCA, Government officials and other well-known figures from the area and also representatives from the villages from which the participants are drawn. Except for the Secretary of the YMCA nobody else is paid for his services to the project. The village representatives are chosen by the Committee with regard to their positions and acceptability to other participants in the village. The scheme was designed to draw on the expertise and training programs of the Department of Agriculture, which are provided free-of-charge.

Headquarter's overhead consumes about ten percent of the project's budget while the balance is distributed among YMCA branches. Of this amount more than 90 percent is given to the participants in the form of implements, livestock, seeds and other planting material, pesticides and so on. No cash is given; they are expected to put up structures with their own resources. The cost of material given to each participant is Rs. 1375/-; 50% of this is repayable into a revolving fund in two installments. The first of these is due eighteen months after the participant enters the project and the second must be paid within two years, that is six months after the first instalment. Theoretically, the life of the project can go on until the revolving fund comes down to Rs. 1375/-.

Once participants are selected, or at least a fair proportion of them, the project gets under way with a training course in cultivation. This usually lasts for about three days and is conducted at a nearby agricultural station. Thereafter, implements, seeds and manure are given to the participants according to their individual needs. Once planting is completed, those who wish to rear livestock are provided further training and subsequently will receive animals as they choose - poultry, pigs or goats. Those who have no interest in livestock are given planting material of other types so that the support given to them by the project also equals Rs. 1375/-. While this program is going on, leaders are selected from each village and a person is trained to vaccinate poultry.

The inputs and the outcomes can be measured with some accuracy. The inputs consist of the amounts earmarked for participants, the administrative costs and the training supplied by the Department of Agriculture. The direct output is the production which the participants achieve within a reasonable period of time - either

consumed or sold. Indirect outcomes are less easy to quantify. There are the skills generated by the project which in some instances may lead to a full-time occupation. There is also the spread of this activity to other households even though they may receive no support from this project.

III The Operation

The project is somewhat behind schedule. This we are told is due in large part to the disturbances in the country which forced the project to a complete halt in some areas. In other areas, while the disturbances did not have this crippling effect, they led to delays in the supply of livestock and planting materials to the participants. In the location that we visited (Rambukkana) 70% of the funds have now been utilized.

To judge from this location, the selection of participants has, perhaps inevitably, been strongly influenced by two factors. The villages of prominent members of the YMCA and where, presumably, the activities of the YMCA are well known, have yielded more than their share of the participants. Participants have also been heavily drawn from those villages in which the YMCA conducted its regular activities - training in vocational skill and so forth. However, this can hardly be regarded as a shortcoming of the project, given that the project could select only 250 participants in each area, provided there was strict adherence to the income criterion. As far as we can judge this has been so.

With the assistance of the Department of Agriculture, the training of participants, about 30 to 40 at a time, appears to have proceeded quite satisfactorily. They have apparently reached levels of skill which were adequate for the purposes of their limited enterprise. However, there was clearly some difference between areas in this respect. Some were more fortunate than others in the training centers to which they had access and in the quality of the staff who manned these centers.

The type of management which the project received in most areas, though largely voluntary, appears to have satisfied project needs. According to the Headquarter's staff the device of selecting leaders and vaccinators from the village has contributed the successful management of the project.

As already noted, this project follows an interim project which was conducted during PVO CoFi I. During this time the formalities of registration were cleared and the National Council mastered the intricacies of reporting. This project has therefore presented little in the way of difficulties with procedure. The

National Council does not appear to have experienced any problems in this regard and are quite happy with the type of documentation that PVO CoFi II demands.

In terms of overall expenditure this project is a large one. However, in the scale of its assistance to individuals, and, possibly to villages, it is small. Its objective is modest and it lays no claim to marking a significant impact on the development of a region. Such internal monitoring as it does is guided by this perspective: is the project in line with its modest targets?

IV Results

To date about three thousand households have been helped to start home gardens through this project. Of this number, the National Council claims that 90% of project participants have earned a profit from their activities. In a few months, in addition to consumption benefits, participants have received incomes of between Rs. 300/- and Rs. 500/-, particularly those raising poultry have often repaid their loans ahead of schedule, and this is stated as an indication that the general level of loan repayment will be more than satisfactory.

Income generation has not been the project's only positive outcome. Some of what is produced is not only consumed in the household but is also shared with others. This, clearly, has some impact on nutrition, though current records do not allow this to be quantified with any precision. While records kept by the project and by the participants are quite adequate for accounting purposes, not every aspect of production is fully documented.

The aims of the project have also been realized in other ways. Those who have seen the successful home gardens of their friends and neighbors have started some of their own. There is also a demand, particularly in the villages where participants are numerous, for another round of assistance from the YMCA. In other villages, however, the project is not known.

The YMCA is satisfied with the project's accomplishments. Its basic assumptions have been confirmed. Project has been a means of working in the community, with some capital behind it and has brought tangible benefits to individual households. In some villages, the YMCA is now regarded as a vital organization which is concerned with people's daily concerns.

V Comments

The strength of this project lies in the way in which it has exploited the under-utilized resources of domestic skills and labor and the training capacity and extension services of the department of Agriculture through the catalytic injection of a limited amount of capital into the household. It has managed to do this through a type of organization whose administrative costs are low. Even in the short-run, the return to the household and the capital that is loaned to it is good. In these terms, therefore, the project is a success.

It must be noted, however, that the income generated by this project has to be supplementary to some major source of income. As such, the activity is vulnerable to pressures from both ends. If family income improves, the significance of home gardens may well decrease. If it does not, the household may decide to take a fresh approach to its problems and the home garden may find no place in the new scheme. Its best chance of continuance is probably where the home garden is maintained and its income used by the housewife.

There is apparently no difficulty in disposing of home garden produce; it is sold at local fairs and to the middlemen of the area. It would appear, however, that it is sold at a price which does not reflect two important facts; the very special conditions of assistance under which production takes place, and the fact that there are 250 producers in an area, small though they may be, linked to one organization. In these circumstances, there is every reason for the YMCA to think of better marketing devices.

On what basis should the success of a project of this type be judged? Would it be a success if, during a two-year period 90% of the some that should be repaid is in fact returned and loaned once again, and if, during this same period, the large majority of participants earned three to four times the money that was loaned to them? Would it still be a success if, after four years, it vanished without a trace save for 5% of the participants who had made it their chief occupation?

If this project is regarded as an exercise in relief in a situation of crisis, these questions are not relevant. But if it is not so, if it is in fact a development project, the longer-range issues are important and the real objectives of the project have to be re-examined.

ANNEX E

CASE STUDY DATA COLLECTION

GUIDE

ANNEX E

CASE STUDY DATA COLLECTION GUIDE

PVO CO-FINANCING II

1 DESCRIPTIVE INFORMATION (Source: files)

1.1 Project Name

1.2 Implementing PVO

1.3 Agreement No.

1.4 Level of Funding

1.4.1 USAID - amount authorized

1.4.2 Non-USAID

1.5 Location

1.6 Agreement Date

1.7 Project Activity Completion Date (PACD)

1.8 Project Description

1.8.1 Objectives - Purpose, Outputs, Inputs

1.8.2 Indicators (if any) - Purpose, Outputs, Inputs

1.9 Progress to Date

1.9.1 No. of Beneficiaries

1.9.2 Commitments

1.9.3 Amount Disbursed - amount and % of commitment

1.10 Financial Statements - Yearly cash flow/sources and applications of funds for period of grant; income and expense statements

2 EVALUATIVE INFORMATION (Source: both files and site visits)

2.1 Project Design

2.1.1 Clarity

2.1.1.1 Are the objectives measurable?

2.1.1.2 If so, what are the quantifiable indicators?

2.1.1.3 Are there clear linkages between purpose, outputs, inputs?

2.1.2 Relevance to CoFi II design

2.1.2.1 Do the objectives relate to any of the goals of CoFi II? To which ones?

2.1.3 Relevance to USAID CDSS

2.1.3.1 Do the objectives relate to any of the goals in the CDSS? To which ones?

2.2 Project Management

2.2.1 External Relations

2.2.1.1 USAID (Note: in each of the following, if the project was under both Co-Fi I and Co-Fi II, indicate if there was any difference in the dealings with USAID)

2.2.1.1.1 What is the opinion of the PVO in relation to registration process?

2.2.1.1.2 In relation to proposal approval process?

2.2.1.1.3 In relation to disbursement procedures?

2.2.1.1.4 In relation to reporting requirements?

2.2.1.1.5 In relation to frequency of visits by USAID personnel?

2.2.1.1.6 In relation to quality of assistance provided by USAID in areas needed by PVO?

- 2.2.1.1.7 In relation to any other general dealings with USAID?
- 2.2.1.2 Umbrella Organization (if any)
 - 2.2.1.2.1 What services does the umbrella organization provide to the PVO?
- 2.2.1.3 Government
 - 2.2.1.3.1 What is the opinion of the PVO in relation to the registration process required by the national government?
 - 2.2.1.3.2 Which government groups (both local and national) support the project and how?
- 2.2.1.4 Political Context
 - 2.2.1.4.1 What has been the effect, if any, of the civil conflict on the program?
 - 2.2.1.4.2 Is any one political group dominant in the area? If so, which one and has this group had any impact on the program?
- 2.2.1.5 Economic Context
 - 2.2.1.5.1 What is the principle basis for the local economy?
 - 2.2.1.5.2 Has the program had any effect on the local economic situation?
- 2.2.1.6 Beneficiaries
 - 2.2.1.6.1 What is the PVO perception of who the target group is?
 - 2.2.1.6.2 Does PVO feel this target group is being adequately served by the program?
 - 2.2.1.6.3 Is the target group being served by other programs? If so, what are they?
 - 2.2.1.6.4 Could the PVO continue to serve this target group if USAID funding were ended?

2.2.1.6.5 How are beneficiaries selected?
(i.e., what are the selection criteria?)

2.2.2 Internal Management

2.2.2.1 If the project was under both Co-Fi I and Co-Fi II, indicate if there have been any changes in internal management areas (of those below)/operating style under one as compared to under the other.

2.2.2.2 If the project was only under Co-Fi II, indicate what internal management areas (of those below)/operating style has changed as a result?

2.2.2.3 Financial

2.2.2.3.1

2.2.2.3.2 Accounting System

2.2.2.3.2.1 Can the accounting system provide the information required by USAID in the periodic reports?

2.2.2.3.2.2 Is the information recorded on a regular basis?

2.2.2.3.3 What is the quality of the financial reports submitted to USAID?

2.2.2.3.4 Are these reports submitted in a timely fashion?

2.2.2.4 Skill Level of Staff

2.2.2.4.1 What previous relevant experience have the key staff had?

2.2.2.5 Operations

2.2.2.5.1 Procedures

2.2.2.5.1.1 Is there any formalized set

of operating procedures, either written or unwritten?

2.2.2.5.2 Budgeting

2.2.2.5.2.1 Is there a regular budgeting process? If so, how often?

2.2.2.5.2.2 Is there any provision for tracking actual expenditures against the budget on a regular periodic basis? If so, are modifications made in expenditures the following period as a result?

2.2.2.5.3 Planning

2.2.2.5.3.1 Is any forward planning conducted on a regular basis? If so, how often and what does the procedure involve?

2.2.2.5.3.2 Who is involved in the planning process?

2.2.2.5.3.3 Are specific responsibilities assigned for completing specific planning objectives?

2.2.2.5.4 Monitoring and Evaluation of Progress

2.2.2.5.4.1 Is there a type of "management information system"/reporting system that measures the progress toward planning objectives?

2.2.2.6 Management Style

2.2.2.6.1 Division of Labor

2.2.2.6.1.1 Is responsibility centralized or decentralized?

2.2.2.6.1.2 If decentralized, is authority also decentralized in an equivalent fashion?

2.2.2.6.2 Information Flow

2.2.2.6.2.1 Is information in general and about the program in specific centralized or disbursed? That is, is information shared among all staff members so that anyone could give information/comments on program developments?

2.2.3 Sustainability of PVO

2.2.3.1 Financial

2.2.3.1.1 To what resources other USAID does the PVO have access and how much of these funds have actually been disbursed?

2.2.3.1.2 What are potential future resources other than USAID

2.2.3.1.3 What attempts, if any, has the PVO made to develop income generating activities (e.g., interest on loans, fees for service)?

2.2.3.1.4 What, if any, plans does the PVO have for becoming financially self-sustaining (to cover both operating costs and loan capital needs, if any) after USAID funding ends? Is the objective of these plans to: 1) diversify the resource base, 2) merely intensify the existing sources of funding, 3) reduce all donor assistance and depend on local fund raising and income generation, or 4) to depend entirely on income generating activities (e.g., fees for service, interest income, advertising income, sale of products, etc.) ?

2.2.3.2 Benefits

2.2.3.2.1 What is the potential for continuance of benefits after USAID funding ends?

2.2.3.2.2 Minimum critical mass of beneficiaries which sees they have tangible benefits?

2.2.3.2.3 What is the level of benefits which is sustainable both with and w/o USAID funding?

2.3 Beneficiaries (interviews with representative, random sample)

2.3.1 What is the quantity and quality of benefits received?

2.3.2 Assessment of Benefits

2.3.2.1 Are benefits meeting needs of beneficiaries?

2.3.2.2 What benefits offered are the most useful?

2.3.2.3 How do beneficiaries view official eligibility criteria?

2.3.2.4 Do beneficiaries perceive that there are any unwritten/unofficial criteria? If so, what are they and do beneficiaries perceive that these criteria have had any effect on the program?

2.3.3 Perception of PVO

2.3.3.1 Does PVO include potential beneficiaries in planning/design process for projects?

2.3.3.2 How do beneficiaries view their relationship with PVO personnel, both volunteer and paid?

2.3.3.3 How do beneficiaries think they were selected? (i.e., what selection criteria were used?)

2.4 Non-Beneficiaries

2.4.1 Do non-beneficiaries have any knowledge of program?

2.4.2 If so, what is their perception of its purpose?

2.4.3 Who do NBs see as being eligible for the program?

2.4.4 What do NBs think are the selection criteria used by the PVO?

2.4.5 Why have they not participated/received benefits under the program?

ANNEX F

GSL'S POLICY ON NGOs

ANNEX F

Government of Sri Lanka Policy & Expectation on NGOs

The overall government policy towards NGOs is to facilitate NGO activities without interfering in any manner that would cripple the enthusiasm, initiative and autonomy of NGOs. The government recognizes the importance of NGOs in development and is committed to strengthen the supportive role of NGOs in development through mobilizing them as intermediaries of support, specially in local level development "as stated in the active plan to implement the UNP Manifesto.

The Ministry of Policy Planning and Implementation (M/PP&I) has been functioning as the liaison point for the International NGOs since 1977. However with a view to providing every positive encouragement and assistance to NGOs to play a larger role in development, NGO Liaison Unit was established in 1988 in the M/PP&I. Its functions are as follows:

- (1) Registration of International NGOs by signing of memorandum of understanding.
- (2) Assisting NGOs to obtain visas and duty exemptions.
- (3) Serving on NGO's advisory/governing Boards.
- (4) Assisting NGOs through supply of information, project identification, etc.
- (5) Representing the government view to NGOs and vice versa and promote government/NGO co-operation.
- (6) Building up information on NGO programmes.

The government has never made any attempt so far to 'monitor' the NGOs programmes. It is however expected that the NGOs would collaborate closely with the line ministries in implementing their programmes.

The government follows a laissez faire facilitative support policy towards the national NGOs as well. The government for that matter does not even exercise any control over the national NGOs in receiving foreign funds for their activities.

Whenever it is necessary government obtain NGOs assistance to carry out the government programmes e.g. the disbursement of credit for housing (through credit societies) implementation of the activities of Women's Bureau and Janasaviya. Government also provides limited financial and institutional assistance to NGOs to support their activities.

ANNEX G

ANALYSIS OF PROPOSAL

PROCESSING

ANALYSIS OF PROPOSAL PROCESSING

PVO CO-FINANCING II (383-0101)

TIME REQUIRED IN PROCESSING SUB-GRANTS FOR AGREEMENTS SIGNED SINCE MAY 1989

Grant No	Name of the proposal	Date Submitted	Date Reviewed	Days for Reviewing	Date AG.signed	Days for AG.Preparation	Effective Date	Total Days for Processin
14	Assit. Vocational Tra. (Parathana)	12/07/88	05/22/89	166	08/01/89	71	08/01/89	237
15	Puttlam Reg. Dev. Association (IRED)	04/06/89	05/22/89 07/21/89	46	10/31/89	162	10/01/89	208
16	Volunteer Comm. Leadership (SARVODAYA)	Continued from PVOI			08/02/89		06/01/89	
17	Cater - CARE	08/02/89			09/12/89		08/01/89	41
18	Organic Cultivation SAMA	04/24/89	05/22/89 07/21/89	28	10/19/89	150	09/01/89	178
19	Small Ent. for Rural Women	07/10/89	08/30/89	51	10/19/89	50	09/01/89	101
20	Youth Counselling FPASL	04/24/89	05/22/89 11/06/89	28	12/29/89	221	12/01/89	249
21	Private Sector Dairy Dev IESC	05/03/89 09/05/89	05/22/89 09/30/89	19 25	01/19/90	242	12/01/89	261
22	Pre-apprenticeship skill IESC	06/08/89	09/30/89	114	01/30/90	122	01/12/89	236
23	Cater - CARE	Jun-89	07/21/89 09/30/89	45	01/23/90	186	03/01/90	231
24	Private Provision of Health Facilities SLAVSC	09/20/89	11/06/89	47	01/24/90	79	01/01/90	126
25	Est. of Clothing Institute Jaffna HBE	04/03/89 10/05/89	05/22/89 11/06/89	49 32	01/30/90	253	12/01/89	302
26	Voluntary Community Leadership Sarvodaya	10/01/89			02/23/90		02/01/90	145
27	Assistance to Mallakam							
28	Women In Dev. (AGROMART)	05/05/89	05/22/89	17	03/30/90	312	04/01/90	329

ANNEX H
SCHEDULE OF AGENCIES
CONTACTED

SCHEDULE AND AGENCIES CONTACTED

- February 26 — USAID/SL - Mr. R. Casey, PRM
 — Mr. Wayne Butler, CTR
 — Mr. David Garms, PO
- February 27 — Ms. Manel Jayamanne, PRM
 — Mr. D. Zvinakis, Acting Deputy Director
 — Attend special meeting of USAID PVO Review Committee:
 J. Abeyratne
 W. Butler
 D. Garms
 P. Baldwin
 D. Tsitsos
 S. Abeysenarn
 R. Casey
- February 28 — Mrs. S.L. Kuruppu, Addl. Director, Department of External
 Resources/GSL
 — Mr. Maliyadde, Director, Ministry of Policy Planning
 and Implementation
 — Dr. Wickremasinghe, Hon. Minister of State for Policy
 Planning and Implementation
 — Team planning meeting
- March 1 — Mr. Kevin Henry, CARE Country Director
 — Dr. Robert Russell, Executive Director, Central Council of
 Social Services
 — Saraj Abeysehara, Controller's Office
- March 2 — Mr. George Jones, Acting Director/USAID
 — ACBC (All Ceylon Buddhist congress) Headquarters
 — TCCS Headquarters (WOCCU Partner)
- March 3 — YMCA Headquarters
- March 4 Sunday
- March 5 TEAM A — ACBC project at Balapitiya
- March 6 TEAM A — LEADS project at Agalawatte
 TEAM B — CARE project in Kurunegala

171

ANNEX I

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ANNEX I

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