



Partnership for Productivity
International

**SRI LANKA EVALUATION OF SMALL ENTERPRISE BY
PRIVATE VOLUNTARY ORGANIZATIONS**

Work Performed under the
Small Business Capacity Development Project
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EXECUTIVE SUMMARY

This evaluation is of four enterprise development (SED) projects in Sri Lanka selected from an original list of eight projects of interest to AID/Sri Lanka. The four which the team of Hilary Feldstein and Robert Hunt evaluated are:

1. Lanka Mahila Samiti (LMS): a two year pilot training and extension program with rural women's groups, focused on the development of individual and group entrepreneurship. Technical assistance was provided by the OEF.
2. Women's Bureau (WB): A training and pilot subsidy grant program for the development of women's income generating activities in rural areas run in conjunction with the OEF from 1981-1982.
3. Chamber for Small Industries (CSI): The first training program in Sri Lanka for small industries entrepreneurs, funded mainly by the Asia Foundation.
4. Sarvodaya Shramadana Movement (SSM): A well known, island wide community development movement, recently involved in establishing community retail stores with assistance from AT International.

The evaluation had several purposes and audiences. First of all, it is a review of differing private voluntary agency (PVO) approaches to SED in Sri Lanka, and therefore is of interest to AID/Sri Lanka as it considers means for working with such agencies in promoting SED. Others too are interested in these results as a means for comparing approaches to business support activities of PVOs. These groups include the voluntary organizations themselves, and donor agencies working with them. About a dozen PVOs from the latter group, along with the AID's offices of Private Voluntary Cooperation and Rural and Institutional Development are interested in efforts made by the evaluation team to test a new methodology for evaluating small enterprise projects. This latter methodology, described on a paper entitled "A Systems Approach for the Design and Evaluation of PVO Small Enterprise Projects", was prepared by Cheryl Lassen, of PFP International on the basis of discussions by an AID/PVO working group.

Consequently the evaluators sought to use the methodology to elucidate the different models of SED implemented by the four organizations and to gauge what impacts and benefits may be or are resulting from each and in doing so to test the usefulness of the methodology in the field. Systematic collection of data on impacts or benefits was not possible in limited time available and in light of the fact that two projects (those of LMS and CSI) had been operating less than a year. Small enterprise development is the resources or inputs and management of those resources brought to bear on helping new or existing small

enterprises to flourish, usually by organizations engaged in small business assistance.

The system's model calls for efforts to assess impacts of such assistance on four dimensions viewed as critical for determining the sustainability and spread of economic impacts and the degree to which these impacts would create desirable social and institutional changes. Critical impacts or benefits are those on the firm, on the local economy, on the equity or distribution of resources created by the intervention, and on the institutional capacities of those agencies critical for the continuation of benefits already achieved. Implementing agencies are to be assessed in terms of these outcomes, but only in tandem with two other factors. These are the approach to development which the organization was utilizing, sources of understanding as to what outcomes should be expected, in what order; and the particular context in which project activities are carried out. Inclusion of these factors enhance the fairness of the evaluation, appreciating organizational differences and differences in operating conditions. An evaluation based on the systems model should be more realistic and useful for suggesting alternatives for future SED projects than an assessment based on a narrower set of inputs and outcomes. It would indicate what worked (and didn't) from the perspective of the interaction of factors typically impinging in important ways on SED project efforts.

A. SED Approaches

By 'approach' we mean the theory of development informing an organization SED activities, i.e. the type of inputs favored, the degree to which they see social and economic outcomes as of equal importance, the extent to which group development is seen to precede (or follow) enterprise founding and functioning, and in the amount of "follow-up" needed on such things as marketing and contracts with public officials. There was considerable difference between these four implementing agencies. At one end, the Chamber of Small Industries stood as a training and mediating body, committed to reaching modest to middle income individuals with some business experience, and providing them with the training and contacts needed to begin or expand manufacturing operations. Social benefits (jobs for the poor, community economic improvement) should follow, presuming that the national economy would continue to be supported by the government and will expand. At the other end is the Sarvodaya Shramadana Movement, committed to "another" development, in the sense of a rural, community based effort minimizing the value of economic transformation as compared to the collective advancement of targeted communities. Business community stores was to be helped through training and some marketing and financial support, but largely as a means for building local Sarvodaya organizations and expanding the network of services (economic, social and political) which local bodies can provide.

For both Lanka Mahila Samiti and Women's Bureau, social and economic development are inter-linked, as they are for Sarvodaya. For the LMS, which has a nation-wide network of local voluntary groups involved in social service activities, its own groups are to be foci for improved business activity of mainly via participant training and, simultaneously, the groups strength and problem solving capacity are enhanced. However, the LMS, unlike the SSM, sees successful group business activity returning profits to individuals more than as means for advancing community health and education programs. The Women's Bureau, working through specifically trained extension agents (DOs), seeks to raise the confidence of rural women as a means for generating entrepreneurial initiatives. Groups are used mainly for logistical convenience, as assistance is really directed to motivating and through the financial security and competence achieved in successful enterprises.

The approaches of all four organizations suggest an appreciation of the moderately benign/moderately hostile content in which beneficiaries are to work: an economy which is open, yet where large multinational trading and manufacturing firms are dominant, helped by the nation's free trade policies; and a society which is democratic, but where political terrorism and elitist patronage mechanisms are in place, creating uncertainties and reducing the call of the poor on scarce, regulated resources. The rural areas in which three organizations work are characterized on the plus side by extensive networks of roads, transportation, banks, and a high degree of literacy. On the negative side, among the largely poor population, there is a paucity of capital assets, institutional credit and marketing information; and local middlemen often have a monopoly on commercial transactions.

The SSM views its enterprise development activities clearly as part of a long-term strategy for contending with the larger environment; and in a similar vein, the WB sees its efforts as helping women become stronger and thereby capable of accessing services more effectively. The approaches of the LMS and CSI are less directly concerned with changing the environments, though both have strategies for increasing client access to it. LMS, though dealing with a poor constituency, emphasizes self-strengthening for individuals and groups, wishing to act only in a last resort as a mediator. The CSI more explicitly includes its "brokering" or mediation in its program.

B. Inputs and the Managing of Resources for SED in Sri Lanka

All four agencies sought to bring a package of critical inputs to entrepreneurs and firms appropriate to the beneficiaries and their setting, which would advance SED, and such that changes can be sustained and have an ever widening impact.

Activities focus on the selection of clients; means for supporting them with training programs, extension services and finance, and for following up on original inputs and beneficiaries so as to monitor progress and deal with problems. Implementing agencies also tended to seek means for assuring their own survival through the development of income generating activities or the tapping into voluntary action networks.

In the area of selection, the agencies differed in type of primary beneficiaries sought, from the CSI highly motivated and experienced small businessmen seeking to move into a manufacturing line, to the poor rural female of the WB and LMS and the unskilled, motivated and socially committed individuals the SSM hopes will be selected by communities to run their stores. For CSI and WB, selection is largely in the hands of the implementing organization and considered an important aspect of their activity. Based on their experience, they select those they think most likely to succeed, who they believe can use their help best. LMS and SSM are concerned more for assuring participation of potential beneficiaries in the selection process.

Transforming those selected into successful entrepreneurs (and then, through various routes, seeing their activities linked to larger social and economic changes) called for significantly different steps, across these four agencies. At least one sought to make the inputs relatively direct and short-term: the CSI views the training it provided, when supplemented by some later brokerage efforts for some individuals, as sufficient to bring new, sustainable entrepreneurs into the Lankan economy, and thus to broaden and strengthen the economy's base. In practice, the CSI has been called upon for mediation more than it anticipated, and has responded effectively but by calling on a staff for substantial extra effort.

Two others, the LMS and WB, provided training in business management, but also for motivation and self confidence for the rural, poor and female. WB also provided training in the skills required by new enterprises (e.g. poultry raising), whereas LMS was building on existing skills and activities. SSM provided training in business management and other aspects of running a retail store to its community selected shopkeepers.

Part of this training (for LMS and SSM) is also in "solidarity building" as the strength of local groups was seen as a means for protecting individual and group businesses and, for SSM in particular, assuring that new revenues might be used for some social ends. Autonomy for the organization and beneficiaries came to be a problem for the WB in a slightly different way; for its early selection efforts were at best an uneven collaboration with local political figures, anxious to share in a new patronage opportunity. The WB has significantly reduced this form of interference as its programs have become more visible and staff more capable of arguing for economic

criteria in the use of public funds. However, the influence of political elites in a poor economy continue to be issues needing to be confronted. They certainly are part of the reason for the added requests coming to the CSI from its graduates. Support in the political and economic marketplace are needed by new entrepreneurs, particularly those target by these groups and projects. Much of the time of project implementation has involved in one way or another efforts to confront these realities.

Financial support has come in the form of small, direct grants to individuals (WB) to groups (LMS) and in loans to communities (Sarvodaya). The amounts were small (about \$100.00 where individual or small groups grants are given, \$500-\$800 for the SSM community loans). However, both WB and LMS have come to see these grants for potential and current entrepreneurs as critical if their clientele are to have a chance to use their training (and to reinforce the feelings of self-confidence which training is designed to provide). For SSM, the money has been critical for adapting local buildings to serve as stores and for securing ample stock to run them and because of the unavailability of expected bank loans assist in the start-up and operations of the stores.

All agencies are committing time and effort to institutional development--meaning both the creation of a support network to assist beneficiaries and extend the range of program impacts, and the strengthening of their organizational viability and capacity to give small business assistance. These often involve similar tasks, as with the CSI's efforts to encourage course graduates to become associate members of the Chamber and to support its mediation efforts. For SSM these activities also overlap considerably, as the presumed growth in local economic resources and linkages will reduce pressures for national assistance, while advancing the attractiveness of the movement within SSM communities, and to potential ones. This makes clear the SSM efforts to encourage community monitoring of store functions so as to reduce needs for central services, and assure that local profits become part and parcel of local development efforts.

The LMS project is an institution building effort, as well as a SED activity. The pilot is intended to test a means for introducing small business assistance skills and resources into its already strong voluntary extension network. It is this outreach capability which gives it great potential. But this LMS has limited financial resources. It has sought, with some success, modest outside funding support for its small grants to groups. It is also widening its contacts with other institutions which can help specifically with resources or advice to its SED activities. The development of the capacity to provide assistance to small enterprises is at an early stage and it will require more time, technical assistance, and training or recruiting of personnel to establish expertise in depth before an assessment about its ultimate viability can be made.

As a government funded agency, the main costs of the Women's Bureau projects, the salaries of its extension agents (DOs), have been absorbed. The WB continues to raise funds for start up grants and extra transportation costs for training from a number of external donors and from locally allocated district development funds and leadership training and small enterprise development program now operates in 11 districts.

C. Main Impacts and Lessons

Impacts are different to assess in these cases. For one thing, the time period between the commencement of two of the projects (LMS and CSI) and the evaluation visit was short. In addition, the two weeks available for surveying four projects limited the team's capacities for collecting impact data. Thirdly, each organization's approach to SED suggests the need for different emphases in the assessment process, as do the variations in project setting. How should evaluators compare less tangible outcomes seen as decisive "first stages" by one organization with more concrete results (e.g., numbers of graduates, loans) sought as preliminary impacts by others? These concerns have, of course, stimulated the search for a new mode of evaluation and the development of the systems framework. We attempt here to recognize these complexities, while accounting for the newness of the projects and the absence of regularly collected data on many of the indicators, especially on social and institutional outcomes. We have laid out for each organization, in each benefit category (the firm, local economy, equity, and institution building) what was observed in the way of impact, what might be anticipated, and, in the text, what future data might be gathered to determine such impacts.

We have confidence that we learned more than we could have learned had the focus been on more traditional outcomes.

In general, each project should register benefits in each of the categories, but emphases will differ substantially. For all four, enterprise profitability and viability are highly important. For CSI it is the preeminent objective and focus of its training efforts, even though it does not systematically monitor the outcome. At this point we know mainly that the courses are very popular, and are ranked highly by participants; and we know from a small sample that graduates are applying their new knowledge and seeking to follow-up on meditation opportunities so as to gain new financial resources and information.

The timetable for improving client businesses is likely to be more extended for the LMS than the CSI as they are working with a less sophisticated group with fewer resources. Early outcomes seen as the base for such business success are the learning of business skills and self-confidence; and experience

in group work. There is evidence that these are being attained. It is unclear whether choices of businesses to support (coir, handicrafts) are optimal and assistance to the groups and LMS in determining markets and products will continue to be a focus of the second years activity. For SSM and the WB, there is evidence to suggest both that assisted businesses are performing well; and both organizations are clearly committed to continuing business assistance on the same model.

Project documents and project personnel in all four cases mention the potential impact on the local economy. CSI expects productive backward and forward linkages as their clients new enterprises are established or improved.

The major exception is the SSM, through its retail stores. Though data is quite anecdotal, there are stores which are making serious efforts to increase local product purchases by a substantial degree.

With the exception of the CSI, which reaches middle income SE--the organizations place a primary emphasis on social change (equitable development). Evidence suggests that the LMS is reaching poor rural women, though there is clearly variation in the standard of living of beneficiary communities and individuals. The WB has overcome in the main efforts to politicize choices, and seems from our observations to be spreading benefits to a wider range of rural women, most of them poor. Both these organizations, and the SSM through its manifold institutions in communities, also seek to deliver training for skill development and self-confidence, and these are impacts with significant potential for increasing equity. Moreover, the SSM has (as noted) worked to increase the likelihood that community organizations are serving the nation's wealthy in any direct or notable way.

All organizations have highly dedicated staffs, believing in the efficacy and significance of their tasks. They are the core for strong and viable SED projects and implementing organizations. Yet, there are weaknesses and needs as well. Staffs are overworked and many individuals would be difficult to replace. Perhaps the LMS has the greatest problems of this sort, followed by the CSI. They have excellent central office and field people but project impact and ultimate sustainability in both cases (especially as planned expansion occurs) would be markedly enhanced were the staff network to be deeper. Additional funding for these agencies might well be directed at these personnel matters, so as to deal with these aspects of "institution building".

Each of the four organizations has plans for and taken steps toward creating social/political linkages useful to SED. Sarvodaya's concern for establishing community monitoring and advisory bodies to assist with the operation of the stores and to integrate store and community functions, are matched by such

things as the CSI's concern and plans for improvement in relations among graduates (beginning with associate membership), other small manufacturers, large scale business and government. In the second year, LMS is seeking to broaden its advisory board to include more representatives with business or training expertise. In Kolutara, the WB has increased the delivery of government services to poor rural women. In the case of all these projects, however, the impact of project activity on the larger network of environmental relations is still difficult to discern, and further study over a period of time is needed. On the whole, however, the "internal" and "external" institution building efforts of these organizations seem promising, even if needing some supplementary planning and effort to fulfill.

D. Cost and Sustainability

The costs of the benefits (and potential benefits) is difficult to calculate. On one level, that of simply running total outlays against the most clearly perceived outcomes (numbers of training courses and graduates, numbers of loans given, numbers of enterprises started), the costs vary significantly from about \$350 per trainee for the CSI to nearly \$1500 per store for the SSM. These are of little significance because they suggest only one aspect of potential outcomes and are not in and of themselves comparable; Perhaps as important are the comments we often heard from development professionals in the U.S. and Sri Lanka as they have viewed these figures. They have, in one way or another, remarked on how small the total amount of money in question is; and how any positive outcomes with such outlays could legitimately be regarded as unexpected.

From a systems perspective costs are meaningful only when taken in terms of a set of outcomes over time. To what extent have outlays created a process of change which has social and institutional as well as economic significance--and is self reinforcing? We argue in the text that these projects have the potential for becoming "cost effective" in these very terms, generating benefits with substantial potential for spill-over, and likely to be sustained. This should be true even if the implementing agencies remain dependent on external funds, while generating "independence" in the political economy which the poor will enter. Much of what occurs in the future for these institutions and their targeted beneficiaries will depend on forces the direct control both, such as those shaping the direction and dynamism of the Sri Lankan economy. To the degree these organizations do develop individuals and group capacities to engage in small enterprises and the larger commercial world and manage their household economics better, their resilience in the face of such changes may be enhanced even as specific enterprises fail.

E. Systems Framework

Advantages of a systematic approach to evaluation are obvious. It provides a means for assessing change as a social as well as economic transformation, and for at least raising appropriate questions about the dynamics of a project setting. Where data is available, over time, a systems approach allows for the actual investigation of the dynamic processes of social change. It is that contingency which bothers both critics and friends of the approach. Most accept the argument that analysis based only on "available" (usually quantitative and economic) data is insufficient, and yields information unlikely to suggest much about lives of beneficiaries or the sustainability of projects. But it is a systematic study which calls for so much comprehension in approach and data collection realistic as an alternative?

Our experience in applying the systems approach in Sri Lanka indicates that even in a limited time, considerable information on four organizations can be collected and analyzed to provide a solid foundation for understanding the dynamics of each project. In this case, impact analysis is less complete. Our experience indicates that if new projects are undertaken with the framework in mind; benefit priorities and expectations established early; and carefully structured monitoring mechanisms build in from the beginning, that the information generated will benefit not only evaluators, but the implementing organization. PVOs have moved to adopt this requirement and future SED evaluations may well provide ample and several impressive tests of systematic perspectives.

I. INTRODUCTION

A. The Evaluation Assignment

In October 1981, representatives from several Private Voluntary Organizations engaged in small enterprise development met with AID counterparts from offices of PVC and SAT and academics interested in the field to discuss the role of PVOs in this sector. The initial seminar raised a number of issues of which a dominant one was the need for developing a framework for program design and evaluation compatible with the objectives, clienteles and strengths of PVOs. To that end a Small Enterprise Evaluation Working Group was formed to discuss such a methodology. "A Systems Approach for the Design and Evaluation of PVO Small Enterprise Development Projects" prepared by Cheryl Lassen of Partnership for Productivity distills the essence of these discussions.* The paper discusses and provides guidelines for the evaluation and comparative analysis of SED projects. The PVC office circulated throughout AID and the Missions a description of the working groups activities and objectives.

Under the PVO Co-Financing Program, USAID/Sri Lanka has financed several PVO/SED projects in the last four years and recently, to stimulate and support private sector business initiatives it has authorized funds for support of a newly created Business Development Center (BDC). Among the objectives of the BDC is to encourage small businesses, particularly in the rural sector. A review of PVO activity in Sri Lanka was timely and once aware of the framework being developed by the PVO working group in Washington, the Mission requested an evaluation team to review Sri Lankan opportunity to use the comparative framework in reviewing several projects in one country. The SED project of Lanka Mahila Samiti in conjunction with the Overseas Education Fund was due for a mid-point evaluation to be used in considering second year funding. Thus the three purposes of this exercise were: (1) To try out the SED comparative evaluation methodology; (2) To review PVO/SED activity in Sri Lanka and report to the Mission; and (3) To make a mid-point evaluation of Lanka Mahila Samiti.

Robert Hunt, part of the Washington PVO working group, and Hilary Feldstein, an independent consultant, were contracted by PFP under funding from The Small Business Capacity Development Project (DAN-E5317-C-00-3085-00) with direct funding from PVC/FVA to do the field investigation from 31 July to 17 August 1984.

From an original list of eight projects, the evaluation team and USAID/Sri Lanka reviewed four:

- (1) Lanka Mahila Samiti (LMS): a 2 year pilot training and extension program with organized rural women's groups for which technical assistance is provided by OEF.

(2) Women's Bureau (WB): A training and pilot subsidy grant program for development of women's income generating activities in rural areas run in conjunction with OEF from 1981-1982. The mission was particularly interested in what has been retained since the project was completed.

(3) Chamber of Small Industries (CSI): The first training program in Sri Lanka for small industries entrepreneurs which AID had not funded, but received support from The Asia Foundation.

(4) Sarvodaya Sramadana: A well known, island wide, community development movement, recently involved in establishing community retail stores with assistance from AT International.

Because the period for field work was so brief (16 days) and four organizations were covered, we were unable to gather extensive data on the output or inputs of these projects. A description of the evaluation methods used is found in Appendix A. Our analysis concentrates on understanding the variety of approaches, clientele, service mixes and potential benefits of small enterprise projects in Sri Lanka. We stress "potential benefits" because two of the projects are too new to have reached the level of service delivery which they have reasonably potential to accomplish. Nor are the dimensions of their impact discernable as yet, even if a serious effort had been made to measure them. Therefore this analysis is a comparative overview of the differences of the SED efforts in Sri Lanka rather than an evaluation which attempts to rank the four projects against one another and expresses judgements of comparative worth. Nor will it attempt to substantiate the interaction of social and economic effects as posited by the approaches of the organizations though we believe them generally to be soundly conceived. The conclusions and recommendations of the comparative analysis express issues and questions which should be addressed by project and donor staff in the future. Where feasible, suggestions are made as to how to collect data and establish monitoring processes which may be useful in answering these questions.

The Introduction section of this paper continues with a description of the context in Sri Lanka within which SED operates. The context section stands for all four projects with particular differences discussed in the individual case studies.

Section II is the comparative analysis organized according to the approach of the implementing organizations, the project implementation and service mix, and an evaluation of benefits. It begins with a discussion of the framework used and closes with general conclusion to be drawn from the exercise. Section III presents detailed case studies on each of the organizations.

B. Context

Sri Lanka is in many ways an exemplary setting for development activities. It has an ancient and fascinating culture which is a source of national pride, is accessible through major air and sea routes, and is a country of unsurpassed beauty. Moreover, and for developmental purposes more significant, it has a deeply rooted democratic tradition. Citizens expect to participate; and their political system is a fairly populist one, emphasizing the direct links of people to their government and public bureaucracy. Popular pressure in the decades after independence are largely responsible for the widespread public services in health and education. That the nation is relatively high ranking on basic social and economic indicators, despite the fact it is one of the poorest nations in per capita terms (\$270 GNP/capita, 1982) testifies to the spread of benefits even to poorer sectors of society. Consequently, development projects in Sri Lanka are undertaken with beneficiaries likely to be literate and well informed and experienced in group activities; and to have access to food, health, and other services which can make a difference in the time and energy they have for development activities. There is a substantial tradition of mutual self-help in Sri-Lanka, and the indigenous social and economic groups are active even in remote areas.

The economic base of the country is strong in several respects. Its agricultural potential is large thanks to fertile soils and moderate climates. World demand for its tea, rubber, coconut products and coffee is well established, even though the terms of trade in these commodities have generally gone against the country over the past three decades. Natural resources are relatively abundant. Electric power supplies are generally adequate and are being increased; the national road network is extensive and varieties of public and private transport companies serve even remote areas. Roads throughout the nation are lined with shops selling fresh fruits and vegetables and manufactured goods, many of them imports; and many villages have public and private health centers and outlets for the People's Bank.

In a recent effort to assist all sizes of businesses in collaboration with US/AID the government is promoting a Business Development Center (BDC) which is designed to assist businesses to start and improve their operations, to provide industrial services such as marketing information, and to develop policy. Businesses to be assisted range from multinationals (to diversify) to potential entrepreneurs without resources or experience such as unemployed graduates of universities.

Yet the nation also has serious problems. Its actual economic performance has been modest; with World Bank figures indicating a GNP growth rate (1960-1981) of 2.5 percent on average. Because of periods of draughts or floods and stress on land, Sri Lanka does not grow enough rice to feed its people

despite its generally hospitable climate. Most families have access to paddy land, through not enough and are therefore to some extent dependent on the cash economy. This is recognized and partially mitigated by a publicly financed food stamp program for families earning under Rs 500/month. Problems of unemployment and underemployment continue to increase as rapid rates of population growth in the 1960's and 1970's (now slowed) outstripped new jobs. Some estimates place joblessness at about a quarter of the workforce. The lack of jobs at home has made jobs in the Middle East a lure, particularly for young men and women who often go off for two to five years before returning home with their savings to settle down. Those absent usually send remittances.

Means for generating a rapid growth in productivity and jobs are not obvious. Despite its potential, the economy rests on a relatively weak structural base: few inter-industrial linkages exist, production and marketing options are limited or obscured by the absence of complementary industrial and commercial firms or of regular sources of business information. Bank outlets and capital for lending have grown, yet loans are expensive and not easily obtained without some backing.

In rural areas, much of the commerce and moneylending is dominated by networks of mudalalis, middlemen who buy and sell locally or trade to the 'larger' mudalalis serving the towns. Isolated producers of agricultural or manufactured products often end up crediting their goods to the mudalalis in exchange for that day's food requirements, resulting in a cycle of debt and dependency. Rural development is promoted by several government ministries, but their activities are constrained by a shortage of technically trained staff and of the commodities, e.g. imported high yielding dairy cows, new poultry stock, they wish to encourage.

As a consequence of these economic limitations, Sri Lanka is confronted with difficulties in meeting the aspirations of its educated and political citizenry. A major problem of relative deprivation is perceived by some observers, and is believed to be a part of major upheavals such as the student insurrection of the early 1970s.

Since 1977, Sri Lanka has been governed by the United Nations Party (UNP) which seeks to promote the rapid growth of agriculture and of industry through private sector initiative. The government's efforts to support private enterprise, as through tax breaks and other concessions for those who will open firms in certain areas of the country, and through the increased supply of loan capital, are in some ways offset by the policy of free trade, which results in the uncontrolled "dumping" of imported cheaper goods on the local market to the disadvantage of existing and new manufacturers. Large scale industrial and trading firms may be more tied to overseas firms than to the local economy. Moreover, there remains a large and complex

bureaucracy more oriented to welfare and public assistance than to supporting small businesses. Additional difficulties are sometimes created by the penetration of the administrative system by elected officials. Sri Lankan populist tradition and the fact of continued scarcity make it tempting for public officials to use their clout to secure special favors for clients. Consequently whether dealing with village headmen who are part of the civil service system, or all the way up to top level bureaucracy the entrepreneur or PVO official sometimes needs to consider the possibility of seeking 'political assistance' in getting public goods and services.

The projects of three of the organizations reviewed-LMS, WB, and Sarvodaya-are largely among the rural poor. They are set in areas characterized by pockets of poverty and considerable unemployment and under-employment through the remittances of family members in the Middle East provide some assistance. The new houses we saw frequently were attributed to the savings of the temporary migrants, housing being their first investment upon return. People marry late, women in their late twenties, and in more remote areas these women form a cadre particularly interested in opportunities for small enterprises.

The Framework suggests that contexts be graded along a continuum which measures the difficulty it presents for small enterprise development. We would rate Sri Lanka's environment as moderately difficult.

II. THE COMPARATIVE EVALUATION

A. A Framework for Comparative Evaluation

There are a number of challenges inherent in making a comparative analysis of several small enterprise programs such as those in Sri Lanka. One is the difference among donors in funding contrasting types of socio-economic assistance, different beneficiary groups, and various sequences of activity over different periods of time. Added to this are the differing philosophies and sets of services of implementing agencies, not to mention sharp contrasts among project design in terms of the degree of beneficiary participation in project design and management. Ultimate goals also diverge as to the relative expectation for self sufficiency and for social as well as economic change.

Very significant differences also exist in project context. The realities of specific settings may necessitate numerous departures from standard models and original proposals that have major design influences, recognized or not. The social and political infrastructure of a setting and the dynamic (or lack of it) of the local economy, are important determinants of the form a project takes. The effects of context on implementation are complex, but efforts to understand the relationship provides significant information for practitioners everywhere. At a minimum the effect of context must be examined in each project and context and differences must be controlled for in making comparisons of benefits across projects.

Given variations in project approach clientele, methods and context, it's no surprise that there is equally large diversity in the kinds of benefits which small enterprise programs produce. Some might argue that the search for SED benefits should focus on a few key indicators such as profitability wage employment, or business performance ratios. But most people in the Third World strive to improve their economic activity for reasons such as greater economic security; improved nutrition and standards of living for their families; and a desire to be productive. SED benefits are also not limited to gains by individual producers; they can be just as important to consumers in improving the structure of area economies or in changing national policies and institutions to create wider access to productive means.

Since many small enterprise and income generating projects aim at broadening economic participation, social factors are very important to analysis. Is a project targeting its services appropriately, in such a way that creates viable enterprises and has distributive input? Are project activities producing social relationships or institutions, which themselves can spread and sustain project impacts, through direct assistance and mediation? Socio-economic gains are important to understand, even when they cannot be indicated in more conventional monetary or counting terms.

All of the above reasons have led the Working Group of small enterprise evaluators to advocate an evaluation paradigm that is oriented to understanding and learning about complexity. The goal of this framework admittedly is not to provide those who are removed from the field with a reduced set of criteria which can be used to make simple rank judgements of comparative project worth. The theory of development, let alone small enterprise development, is not sufficiently refined at this point to demonstrate that only certain designs, methods and performance indicators are valid above others. Therefore we need a framework that tolerates and organizes complexity and ambiguity rather than dismisses them. This framework must encompass a broad definition of economic and social benefits. It must be of assistance, encouragement and learning value to the clients and staff who are at the heart of these projects--if not, why bother with evaluation? With social data that is hard to quantify and economic data often compiled in the absence of quality record-keeping, this evaluation framework must be careful about making judgements and inferences about project worth which exceed the reliability of the evidence. Lastly it must enable us to comprehend the development process at work which either enhance or impede socio-economic impact. Beyond all the inputs, outputs and benefits, what have we learned?

It is not possible with this assignment in Sri Lanka to test in a rigorous fashion any comprehensive theory about the design and evaluation of small enterprise development projects. Our goal is to demonstrate this learning approach to SED design and evaluation. To do so we use a framework which analyzes and compares among projects as follows:

A. COMPARATIVE EVALUATION MODEL	=	B. AGENCY APPROACH	+	C. SERVICE MIX & CONTEXT	==>	D. SMALL ENTERPRISE BENEFITS
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Part II B. of the analysis introduces the approach and design of the four small enterprise projects in Sri Lanka. It discusses the objectives, clientele, scope and underlying philosophies of each, as well as the basic information that will give the reader the "gist" of the organizations' approach to SED.

Part II C. inventories the various services provided by the four organizations and explains how each service mix fits together, is delivered by the projects, and is affected by the approach and clientele of the organization. It also compares the way in which the organization delivers particular services.

Part II D. examines four main categories of benefits; firm or household level economic gains; benefits to the local economy; human and social equity gains; and the ability to build viable local business support institutions whose work will be on-going over time, and suggests the kinds and dimensions of benefits which may be expected from these four in the future.

Part II E. concludes with recommendations and factors that merit further monitoring in these small enterprise projects, and also with observations about the use of this system approach.

The comparative analysis section is followed by much more detailed case studies which identify in greater depth the approaches, clientele, services, implementation experiences, and future challenges of each organization. Those wishing more information or detail on any particular section are advised to consult the case studies. Indeed, those who want a thorough introduction to these projects may prefer to read the cases first before reading the comparative section.

B. Approach

By 'approach', this evaluation means the world view that underlies its choice of clients, methods, and expected outcomes and includes its operational view of the larger environment in which it and its clients operate. It is the philosophy about methods it is using for small enterprise development. Organizations have experienced successes and failures; and they have built up a stock of experience and nurtured a body of talent over a period of time. They have identity based on the type of work they do best, the type of people and groups they regard as primary beneficiaries.

It is incumbent on evaluators to recognize and accommodate these factors out of fairness not only to the organization being evaluated, but to the truth. Obviously it is possible to argue that all projects and organizations are so unique that no standards can be fairly applied by outsiders. This is not the point being made. We are arguing that to understand success and failure, the evaluation must proceed from a base which project officials can accept and "stand on". This is implicit in design and in donor funding; it should be explicit in evaluation. With that baseline and framework in mind for assessing and understanding what they see, evaluators then may subject the project to close scrutiny.

Therefore before examining the actual implementation of small enterprise development by the four organizations studied, we shall describe the approach of each to small enterprise development. The four pages which follow give the gist of each organization; its scope of work for SED, its organization and history, its clientele, and its approach. It must be emphasized that for three of the four, small enterprise development is part of a larger range of development activities. The section ends with a discussion of points of similarity and difference between the ways they seek to assist small enterprise development and the people with whom they work.

1. Chamber of Small Industries

Organization: Membership organization for small manufacturers established in the 1960s

Project Scope: To provide general business training to as many as 600 potential and existing small manufacturers over a period of two and a half years. Simultaneously to provide mediation services (assistance in getting action from public and private institutions) for trainees and entrepreneurs.

Funding: \$190,000 for 30 months beginning October 1983

Donors: \$150,000 from Asia Foundation
40,000 from CSI, some in kind

- a. Organization and History: The Chamber of Small Industries has a fifteen year history as a service organization for the owners of small industries in Sri Lanka. It has nearly 150 members, mainly in Colombo or within a 100 mile radius. Unlike the other projects, CSI is not a development or welfare organization. To expand its base and fill a needed niche for training in Sri Lanka, it seeks to assist mainly urban middle class individuals.
- b. Clientele: The CSI seeks to assist existing and potential entrepreneurs of small manufacturing firms. They see as their target present owners of small enterprises who feel the need for additional training, those from trading families now seeking to diversify, those who have been employed in manufacturing and now wish to start their own firms, and those with no business experience, but resources to invest from money earned locally or in the Middle East. This results in a clientele ranging in age from thirty to sixty, predominantly urban, largely from the middle or upper middle class, predominantly men (perhaps one in ten are women) and with some experience in manufacturing or finance. The businesses they expect to start range from food processing to the manufacture of electronic machinery.
- c. Context: As indicated in the general discussion of the context for small enterprise development in Sri Lanka, the environment is mixed; government is interested in stimulating private enterprise, but the establishment of a small manufacturing firm is made more difficult by the open trade policy which makes it vulnerable to 'dumping' of cheap imports and by the bureaucratic hurdles in the way of securing low cost finance (18% as opposed to 22) and other services. Small manufacturers are also especially vulnerable to market forces and changes; and they need good advice over extended periods about regulations concerning employee rights. They require information regarding licenses and incentives schemes--as for exports. Government and educational institutions provide little of this. The CSI thus faces the task of providing much of this information and support itself.
- d. Approach: Since 1978, the leaders of CSI have seen the need for training for small manufacturers, both to build up the membership of the Chamber and to upgrade the quality of entrepreneurship nationally. CSI's view is that general business training which includes information on and introduction to relevant public and private institutions, complemented by 'hands-on' exposure to the firms of successful manufacturers, is what is required to give selected potential entrepreneurs the confidence and tools they need to establish and maintain profitable small industries. The training is to be supplemented by further mediation with relevant institutions as necessary. In the long run, the small industries begun by graduates are expected to impact favorably on the Sri Lankan economy by promoting more business opportunities for suppliers and customers and more new jobs.

Sarvodaya Shramadana Movement:

Organization: National community development organization begun in 1958 currently operating in 6000 villages.
Project Scope: To promote retail stores in villages where SSM operates.
Funding: \$100,000 for two years (1981-1983).
Donors: Appropriate Technology Inc. (ATI)

- a. Organization and History: The Sarvodaya Shramadana Movement was begun in 1958 as a community development effort by a small group of school teachers. Its overall development approach is to begin in each new location with a community volunteer workday (shramadana) on a project identified by the village and to follow that with support for the gradual organization of community groups (e.g. women's and youth groups) and identification of village needs and solutions (frequently preschool projects and children's gardens). SSM directs its support and intervention to helping them come together to generate plans and activities of benefit to all. Subsequent to the growing worldwide recognition for its wholistic approach to development and its impacts, it has, in the past decade, expanded to 6000 of Sri Lanka's villages, 25 percent of the total. Funds for projects and assistance in initial community development efforts come from Sarvodaya headquarters based just outside Colombo.
- b. Clientele: For SSM the clientele are collectives, mainly villages, and through village development, to the nation and beyond. In practical terms this means villages and rural poor are targets, though no income criteria are applied for most assistance efforts. However, observers of Sarvodaya programs have stressed their attraction to, and incorporation of, the poor sectors of SSM villages. All activities are organized with community benefit in mind without regard for sex or age or income. Since Sarvodaya activities within a village frequently begin with pre-school projects, mothers are predominant among the early activists. In the case of this particular project, the retail store managers are drawn principally from this group, that is women with limited educational qualifications and generally untrained in business.
- c. Context: Much commerce in rural Sri Lanka is carried on by middlemen, mudalalis who where unchallenged have a monopoly hold on village sales and supplies. The context in which the SSM retail stores are established varies. They range from remote villages with little competition, but difficulties of supply in which availability of goods as well as price are important objectives, to villages nearer the main roads where there may be established mudalalis or government cooperative stores and there is a need for fair prices especially for goods not subsidized by the government. Individual store managers need therefore to develop means for finding the portion of the market they can best serve.

d. Approach: The establishment of retail stores is a response to the expressed interest of several communities. In undertaking assistance to income generating activities SSM seeks to support and "administer" this project in a way similar to others: that is, through the decentralization of responsibility to community groups, in this case through their selection of managers and the establishment of advisory boards. Somewhat at variance from their philosophy there is in the short run more explicit dependence on the center for finance and supplies. The goal is first self sufficiency and secondly profits for community use. Its strategy for developing a positive social and economic context for small enterprise development relies less on linkages with or promotion of changes in itself and be less subject to outer influences.

3. Lanka Mahila Samiti

Organization: National private volunteer women's organization established in 1930 with active local chapters, samitis in 1500 villages.

Project Scope: Through a pilot training and extension program to assist 400 poor rural women develop viable enterprises and to incorporate the training and extension model into the regular LMS organization.

Funding: \$169,033 for one year for two year project beginning October 1983. Second year subject to renewal October 1984.

Donors: \$124,330 US/AID
22,330 Overseas Education Fund
22,390 LMS

a. Organization and History: During its 54 year history, LMS has worked to improve health, child care and handicraft production among rural women. They do this through a network of volunteer extension workers who have had three months concentrated training and through a requirement of substantial self-help before LMS marshalls additional public or private resources for local welfare activities. A recent study shows that the membership of LMS is predominantly rural, young, single, and poor; the urban membership is older, married and middle class. There is a concern at the lack of younger middle and upper class women ready to volunteer and renew the organization. It is not a rich organization: it receives some financial support for projects from the Government of Sri Lanka (\$40,000) and international organizations and for organizational support from private sources in Sri Lanka. The small Enterprise Development Project developed out of requests from rural samitis for assistance with income generating activities.

b. Clientele: Participants of the Small Enterprise Development Project are members of samitis in Matara district who have in turn formed "production groups" (not actually engaged in joint production). The majority are unmarried and between 20-35.

and have an 8th to 10th grade education, an income under Rs. 200/and few income earning opportunities. The balance are older, married, and have family responsibilities. The majority produce coir, twine made from coconut fiber; others sew or make lace.

c. Content: The pilot area chosen for this project was Matara District, an area dominated by fishing, coconut production, and tourism (now much reduced). The economy of coir (supply of raw material, purchase of coir) is dominated by local middlemen, mudalalalis who purchase in exchange for 'credit' for food, resulting in increasing debt and dependency. Middlemen sell to local craftsmen or to Hayley's, a large exporter in Galle, 50 miles to the north. The demand for coir through both routes is health and Hayley's is actively assisting communities and groups such as LMS to organize coir production. The immediate constraints for coir producers are transportation, dominance of middlemen, and lack of capital for raw materials.

d. Approach: The LMS is working with members of its own samitis. Its approach to SED derives from its general approach to community improvements through work by the samitis, i.e. training of local leaders to work with their groups, respect for local decision making, and expectations of considerable self help and maximum use of scarce resources. Therefore training is given to viaparikas, members selected by the groups, who serve as extension agents to their groups and is directed to helping women make their own business decisions and making more informed and better use of their own productive capacity and local resources. Viaparikas and their groups then devise a strategy to improve their enterprises. The orientation of LMS is service, and it intends to incorporate the pilot into its regular training of volunteers and thus spread it to other districts.

4. Women's Bureau/Kolutara

Organization: Public sector agency, formerly part of the Ministry of Plan Implementation; currently folded into a new Ministry of Women's Affairs and Teaching Hospitals.

Project Scope: Training of front line field personnel, 96 Development Officers (DOs) "Family Health and Income Generating Projects for Women"; and a pilot program of training and in-kind subsidies to help 200 women in Kolutara District begin small enterprises.

Funding: \$310,828 for 20 months from August 1980 to May 1982.
Donors: \$200,00 US/AID
110.828 from OEF and Government of Sri Lanka

a. Organization and History: The Women's Bureau was established in 1978 as the major public undertaking for coordinating, catalyzing and managing development activities for women in Sri Lanka. Its

own staff is small, currently 12 professionals. It implements its activities through Development Officers from the Ministry of Plan Implementation stationed in each district who especially (but not exclusively) assigned to carry out Women's Bureau projects. Within a district, DOs are supervised by a Planning Officer (also from the Ministry). The priority of the Women's Bureau is to train women leaders and make government officials more responsive to a full range of women's needs, particularly in health and income generation.

b. Clientele: The ultimate beneficiaries of small enterprise development and other training activities of the project are intended to be poor rural women (less than Rs 500/-per month) selected also for leadership potential. There was no distinction made between single and married women initially though DOs in Kolutara now favor married women as more motivated. Intermediate, and instrumental, are Development Officers, some of whom from each district were trained by the project and assigned to carry out the Women's Bureau activities in the field.

c. Content: The pilot project funded by OEF and the one visited by the evaluation team is in Kolutara district, 35 miles south of Colombo. It is characterized by small holder rubber and rice production. Kolutara district is somewhat favored in this project being the home district of the original head of the Women's Bureau. In addition to the general problems of rural areas, distance, transport, lack of an integrated economy, the dominant constraints to improving women's position generally and for small enterprise development are seen as lack of self esteem, lack of capital, lack of skills, and lack of access to government services for women. Political influence in the district plays a role in the allocation of public resources.

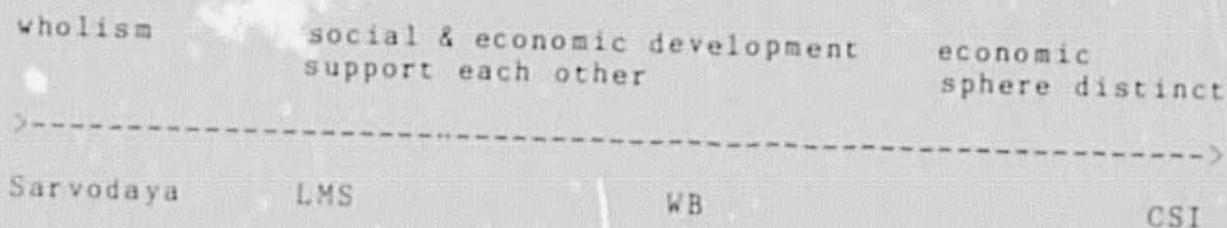
d. Approach: The primary objective of the Women's Bureau is the development of rural women leaders and community improvement. The underlying approach to the project combines the Women's Bureau concern with greater access by women to government services, OEF's conviction that training include means for increasing self-esteem and problem solving as well as skill development, and their combined view that health and income generation were key links to women and community improvement. An injection of capital was also seen as critical to getting women off to a good start. It was initially envisioned that the women groups from which participants came would provide follow through assistance, but this has not been the case and DOs have taken on that role. The Women's Bureau did not bring a history of experience in rural development or small enterprises to this project. In Kolutara specifically, the DOs and more senior local officials have taken a learning approach to the project modifying it according to the experience they have gained.

All these projects are undertaking "small enterprise development", but their reasons for doing so and the philosophy underlying their approaches differ. Each target is a fairly

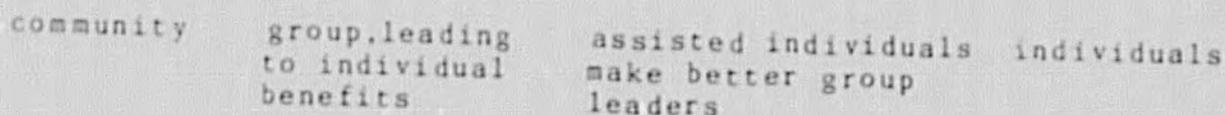
narrow range of clients. LMS and the Women's Bureau explicitly, and Sarvodaya, in fact, work with the rural poor, Sarvodaya with communities, LMS and Women's Bureau with rural women. CSI works with middle class urbanized entrepreneurs. These are natural constituencies growing out of their organizational history and world view.

The degree to which the organizations view social and economic development as mutual, tightly interactive factors, rather than as separate problems or goals, is roughly paralleled by their attention to groups versus individuals and to elements of socialization versus straight business training.

Approach:



Focus of effort:



More than any of the others, Sarvodaya stresses mutuality, wholism. A degree of community organization precedes and provides a base for economic enterprise which in turn becomes a source of community betterment. SED is seen as a means of benefiting the community in lower prices and eventually as a resource for further activities. The retail stores are not training vehicles or sources of income for any individuals but the retail manager and employees.

In the approaches of LMS and the Women's Bureau, the spheres are more distinct but seen as somewhat interactive. LMS uses groups, its natural constituency, as a vehicle for learning, for providing reinforcement for its members and as a locus self help and some joint economic activity. This is instrumental to developing enterprises which return profits to individuals. The Women's Bureau sees improved self perception as a component of successful enterprise development, but stresses the economic success of women as sustaining and reinforcing their role as women leaders. While groups are used for logistical convenience, assistance is directed towards individuals. At the other end of the continuum is CSI, unapologetically profit oriented, seeing social benefits as a fall out of jobs created and opportunities provided through backward and forward linkages. The individual,

his or her energy and resources, are to be assisted by the CSI program, and it is his or her success which is the first objective.

All four organizations incorporate in their world views an understanding that their participants operate in an environment which is not benign or neutral to their economic activity, but not altogether hostile either. Sarvodaya, because of its wholistic philosophy, views its SED activities clearly as part of a long term strategy for contending with the larger environmental; in a similar vein, the Women's Bureau sees SED as helping women become stronger and thereby accessing services more effectively. The approaches of LMS and CSI are less plainly concerned with changing the larger environment, though dealing with a poor constituency, emphasizes strengthening individuals and the group, acting as a broker only as a last resort; CSI more explicitly includes its 'brokering' or mediation in its program.

C. Interventions and Service Mixes

The frame work for analysis of SED projects acknowledges that there are a variety of interventions which may be made to assist SED. The selection, targeting and Mix of particular interventions will hinge on a number of factors including the nature of the enterprise itself (production, services, sales), the physical economic and social context in which it operates, the educational level and previous business experience of the clients, and the approach of the PVO providing the assistance.

$$\text{Service Mix} = \text{Enterprise Nature} + \text{Clientele \& Approach} + \text{Context}$$

Among the interventions to be considered are financial assistance, training and consultancy services. Training includes skill training, business management training ranging from rudimentary understanding of working capital management to sophisticated investment and loan strategies, understanding costs, prices, and their relationship, understanding banking services, financial management, personnel management, identification of markets and/or appropriate products, marketing devices or other means of gaining access to markets, procurement of raw materials, management of group decision making, establishment of cooperatives for purchases or sales, etc. These interventions reflect choices among potential entrepreneurs and enterprises and may be directed to entrepreneurs singly or in groups, as well as to firms, group production units or communities. On behalf of participants, interventions may be directed towards the institutions impinging directly on small enterprise activity such as credit or extension services. We also include 'mediation' or brokering with external institutions among the interventions which projects use to provide assistance to small enterprises.

A separate category of interventions, about which we have collected information, are the conscious steps being taken by an implementing organization to develop its own capacity as business support institutions. By this we mean on the resources side, attention to cost efficiency and means for generating funds, and also linkages to other institutions whose activities impinge on this business community. We also mean the implementing organization's capacity to 'learn from experience in a systematic fashion. This includes mechanisms for monitoring the progress of assistance and adapting subsequent efforts to meet new conditions or to revise the organization's understanding of what is required to further the growth of small enterprises. To what extent, by what steps, in short have implementing organizations grown, or tried to grow, as managing agencies.

Following this introduction we give a brief summary of the mix of services offered by each project highlighting their relationship to approach, context, and clientele. Much of the richness with which services are implemented and build upon each

other is thereby left out. For this we direct your attention to the case studies. The brief descriptions are followed by comparing the organizations around a few salient points: training, finance, markets, follow up, interaction with the larger environment, and steps for institution building.

1. Lanka Mahila Samiti

Because LMS is working with coir produced by poor women who want and need to get a bigger share of the market, their services consist of new group formation and encouragement of group economic activities, training on business concepts and management, and a small input of capital. Members of samitis have formed production groups from whom they have selected a viaparika to receive training and act as their extension agent. The training, designed by the Project Coordinator with an OEF consultant, Barbara Skapa and considerable input from the viaparikas emphasizes information leading to a wider understanding of their own market choices, elements of a business including costing and pricing, financial management and banking practices, use of credit, and group decision making. According to the Project Coordinator, the most successful sessions were those where the substantive materials were presented in a participatory mode rather than as a lecture. Viaparikas are expected to pass on this training to their groups and work with them to develop a strategy for improving their enterprises which may include joint purchasing or selling. A major constraint is sufficient capital for enough raw materials from which to spin coir in enough volume to sell to buyers who will pay more. A small grant, \$100 per group, is being provided by Trickle-Up, which will be given to the groups for use as a revolving fund once plans for its use are submitted. To encourage participants own decision making, LMS has tried to avoid 'giving the answers'. For instance, in the critical and difficult area of marketing, it is trying to keep a minimum the provision or mediation to markets and build up, through training and problem solving, the groups own capacity to work in this area.

Mrs. Priyanthi Fernando, a long time member of LMS, is an able and open manager, entrepreneurial in her own observations of the project's progress and in devising new steps and seeking new resources to assist it. She is assisted by a district coordinator in Matara who works with the viaparikas and the groups, an administrative secretary and an assistant. Anticipating a continuing need for assistance to groups the project has built in several mechanisms for monitoring and adjusting the program. Viaparikas and groups send monthly reports to Colombo and meet monthly with the District Coordinator who in turn meets once a month with the Project Coordinator to plan next steps. By this means the project is able to learn from and adapt internally generated activities; its need for outside observers and assistance to broaden the learning is an objective of the second year. The larger LMS considers this an important step for the organization, but have so far remained distant from

its operation. During the next year steps will be taken to incorporate the pilot into LMS regular training and volunteer extension network.

2. Women's Bureau/Kolutara

With a concern for activating poor rural women as leaders for community improvement and for insuring their inclusion in government development activities, the Women's Bureau with assistance from OEF undertook a two step program. The first step was to train 96 Development Officers, the government officers in the front line of development activities in rural areas, in order to harness their attention and services to catalyzing women leaders and making government agencies more responsive. This is an example of complementary interventions aimed at the clients and other institutions important to their enterprises. Potential women leaders were selected by local government officials in a lengthy process which in some areas includes a political input. They were trained by DOs in leadership, community surveys and development, improved health practices, and basic elements of a small enterprise. Each submitted a list of enterprise choices to government officials who made the final determination. They then received technical training for the enterprise along with some bookkeeping and working capital management and an outright grant, in kind (imported dairy cow, fifty chickens; approximate value in 1982 Rs. 1000) with which to begin their enterprises. Initially these grants were supplemented with commercial loans which local government officials helped secure.

The Women's Bureau believed that the introduction to appropriate government technical officers, the technical and leadership training, and the injection of capital would provide enough structure and resources that follow up assistance could be done by the women's groups of which their clients were members. That task has fallen to the DOs and local government who have made several changes in the program. In Kolutara, in order to capture and make more efficient the use of technical officers (who are in short supply), they have instituted more group meetings. They also pay more attention to and take steps to encourage family support, make larger in-kind grants and no longer encourage loans (now Rs. 2500). This is an example of continuous learning and adjustment and of continuing steps to increase access to resources by participants.

Compared to LMS there is more focus on the individual, on start up, and on technical training in production; less on group development and individual decision making.

3. Sarvodaya Shramadana Movement

To support the development of community stores, the national Sarvodaya office provided training, finance, some advisory extension services and saleable goods at wholesale prices. In turn, communities were to choose a person to receive basic

management training and to support the new stores—even to the point of monitoring their operations so as to ascertain what improvements might be necessary and possible.

In a pilot effort, twenty communities selected a person, usually a member of a preschool mother's group, to be given two weeks training in Colombo as a store manager. Training included bookkeeping, inventory control, and methods of displaying merchandise. Early graduates of the training program were provided an opportunity to serve an internship in a government cooperative store until this was deemed by students to add little to their training. A loan was made to the communities for renovation of a facility and purchase of the first stock with the SSM stepping in to provide loan funds where unexpected bank loans were not available or delayed. To keep prices low, the central office purchased supplies in bulk, stored them, and transported them to the stores. Early difficulties in supplying goods over a wide area have accelerated the planned effort to rely on local suppliers.

With expansion of the program, efforts being made to replace the ATI/SSM loans with commercial loans but these wait on legal incorporation of local Sarvodaya societies, a process just begun in some communities. Repayments to central coffers are being recycled for starting stores in new communities, a further extension of the wholistic approach. Sarvodaya has also assisted with the creation and expansion of some local advisory boards which monitor and guide local stores. Because of the SSM's emphasis on local autonomy, it does not stress the latter. Characteristic of this wholistic and complex organization, all of the connections between community advisory committees, accountability of the managers to the community, finance, decisions about store profits, relationships with local suppliers, and the relationship of the central organization to the individual stores are not entirely clear.

Unlike the Women's Bureau or LMS projects, the project of Sarvodaya's focuses on a single community enterprise meant to provide mainly community benefits.

4. Chamber for Small Industries

CSI works with a different clientele, almost all experienced with business. Through the level of business sophistication is higher than in the other projects, the requirements for establishing small industries demands more extensive knowledge of government rules and regulations and resources. Contracts as well as training are useful in successfully initiating a small industry. Under the leadership of the programs, creator, Mr. K. D. Ariyadasa, the main inputs provided by the Chamber's program for aspiring or expanding entrepreneurs in small industries are training, hands on exposure to similar industries through visits to the factories of members of the Chamber, and introduction to the key personnel and the services and resources available from

public and private sources. Training topics include marketing, finance, production, personnel management, banking, factory and labor laws, taxation, export-import procedures and opportunities, and the means for preparing plans and obtaining bank loans. There is no provision of credit, markets or supplies.

On an individual and somewhat ad hoc basis, mediation for credit and government assistance are provided. Group formation is not a high priority, except that membership in the Chamber is encouraged with presumed longer term benefits in terms of contracts. All in all the approach and services of the Chamber are less encompassing than those of the other three organizations, leaving more initiation and follow up in the hands of the individual clients. For feedback on its training courses it relies on evaluation forms filled out by clients at the end of each course and the requests for assistance from its graduates. Most of the inspiration for and planning and energy requiring in running this program comes from Mr. Ariyadasa leaving the institution fairly thin in terms of capacity. Some of these limitations result from the failure of US/AID to fund a portion of the program through the Asia Foundation.

5. Comparisons

As can be seen, from the foregoing, there is considerable diversity in the service mix offered by the four organizations. Any typologies would be reductive, but some comparisons can be made in terms of the focus of project attention, the types of inputs, and the sequences of change anticipated. Table I on page 35 summarizes the main inputs of these organizations.

6. Participant Selection

Under the best circumstances resources for aiding SED are scarce, and how those to be assisted are chosen effects outcomes. For both CSI and Women's Bureau, selection is an important part of mix of interventions; both trying to determine who can best take advantage of the services offered. Mr. Ariyadasa, of the CSI, approaches selection as a vital component of his effort, and wishes to select only those who are highly motivated and who have already taken steps to begin or expand manufacturing activities. For the Women's Bureau, the process of selection was made more difficult by considerable political participation in selection, something which has been reduced over time as the components for "success" are better understood. It is interesting to note that Women's Bureau now identifies the most likely successful candidates to be married women just above or below the poverty line; the enterprises of those too far below are frequently threatened by immediate needs of the family; unmarried women are seen as having less commitment to the enterprise per se. CSI selection rests largely on the judgment of the project director; Women's Bureau on local government officials. The participants from LMS and Sarvodaya, are not screened so tightly. Having determined it would work principally with coir production, LMS

serves its membership who have selected themselves as viaparika. Sarvodaya's retail managers are likewise chosen by the community, and primarily have been selected by members of mother's groups within the community. With both the viaparikas and the retail store managers, the groups selecting have a vested interest in the reliability and other qualities of the person they select.

7. Markets, Market Information, and Marketing

Market information and marketing channels are weakly developed in Sri Lanka except for the nudalali who provides a useful service, but sometimes at the expense of those who do not have alternative channels. The link between markets and enterprise choices in assisting small enterprises is a key one which was handled differently by the four organizations. Sarvodaya's enterprises in fact are markets, retail shops; and, until purchasing can be further increased, are still dependent on a subsidized supply service to be competitive, in part because government cooperative stores are also subsidized. CSI participants come to the course with enterprises in mind or in action. Training in marketing is provided during the course, and each student is assigned to complete a project analysis to focus on manufacturing plans and sales expectations. Thereby, faculty can assess and respond to student information and assumptions in the area of marketing. Otherwise there is no formal marketing assistance, the trainee might pursue later as a member of the Chamber for Small Industry.

Women's Bureau training for rural women includes an introduction to market surveys which some use in determining their initial list of enterprises in which they are interested. The final determination of which enterprises each woman will undertake is made by local government officials weighing a number of factors of which avoidance of unprofitable duplication of enterprises is one. LMS from the start recognized reliable markets as an essential first before encouraging small enterprises and commissioned a study of products of samiti members in Matara and their market potential. Based on that and other information, the project began work with women who produced coir which has a reliable domestic market and for export. They have since added group with a less ready market. For both, the strategy is the same: encouraging the groups to investigate local market alternatives (including export for coir since the buyer is local), determine the most profitable one, and take steps (new product, new technique, collective selling, etc.) to take advantage of the best alternative. This fits with the LMS emphasis on helping people learn more about alternatives and make choices themselves.

8. Training

For three of the groups the main input is training, though there is considerable difference in content: CSI--the information and business skills specific to small manufacturing businesses;

WB-skill training for specific enterprises and bookkeeping, as well as motivation and leadership. LMS, having decided to work with groups which already had a marketable product, is heavier on business concepts, information gathering, and problems solving; lighter on skills training except in encouraging producers to adjust their product to market demands (in the case of coir, a particular tightness of twine). For all three the training is intended to make the participants more effective entrepreneurs (and in the case of WB, leaders). By contrast the central focus of Sarvodaya is an enterprise, a community enterprise; training is for the managers as efficient shopkeepers accountable to the community. The difference reflects largely the difference between the more individualistic versus communal orientation of the sponsors.

9. Finance

The use of grant or credit differs in part because of the differing clientele, in part because of the resources available and the approach. CSI with a more individualistic view and better endowed clientele provides no financial assistance, but does help individuals secure the public credit available by helping to make connections (in effect subsidizing the banks decision making process with prior screening). WB, whose clients are much poorer gives an injection of start up capital in the form of an in-kind grant (currently \$100 per individual); over the years it has become skeptical of the utility of bank loans. Though dealing with a similar clientele, LMS with less resources and a more pronounced orientation towards making do with less, gives modest financial help (for which it had separately to seek funds) of \$100 per group to be used on some sort of revolving fund basis. Planning for the actual use and rules governing the revolving funds will be a part of the technical assistance and learning process and a challenge for group development. Only Sarvodaya has used a loan directly, to an enterprise which it supports with training, supplies and which has a community base of support. In time incorporated communities will be responsible for repayment; currently it is handled by SSM, the shop manager, and the community advisory committee.

10. Group formation

The projects working with poorer clientele rely more on group formation and training to carry out SED. Sarvodaya's is a community enterprise built upon or a means of building a group base; this also accords with their world view. LMS production groups, developed from existing ones, are and will become more of an economic unit in order to develop the volume necessary to secure better markets or prices vis a vis the mudalali. As economic issues become more salient, workings of the revolving fund, selling of graded coir, etc., the decision making will become more complex and require more rules and therefore group development will continue to be an important component of the organization's assistance. The Women's Bureau project was more

individualistic to begin with, but the shortage of technical services; but otherwise the project does not focus on groups as part of small enterprise development. CSI's training is entirely directed to individuals with membership in the larger body encouraged verbally, but no strong effort made to build groups among trainees.

11. Follow-up Services

Those organizations serving a poorer clientele have built in or are building in more follow-up services. The LMS model is built upon establishing an extension service to small enterprises that would continue to give assistance. Certainly it continues to be required by its participants at this early stage; the extent and costs should be monitored as the project continues as a guideline for future activities. The WB intended the initial contact with government technical services and some kind of back up from existing women's groups to be sufficient for the small enterprises begun with its pilot. This has proved insufficient, at least in Kolutara: the overall shortage of technical services requiring more direct intervention by Dos and local government officials and the formation of groups to make them more available. As of 1984, local government has established a file system to track women's requests and the action taken.

CSI does follow up on trainees, but to date mainly in an ad hoc way. Mr. Ariyadasa and some CSI officials provide contacts and advice as trainees run the hurdles of government bureaucracy in getting loans, licenses or information.

Finally, beyond the provision of some wholesale goods, Sarvodaya approaches follow-up with ambivalence. A commitment to local autonomy produces efforts to see that activists within communities provide the guidance and steps necessary to insure increased benefits from the retail shops. Advice is provided on occasion to local committees on purchasing, marketing and cost-cutting alternatives as well as information useful for expanding ties to local sources of supply.

12. Steps taken towards the development of the implementing organization

All four organizations have taken some steps towards assuring their future financially beyond initial funding, though LMS, the newest and with the least resources is the weakest in this regards. As a government funded agency, the main costs of the Women's Bureau continues to raise funds for start up grants and extra transportation costs for training from a number of external donors and from locally allocated District development funds and the leadership training and small enterprise development programs now operates in 11 districts. Most of Sarvodaya's stores are repaying their loans on schedule and the funds are being recycled to fund expanded outreach to local suppliers, and to begin new stores. Since interest in

establishing new stores exceeds money available from the funds, efforts also continue to secure bank loans. This, in turn, requires that legally recognized corporate bodies, such as Sarvodaya Shramadana Societies, be established to accept responsibility for repaying the loans.

CSI has undertaken some fund raising through selling ads in an annual publication. It is also developing a series of business profiles which can be sold; and once the course proves itself, it could charge fees to those who could afford it (most of their clientele). LMS own resources are extremely limited, but one of the objectives of the pilot is to determine not only what can be done in the way of providing assistance to small enterprises, but how that can be incorporated into its largely volunteer network of extension services. It also has and continues to draw upon other organizations for advice and help with training and useful contacts.

Programmatic monitoring and adaptation seems strongest with the Women's Bureau in Kolutara where local DOs and government officers had made adjustments in several parts of the program growing out of the experience of the first two years. There is an ongoing dialogue about the program between the field DOs and the Planning Officer. Viaparikas and groups report monthly to LMS as well as meeting with the District Coordinator. Out of those reports and discussions, LMS plans additional training or extension assistance. Sarvodaya has established community advisory boards and there are many examples of effective intervention to monitor and modify local commercial activities; however, there is no regular information on the performance of these groups or of variation among them. As with follow-up, CSI has no formal monitoring mechanism for its courses other than end of the course evaluation.

13. Interaction with the Environment

The one government organization, the Women's Bureau, has worked most explicitly to change the environment in which its clients operates, specifically to make government technical services more available. Because of the inherent shortage this has resulted in different structures (group rather than individual meetings) and continued persuasion, including the new practice of developing files on requests and follow-up.

None of the non-government organizations has taken explicit steps to change the environment in which their participants are initiating their own small enterprises. CSI works on a one by one basis, so far taking no steps to change the overall system of government loans and services. LMS uses some government assistance in getting low cost equipment, but is oriented towards strengthening the bargaining position of individuals and groups vis a vis the larger environment. Sarvodaya, as mentioned earlier, works on building greater community self-sufficiency so that the larger environment will impinge less harshly.

Table 1
GROUP COMPARISON CHART
Summary

	US	W	CSI	SGP
Participant Selection	<ul style="list-style-type: none"> o Some in pilot area self select into production groups. o Production groups choose <u>Viaparika</u> business extension agent 	<ul style="list-style-type: none"> o Rural women participants chosen by government officials over 14, below poverty line, member of women's groups. 	<ul style="list-style-type: none"> o Important part of process; high motivation and good business prospects important 	<ul style="list-style-type: none"> o Retail store managers chosen by community groups
Markets, Market Information, Marketing	<ul style="list-style-type: none"> o Market survey done (unsatisfactory) o Training and follow up in groups to make the market connections o Govt has a good market 	<ul style="list-style-type: none"> o Introduction to market surveys o Some protection from duplication in government chosen enterprises 	<ul style="list-style-type: none"> o Marketing course part of training program o Facility review of project plan 	<ul style="list-style-type: none"> o <u>Main input</u> o Retail stores are markets; may be competition
Training	<ul style="list-style-type: none"> o <u>Main input</u> o Training of viaparikas who work with groups o emphasis on basic business skills: financial management, marketing, problem solving; also on group process. 	<ul style="list-style-type: none"> o <u>One of two main inputs</u> o Development Officers o Training in group process, training, SED o Rural women training in 	<ul style="list-style-type: none"> o <u>Main input</u> o 10-20 week courses o 2 week mini courses o Information and Business skills specific to small manufacturing firms 	<ul style="list-style-type: none"> o Training of headpartners for retail store managers
Finance	<ul style="list-style-type: none"> o Revolving loan fund of \$100 to groups after submission of plan 	<ul style="list-style-type: none"> o <u>One of two main inputs</u> o Initially \$50 in-kind grant plus assistance with commercial loans o Now \$100 in-kind grant; loans are discouraged 	<ul style="list-style-type: none"> o Some mediation with commercial loans 	<ul style="list-style-type: none"> o Loans from headpartners to establish retail stores
Group Formation	<ul style="list-style-type: none"> o Builds on established groups; encourages more economic activity 	<ul style="list-style-type: none"> o Groups developing in response to shortage of technical assistance 	<ul style="list-style-type: none"> o Associate membership in CSI offered; no other group formation 	<ul style="list-style-type: none"> o Groups central to SED; retail managers selected by groups o Advisory board to retail store established
Follow-up Services	<ul style="list-style-type: none"> o Follow-up assistance in problem solving and technical assistance built in through District Coordinator o Viaparikas providing assistance to groups 	<ul style="list-style-type: none"> o Establishment of more formal provision of technical assistance through group meetings o File system to follow up requests and responses 	<ul style="list-style-type: none"> o Ad hoc dependent on requests from trainees 	<ul style="list-style-type: none"> o Supply system to retail stores, but moving to local purchase o Some technical assistance on purchasing, marketing, etc.

D. Benefits

The evaluation framework affirms the importance of assessing small enterprise impacts in terms of a substantial range of benefits, of context, and of dynamic relationships between benefits. There are three elements to consider. First, there is a considerable body of evidence to indicate that narrow assessments of project success are misleading. New firms and financially stable businesses are critical products. But the ultimate significance of a project depends also on the degree to which changes in human skill and motivation and enterprise viability contribute to other social and economic changes throughout society. It depends as well on the degree to which critical public and private institutions, including the implementing organization, provide regular incentives and rewards for (or avoid interfering with) the continued growth and distribution of project benefits, that is makes the broader environment more hospitable to the continued initiation and growth of small enterprises.

Second, it is important to consider outcomes in the light of contextual factors, finding less fault with failure and extra appreciation for success where the problem of reaching the poor and of institutionalizing assistance efforts are manifestly more difficult. Here it is important to project managers as well as evaluators to identify areas where the mix or implementation of services may need to be reassessed as to their appropriateness to the task and adjustments in program be considered. Finally, it is of interest to determine the extent to which changes in different kinds of benefits relate to each other perhaps enhancing (or even undermining) others. This draws attention to understanding the relationship between social and economic effects and derives in part from understanding the sequencing inherent in the approaches of different organization. In the Sri Lankan case, for example, Sarvodaya would consider the building of a community base, a social benefit, a necessary first step before undertaking an enterprise, and critical for business success in rural areas. Whereas, CSI, believing social benefits follow from a thriving business environment, places priority on the training of entrepreneurs with the resources to begin businesses.

In order to assess a wider range of benefits, the working group has established four categories of benefits: to the enterprise, to the local economy, to social welfare and equity, and to institution building. We seek first to document the impact of project activities on the targeted entrepreneurs and firms, measuring the firms progress towards economic viability and profitability. Second, we seek to determine how the expanded business activity has impacted on other sectors of the local economy, whether there are economic benefits for firms which are not among the primary project targets. Third, we try to ascertain how equitably and with what welfare effects the project benefits have been distributed. This includes such things as

whether those profiting from assistance are from the poorer sections of society, whether there are is skill development, whether status and access to services is advanced, whether community organizations are strengthened. Finally information is sought on the extent to which project activities have enhanced the willingness and capabilities of pertinent institutions to support (individually and collectively, as appropriate) the benefits which the project has generated, and see them expanded over time.

In Sri Lanka, two organizations have started their SED too recently for there to be much discernable impact of their activities. Because of that, the time constraints previously mentioned, and the number and diversity of the projects we were asked to evaluate, it will not be possible in this case to utilize the systems methodology fully. We limit ourselves to a discussion of anticipated benefits in each category, evident where we have it on progress so far and further questions. To do this, we draw on the organization's own stated goals and the systematic relationships between approach, interventions and project benefits. We also consider context and outcomes in each category regarded as "typical" by representatives of several PVOs which work on SED. For each organization and in each category, we will state in a summary fashion what evidence could be found which indicates progress in these areas, and what further questions or criteria could be used to make a fuller assessment of impact, including the interaction among categories. We leave to the conclusion our overall assessment of each project and a discussion of costs.

1. Chamber for Small Industries

The Chamber's activities focus on the individual entrepreneur and we would anticipate that its major accomplishments would be in the numbers of people trained, and the impact of this training on the business plans of potential entrepreneurs and existing enterprise owners. Additional impacts might be expected in the area of institution building, for the CSI seeks to bring its trainees into a formal relationship with it (via associate membership), and to work with these associates to provide better links to banks and appropriate public agencies. Few equity impacts are expected other than that trainees were expected to come from the ranks of those who are ambitious but lack the training and contacts to start businesses on their own. In the long run, equity interests may be served by employment generated by new firms, and local economy benefits from backward and forward linkages established.

At the time of our visit, the program had been in operation 10 months, the first graduates emerging in February 1984. To assess CSI's progress so far we spoke with the program's director, Mr. Ariyadasa and other CSI officials, as well as with Mr. John Guyer, Resident Director of the Asia Foundation which provided principal funding. We spoke also with 17 former course

participants (of which about 60 per cent were already involved in manufacturing as they took the course) who met with us as a group. The latter were not randomly selected and represented mainly a sample of those willing to come at short notice to a meeting with two foreign researchers. Their observations tended to confirm what we had heard from CSI officials and the Asia Foundation.

Enterprises: Though starting two months later than planned, nearly 100 people had received training in courses of two to twenty weeks, essentially the number expected for the first ten months of operation. Evaluation records kept by the CSI indicated that both materials covered and instructors were highly regarded; and where they were not, changes had been made. Former students indicated a special appreciation for the "practical" nature of much of the training, and mentioned specifically the value of presentations made by individuals in jobs where they came into regular contact with manufacturers, including bankers and government officials. These sessions were described by businessmen and women as providing them with information necessary for making their own contacts, and business choices.

Our respondents already in business also agreed that lessons learned were being applied in practice: in changes in the management of production, marketing and people; improved record keeping and financial management. Optimism was expressed concerning new investment, employment generation and sales. A more systematic investigation of the number of businesses begun or expanded and their viability must wait until several groups of graduates have had six months to a year to become established.

Economic Linkages/Local Economy: Because well over half of the business course participants had completed study only three or four months before our visit, we did not seek to determine how new practices and business activities may have spread. The absence of many linkages common where the industrial sector may be inhospitable to such linkages. The fact there is a vacuum and that the government and the BDC are trying to build up this sector, may work in favor of linkages. The environment is in flux and it is too soon to tell.

Equity: The CSI's first order beneficiaries are not from the poorest categories of Sri Lankan society. Most of the trainees who we met or who were characterized by CSI documents were from business or professional families or had years of experience as government servants and the like. Many had prospects for finance from relatives here or overseas. They may appropriately be called "middle class" in national terms, though some say their future as businessmen and women are dependent on getting assistance from public sources and did not have family members to assist them. The CSI sees itself as filling a niche for just this group and asserts that larger equity concerns will be served by the employment generated by new firms and by links developed with business firms owned by peoples of more modest income and

resources. In other countries, manufacturing usually has strong, positive impacts in these areas.

Institution Building: The CSI has characterized its institutional goals in terms of assisting linkages of small manufacturers to each other and to agencies which are involved in regulation and support for the sector. The first major step involves getting graduates to join the Chamber as associate members. About 25 per cent have done so, increasing CSI membership to approximately 150 individuals.

Our business respondents were not so productive about this aspect of CSI activity, in part because of the positive encouragement they had drawn from the course. They wanted to be closer partners with the CSI and to see the Chamber more involved in support activities, including information, brokerage, and securing of loans. While pleased with the efforts of Mr. Ariyadasa when they did come for help, they recognized that he is only one individual, albeit heroically holding the line.

2. Sarvodaya Shramadana Movement

For the SSM, the development of communities is the primary goal. Development involves improving the opportunities for all to share in community decisions and in the distribution of the basic goods needed for a stable personal environment. The SSM's support for the development by communities of retail stores was viewed as a means of facilitating such development. Stores would provide employment outlets, increased the supply of reasonably priced goods for villagers to buy and thus reduce dependency both on government stores and Mudalalis; and would generate profits to be reinvested in community projects for the benefit of all. The expected impacts, therefore, included more income (salaries and reduced prices for basic goods), equitably distributed; and a mechanism for providing important resources for the community-wide educational, health, and social institutions created under the SSM umbrella. The SSM was to be involved more than normally in community projects, since the creation and stabilization of such businesses in a complex and competitive market, would require some support in the way of training and wholesale purchasing; and would require some significant outside financial support for setting up stores and maintaining adequate inventory.

The retail stores program had been underway for some four years by the time the evaluation team visited Sri Lanka. Some 20 stores had been in operation for over three years, with others starting at various points during the subsequent period up to the present. Several efforts had been made by SSM and ATI personnel to evaluate the impacts of the stores. We had access to some of the memoranda and reports written, as well as an opportunity to speak with SSM staff and store employed at one site. We shared with these evaluators the problem of disaggregating information on stores from the wider set of purposes and interactions they represent as part of the Sarvodaya movement. However, some

information was available on the specifics of store operations and on the social and economic relationships on which they depend, and those which they may be creating in order to fulfill broader purposes.

Enterprise: Over 95 percent of the stores which have been established have continued operations and are paying off the loans they have taken (mainly from the national SSM). Most began with good sales, and have since increased them to the point where they are covering costs, including loan repayments, and (by some reckoning) earning profits. There seems little question that these retail outlets are needed and can compete with more established firms, even though the other stores sometimes benefit from subsidies; and others are run by individuals with many more years of business experienced. Continued expansion could pose problems, with the dilution of SSM's capacity to train, monitor and provide regular supplies of goods.

Local Economy: Stores seem to be increasing the range of products available in the communities served; and this should increase as a benefit as links to local sources of salable products expand. These links are potentially important as means for economic expansion as they provide incentives for small farmers and village handicrafts and manufacturers otherwise lacking in access to cash economies. It is too soon to tell much about the effects of stores on local prices, though it is unlikely they will provide marked benefits in this area, because of the competition already noted. However, in more remote areas where few alternatives for shoppers have existed, and where local sources can be tapped it is likely that cost advantages of "community" stores will be felt.

Equity: Store managers and workers are and will be from the communities served. They gain skills which are to be used in a community setting for community projects. They are selected by village Sarvodaya organizations, which also are often involved in the process of monitoring. This latter involvement is one source of the apparent pressures for spending profits on community projects. Some outside monitors/evaluators have also argued that, in any event, SSM reaches poorer villages and thus has substantial equity impacts through all its efforts.

Institution building: The whole of the Sarvodaya movement would appear to be strengthened by successful community stores. They provide resources for employment and community benefits, and thus increase the support of members for the organization and its various activities. As a visible sign of the movement's potential they may attract interest in the SSM from those currently uncommitted to its programs. Skills provided through the training and monitoring activities should enhance other of the SSM activities as well. To the extent future expansion of local activities or of numbers of retail stores taxes the national organization, and increases its dependence (which

critics already see as substantial) on external funds, it could threaten the gains already made.

However, there is more than modest indication from the available data that the overall effect on community and national SSM institutions could be positive and substantial. Stores with firm local roots and public involvement could provide resources for really autonomous local activity, and thus reduce the pressures (dependence) on the national SSM, and its own dependence in turn. As these resources allow for the linking of rural barter/cash economies, they can provide a wedge for economic change with substantial social and political potential. They can be, in short, sources of the type of "bottom-up" development which SSM most strongly seeks to promote.

For the Sarvodaya there are three areas of economic benefits which interact, vary by community and are therefore difficult to disentangle: profitability of the store, lower prices to customers and fair or higher prices to local producers. Politically it would be interesting to see how the communities balance these concerns. In economic terms it means that absolute profits would not be an appropriate measure, though viability would be.

3. Lanka Mahila Samiti

Viable, profitable small enterprises are a first order of business for LMS, acting as it does on the basis of members request for assistance in just this area. This is to be achieved on the basis of the development of participants as problem solving business people and on joint economic activity. Formal cooperatives may evolve out of such activity but these are not an avowed objective. Equity concerns are met with targeting a poorer segment of the population, enhanced individual and group self-perception, increases in individual and family welfare and strengthened groups. Institution building is an important goal for LMS which hopes that the development of a successful pilot will bring new life to the organization and strengthen the existing network of volunteer assistance to communities. Increasing coir producers access to and use of larger institutions such as Hayley's (a bulk buyer) and banks are also expected benefits. Finally, though not an avowed goal, successful development of coir enterprises will create further demand for supply of an abundant local commodity, raw or processed coconut husks. Increased volume of production and cooperation in sales should strengthen their hand vis a vis the dominant figure in the local economy, the mudalali.

LMS project had operated for only 10 months when the evaluation team made its visit. It had established the pilot in Matara district and provided training to viaparikas, business extension agents chosen by each group. The revolving fund grants were under discussion and had not yet been given out. Overall, it was too soon to tell how much of the training would

translate into informed decisions and viable enterprises. Some information on progress can be gleaned from discussions with the viaparikas and two production groups and questionnaires administered to the viaparikas.

Enterprise: In Matara, LMS had helped form 11 production groups, the majority in coir production, and given a total of six weeks training in three separate sessions to the 23 viaparikas. From the discussions and questionnaire results it can be said that there is general optimism about the program, that most individuals understand more about the overall coir business, that six groups have taken steps to sell collectively at a better price than previously, three have begun group savings schemes, and that a sewing group, in undertaking a marketing survey, secured one contract. Books are being kept by each group on purchases and sales. In time one would expect to measure more in the way of benefits. For example, at a group level one could determine increases in volume of production; changes in product specifications (how the coir is wound); sales of coir at better prices, and the marginal return to labor. In the short run, profits may be needed to be reinvested in the business to increase. The number of women remaining in coir production is another indicator of project success, depending on whether leavers move up or down the economic ladder. Much of the above could be determined by the books being kept on purchases and sales and by comparisons between the baseline data currently being gathered and reports at the time of the next assessment. With the non-coir producers, one would want to determine whether steady markets had been found and if so how and with what adjustments in production and changes in volume and profits.

Local Economy Overall significant impact on the local economy would not be expected. If the project is successful, one would expect some changes in bargaining power between the LMS participants and the mudalali in the form of better prices for coir or if that is sold elsewhere, better prices for purchased goods. One would want to see if the increased volume of coir production has triggered more coconut production or conditioning of coconut fibre and how the LMS groups and individuals are doing relative to the externally organized 'export' villages engaged in coir production.

Equity Under equity one can point to the reported enhanced self-esteem by viaparikas, seeing themselves as business persons, and the fact that the clients are among the rural disadvantaged poor. Over time one would want to determine if the enhanced self-perception reported now still holds, and whether there has been increased use of banks or other institutions formerly considered 'out of bounds'. It would also be useful to distinguish between the married and single women's use of income as well as labor time available for small enterprise activity. Finally one would want to explore with participants and project staff how much of the changes in marketing arrangements or

products specifications are attributable to group initiative (presumably the result of training) versus brokering by LMS.

Institution Building The project is viable and has committed staff who have had opportunities for further training. Because the pilot is still being developed little has been done as yet to incorporate the program into regular LMS activities. At the end of the second year one would expect LMS to have a strategy in place and to have taken some steps to incorporate SED into its existing network. In planning for it, LMS would be helped by carefully monitoring the amount and nature of technical assistance required in Matara and the second pilot area. In developing the project in Matara, LMS has made contacts with banks, other training institutions, and the major coir exporter, building on the already established good will associated with LMS. Reaching out to other institutions helpful to SED is an objective of the second phase.

4. Women's Bureau/Kolutara

Women's Bureau staff puts emphasis on the development of rural women leaders, development of viable enterprises, and increased use by rural women of government services, the first and third falling into the equity category and the third also falling into the institution building category. There is no explicit attention to the local economy, but because projects are now concentrated in a geographic area within a district, the initiation of 125 small enterprises per area is likely to increase the overall level of economic activity. For evidence of progress of this project we rely on the evaluation in 1982 by OEF, lengthy meetings with the DOs in Kolutara and with 23 women who received grants during 1981 the results of questionnaires administered by the DOs.

Enterprise We were not able to secure hard numbers on the number of projects which are still going of the 157 begun in 1981 and which have started since. However, most of the 23 participants we met clearly saw the small enterprise project as an important opportunity to improve income and had made the most of it. Reported increases in income ranged from 100/- to 750/- a month. Several women reported using their savings for expanding the business. There were also a few failures, wiped out by natural disasters, and a few still struggling with problems of markets and volume production. A better understanding, both of the project benefits and of small enterprise development generally, would be gained by going through individual cases from 1981 with the DOs and visiting a sample of them to see their books, learn more about reinvestment decisions and feasibility problems, and the circumstances of project failures. The DOs claim that selection of participants and projects, financial arrangements, and availability of government services have improved since 1981 and it would therefore be interesting to look at the differences in characteristics of participants and projects (more agro based?) and assessed a sampling of those projects to determine

whether they are healthier than the earlier ones and whether there are lessons here for other projects dealing with a similar clientele. It would also be interesting to determine whether any enterprises have grown sufficiently to become a sustainable family enterprise using more household labor and resources.

Local Economy Nothing was learned about the impact of these projects on local economies except that unproductive duplication was avoided in project choices; and many of the women interviewed reported they made greater use of local supplies. Without a base line, evidence on this point would require extensive conversations with project participants, local leaders and other residents as to linkages.

Equity and Social Welfare Because it is targeted, this project provides a valued injection of capital and training to poorer rural women, many of whom are able to take good advantage of it. x out of y reported increased earnings went towards more food for their families. According to the questionnaires, women did consider themselves 'rural women leaders', one of the Women's Bureau objectives. Whether this translates into beneficial community activity we were not able to ascertain. The DOs have stated that the best candidates come from those clustered around the poverty line; how has this and the lessening of political input in participant selection changed the characteristics of the participants receiving services and has this improved or eroded the equity base of the project?

Institution Building This is a viable project. Seventy-four of the 96 DOs originally trained are still in the field carrying on the ideas and techniques gained in training and the Women's Bureau continues to raise funds to carry out the program in other districts, including funds from local development budgets. In Kolutara there is a demonstrated capacity to pay attention to and learn from experience. Improvements have been made in linking government technical services to rural women and a modus vivendi has reduced political intrusions into the process. The mixed authority of the Women's Bureau and the Ministry of Plan Implementation does not seem to be a problem (though this may change with the recent shift of Women's Bureau to another ministry). Monitoring of follow-ups to requests for assistance have been incorporated into the record keeping. How much of these improvements are particular to Kolutara and how much is true of other districts and attributable either to the original training or to Women's Bureau monitoring would require a longer look at other districts. Linkages to other institutions have been primarily to other departments of government. The original reliance on women's groups for follow up failed to materialize given those groups' own limitations.

In general, each project should register benefits in each of the categories but we can see that emphases will and do differ substantially. For all four, enterprise profitability and viability are important. For CSI it is the preeminent objective

and focus of its training efforts (though it does not monitor the outcome). The timetable for achieving this is likely to be slower for LMS because of the time taken to bring less sophisticated individuals and groups to a point where they make their own business decisions. Sarvodaya's stores are repaying their loans and of 60 established only two have closed. Though numbers on WB enterprises are difficult to come by, there is no doubt in the minds of the twenty five women interviewed (20% of the original number) that they have been substantially assisted and have made good use of that assistance.

None of the projects pay explicit attention the local economy except Sarvodaya. Here a viable store will be expected to provide a new or better market for local products. Equity and social welfare benefits are important to the three organizations dealing with the rural poor: Sarvodaya targeting whole communities, LMS and WB improvements to family welfare through increased income of participants, the improved status of participants, and improved group activity. The SSM is most interested of all in the "institutional outcomes" of project activity. The growth of community monitoring organizations and their capacity to use local store profits for other success and dependent upon it.

On the question of institution building and sustainability there is variation. Financially most of the costs of WB activities are absorbed by the government; what continues to be needed are start up costs as the program spreads, and the Bureau seems successful at raising external and domestic funds. In Kolutara, the Women's Bureau has had some effect on the delivery of government services to poor rural women, but elsewhere impact of these projects on the larger environment is difficult to discern. The dependence of the retail stores on Sarvodaya is not clear and Sarvodaya's dependence on external financing introduces reason for question and concern. Needing more systematic investigation are reports of increased local use of store profits in some areas, and of opportunities being made available in some locales for individuals to become co-owners through investment programs. It is too soon to tell with CSI and LMS though there are possibilities for increased self financing for both.

This snapshot view does not permit us to learn much about the actual interaction or sequencing of economic and social benefits as posited by the approaches of the organizations or general theories of SED. A closer study of Sarvodaya's retail shops and how communities have dealt with the sequencing of economic benefits and with what results would be fruitful. Likewise a comparison of benefits and successes and failures between the Women's Bureau and LMS after the latter is established might provide insights into the importance of capital infusion, the usefulness of groups, and different emphases in training. Ultimately, the assessment of anticipated and actual sequences in the change process is important if system impacts are to be determined.

E. Findings and Conclusions

The previous sections we have discussed and compared elements of small enterprise development by these organizations. In this section we assessed each one as to its accomplishments so far, the areas which need attention, and project costs. We then respond to the question posed by USAID/Sri Lanka concerning costs and the sustainability of these organizations so far as or data will allow and discuss other findings concerning small enterprise development in Sri Lanka which emerge from this review. We close with a discussion of the value of the comparative analysis for understanding SED and for designing and evaluating projects.

Within the larger context of Sri Lanka each of these approaches to SED has legitimacy, targeting assistance to a particular group, each of which clearly has need for improving upon or undertaking small enterprises as a way of increasing income. Some are more experimental than others (LMS and Sarvodaya); all have an awareness of the larger field in which they operate, approaching its constraints in a way consistent with their approach.

The systems framework is designed to focus evaluators attention on the total reality of a project and to assess its progress and appropriateness accordingly. Given the absence of systematic information on benefits from these four projects, we offer here an assessment of the progress of each conveyed by staff and participants as well as our own observations.

1. Lanka Mahila Samiti

Lanka Mahila Samiti has made a good beginning organizing production groups and training their viaparikas to understand business concepts supported by appropriate training and technical assistance in problem solving. It is too soon to tell how well the viaparikas and participants will apply this training, though there have been some promising beginnings, and how much further assistance will be required. In the next year five areas require attention: (a) helping groups adapt to the increasing complexity of their economic relationships as they share responsibility for credit and as they sell collectively to buyers who may grade and pay for products differentially; (b) continuing research into the question of markets, both in identifying projects in new areas, and in training women determine their own best markets and products; while the coir market seems assured, the relative merits of production for export markets vs. developing products for the local economy should continue to be assessed; (c) development of more training modules using experiential learning techniques for more of the substantive content areas; (d) regularizing some form of credit assistance; and (e) incorporation of the pilot model into the regular LMS network of extension and training. A smaller pilot in Matale combined with the addition of a trainer, greater use of LMS personnel, and continued but reduced technical assistance from OEF and other

sources would contribute to refinements in the pilot and further development of appropriate training modules. The already established monitoring system, with improvements, will provide useful information on the replication requirements for LMS to extend this to other districts and on a small enterprise development in general.

The first year budget for LMS was \$169,093 of which \$124,300 was supplied by AID. A rough breakdown of costs indicates about 30 percent are recurrent costs (continuing staff and expenses). At the lower rate, this comes to about \$200 per participant (i.e. member of a production group). Training costs are very low, estimated at \$1.90 per participant for six days, in part because of the donated space and services. Costs include a stipend for 23 viaparikas (\$6.00/months) to replace income lost from coir production as they take on new activities.

2. Women's Bureau/Kolutara

USAID assistance to the Women's Bureau ended two years ago, but it is useful to mark where the project is now and discuss its future prospects. It is an good example of where a strong injection of technical assistance and funding established a program which is continuing on its own. Within Kolutara District, government officials responsible for women's projects have drawn on their experience during the early years to make adjustments which increase prospects for success and stretch the equity of the project. They have made improvements in selection of participants, added considerably to follow up and continue to devise means for making government technical assistance more accessible. They have identified two areas needing attention: the development of a district fund for loans to persons whose projects are wiped out by natural disaster or who are ready for expansion; and a more formal system for tracking requests for assistance follow up. The Women's Bureau itself has continued to spread the model to other districts, largely, but not exclusively, dependent on external funds. If these funds serve to inaugurate new productive enterprises which are controlled by the women generally overlooked in government programs, and a high proportion of the enterprises become economically viable, it seems money well spent.

For a twenty month period, the total costs of the Women's Bureau project including the training of the DOs and the initial subsidies was \$310,828 of which \$200,000 was supplied by US/AID. The final evaluation estimated the cost per beneficiary (including the women involved, their families, and the DOs) was approximately \$13.50. Currently the Women's Bureau has secured over \$500,000 for similar programs in eight districts, often from donors who incorporate the model as the 'women in development' portion of an integrated rural development program. \$80,000 (16%) comes from the Decentralized Budget, funds allocated to the districts to be spent at their discretion. The current subsidy maximum is Rs 2500/- (\$100) per individual.

3. Chamber for Small Industries

The Chamber for Small Industries has accomplished a great deal operationalizing an enthusiastically received training operation at low cost and involving voluntary activity of members of the Chamber. It has also provided 'brokering' assistance to some of its graduates in their dealings with public and private institutions. It is too soon to tell how successful the participants have been in actually establishing new small industries and a shortcoming, from the point of view of the evaluator, is the difficulty of getting concrete information on business starts and sustainability. With the limited resources available, this is of lower priority for the CSI than other activities. There are two areas requiring some attention. The Chamber recognizes the need to look towards increasing earning possibilities, including the possibility of a fee for the course itself as it demonstrates its value. Second, graduates indicated a desire for more integration with each other or with the Chamber than now occurs; the trade-offs for putting more time into group organization should be considered. This interest related to a wider concern (shared by the CSI and participants) for increased mediation services which would require additional revenues for staff and administrative support. If and when the training program expands to areas outside the capital city and serves more isolated and perhaps less wealthy clients, these needs will be even greater.

Current costs per year for the program average about \$64,000. Most of the costs are recurrent for salaries (faculty, staff) and instructional materials. Between 175 and 200 individuals will be trained each year, about half in courses of ten to twenty weeks and the remainder in two week mini-courses.

4. Sarvodaya Shramadara Movement

This effort to incorporate small enterprise development into Sarvodaya's wholistic community development program, the retail stores, seems to be successful. Some sixty individuals have been trained as retail store managers. These individuals, and over 100 other selected by the managers and serving as store clerks, have been employed at higher wages than they earned previously. There is low staff turnover.

Nearly all the stores have proved viable and have tended to provide increased choices to communities in terms of products. Sales and profit figures suggest that customers are satisfied. Stores are experimenting with means for emphasizing areas of strength, such as links with local suppliers, which could convert to competitive advantages. Some stores focusing on a more limited range of items, excluding those where government subsidies make competition impossible. They would therefore become known for selected items where they could be the best and cheapest of suppliers.

The extent of external dependency (on the central organization of Sarvodaya) is unknown and could be critical if general funds for Sarvodaya decline. Some stores are considering selling shares, which raises questions concerning controls over profits and their contributions to other community projects. The evaluators did not have time to examine Sarvodaya's financial records, but they were aware of the potential conflicts between Sarvodaya's ideal of keeping economic and social funds and projects intermingled and the benefits, but potentially divisive, of financial monitoring of discrete parts. More than any other of the projects the economic activities are meant to be interwoven with social and human benefits. With the retail stores this is apparently achieved, but a longer and closer scrutiny would be instructive as to how this happens and is sustained over time.

The basic costs for this effort were approximately \$100,000, with funds provided by ATI for a two year period. Other costs are doubtless embedded in Sarvodaya's larger programmatic activities. Still, the range of impacts seems considerable, and efforts to leverage funds through the tapping of People's Bank resources seem likely to produce results.

5. Costs and Sustainability

Before discussing the specifics of costs, the evaluators would like to note that all four projects had relatively low budgets and believe the benefits already achieved, primarily among the rural poor, to be considerable. This is due to the commitment and industriousness of the implementing agencies and the energy and determination of their clients.

The cost of each project according to budget figures is given in the previous section. The roughest of calculations shows that the cost per unit is lowest for CSI*

[*	SSM	100,000	2 years	60 stores	= \$1666 per store
	LMS	169,033	1 year	250 women	= \$ 676 per woman
	CSI	190,000	30 mos.	600 people	= \$ 316 per trainee
	WB	310,000	20 mos.	125 women	
			+90 DOs		= \$1476 per person

That is not unexpected as CSI had no outside technical assistance and, in keeping with its approach and the relative sophistication of its clientele and location, offered the least costly services. The other figures mask a host of differences (transport costs, amount of financial help, amount of follow up built in, etc) and do not take into account long range effects (such as future impact of DOs or viaparikas), subsequent recycling (loan portion of Sarvodaya's assistance to shops) or subsidies not indicated in funding figures (Sarvodaya's non-contributions to the stores, community subsidies).

Project costs would be more fairly considered if a distinction is made between start up or short term technical assistance costs (a high percentage for LMS and WB) were distinguished from recurrent costs. Lack of lead time precluded doing this kind of detailed breakdown with project managers.

Cost factors have to be more fully integrated in subsequent analysis, but generally outlays for these four organizations seem relatively modest given targets and contexts. Moreover the possibilities for reducing operating costs over time seem in most cases to be positive, given the level of staff training accomplished and experienced gained. The Women's Bureau project is over, but external and internal funding continues to be secured for start up grants and costs associated with the extra transport and time costs of government officials conducting training. The LMS picture is still uncertain because of its overall limited funds. Much will depend on how well this program fits into their existing extension network, something for which there will be better information after the second year. While CSI costs may remain at the current level for the program as it is, the Chamber has a greater possibility of producing its own revenues through the sale of business profiles as they are developed (slow going under present constraints) and a sliding scale of fees as the program demonstrated its worth. Expansion of mediation efforts or movement to other locales will be more costly. Expansion of mediation efforts or movement to other locales will be more costly. Sarvodaya is optimistic that the stores are moving towards sustaining themselves so that money can be recycled for opening new ones, but we could not assess that for ourselves.

On the question of sustainability it is important to distinguish between at least two levels--the small enterprises themselves and the organization which is providing assistance. It is clear that within a reasonable time frame (as determined by a close look at context), the majority of small enterprises receiving assistance from a project or business support institution must become at least self sufficient financially and have a reduced need for free technical assistance. The viability of the majority of enterprises and/or the improvement of family and local resources are important criteria for determining whether assistance has been useful. On the other hand the sustainability of the implementing organization should be considered differently. The Woman's Bureau project is a good example of where a strong injection in the beginning has provided the capacity and the model for continuing the project though there is a continuing need for financial assistance to begin the program in new areas. The resources in developing countries are limited; those available for SED, particularly to harder to reach rural and urban poor are even more limited. An organization demonstrating the capacity to give small enterprises a sound start and appropriately targeted technical assistance with good results, whose own technical assistance needs have been reduced

and which runs itself efficiently, warrants serious consideration for longer term funding to work in new areas, perhaps widening its base among domestic and external donors which share its developmental objectives. In other words, the question of sustainability has two parts--that of the client small enterprises a fair (though not sole) criterion for assessing project success; that of the assisting organization, particularly those working with resource poor clientele, something to be achieved or measured over a longer period of time.

6. General Findings: SED in SRI Lanka

Several other findings emerge from the review of the Sri Lankan small enterprise projects. First, the context for small enterprise development in Sri Lanka is mixed with respect to small enterprise development, particularly among the rural poor. The major constraints are access to capital for the poor, difficulty of appropriate training. Favorable is the generally high education level of most of the population, a network of roads and transportation though costly, current government philosophy favoring private enterprise, and a generally open political system. Second, each of these four projects fills a niche in the sense of reaching a different clientele or providing new insights into the process of SED. None have the total solution and in none are funds wasted in the sense of being misspent or draining into the sand. With this in mind there are several points we would like to bring to the attention of the Mission and other potential donors to small enterprise development in Sri Lanka.

(a) the question of reliable markets remain a constraint on small enterprise development. By this we mean determining markets or products (and thus appropriate skill training), securing timely market information, and making marketing arrangements. We heard many stories about training given or projects begun only to find there was no market for the skills or products except through political connection and in some cases no that. In some cases this seems beyond the control of the organization, for instance hand made lace, a beautiful product, had a ready market with tourists and locally, but has very recently been completely undermined by the decline of tourism and the influx of cheaper factory made lace due to the new open trade policies. LMS addressed this question with a marketing study, which though from a reputable consulting firm was not satisfactory, and continues with more training and assistance to groups to find their own local markets. How successful this approach is is yet to be seen. Support for future small enterprise development projects will be better spent if the question of markets is addressed directly in project design and funds are made available for trying new approaches or for the extra costs of securing markets. Even then, the vulnerability of small enterprises to changes in macro policy remains. Markets cannot be guaranteed and some tolerance for failure due to external conditions is appropriate.

(b) How much finance and in what forms are most beneficial to poor men and women in rural areas? How can commercial credit be more easily accessed? The Women's Bureau and LMS have approached this differently, the Women's Bureau with a record now of successes, failures, and changes because of their experience. The approach of LMS is more developmental, more group oriented, and slower and it is too soon to tell how it works. Other government and private voluntary organizations working in Sri Lanka have different strategies and we believe there is something to be learned between the groups and by policy makers and donors in comparing these experiences.

(c) Some means of sharing experiences on small enterprise development between organizations in Sri Lanka would be useful. We were struck here as elsewhere how quickly the evaluator is seen as the bearer of ideas from other concepts are the first to come to mind. We do not advocate an umbrella organization and we recognize the limits of the time of the US/AID Mission. Nevertheless, they and others have funded promising initiatives which face several common constraints and opportunities. The organizations could learn from each other and there are undoubtedly areas where they share resources. We also recognize that the demands of implementing their projects with scarce resources means the organizations themselves are unlikely to undertake the initiative and essential early ground work. We propose a modest approach to such sharing, perhaps a short series of topic-specific seminars under the auspices of BDC. This should be preceded by some groundwork in identifying all groups active in SED and insuring all relevant experiences on a particular topic are presented. Such a forum would allow substantive discussion of specific topics and the making of connections which lead to later sharing and collaboration.

(d) Finally we were impressed with the monitoring and adjustment mechanisms shown in Kolutara and planned for and begun with Lanka Mahila Samiti. Kolutara's system seems to have developed informally, but it was clear that DOs paid attention to what was happening with their clients and that government officials listened to DOs and together they worked to fine tune the project. LMS has established more formal mechanisms in the monthly reporting systems of viaparikas and the District Coordinator and continued, in an experimental mode, to adjust its program according to results and needs emerging from the field. In this context, we should note that the kinds of specific questions asked of clients and field staff about the knowledge they had gained, new practices, perceived benefits, and uses of increased income were seen as helpful by field staff in assessing their own work. An explicit plan for feedback and adjustment should be the part of future small enterprise development activities recognizing that this costs time, is frequently underfunded, and overloading it with the collection of extraneous data should be avoided.

7. The Utility of the "Systems Framework"

What have we learned from the comparison between these projects suggested by the framework? First we have documented the diversity and complexity of four organizations and therefore the difficulty of equating or measuring these projects against a single standard. Second, we have demonstrated that within a short period of time a considerable amount of the complexity of a project or several projects can be captured. Third we have shown that a fair assessment of progress and appropriateness of a project needs systematic information on benefits. More work needs to be done on how to do this economically and how to incorporate it into project design and we make some suggestions below.

8. Early Identification of anticipated benefits in each category

To determine benefits, the data desired is considerable. It would benefit all parties if the salient benefits from the four categories were identified early by donors and project staff and if possible participants and incorporated in either an initial data base or in a self-monitoring system used by participants or field level personnel. LMS on its own has begun collecting baseline data on its participants: family status, education level, assets related to coir production, current income, etc. which will provide a good base for assessing changes at the project's end.

9. Participatory Evaluation

The participatory mode of evaluation usually used with OEF projects involve project staff, field personnel and participants in designing administering, and analyzing evaluation instruments and data. Here it was done in an abbreviated way but looks promising for enriching future evaluations and not in conflict with the systems framework. With two LMS groups, the project participants developed a list of what had changed for them since the beginning of the project. An addition of a secret ballot using colored stickers or some other makers would have improved the objectivity of the ratings given the list of a show of hands and could be incorporated into documenting economic and social benefits. With the Women's Bureau additional time with the DOs in planning the questionnaires would have been beneficial to them and us. More material and examples on how to do such an evaluation, in the context of categories of information suggested by the Framework, would be helpful to future evaluators.

10. The use of questionnaires

Because time precluded in-depth field work, the evaluators used questionnaires on income, business concepts and social benefits in a group setting with project participants. They were not perfect instruments. The use of scales as opposed to open ended questions did not give very complex insights into how well

(practically speaking) certain business concepts were understood. They did give some data on how participants viewed themselves and on changes in and uses of income. What is interesting about the questionnaires is how they were received. Despite warnings beforehand that they would be seen negatively or were too unfamiliar, we got a positive response from both the viaparikas and the DOs. Both saw them raising useful questions about the impact of what they were doing and as a possible model for assessing their participants views of the project. This suggests an instrument developed and administered with the field staff and presented as a meant of gathering information and not to score for judgment has value to those being evaluated as well as the evaluators.

11. Information on Costs

Project costs are more fairly considered and more useful for future planning if start up or short term technical assistance costs are distinguished from recurrent costs both for the implementing organization and for each of its projects (for instance, how much does it cost to form groups and train their viaparikas or to establish Sarvodaya's retail stores; how much staff time and other costs are involved in follow up and does this decline over time). This leads us to two recommendations: That SED implementing organizations be encouraged and given technical assistance to set up their books according to cost centers and recurrent vs. one time costs breakdowns from the beginning; and that further mid-point evaluations of AID funded SED projects make provision in terms of additional time to collect and organize such information.

Improvements in these four areas would improve the documentation of benefits and contribute to richer evaluations for a given amount of time. They would provide more evidence on the questions of linkages and interaction as well as project impacts posed by the systems framework. Established up front they would contribute to the self-monitoring of projects. The caveat is that these efforts require careful, joint consideration of just what is to be collected, what is most useful, how discrete the categories, so that demands for data do not overpower the primary task of implementation. Our evidence from the Sri Lankan projects is that they would be a welcome part of project design.

III. CASE STUDIES

A. CASE STUDY: LANKA MAHILA SAMITI SMALL ENTERPRISE DEVELOPMENT PROJECT

1. Introduction

The Lanka Mahila Samiti Small Enterprise Development Project began in October 1983, supported by a grant for \$124,330 to the Overseas Education Fund under the PVO Co-Financing Project. The grant was to be matched by contribution in kind or cash from OEF, LMS and the Government of Sri Lanka of \$44,763. Funds were budgeted for a two year period. The Project Coordinator is Mrs. Priyanthi Fernando, for thirteen years a volunteer with LMS. For the first six months, Ms. Barbara Skapa, served as technical advisor to help develop the program and shape the initial training. Training for the first phase ended mid June 1984. The mid-point evaluation was undertaken in August 1984 as part of the evaluation of several small enterprise development projects in Sri Lanka requested by USAID/Colombo and using a framework recently developed by a working group of PVOs and USAID.

While it was premature to look closely at benefits, the evaluators were able to learn a significant amount about program operations, learnings so far, and progress being made by the project's participants. Information was gathered in several ways: (1) Discussions with project staff in Colombo; (2) Review of the viaparika (business extension agents) monitoring reports from the first month; (3) Two meetings with viaparikas in Matara; (4) Meetings with two production groups in Matara, coir and lace; (5) Questionnaires filled out by seventeen of the viaparikas; and (6) the Project Coordinator's quarterly reports. Useful discussions were also held with the Sri Lankan representative of OEF, Lakshmi Perera, and with the Sri Lankan representative of OEF, Lakshmi Perera, and with Mr. C. De Silva, the purchasing agent at Hayley's.

2. Approach and Project Context

The Lanka Mahila Samiti movement established in 1930 with a history of active service in rural Sri Lanka, is a non-governmental non-sectarian voluntary organization with the main objective of training and mobilizing rural women for self-help activities. The movement works through a network of autonomous samiti (women's groups) in over 1500 villages in Sri Lanka. These samiti are loosely linked with the parent body through the payment of a minimal subscription and through a network of voluntary extension workers trained at the National Training Center at Kaduwela. Training includes leadership development, utilization of services network, nutrition, health and family planning, agricultural techniques and skills such as handicrafts and cooking. Over 1000 village workers have received 1 and 1/2 months training; another 250 have completed courses lasting for two years. From the ranks of those who have completed voluntary

service a small group has been trained as parikshana sevikas (traveling supervisors) and are paid a modest salary.

The membership of rural samitis is preponderately young single women, poor between the ages of 18 and 35. Because there is universal education in Sri Lanka, most have 8th to 10th grade education. There is a substantial minority of married women with families. In recent years rural samitis have requested help specifically in the development of income generating activities. In response to that request, LMS, with the assistance of OEF, initiated this pilot training and extension program with the following specific objectives:

1. Upgrade and expand current village level enterprises through improved production and marketing strategies.
2. Establish a micro-enterprise service using the existing infrastructure of the LMS.
3. Reinforce the overall institutional capability of the LMS.
4. Enlist the support and involvement of the professional consultancy services and the private sector to achieve the above objectives.
5. Evolve a replicative model of an economic development program for women.

The project aims to increase the capacity of 400 women, members of production groups drawn from the samitis, to gather and analyze information, make decisions, manage their capital and thereby turn their existing skills or activities into business-like enterprises. The immediate target group over two years are forty women who are selected from and trained as extension workers to work with the production groups. Matara District at the southern tip of Sri Lanka was selected as the pilot district for the first year because it contained a large number of active samitis whose members were engaged in a wide range of income generating activities and many of whom had received skills training and start up capital in an earlier program run by the Women's Bureau. Many of the married women have unemployed husbands; single women have fewer family demands and their income. Data collected on 85 participants indicated the following characteristics:

1. Ages ranged from 18 to 65; most groups had a mode of 30; for one group it was 40.
2. Over one third had passed 0 levels, an 8th grade education.
3. Half were married.
4. Three out of five groups had some retting pits (used for

soaking coconut husks).

5. Most members in three out of five groups had own spinning machines.

The project began with the assumption that the biggest gaps in developing small enterprises were identifying markets and products and in understanding and applying business concepts. The first task was to commission a market survey of Matara, the pilot district, (why was Matara chosen?) focusing on existing skills. The survey was not satisfactory because it took a macro view, not looking at the specific circumstances of the individual groups and on the other hand relying on group members impressions for an estimate of demand, rather than researching the question more thoroughly. It was eventually supplemented by the Project Coordinator and Technical Advisor's own research. Coir production, making fiber and twine from coconut husks, was chosen because with improvements in production and marketing arrangements, the market seemed assured; it used locally available materials; and it was a skill women already had.

A major constraint for most women is their dependence on local middlemen as buyers to whom they were often in debt for daily provision of foodstuffs, and who in any event set a low price. A further constraint is the lack of working capital for purchase of raw materials or equipment with which to increase volume and secure better markets. Coir groups differ considerably in their asset (retting pits, spinning wheels) and access to cleaned fiber, the most desirable raw material. Rural banks have in recent years cut back on loans to agriculturally based enterprises and will not lend to groups (at least as currently organized); bank loans cost from 18 to 22%.

LMS has always worked with scarce resources emphasizing volunteerism and 'making do'; it has emphasized self help and relied on active participation in decision making and action by local women's groups. This philosophy underlies a fundamental emphasis in the program which is to provide training, new ideas, initial contacts, and follow up support, but to restrain from making decisions for or short-cutting implementation by the groups themselves, i.e., keeping its 'intercession' to a minimum. Inherent in such an approach is the willingness to allow a group mistakes and a longer time frame in which to become 'business people' on the assumption that being confident of making one's own decisions and learning from them is an important business and life skill. LMS intends to build the training modules and services developed in this program into their traditional training and extensive network.

Lanka Mahila Samiti's partner in this project is the Overseas Education Fund. OEF's approach to SED emphasizes the identification of viable enterprises, training in human resource development and technical skills, facilitating access to needed

capital, and coordination and mobilization of support to sustain enterprises and women as workers. OEF favors training which emphasizes personal growth and the organization and leadership of groups as well as mastering technical material.

3. Services provided

Group Organization: From among six samiti working in coir, 11 production groups (nispadaka kandayma) of ten to twenty members were organized. Viaparikas (business extension agents) were selected for each group; one viaparika for each 10 members. Subsequently two other samitis joined, one in lace (trained by FAO but to whom no marketing or other business assistance had been given); and one in sewing. Three viaparikas were sent independently by the Indian Overseas Bank who have organized a credit scheme for coir producers in a nearby village. There are a total of twenty three viaparikas trained and working with groups.

It should be noted that while these groups are called 'production groups' they are not producing cooperatively. They differ considerably in the degree of prior organization. The groups are used for training and extension, will receive a small grant for a revolving loan fund, and are beginning on their own initiative to undertake bulk purchases and sales where this favorably affects price and to build joint savings. Production is still undertaken individually which is inherent in technology (spinning requires three workers but these may be family members or neighbors as well as co-members of the group). In a general discussion of the benefits of the project with members of one production group, working as a group was rated the highest in terms of benefits from the project so far.

Training: The focus of the project has been the training of the viaparikas. A one week session in April first covered group organization and dynamics, leadership training, village surveys, elements of a business, and an introduction to the larger coir industry including talks with the buyer for and visits to Hayley's the primary exporter of coir. The second two week session a month later was keyed off the requests by the viaparikas for assistance in bookkeeping and in understanding banking practices, including credit. A final one day session introduced monitoring forms for viaparikas and the groups to submit monthly. Training was provided at the LMS training center by personnel from a number of institutions with particular expertise (see list attached). In keeping with OEFs philosophy and its previous training with the Women's Bureau of Sri Lanka, the training was conducted as much as possible in a participatory or experimental mode rather than by lecture. Mrs. Fernando, who was unacquainted with this approach considers it to have experts not familiar with that approach spend time with a trainer to develop such modules.

Follow-up: In addition to the training a District Coordinator was hired to provide on-going support to the groups, meeting with them and with the viaparikas as a group on a monthly basis to discuss progress, problems, and possible solutions. The District Coordinator meets monthly with Mrs. Fernando in Colombo to keep her appraised of the groups activities.

Finance: The coir groups market research has made clear that volume would contribute to better pricing, so that the lack of working capital for raw materials is a constraint on production. When asked all groups indicated that labor was not a constraint if there were improved markets and more raw material with which to work. LMS has arranged small, Rs 1250 (\$50) grants from the Trickle Up Foundation for production groups to be used as a Revolving Fund. These grants will be given to each group upon submission of a satisfactory plan.

Markets and marketing: From the project's inception, it was understood that it is necessary to identify viable markets before initiating enterprise activity. There are two steps in securing markets: market analysis, to determine what products and buyers; and market arrangements. LMS has been giving direct assistance on the first and is training groups to do local market analysis and to make their own marketing arrangements.

The commissioned market survey was a first step at market analysis, but not adequate for providing specific guidance to the samiti members in Matara. Mrs. Fernando and Ms. Skapa did additional research. Matara district is a center of coir production; there are many markets and end products. Hayley's in Galle is the largest purchaser of coir for production and export. It buys in quantity at higher price than is given by local middlemen but its specifications are stricter. Because of a drop on coconut production several years ago, the demand for coir is high. Hayley's participated in the LMS training program and introduced the viaparikas to different product specifications and quality control required.

For producers the marketing question seems both promising and murky for the following reasons: (1) The export demand is predicted to remain high and there is a strong domestic demand; (2) Buyers include (a) Hayley's with better prices, tighter specifications, transport volume requirements and costs, and initial partial payment (until graded) and (b) middlemen of various sizes (local, town, etc.) with looser quality standards, no transportation costs, immediate payment and lower prices; and (3) The impact of export villages and the introduction of retting machines which eliminate the six month soaking, beating and cleaning process. The machines are very expensive and have a capacity of 8000 coconuts a day and are currently the source of prepared coir in two export villages. According to Hayley's purchasing agent, the demand is so high that these activities do not threaten the groups and he is supportive of the groups as an organized means of purchasing coir without resort to the

middlemen.

Sewing and lace are more problematical. With the recent opening of trade to imports, cheaper, imported factory made lace has taken the market except for tourists (also down) and export (connections difficult). LMS has provided a market for lace through solution. Sewing groups have done local surveys and one has obtained a contract for pillowcases, but with a very small return. In keeping with its intent to let groups make their own decisions, LMS is encouraging groups to continue to make their own market surveys, to determine best buyers and products, and to make their own contracts. For sewing and lace more encouragement and perhaps reassessment will be required. More training in marketing is planned for September or October.

Networking and linkages: For the production groups, LMS has made initial contacts with Hayley's, a potential coir buyer and source of some technical assistance on quality, the Department of Small Industries who provide some spinning machines at cost, and with several banks which helped train the viaparikas in banking practices. The banks have so far not allowed group deposits (under the current, informal, organization of groups) or loans and LMS is undertaking to find out if and under what conditions they will do so.

For training and advice it has also drawn upon the National Youth Services Council, Small Enterprise Development Unit of the Ministry of Youth Affairs, National Institute of Business Management, World Vision International, and the Export Development Board.

Monitoring: Viaparikas and production groups send in monthly written reports which include time spent and how by viaparikas, changes in membership, actions taken, total purchases and sales in volume and rupees, and problems which have surfaced with proposed solutions. The District Coordinator discusses each group with the Colombo staff once a month. Each group keeps account books on membership, purchases (from whom and at what price) and sales (volume, to whom and at what price). Baseline data on the individuals in each group currently being collected will be useful for group and project's ongoing assessment of the program.

Staff: At the front line are the viaparikas, generally single women from 25 to 35 with tenth grade education who have been selected by their production groups (in part because of their freedom from family responsibilities). They are paid a small stipend (Rs. 150 a month against a poverty line of Rs. 300 a month) to replace lost production time. The District Coordinator is a college graduate and is paid Rs 300 a month) to replace lost production time. The District Coordinator is a college graduate and is paid Rs 900/-month. The central project staff consists of Mrs. Fernando; a temporary associate who is helping to shape the extension of the project into Matale District, also a university

graduate; and a secretary who is a tenth grade graduate. Both the Project Coordinator and the District Coordinator have had additional, overseas training in marketing and SED. For six months Barbara Skapa served as Technical Advisor. Mrs. Fernando actively delegates responsibilities to her staff and continues to emphasize developing as much initiative and decision making as possible to the local level. The staff atmosphere is enthusiastic, interesting in assessing and learning from its own work and building on that.

4. Benefits

The LMS project began less than a year ago and the training program for the viaparikas finished in mid-June. It is too soon to tell how well the training has "taken" in terms of the viaparikas' and groups capacity to put into practice the ideas and business concepts introduced so far. The Revolving Funds have not yet been transferred, but its imminence and the expectations attached to it tended to dominate much of the discussion. It is premature to determine their usefulness and the groups' capacity to manage them.

Benefits to the firm or household: In economic terms, the groups are just beginning to show some muscle. One of the most active groups has bypassed the local middlemen and is selling to the town middleman who gives them a better price (Rs 1.50 per skein vs. Rs. 1.0). As a result other villagers, not members of the samiti, are using this group to sell their production. They are paid Rs. 1/25, the group keeping the -/25 towards a group fund. Five other production groups have improved their marketing arrangements. The sewing groups have undertaken a local marketing survey and uncovered a buyer with whom they now have a contract. Five groups (samitis) indicated they are now purchasing or selling in bulk. There are tentative links with helpful outside institutions (Hayley's and the banks). After one more year there will be more data in this category including actual improvements (or not) in enterprise and family income against a baseline currently being collected on each member by the District Coordinator, improved marketing practices, improved quality of coir (if they go with the Hayley's market), management of the revolving fund, growth in assets of the group. It will be important in a later assessment of economic benefits to the family to distinguish between two distinct populations--single unmarried women trying to get a head start on the future (the majority), and older, married women who are harder pressed by the financial and time demands of their families. The baseline data being collected so far does not pick up this distinction (i.e., whose income, individual or family, or the demands on that income). The use of individual profits will undoubtedly differ as may the amount used for maintenance or expansion of businesses.

Benefits to the Local Economy: In terms of the local economy, gains will be difficult to spot. The economy is already

dominated by coir so these enterprises do not create a new product or niche. If their volume is increased by the input of capital from Trickle Up, there will be backward linkages to their suppliers, mostly local coconut growers. With the possibility of alternative markets, individual and group vis a vis the local middleman will put them in a better bargaining position. Another factor in assessing the local economy is the development of export villages mentioned above. It is not clear whether these will be complementary or competitive activities.

Social Development or Equity Gains of the Participants: The majority of the viaparikas now consider themselves more highly regarded by their families, community, government and banking officials. Both in discussion with three production groups and on the questionnaires answered by the viaparikas, there emerged a sense that participants had good grasp of business concepts, of the role of costs, prices, and consideration of alternative markets. Working together as a group was ranked high by the viaparikas and one production group. One of the challenges of the next period is how well the groups manage increasingly complex relationships on such matters as the management of the revolving fund and differentials in individuals production in volume and quality if selling to a market which grades coir.

Institution Building

A. LMS as an implementing agency:

The first steps at building the capacity of LMS to provide SED services have been successful; a pilot training program has been operated with considerable success in terms of setting in motion a more assertive and informed set of business initiatives by rural women in groups. The real testing, of the group's and individuals' capacity to implement and sustain their businesses, is yet to come.

The project has not yet begun to be incorporated into the LMS existing network of volunteers, training and service. A little introductory training has been given to some volunteers. During the first six months a survey of LMS membership was undertaken which showed a disparity between rank and file membership (young, single, rural, poor, and in need of increased incomes) and the leadership (middle-aged, urban, social service oriented and middle and upper class). This is a first step towards LMS undertaking some innovative strategies to bring in younger entrepreneurial volunteers to augment the current leadership.

B. The LMS program and the institutional resources of LMS participants.

LMS has used its contacts and history as a resourceful rural development institution to draw in other institutions to help with training and as resources to its participants. It has made initial contacts for the production groups with local banks and

Hayley's: it is yet to be seen how much further mediation will be required before those contacts become institutionalized for the participants directly.

Costs and Question of Sustainability

In taking on a wholly new area of extension, LMS has drawn on its strengths of a strong volunteer and self help spirit, a working system for training and extension, and a wide network of organized women's groups in rural areas. It has needed and so far used well, the injection of outside assistance from OEF to build its expertise specifically in the training and follow-up required in transferring business enterprise skills. Over the next 12 to 15 months, that capacity needs to be further strengthened, particularly in marketing and in training techniques. Once that base is built and further incorporated into the existing service network, LMS should be able to continue to provide extension services at a relatively low cost. Training costs are already low. Unknown in a final estimate are the amount of district and central staff time which will be needed to provide follow up assistance either in problem solving, extra training or mediation. It is suggested that a log of such activity be kept in order to gauge the resources required in additional districts. How much can be absorbed by their existing and meager resources is unclear, but if the project begins to show dividends in terms of the development of rural women's enterprises, outside support may be warranted to maintain the core.

Findings and Conclusions

1. LMS has made a strong beginning in developing a training and extension program of micro-enterprise assistance for women who have productive skills for which there is a proven market such as coir. The training has given participants a basis for improving their production, business management and marketing, but it is too soon to look for specific quantitative outcomes. The next year in Matara will provide data on how much and for what follow-up assistance is required. This information will contribute to further refinements of the training program and an assessment as to what the continuing costs of such a program would be.
2. They are initiating an interesting attempt, particularly with sewers and lace makers, to train groups to do their own marketing assessment and decision making (even if it means giving up an unmarketable product such as lace). The need for attention to markets confirms the original diagnosis and plans for the project, i.e. that finding appropriate markets or products is an essential step in advancing SED, and that it is difficult, particularly where, as in Sri Lanka, there is a paucity of good sectoral information and marketing expertise.
3. A second, smaller, pilot in Matale would provide useful information on the validity of the model with a different set of

enterprises, its costs with less start up required, and the incorporation of the model into the existing LMS framework. Skapa has suggested that the second year not include a second pilot, but focus on training the existing LMS network. While Matara has been a promising beginning, there is need for a more information on the follow up requirements for making enterprises successful and the validity of the model for other areas. Until the Revolving Funds have been put to work over some time and new business arrangements made, visits by outsiders will be more a burden than an opportunity to share successes. A second phase in Matale would allow refinements in the model while beginning the incorporation process. In Matale, the group to be trained would be drawn from volunteers already working with LMS and then used in an extension system paralleling the traditional one. Matale will require less start up time than did Matara and will allow a more realistic sense of what is required to replicate the program to other parts of Sri Lanka. It is recommended that the Matale project begin after the Matara and will allow a more realistic sense of what is required to replicate the program to other parts of Sri Lanka. It is recommended that the Matale project begin after the Matara groups are further into implementation and focused study of the marketing possibilities in Matale is undertaken.

4. The Project Coordinator has been successfully soliciting assistance from a number of institutions to help with various aspects of the project, particularly training. This would be strengthened by the addition of more training and marketing expertise, either hired in on a consultant basis or recruited in as members of the project steering committee. We particularly support Skapa's recommendation for the addition of a full time trainer to work with experts introducing new material to the program, to structure the training sessions for new viaparikas or equivalents, and to work on adjusting modules to the regular LMS training program. This would free Mrs. Fernando for continuing her entrepreneurial efforts to create more useful linkages and to concentrate on bringing more active volunteers into LMS.

5. The monitoring arrangements appear to provide timely information on the progress of the groups and the structure of monthly reporting encourages group decision making. The information is being used by the staff to consider next steps and to respond to problems which surface as the Matara groups begin to implement their ideas. The information on family situation income, assets, etc. currently being collected from members of the production groups will be a useful baseline for a future assessment by the groups themselves as well as project staff. The District Coordinator should be encouraged to complete that task.

6. At the time of the evaluation the revolving fund was uppermost in many people's minds, though only one group had actually submitted a plan for its use. Putting it out, or helping groups develop suitable proposals and prepare for the

group supervision and decision making it requires, would remove a major perceived impediment to the development of the groups' enterprises.

7. Overall LMS has made substantial progress towards four out of the five original objectives (upgrading enterprises, extension service, links to outside services, and evolving a replicative model). Still to be tackled is the question of reinforcing the overall institutional capacity of LMS, principally recruiting a younger entrepreneurial volunteer membership to augment the committed workers who have served for a number of years.

CASE STUDY: WOMEN'S BUREAU'S INCOME GENERATING PROJECTS FOR WOMEN

Introduction:

In August 1980, under PVO Co-financing scheme, US/AID made a grant of \$200,000 to the Women's Bureau towards a budget of \$310,828 for the training of government Development Officers and an inauguration of women's income generating activities under the auspices of the newly formed Women's Bureau. The funds provided for the training of 96 Development Officers and a pilot program for small enterprise development among rural women. Kolutara, about 35 miles south of Colombo was the pilot site for providing training and small in-kind subsidies to 200 low income women. The funding for the project ended in October 1982. At the time of the project the Women's Bureau was a division of the Ministry of Plan Implementation and the Development Officers were trained part of a much larger cadre assigned to work on rural development throughout the country. Recently, a Ministry of Women's Affairs and Teaching Hospitals have been created and the Women's Bureau brought under its jurisdiction. The question of jurisdiction over the Development Officers currently carrying out the work of the Women's Bureau has still not been decided.

For the review below then we have concentrated on the work of the Women's Bureau which has followed directly from the original project, i.e. training and inauguration of income generating projects among rural women. Women's Bureau provides the impetus and secures funds for this work, but the day to day responsibility and learnings and adjustment go on at the district and divisional level. In this case, what was observed and the adjustments which have been made apply to Kolutara District and may not be generally true across other districts. After we had made two site visits, we learned that Kolutara district is the home district of the former director of the project and therefore may not be completely representative of other districts. Nevertheless the format for decision making more or less corresponded to what was described at the Women's Bureau as the procedure for all districts. Several refinements, derived from experience, were clearly generated by the district and may not be true elsewhere.

Approach and project context

There are three institutions involved in providing small enterprise development assistance under the auspices of the Women's Bureau: OEF which helped the Women's Bureau train the Development Officers, the Women's Bureau which is in fact not a PVO, but a government institution, and the staff of each district responsible for Women's Bureau activities, but formally under the jurisdiction of the Ministry of Plan Implementation.

OEF's approach reflects an emphasis on participation by all in the project in design, monitoring, and evaluation, the value

of non-formal education techniques to increase learning and self confidence, and the value of income generating activities along with health in improving conditions for rural women and their families.

Women's Bureau program grew out of the recognition that the country's genuine efforts at development in the rural areas, largely under the jurisdiction of the Ministry of Plan Implementation, was frequently bypassing or was underused by poor rural women. Its objective was to train "rural women leaders" and to introduce health and income generating activities to improve conditions for rural women and their families.

The intended beneficiaries are low income rural women, 75% under an income level of 500 Rs. per month. In Kolutara families below Rs 300/- are usually landless and employed only seasonally. Kolutara is in the wet zone, usually bountiful, but subject to devastating floods.

Services Provided

OEF Project funds paid for three services.

(1) Training of 96 Development Officers in leadership training, working in group, community surveys, and a number of other techniques which they could use to elicit women's participation in defining their own and community needs and in planning and acting together and individually to meet those needs.

(2) Subsidies, in kind up to the value of Rs 1000, to rural women identified by Development Officers and district government agents with which they would begin an income generating activity. Examples include: an imported cow for milk production, 50 chicks, bee keeping equipment and bees, sewing machine. Subsidies were Kolutara district only.

(3) Underwriting the costs of training sessions provided by DOs and technical officers to rural women.

OEF funds finished in October 1982, but the project has continued with funds provided in different districts by various donors and by district government funds. Learning from experience, the package of interventions or services is more comprehensive and refined. What follows is a general description amended where appropriate by specific changes in Kolutara.

Village selection: In the new districts brought into the program, the Women's Bureau is aiming to train 500 women in each of 22 districts. Each district is under a Government Agent (GA). Each district is further subdivided into (four or more) divisions each headed by an AGA. In each division there will be 30 to 60 villages. The AGAs and village elders will consult about conditions in and prospects in various villages and ultimately will select 3 or 4 villages in close proximity to be the focus of

the Women's Bureau project in that division. Approximately 125 women will come from each village. Choosing villages in proximity to one another reduces the problem of DO travel time highlighted in an earlier evaluation.

Participant recruitment and selection: In new districts, AGA's, DO's and village elders identify and contact NGOs in the project villages and convene a meeting of their leaders in which the project is explained. The NGO representatives in turn take this message to their groups. A large meeting of all who are interested is convened which includes the local government personnel and representation from the Women's Bureau. NGOs send lists of members interested and meeting the criteria to AGA. The criteria include being over 18, low income, and being a member of an organized women's group. A list of 250 is developed. The AGA, DO, PO, Women's Bureau representative, and elders meet with the 250 and again explain the project and its requirements during which there is some self selection. The remaining list, (and since 1984 the elders of their families) is interviewed by the DO, PO and AGA from which 125 are selected.

In Kolutara, which has spread the project beyond the original four divisions, and probably elsewhere, the selection process was further affected by the initial list being supplied by the local MP. Since 1982, this process has been modified: he has been better informed about the criteria of the program and its relationship to success and now supplies a much larger list from which the district officials may select. Thus the process encompasses some self-selection by potential participants, but the final word of who shall participate is the district government's.

Leadership training: The women selected are then trained, first for ten days on leadership, community surveys, health, and an introduction to income generating project alternatives. During this period, they undertake a community survey and on the basis of that information and the alternatives discussed in the training sessions, list three projects which they would like to undertake.

Project Selection: The DOs in consultation with the Divisional AGA and the District GA, and based on their collective knowledge of the local economy and the capabilities of the women in training, agree on which project from the list she has submitted each woman should do.

Finance: A subsidy, in kind of up to Rs 2500 (up from Rs 1000 in 1981-1982) is given each project participant. Arrangements for obtaining the required items are made by the DO. Loans are not encouraged. The initial project did encourage the supplementation of the subsidies with bank loans for which the AGA's signature as a credit reference was often required. First year experience indicated that the debt incurred often proved too burdensome for particularly the lower income women. To remedy

this the initial subsidy was increased and a (variable) contribution from the participants was required.

Technical Training: Subsequent to project selection, technical training on the project--poultry, dairy, sewing, etc.--is provided by appropriate government technical officers.

Business Management Skills: During the initial leadership training phase and during the technical training, rudimentary introduction to bookkeeping is presented. Since 1984, women have been provided with an accounts book as part of their training.

Follow-up Assistance: (1) During the training, women were introduced to the services and personnel available to them. (2) When service from appropriate technical agencies has not been provided upon request, letters to the AGA or GA are supposed to trigger the required response. (3) DOs make periodic visits to project women. (4) Since 1983, monthly meetings have been held in each village/area with project women; currently AGAs and appropriate technical staff are supposed to attend. One of the reasons originally given for requiring that participants already be members of women's groups was the expectation that back-up assistance would be provided by those groups. In fact most groups do not have such expertise and have not been helpful. The need for assistance by the DOs has been greater; monthly meetings help to streamline that process.

Business Support Processes or Institutional Building: Within Kolutara District, there are two avenues for monitoring and adjusting activities relating to women's income generating projects under the Women's Bureau--a monthly meeting in the project area to which project women and appropriate technical officers come and a monthly meeting of the GA, AGAs and DOs to discuss the project.

The government officials responsible for women's projects in Kolutara district have demonstrated a considerable degree of creative adjustment since the first year. The following changes have been made base on the experiences of women participants, the DOs, PO, AGAs and GA. (1) Selection of project villages which are clustered closely together to improve DOs capacity to reach project women; (2) Improved selection of project participants, specifically asking the MP for a list of 150 rather than 50 from which to select project participants, improved interviewing to ascertain person's other commitments or interests which might impede or distract from project activity, increasing bias towards married women rather than unmarried girls; (3) Increased subsidy and discouragement of bank loans; (4) Increased emphasis on business management with introduction of bookkeeping and bookkeeping books; (5) monthly meetings which include appropriate technical officers; (6) initiation this year of meetings of women with similar projects to discuss projects and /or receive technical help. Further adjustments under consideration are are

instituting refresher courses for women once they are into the project and the theoretical has more value and establishment of district revolving funds for use in helping women whose first projects are wiped out by natural disaster, but who show promise for other activities and for people whose business stability and prospects for expansion warrant taking on a loan.

As an institution, the Women's Bureau does not have direct authority over the DOs. It has been a resource for fund raising for the projects, for monitoring some of them and for providing focus and identification, i.e., the projects are seen as Women's Bureau projects and principal staff are on hand for all large meetings introducing the program into a new area and important subsequent meetings. Its own small staff (12) is supported with government funds. Funds for projects are from a variety of donors.

Who Executes and How The Women's Bureau has a staff of 12 of whom few were involved in the initial OEF project. Its responsibilities with respect to this project are fund raising for the districts and providing the public focus and imprimatur on these activities. Day to day responsibility for identifying participants, selecting projects, making grants, and providing training and follow up assistance lies with the designated DOs and their superiors in each district.

DOs have university degrees and have been trained by and are responsible to the Ministry of Plan Implementation. Women's Bureau DOs are assigned, one or more to a division, with special responsibility for carrying out Women's Bureau projects. Within the district, they come under the jurisdiction of the Planning Officer, the Divisional AGA, and the District Government Agent. It was not possible to observe DOs doing their work, but judging from the comments they made on the project and their interaction with women who did come to a large meeting, their relationship with this constituency is good. They themselves expressed great satisfaction at the group work training done under the OEF program as being very helpful in their work.

A number of decision points in the project devolve on the DOs and their superiors (which project, amount of subsidy, approval of loans, triggering of technical assistance). Some are becoming institutionalized such as group development around commodities and monthly meetings for technical assistance, but others retain conditions for the continuation of dependency and/or political intercession.

Benefits

There are basically three sources of information on project benefits--(1) questionnaires filled out by eleven project beneficiaries, all of whom were part of the 1981-1982 project. This was done by six of the district DOs during the week between our visits; (2) comments of the Planning Officer and Development

Officers at two meetings; and (3) Personal accounts and comments at a group meeting of sixteen project participants. These numbers are used to identify sources on statements below.

Benefits to the Firm/Informal Household Economy

- * 9/11 showed increases in project income from Rs 100-750 per month (1)
- * 8/11 are selling more than before (1)
- * 8/11 sales cover costs; 8/10 profits are more than before (1)
- * 8/11 report they work more on their activity of which 7 say that this is an improvement over the period preceding the project (1)
- * 8/11 report they work more regularly and that the project is a more regular source of cash to the household (1)
- * 8/11 have different ideas about what to sell (1)
- * know better at what price to sell
- * 5/11 report they are better at planning sales (1)
- * 7/11 have found more resources or supplies for business
- * 8/11 use records to keep information about their business and use it to make decisions (1). One account book was seen with very careful recording of daily costs and sales and occasional costs (2)
- * 7/11 use records to know when to save money to put back into the business (1)
- * 8/11 report using cash earnings from business and all cash income better than previously (1)
- * 6/11 put cash into supplies or improvements for their activity (1)
- * 9/11 said they know better where to get information about their activities
- * 7/11 expect their project to grow (1)
- * 5/11 see themselves as business persons (1)
- * 5/11 see themselves as business persons

Social Development or Equity Gains of Participants

- * 8/11 put more into household food and clothing; 6/11 into health services and education or savings; 5/7 report improvements in family diet; 3/7 improvements in housing; 5/7 in housing; 4/7 in education (1)
- * 8/11 have opened a personal account at the bank since the project began (1)
- * 6/11 work with more people than before; items checked included production, sales, supplies, credit (this last was somewhat ambiguous as to what more people means...) (1)
- * 7/11 have more access to government services than before (principally the Women's Bureau) (1)
- * 2/7 have access to formerly inaccessible agencies (1)
- * 6/7 have joined other activities and work with more people in groups; 6/7 in groups which make decisions together; 5/7 in groups which act together in production or sales; 6/7 say they participate in making group decisions (1)
- * 9/11 report an increase in literacy skills (though this is not included in (the training)); 7/11 report increase in numeracy skills (1)

Benefits to the Local Economy

- * 7/11 use more local supplies for their activity (1)
- * otherwise inconclusive. DOs state their designation of projects to persons takes into account local markets and production and thereby avoids unproductive duplication. (2)
- * the greater success of agro-based business reported by the DOs suggests contributions to the local economy, but not exclusively (2)

Building Institutional Capacity

A. The District as an Implementing Agency

The significant institution building seems to be taking place at the district level in assessing and adjusting the women's program as experienced is gained. Specific improvements cover selection of participants, grouping of project villages to ease transportation and communication (general), discouragement of bank loans, monthly meetings to monitor activities including divisional technical officers, inauguration of group meetings for women with same kinds of projects. We were not able to ascertain

whether this pattern was as true in districts other than Kolutara. (2)

B. The Women's Bureau as an Implementing Agency

It is fair to say that this project and its replication throughout Sri Lanka has helped to put the Women's Bureau and women's concerns on the map. Data on donors and projects elsewhere in Sri Lanka are listed at the back.

On the 96 OEF trained DOs, 76 are still in the field doing project work; 6 are at the Women's Bureau; and 18 are at the Ministry of Plan Implementation on other assignments. While outside the purview of a donor agency, there are changes pending with respect to the Women's Bureau which may affect future project work, particularly the "assignment" of DOs. Currently under consideration is the formal transfer of the DOs to the jurisdiction of the Women's Affairs Ministry. The six DOs we met seem committed to their work under the Women's Bureau. However, they are largely uninterested in being transferred to that ministry, primarily because of the lack of opportunity for promotion, and for the men, reduced opportunity for government scholarships for continuing studies. Such a shift if made may result in considerable shifting around of personnel and the loss of experienced DOs.

C. Institutional Resources of the Participants

There continues to be a short-fall in the availability of technical services, particularly veterinary services. All the government officers talked to stated clearly this is a result of an overall shortage of veterinary services in Sri Lanka along with a high demand from disparate legitimate bodies for their services. Likewise, there is a shortage of hybrid, high yielding cows. In Kolutara, the institution of commodity oriented groups and monthly meetings with technical officer is meant to ameliorate the shortage. Since January 1984 the Kolutara administration has begun keeping records of requests by and responses to women participants in order to better track district patterns.

Summary and Conclusion

1. The Women's Bureau approach to SED is helping low income rural women successfully undertake income generating activities by providing them with training (leadership, group, technical, some business management), a start up subsidy, and some follow up assistance. According to the DOs, this set of services works best with low income married women, not necessarily the poorest of the poor, particularly those with the backing of their families. Experience indicates a small start up grant (in kind) and avoidance of early debt are also associated with success.

Mechanisms and encouragement for seeking assistance from technical services is part of women's training, but particularly in veterinary services an overall shortage limits the response.

2. One of the more interesting findings of the project so far is the value of small in-kind grants versus loans to start up activities.
3. Another useful finding was the better prospects of agro-based projects over others such as lace making (dependent on undependable export or city markets) and sewing (also uncertain markets, though demand more local).
4. The DOs in Kolutara have identified as sources of project failure: inappropriateness of some candidates (particularly when the MP had almost total say over the list), natural calamities, too much debt, extreme poverty of some women, a less driving commitment and interest modified their activities to moderate or rectify the problem of candidate selection and too much debt. We were not able to determine to what extent the lack of business management skills per se was a source of business failure.
5. There are groups this program is not serving or not serving well: very poor women with families and women who do not have family support. This is recognized, but the district has not yet developed alternative ways for serving these women. With the poorer women and/or those with unsupportive families the problem of "feasibility" is evident, products or income from sales goes disproportionately to immediate family consumption needs so that the enterprise itself is short lived. The recent inclusion of interviews with family elders as part of the selection process is meant to encourage the necessary family support for the enterprise or, alternatively, to weed out those for whom family support is necessary, but not forthcoming.
6. A more thorough investigation of the work the Women's Bureau would have included (1) interviews with a number of failed enterprises to get further evidence on the constraints to success; (2) a look at a second district to find similarities or differences from the Kolutara experience.

Costs and Question of Subsidies: So far there is no attempt to incorporate project costs into the regular Government of Sri Lanka budget (though Women's Bureau personnel and Development Officers salaries are in the budget). Most funds for Women's Bureau projects come from external donors. In some districts, project costs (training, subsidies, transportation) have received funds from District Development Councils or the local MP's fund for local development. The Women's Bureau has provided list of projects and donors as of August 1984 which is appended to this case study. (chart is not included in this draft).

As a pilot, the Women's Bureau project no longer would qualify for funding. As a vehicle for stimulating women's

enterprises and leadership in untouched areas of Sri Lanka, they might be useful partner.

Case Study: Chamber of Small Industry's Training Program for Small Manufacturers

Introduction

The Chamber of Small Industry (CSI) is a Colombo based organization which is seeking, through a new development program, to promote small scale industry in Sri Lanka. Beginning in the fall of 1983, the CSI has provided training for nearly 100 potential and functioning entrepreneurs; and the organization has worked to represent the interests of these small manufacturers to officials charged with regulating and providing various forms of assistance to the sector. The Chamber's basic goal is to begin the process of expanding and up-grading the industrial base in a society where domestic manufacturing has been concentrated on a relatively small number of intermediate consumer goods, and where less than 20 percent of the GNP is generated through industrial organizations.

As with other cases discussed here, we consider the CSI under four separate categories. They are (a) approaches to small enterprise development; (b) the development context; (c) the mix and management of services provided; and (d) benefits and costs.

Approaches to SED

The CSI believes that its major contribution to the development of Sri Lanka will come from its efforts to assist new functioning industrial entrepreneurs to start and sustain manufacturing enterprises. To this end, it has set up, with financial assistance from the Asia Foundation, a training program to service as many as 600 students over a thirty month period (November, 1983-April, 1986). The training will seek to provide the potential entrepreneur with the appropriate attitudes and necessary confidence for taking initial steps toward the establishment of business enterprise; and to provide these individuals and those already operating small manufacturing firms with the knowledge and skills required for running a business successfully. Training, however, is believed to meet only part of the answer for these individuals. They also need meditational help from an organization such as the CSI so that they may be able to deal effectively with relevant public and private sector officials. The training, therefore, is to be combined with follow-up support by the CSI so as to provide the information and access needed to lessen the vulnerability of new, small firms. Firms which survive and prosper will benefit society in a variety of ways, including the provision of new job opportunities and backward and forward linkages to other firms in the economy. (The CSI expects approximately ten new jobs to be created for each entrepreneur assisted; and to see about ten firms gain extra income from the additional business and pricing improvements provided by the trainees).

Individuals to be trained include those who have started small manufacturing firms but who desire additional training in order to stabilize or expand their business; and those who have not yet started manufacturing but desire to do so. In the latter group there could be individuals who have little or no business experience, save perhaps through jobs in trading or manufacturing firms, to those who come from trading or even manufacturing families and now seek to have a business of their own. They have their choices among courses of different lengths, varying from two to twenty weeks, and covering the basics of production, financial and personnel management, and marketing and business regulation. They are also provided with good opportunities for practical training in working factories; for a unique element of the training is the involvement of CSI members who open their factories for day-long or more extended study visits at various times during each course. A capstone of their experience, also focused on the integration of the theoretical and practical in the training, is the completion of a project report. These reports serve to outline the trainee's manufacturing plans so as to give direction to the program of study and subsequent dealings with financial and technical assistance agencies.

Greater confidence, additional skills--and a completed project report--are viewed as the primary benefits of the course of study. Subsequent needs are to be met in part by the mediation services and CSI can provide; and graduates are encouraged (not required) to join the CSI as associate members so as to be positioned to take maximum advantage of these services. However, even those who do not join the CSI are eligible for assistance.

To summarize: The CSI sees its program as involving the stimulation of new entrepreneurship through training and the dissemination of instruction materials. Organizational support from the Chamber should complement this training by facilitating efforts of the new entrepreneurs to deal with industrial regulations and secure additional financial and technical assistance as needed. The CSI views its overall contribution to development in the creation of substantial numbers of trained industrial entrepreneurs throughout the society, and through its own efforts to represent their interests as they bargain in the larger political economy. Social benefits, including the more equitable distribution of resources and community development, are seen as coming from the new economic activity and its impact on other firms and on employees.

Contextual Factors

(The discussion of context focuses on the project setting which impede or facilitate the achievement of project goals. Because of the relative comparability of project settings in Sri Lanka, the question of context will be dealt with in a separate part of the report. However, for later drafts of this case

study, it will be necessary to offer brief elaboration on that discussion, focused particularly on the differential impact of governmental relations on the types of larger, manufacturing enterprises with which CSI works; and focused too on the particular significance of rapidly up-dated market information for these entrepreneurs.)

Project Management and Mix of Inputs

The CSI small business project operates out of the Chamber's offices in Colombo. The training director (Director of Programs) is Mr. Ariyadasa, a retired educator with 35 years experience in the Sri Lankan Ministry of Education. He is assisted by CSI staff in the development and administration of the training program. The training itself is done by Mr. Ariyadasa and a faculty recruited from local educational institutions and from the various government and private sector organizations housing the particular expertise needed for various course topics. In preparing the courses, Mr. Ariyadasa meets with faculty members to discuss overall goals and the appropriate scope and direction of specific lectures. CSI staff and executives are also involved, as are CSI members whose efforts, during the fall of 1983, several meetings were held with these participants, and they were joined by Mr. J. Guyer, Sri Lankan Representative of the Asia Foundation, the primary source of funds for the project.

The courses have changed in content over time to reflect student evaluations and the feelings of faculty and administration about the relevance of particular topics of pedagogical approaches. However, the basic direction of the course has continued over the year: to provide information and skill training in areas central to business functioning; and to provide "hands-on" experience in functioning business enterprises. Subjects covered include financial and personnel management, marketing, banking, labor laws, taxation, import/export procedures, and the introduction indicates specifically the direction they wish their firm to take, and how this is to be accomplished. The expectation of the CSI faculty and staff has been, and continues to be, that this type of document will facilitate future approaches to SE by bankers and other sources of financial and technical assistance in the marketplace.

Trainees are selected through a multi-stage process, which begins with public advertisements of up-coming courses, and personal contacts of CSI members and former graduates. Formal applications are submitted, providing basic bio-data, family background, technological/technical experience, and career background. Applications have come to the CSI at a rate two to three times that which the program can currently accommodate. Those which Mr. Ariyadasa and his staff feel are the best prospects among the applicants, in light of their previous work experience, training, and the concrete steps they have already

taken to effect their plans for starting a small manufacturing enterprise, are invited to Colombo for interviews. Final selection is made on the basis of formal application and interview, with emphasis being on what Mr. Ariyadasa feels are the concrete signs of probable success; visible indications of thought and planning about business, with these and less tangible signs from the interview of motivation; and indeed, to allot time during the course of study to instruction in motivational development. After a period of experience with the current format, it is possible that these additional elements will be added to selection and training efforts; and this may happen in particular if the CSI should become more associated with other entrepreneurship support programs in Sri Lanka--at through the new Business Development Center programs in entrepreneurial promotion.

Because of the extensive efforts required to get the training program started and sustained, less effort has gone in to the creation of regular mechanisms for course graduates to take advantage of the CSI's mediation services. Many graduates have come for assistance, and have received aid in contracting relevant public and private sector officials. However, the major burden of work has fallen on Mr. Ariyadasa and his small, part time staff. He has dispatched dozens of letters in behalf of former students to make formal representations; and has gone with many of them for personal contacts with officials. However, unless additional budgetary support becomes available in the future, it is difficult to see how the efforts at mediation can avoid being of this ad hoc variety.

The decision on how to proceed with "follow-up" services in fact reflects the general awareness of Mr. Ariyadasa and colleagues of the budgetary limits the project confronts. They need to recruit faculty, stock a library, advertise for and select students, plan and coordinate the course, secure necessary instructional materials--as well as provide some follow-up services on a budget of approximately \$64,000 per year. Consequently, there has been real dependence on the voluntary commitment of CSI leadership and members to back-stop these efforts of Ariyadasa and his staff; and a subsequential effort to secure support from public and private sector officials who are needed as instructors and to facilitate the subsequent efforts of course graduates to secure loans and technical assistance. It has been a time for balancing these needs while planning also for the long term needs of the program (securing additional funds; deciding how to spread the course network) that have dominated the "institution building component of the CSI's work.

Benefits of the CSI Project

We look at benefits under four headings, indicative of the range of economic, social and political changes associated with sustainable development: (a) enterprise development; (b)

enterprise impacts on the local economy; (c) equity benefits of business development; (d) institutional building.

Enterprise Development

It is too soon after the start of training efforts to assess much of the impact on actual business operations. Nearly 100 had taken one or another of the courses by the time the evaluation was conducted; however, only about half of those had completed their studies as long as six months previously. The CSI itself has gathered no information on the number of potential entrepreneurs who have started new firms, though it expects about 40 percent to do so. There is some admittedly indirect evidence of new business enterprise in the fact that nearly 30 percent of the past trainees have joined the Chamber, and that most of these are individuals who were planning to start firms. The assumption is that they would have joined only after they actually started their businesses, though there has been no actual checking to confirm this.

Interviews with sixteen of the former trainees indicate several positive impacts of the course. Graduates were impressed with the quality of the course and the mix of practical and theoretical training. (Responses in Table 1). They also noted several areas where they had begun to apply their training, with the main changes focused on areas of financial management and on enhanced dealing with regulatory and assistance agencies.

The respondents were selected by Mr. Ariyadasa. He invited 20 former students to meet with us and attempted to provide us with a representative sample of several manufacturing areas. Some of those attending our group meeting were still potential entrepreneurs, others had a good deal more business experience. The fact that 16 of the 20 invited turned up for a meeting on a Friday morning, despite the rigors of traffic and travel, says something, we feel, about the degree of importance which graduates attach to the course and "follow-up" opportunities the CSI provides. Project plans, and Mr. Ariyadasa's current estimate, suggest that 175 new and potential manufacturing entrepreneurs will be trained by the end of the first year. If current trends continue, this will mean that approximately 50 to 60 new firms will therefore result.

Local Economic Benefits

It is similarly too soon to report on the economic spread effects of the enterprises aided by the CSI. As noted, the Chamber does offer a set of expectations in project documents about the likely backward and forward linkages of new business activity; and implies that about 10 firms will benefit from new business and the supply of new, presumably higher quality/less expensive goods. It is difficult to know where these estimates

come from; and such calculations do not reflect a concern for economic linkages--as through the selection of entrepreneurs and firms so as to maximize the input/output relationships among firms in a community and a region (i.e., selection on the basis of an input/output matrix so as to fill local gaps). This is not necessarily a criticism of the CSI, for few SED projects stake their reputation on generating a broad system of economic relations. However, since the CSI states these impacts as a goal of the project, it might be useful to consider means of building these aspirations more directly into the process of selection and training over time.

(When the discussion of context is made more fully, it will also be noted that SED projects in Sri Lanka aimed at small manufacturing face a situation of little linkage among firms. This reflects the colonial past, but also past trade and import substitution programs. Therefore, there is both real need and considerable difficulty in generating such linkages.)

Equity Benefits

The CSI seeks to recruit individuals who, while not wealthy or established businessmen and women, are by no means among the poorest in the nation. In fact, since plans and active steps toward starting a firm are among the central criteria for selecting the potential entrepreneurs, we might expect to find these individuals having a relatively high level of access to financial and other resources. This applies, as well and even more, to those who have already started firms. However, it is also true that small manufacturing firms are among the best sources for generating new employment. This is particularly true for new manufacturing firms. Therefore, important equity benefits should be forthcoming once the firms do begin to hire new workers. Evidence gathered by the summer of 1985 could reveal how significant this impact has been.

The CSIs impact on the poor, directly and indirectly, may be increased if and when carpenters and blacksmiths might be doing well, but the larger enterprises generally were not. Basic management skills were lacking--as were adequate markets; and the efforts to tie the businesses quickly and firmly to local Sarvodaya projects made it difficult to keep adequate accounts and determine costs and returns. Consequently many business projects were seen as needing reassessment; many others failed. Most of the retail stores, some of which the central office had supported with resources, had closed with high morale, given the promise and accomplishment of the program. This is partly the consequence of a failure to secure financial assistance from USAID as had been hoped, and the need to economize on staff and programs. Thus, it would be possible with additional assistance from AID or elsewhere to broaden this base of action, and build upon current accomplishment.

There is, moreover, a deeper base than these comments suggest. For the CSI and its members, and the Asia Foundation, seem strongly behind the effort; and all have been willing to put up resources and provide voluntary assistance. Therefore, by combining the apparent morale of those most involved with this image of a base of support, it possible to speak more optimistically about the institutional core of the program. Experience gained to past programs adds duplication--and demonstrating that work produces good results.

Main weaknesses in terms of institutionalization as an implementing organization:

1. Need for attention to means for collecting information on graduates, their needs and business accomplishments. Feedback mechanisms exist--mainly in terms of course evaluations and informal communications after the course is completed. These provide adaptive capabilities for the CSI, but the effort could be broadened to increase these capabilities over time.
2. More time needed for Mr. Ariyadasa and staff to do long-term planning; so as to more fully lay out options, costs, and opportunities for such things as the spread of the course to new areas.

B. The CSI Program and the Institutional Resources of Graduates

A second question in the area of institutionalization deals with the setting for entrepreneurship confronting graduates through all the crises they will subsequently confront. However, one of the attractions of the CSI program is the promise of mediational assistance, and this is of real import to new, vulnerable firms in a just emerging industrial economy. the CSI has an excellent base from which to help, as perhaps the major business association in the nation dealing with this particular business sector. Moreover, as part of the effort made to secure faculty and plan courses, contacts have been made which should prove valuable. (Our respondents indicated several instances of how these contacts helped them, in securing loans and the like.) the CSI (again) might wish to do more; with additional resources it might be possible to have more follow-up meetings for graduates, and to have staff of the CSI assigned for more mediational work in behalf of graduates. This was a clearly expressed interest of the government's official policy toward businesses, and what they believe they see in practice from a bureaucracy still perhaps oriented to a less growth-producing industrial policy. Here is where a more active and visible organizational presence on the part of the CSI might be significant. It is part of the vision the Chamber has for its program, and would seem to represent a normal direction of development as the courses become more regularized. When courses

are taught in other sites, some regular mechanisms for mediation of this sort might be even more important.

The Issue of Costs and Subsidy

1. the CSI program does cost some \$64,000 per year, as now constituted. Most of the costs are recurring ones, and would grow if the program reached to outlying areas. (Travel, faculty recruitment, etc.)
2. Efforts are being made to generate funds within the CSI to cover an increasing portion of the costs, in anticipation that the Asia Foundation assistance will run out after three years. Money (approximately \$20,000) was raised last year through the selling of ads in CSI publications; and other income is seen likely to be produced by the sale of instructional materials and project profiles. However, it seems unlikely that these sources will provide more than enough to run a few courses in the Colombo area. External funds may well be needed, as few educational institutions are profit making bodies. The key question, it would appear, is not whether the CSI project can even sustain itself, but whether its graduates can--and whether they produce wider social and economic benefits.

CASE STUDY; THE SARVODAYA SHRAMADANA MOVEMENT

Introduction

The Sarvodaya Shramadana Movement (SSM) in Sri Lanka was founded in 1958. It is a community based effort pursuing village and national (even global) development on the basis of values deeply rooted in indigenous traditions of community action and responsibility. The leaders of the SSM estimate that some 6000 villages in Sri Lanka (over a quarter of the total) are directly involved with the movement. Projects are at various stages, with the majority of the villages just beginning the development of community institutions on the Sarvodaya model. Development is to be decentralized and bottom-up.

Sarvodaya Shramadana, which acknowledges its roots in the development philosophy and community organizational approaches of Mahatma Gandhi, literally signifies the awakening of all society through the mutual sharing of time, thought and energy. Through a national organization with central, district, regional and local agencies, it pursues holistic development stressing personal and social rejuvenation and transformation as the basis for enduring and meaningful change. Psycho-social transformations should precede, and condition, efforts at economic transformation. material growth and satisfaction are critical for meeting basic human needs; and economic needs must be met if life is to be fully social and spiritual. Yet, in Sarvodaya, there is an effort to see that material concerns elsewhere.

Therefore, the Movement's efforts in a village begin with a community gathering--a Shramadana. These meetings represent the culmination of a locally generated expression of concern for community development, supported by Sarvodaya field workers. The Shramadana is planned carefully by local residents so that there is ample food and shelter for participants, as well as tools and plans for specific local development tasks. Once village members, including religious leaders, and SSM members gather, there is an emphasis on fellowship and the building of a collective spirit. This is accomplished with a mix of food, singing, and meditation; but also with discussions of village, national and international problems and their interrelationships. Subsequently, in its major activity of the two or three day camp, the group turns to constructive work. This involves road or bridge construction about a third of the time, since these are critical concerns in isolated villages. Otherwise, the tasks may involve general clean up, doing the ground work for a village pre-school or dispensary, or repairing places of worship.

These camps are considered stage one of Sarvodaya's work in a community. National or regional field workers will follow-up on these first efforts, but unless a camp (or later camps) generate sustained local involvement, the village may never go beyond stage one. However, where there is local leadership and

enthusiasm, efforts will be made to encourage the creation of local groups. Children's groups, and those of youth and women, are usually formed first, because of local interest and the SSM's sense that these are vehicles to reach the most vital audience (children), the most responsive (youth) and needy (women). Occupational groups are often formed at a later date, as are groups for the elderly--or for adults in general.

When these groups become active in dealing with community problems, and in mobilizing local resources as needed for these tasks, a third stage of development is reached. Perhaps half of the Sarvodaya villages are at, or are approaching, this stage. At this point, local communities are now encouraged to organize a local Sarvodaya Shramadana Society (SSS). This body can attain legal corporate status and be in a position to plan and coordinate local development efforts, and to raise funds for that purpose.

For the two to three percent of villages so far capable of additional commitment, the SSS leads efforts toward village self-reliance. A development plan is drawn up, focusing on basic social, economic, and spiritual needs. Not only are such villages considered to be self-supporting, but some have undertaken assistance programs in other, neighboring communities.

Therefore, primary SSM beneficiaries are communities. Development assistance means supporting their efforts and organizations in the pursuit of a full range of locally defined needs. Means are to be united as much as possible with ends; for there are not supposed to be significant gaps between "early" and "late" developers in a community, or between "leaders" and "followers". Human centeredness means a concentrated effort on collective efforts and benefits. Consequently, to stress the progress of an economic activity alone, or to assess the costs of starting business as high because of the participatory character of the process involved, would be illegitimate from the perspective of Sarvodaya's methodology. The organization has the same incentives as any other to be accountable in financial as well as other terms. However, Sarvodaya's leaders feel this requires efforts to assess systems of relations instead of selected aspects of larger economic and social events.

Approaches to SED

During the 1970's, the SSM became convinced of the need to provide support for additional income generating activities in its associated communities. The preference was to increase skills and economic opportunities for community residents, based on needs, choices and commitment emerging from the communities themselves; with the central Sarvodaya organization's involvement limited to support activities of various sorts. This would presumably favor support projects which would draw on community technology and resources and be open to the poorest and least skilled. Based on experiences gained from previous income

generating and small enterprise activity by Sarvodaya groups, it appeared that assistance from the central organization should include training, technical assistance and credit--particular mix and amounts depending on community needs and requirements. Project impacts would be measured in community terms--and would include the impact of the stores on the availability and price of goods in all local retail outlets. Benefits to individuals would thus be viewed in terms of their relationship to broader political and economic changes.

Context

(The context for SSM project activity is considered in the general context of the setting of projects in Sri Lanka.)

Project Management and Mix of Projects

The SSM had for some years worked with communities to increase income generating opportunities and small enterprise development. Activities included the vocational training program, organized through short-term courses and apprenticeships. District Sarvodaya Centers provided additional vocational training in carpentry and blacksmithing. At several levels of the Sarvodaya movement there were experiments in collective enterprise, ranging from community level projects for soap, honey and cook-stove production to a batik project run in Colombo at the national headquarters. In the late 1970's, a machine tool factory was started in Kegalle, with central support. It was one of the largest of the SSM's business undertakings.

Some communities in the seventies and eighties also started retail stores to provide basic supplies at competitive prices. However, these and the other business enterprises and training programs were only intermittently successful. Individual carpenters and blacksmiths might be doing well, but the larger enterprises generally were not. Basic management skills were lacking--as were adequate markets; and the efforts to tie the businesses quickly and firmly to local Sarvodaya projects made it difficult to keep adequate accounts and determine costs and returns. Consequently many business projects were seen as needing reassessment; many others failed. Most of the retail stores, some of which the central office had supported with resources, had closed.

In 1980, the SSM received a grant of \$100,000 from Appropriate Technology International (ATI) for a new effort to support village stores. Knowledge gained from earlier business activity, and community experiences with retail stores in particular, served to provide basic guidelines and determine appropriate forms of support for the operation of these enterprises. National headquarters would provide some assistance, mainly business training and general orientations for shop-keepers; and financial assistance for the rehabilitation of

local buildings for use as stores and for stocking merchandise. The SSM would also provide assistance in securing supplies on a regular basis. However, matters of personnel selection and basic operating decisions were to be local matters; as were decisions as to how the retail outlet would fit with other local projects. It was assumed that the stores would be introduced as Sarvodaya projects, with appropriate local information and educational campaigns, thus assuring potential customers that the stores would provide goods at prices competitive with government (cooperative) or private shops, and would contribute to other community activities. Some seventy stores in several districts were ultimately to be supported through the grant.

To begin the project, twenty pilot villages were selected by Sarvodaya officials for the three contiguous districts where the first stores were to be located. Because of the importance of the groups in Sarvodaya communities, managers were to be selected either from pre-school groups (meaning the pre-school teachers) or from the membership of youth groups. Of the twenty pilot stores, mostly opening late in 1980 or early 1981, all of the managers were pre-school teachers. Prior to beginning their service, they received two week orientation courses in Colombo at Sarvodaya headquarters followed by internships in cooperative stores. A central warehouse was opened in Kegalle to be used to store goods bought in bulk by the central office; and a truck purchased to provide for transporting goods to the warehouse, and to make some local deliveries.

Though the stores opened and generally functioned quite well, there were several early problems. The supply system did not work as expected, with some stores running out of popular products quickly, and repeatedly. There were also problems because of the inexperience of local staff, and records were often inadequate or out of date. Local management committees set up in each community (mainly drawn from members of the mother's groups) were unable to provide enough technical guidance to overcome these problems. Bookkeeping difficulties when coupled with the shipping delays produced cash-flow problems, in part because money owed to the center was on occasion syphoned off (sometimes inadvertently) for local purchases of goods to replace depleted stocks. In addition, there were bureaucratic problems in getting the Peoples' Bank, which was to provide Rs. 15,000 credit to communities for developing facilities and stocking the stores, to actually distribute the funds. Among the problems was the need to have some officially registered body responsible for the store--and therefore capable of receiving the loan. Since these funds were to be used to speed up repayment of loans from project funds, and to create a pool of resources needed for opening other stores, that process was also slowed.

Among the responses to these problems was a decision to encourage stores to do more of their purchasing locally. This was in any event something the stores were eventually to do, as one purpose of these enterprises was to provide an excellent one.

for it reduced some of the problems in planning and financing purchases, and resulted in substantial increases in sales. Management problems continued to be dealt with by the project's implementation team, through visits to work with managers and staff on record keeping and inventory control. In the record of learning seemed positive enough, for Sarvodaya to begin supporting the opening of new stores.

Benefits of the Sarvodaya Retail Stores Project

We look at benefits under four headings, indicative of the range of economic, social and political changes associated with sustainable development: (a) enterprise development, (b) enterprise impact on the local economy, (c) equity benefits of business development, and (d) institution building.

Enterprise Development

More than sixty stores were begun under the program and all but two remain open. On the basis of surveys of pilot stores by ATI and more informal data collected later by the SSM and others, it can be said that the stores generally are achieving sales needed to pay their way. Profits are not great, in part because of the competition of private stores and cooperative retailers. The latter can afford to sell necessities (flour, sugar) which are under price control since the taxes they pay on the turnover of goods is relatively low, leaving some profit margin even for these controlled goods. Given this competition and the burden of debt the stores carry, the fact that all seem to be covering cost and returning a small profit seems impressive. Saarvodaya clearly regards this program a one of its real successes.

Some communities have begun to tap local resources by permitting individuals to purchase shares in the stores. Any member of the community can purchase these shares, and pay in installments. This could provide means for stores to expand their operations and to gain flexibility in purchasing locally produced items and other products for future sale.

Local Economic Benefits

Many of the shops are located in isolated communities, where few options exist for the convenient purchase of food and other necessities. Here the benefits in terms of the availability of goods are certainly significant. In other areas, however, there is competition from both government cooperative shops and those private shops of the Mudalalis. The benefits in terms of supply will therefore be less here, though the Sarvodaya stores may provide a greater supply of locally produced goods.

Consumer were expected to benefit from the Sarvodaya programs mainly in terms of the costs of items. As low as possible margins were to be maintained, with the presumption being that many private stores would be forced to lower their

prices significantly to compete. This appears not to have happened, because of the business skills they have gained over time. The cooperatives are competitive because of tax breaks. The general conclusion of observers we spoke with is that prices are not much lower in Sarvodaya shops, though this may change in the future as shopkeepers and managers get more business experience.

Perhaps the strongest of a generally strong case can be made for the effect of the stores in linkage sectors of the local economy. There are no accurate figures to date on this process, but the efforts to purchase more goods locally, and the expectation that networks of Sarvodaya stores will be able to dispatch items purchased in one area to another suggests that the structure is in place for a significant linkage effort.

Equity Benefits

For the SSM the equity issue is central; and there are reasons for crediting them with success in this area. For one thing, those trained to manage and operate the stores were mainly women with relatively little formal education. It is clear that the stores provided a vehicle for mobility to individuals who are relatively needy in terms of their own community's standards. The fact that the return to these individuals--psychic and monetary--has been significant is seen in the fact that there has been almost no turnover in the managerial or operating staff of these stores.

Some Sarvodaya officials also report a tendency to use up to a third of the profits of these stores for local, community generated, projects. Earlier village surveys indicated that less than this is normally being spent, at least in the opinion of those interviewed. However, these same individuals expressed positive feelings about the social benefits which these stores were providing in terms of the variety and costs of the products offered. Moreover, there were no indications that any sectors of the community felt that special interests were gaining particularly from the operation of the enterprises. It is easy to conclude that because of the links which these stores have to the community, through the advisory body and the whole Sarvodaya movement, more resources will eventually be channeled in the future into local projects, assuming that the businesses continue to be profitable.

Additional equity benefits may be seen later if economic linkages resulting from the purchasing efforts of these stores turns out to benefit poor farmers.

Institution Building

A. The SSM as an Implementing Organization

Sarvodaya would seem to be strengthened as an

organization through the success of community stores. They provide another entry point to communities--beyond the Shramadana camps and pre-school programs, two common alternative "paths". And they may well attract a different kind of audience and support for overall efforts, since they provide services which are relevant to a large segment of the community and call for less "front end" commitment. (An argument could be made that they allow for involvement without commitment, but by making the SSM program more visible through a popular service they should create a larger potential pool for other efforts--at least a greater degree of positive feelings among the relatively detached.)

The leadership of the SSM and various committees and staff working with the stores have gained important skills which may carry over into work with other areas of economic activity. Since enterprise promotion represents one area of weakness in past programs, such an increase in skills among a wide spectrum of SSM staff, should make the organization more effective in the future.

The SSM remains vulnerable because of its overall dependence on external funding. However, a program of this type provides some means for planning and implementing programs which generate more economic self-sufficiency for villages--and thus for the movement which seeks to represent their interests and goals.

B. The SSM Retail Stores Program: Institutionalization of Benefits

Has the project generated a momentum which is self-sustaining? And one which will further the community development efforts in targeted villages? Some reasons for an affirmative answer have already been provided. Some can be repeated here, and other points made as well.

1. The stores themselves are increasingly autonomous bodies, with largely local sources of supply and markets, and their managers and staff growing in business skills. If their purchasing networks expand as planned, they should become more capable of self-direction.
2. Because of their current and potential resources and association with the Sarvodaya movement, they will be called upon to support an increasing range of community services. They seem likely, therefore, to become the financial core for greater local development and autonomy. In a society where political influence and the distribution of resources are often vertical and personal, effective popular organizations are particularly important.

Appendix A

Evaluation Methods

The evaluation was conducted under a very tight time schedule (15 working days) and under a larger geographic area given the breadth of information desired. We chose to collect as much information as possible on context, approach, and service mix from AID documents, various observers, and, primarily, from project managers. Information on project benefits was secured through group interviews and the use of questionnaires as well as the comments of other observers. In keeping with OEF's usual format for conducting participatory evaluations in which questions and data gathering include project managers, field staffs and beneficiaries, we attempted an abbreviated version of this with LMS and the Women's Bureau. Specifically, we did the following:

1. Developed a working outline covering the main points of the framework which was used by the consultants in their interviews. Excerpts were used for written questions to project implementers.
2. Reviewed project documents made available by AID and, in the case of LMS, their own quarterly reports and reports from field staff. Reviewed previous studies of projects or organizations made available by AID or projects and other papers concerning development, women, and business development in Sri Lanka.
3. Extensive interviews with project implementers.
4. Developed questionnaires designed to get at participants' perceptions of benefits to their enterprises and associated social and equity benefits including their own development as entrepreneurs. These asked very specific questions on business concepts, use of earnings, etc. Different versions worked through with the staff of each, were tried with Lanka Mahila Samiti and the Women's Bureau. With Lanka Mahila Samiti, the instruments were translated into Sinhales and filled out individually by the viaparikas themselves; subsequently they helped tabulate the answers and discussed the questionnaire itself. With the Women's Bureau, they were written in English and the DOs used them to interview two or three women each. In an attempt to establish a scale and avoid long sections requiring translation, most questions had a yes or no or scaled answer. A shorter questionnaire requiring written responses was given to a group of CSI trainees, asking their plans after training and what they learned or still needed from the training and CSI.
5. Group meetings and open ended discussions with:
 - a) LMS viaparikas (20) and participants (75) from 3 groups 100 miles from Colombo in Matara.

b) Women's Bureau field staff (8) and 23 participants at a group meeting in Kolutara, 35 miles from Colombo, in conjunction with local administrative officials. There were also site visits with the Kolutara participants.

c) CSI recent graduates and current trainees (17).

6. Discussions with AID/Colombo staff and with other individuals and institutions interested in SED or linked to particular projects (see Appendix 3). Particularly helpful were Lakshmi Perera, the OEF representative in Sri Lanka who was to be a third member of the evaluation team, but was unable to join us, and Mr. Haheasan, the PVO Officer of US/AID.

Appendix B: Names of those Interviewed for Sri Lankan Evaluation

Mr. N. Mahesan, PVO Officer, USAID
Mrs. Lakshmi Perera, OEF Representative
Mr. Alexander Shapleigh, Project Development Officer, USAID
Dr. Marina Fernando, Save the Children
Dr. Nimali Kannegara, Save the Children
Mr. Chandrasena De Silva, Hayley's Galle (coir exporter)
Mr. W.A.J.A. Fernando, Enterprise Development, Business
Development Center
Mr. R.P.C. Rajapaksa, Investor Services Division, Business
Development Center

Lanka Mahila Samiti

Mrs. Priyanthi Fernando, Director
Ms. Sriyalatha Muddumage, District Coordinator
Ms. Arusha Fernando, Project Assistant
Ms. Nandimi Ramasinghe, Administrative Assistant

Chamber for Small Industries

Mr. K.D. Ariyadasa, Training Director
Mr. John Guyer, Resident Director, Asain Foundation

Sarvodaya

Mr. Sathis BeMel

Women's Bureau

Mrs. Sumana Sekera, Acting Director
Mrs. Weeapana, Deputy Director
Mr. Nanayakkara, Deputy Director

Government Officers, Kolutara District

Mr. Ganapila, Additional Government Advisor
Mr. D. K. Perera, Planning Officer
Mrs. K. K. G. Senarathna, Development Officer
Mrs. G. S. Weerasinghe, Development Officer
Mr. Salman Halwatura, Development Officer
Mr. L. Weerasinghe, Development Officer
Mr. George Mallawachchi, Development Officer
Mr. L. D. M. Dissanayake, Development Officer

C. QUESTIONNAIRE USED WITH VIAPANKAS OF LANKA MAHILA SAMITI

QUESTIONS TO MEASURE SMALL SCALE INFORMAL ECONOMIC ACTIVITY AND CHANGES IN ENTRY LEVEL ENTREPRENEUR.

In addition to marking the scale, get examples where appropriate.

Instructions for marking the scale.

Much worse/much less - (-2) Somewhat better/somewhat more - (+1)
Somewhat worse/somewhat less - (-1) Much better/much more - (+2)
About the same - (0)

- (1) Has the quality of your product changed when compared with the previous year?
- (2) a. Do you know more/less about what products to sell?
b. Do you know more about markets?
c. Do you know more about the best price to sell?
d. Do you sell more/less when compared with the previous year?
- (3) Have your cash earnings changed since last year?
- (4) Have your production costs changed when compared with the previous year?
- (5) a. Do your sales cover your costs?
b. Are your profits more/less than before?
- (6) a. Have you found more suppliers than before?
b. Have your new sources of supplies changed your production costs?
- (7) a. Do you keep records to get more information on your business?
Yes/No
b. Do you use this information when making decisions about your business?
- (8) Do you put more/less cash -
 - a. Into your household
 - b. For food
 - c. For clothing
 - d. For health services
 - e. For education
 - f. for supplies for your business
 - g. For Improvements in your business
 - h. Into another business
 - i. Into savings.
- (9) a. Have your reading and writing skills improved?
b. Have your math/accounts skill improved?
- (10) Do you put more/less time on your business per week than before?
- (11) a. Is your business a more regular activity than before?
b. Is your labour more regularly used?

- (12) a. Do you borrow more/less money for your business ?
 (If you take any ~~any~~ at all)
- x b. From relatives and friends
 - c. From banks or credit agencies
 - d. From your suppliers
 - e. From your customers
 - f. Is the interest rate greater/lesser than before
 - g. Is the lenth of loan greater/lesser than before
 - h. Will the cash from your sales cover repayment of loans? Yes/No
- (13) a. Do you have a new, personal account at the bank? Yes/No
 b. Do you have a business account at the bank? Yes/No
 c. Is there a group account? Yes/No
 d. Do you ~~have~~ have a post office savings accountx ? Yes/No
- (14) Do you work with more/fewer people than before?
- (15) a. Do you take more/less risks in your business now?
 b. Do you know your risks better?
 c. Are you better protected against risks now?
- (16) a. Have you thoght of other ways to use your cash incomex?
 b. Are you making better choices about your business?
- (17) a. Do you plan more/less about your business
 b. Do you have a long range plan about your business
 c. Do you know about where to get information on your business
 d. Do you have a long range plan about your future business activity
 e. Do you expect your business to grow or expand
 f. Do you expect to start a new business
- (18) Do you now seek assistance from people or agencies you saw as higher or inaccessible before?
- (19) Do you have more/less access to
- a. Credit
 - b. Technical Advice
 - c. Market information
 - d. Land
 - e. Other resources you need
 - f. Other(specify)

OPEN ENDED QUESTIONS:

- (1) What was your monthly income an year ago?
- (2) What was your annual income an year ago?
- (3) What is your monthly income now?
- (4) What is the annual income that you are expecting now?.....
- (5) When comparing your profits of last year with those of now, does it show an increase/decrease? Rs. How Much?
- (6) What do you know about the markets available for your products?
- (7) Have the methods, tools and equipment used changed?
- Specify.....
- (8) a. In the past instead of selling your produce for cash, have you had barter exchanges?
- b. Do you still have barter exchanges instead of sale for cash?

- c. If you still exchange your goods do you know the value of the goods you receive?
- d. Do you feel that you get a fair exchange?
- (9) Now do you make better use of the income that you receive?
- (10)a. If you have any bank/postal savings accounts, what do you plan to do with your savings?
- b. Do you plan to put part of the savings into your business? Have you already done so?
- (11)a. What do you feel is the biggest risk that you face in your business activity?
- b. How do you plan to avoid this risk?
- (12) Since you began this business, have you received aid /help from government sources? If yes, what are they?
- (13) Since you began this business have you received aid/help from private sources? If yes what are they?
- (14) Do you see yourself as an independent business woman? Why?
- (15) What are your future expectations?
- (16) Are there any changes that you wish in your business, if yes state them

XXXXX

QUESTIONS TO MEASURE THE SOCIAL GAINS OF SMALL SCALE ECONOMIC ACTIVITY:

- (1) Since this project began, do you have more contacts relating to your business? Yes/No
- (2) Are you more involved in other community activities now? Yes/No
- (3) Do you work more with people in a group? Yes/No
- (4) If Yes, does this group
 - a. Work together when buying supplies. Yes/No
 - b. Work together in production. Yes/No
 - c. Work together in marketing the produce. Yes/No
 - d. Make use of money together. Yes/No
 - e. Make decisions together. Yes/No
 - f. Do you help the group make decisions. Yes/No
- (5) Because of your business activity are you regarded highly by
 - a. Your family. Yes/No
 - b. By people in your community. Yes/No
 - c. By government officials. Yes/No
 - d. By banks and other private institutions. Yes/No
 - e. By anyone else who looked down on you before Yes/No (specify)
- (6) Has your business made it possible for you ~~xxxxxxx~~ to provide better for you and your family, in the following instances.
 - a. Housing. Yes/No
 - b. Clothing Yes/No
 - c. Education Yes/No
 - d. Other (specify) Yes/No
- (7) Are the chances of you moving out of your community more since this business began. Yes/No
- (8) Has your income improved your families diet? In which ways?

OPEN ENDED QUESTIONS:

- (8) Has your income helped to improve your families diet? In which ways?
.....
- (9) What is the most important thing that has ~~changed~~ changed for you and why?
.....
- (10) What role has the LMS played in the changes that have taken place?
.....

D. QUESTIONNAIRE USED WITH PARTICIPANTS IN WOMEN'S BUREAU PROJECT

Questionnaire to be filled by project women

1. What is the type of project ?
2. Monthly income of the family before the project
3. Monthly income of the family now
4. Monthly income from the project
5. Who decides how to spend the income from the project
6. Number of members in the family
7. Whether married or not ?
- 8.a) Is the quality of your product changed ?
b) Do you sell different things ?
- 9.a) Do you have different ideas about where or when to sell ?
b) Do you know about the best price to sell ?
c) Are you better at planning sales ?
d) Do you sell more'/less than before ?
- 10.a) Have your cash earnings changed ?
- 11.a) Are your costs changed ?
b) Do your sales cover your costs?
c) Are your profits more or less?
- 12.a) Do you know more'/less about all the things for your project ?
b) Have you found more resources' /supplies for your business?
c) Do you know what your supplies cost ?
d) Do you use more'/less local supplies ?
e) Have new sources of supplies reduced costs ?
- 13.a) Have new tools' equipment changed production of your project?
= b) Do you use note books or some other devices to give information about your project ?
- 14.a) Do you use records'/devices to give your information about your business
b) Do you use this information to make decisions about your business?
c) Do you use this to know when to save money to put back into your business?
d) Do you make better use of your cash earnings from the business?
e) Do you make better use of all your cash income ?

15. Since you began your project do you put more'/less of (all)
- a your cash
 - a) into your household
 - b) for food
 - c) for clothing
 - d) for health services
 - e) for education
 - f) for supplies for your project
 - g) for improvements to your project
 - h) into another business
 - i) into savings
16. a) Have your reading and writing skills improved ?
b) Have your book-keeping skills improved?
- 17) a) Do you work more or less time on your project per week than before?
b) Is this better or worse ?
- 18) a) Is your project a more regular activity than before?
b) Is it a more regular source of cash for your household than before?
c) Is your labour more regularly'/evenly used?
- 19) a) Do you have a personal account at the bank, New?
b) Whether it is opened after the project ?
c) Do you have a post office savings account?
d) What was the purpose of opening that account?
e) Have you used money from that account for your project?
(Also ask other purpose for this account)
from
- 20) a) Do you borrow/your project
b) From relatives or friends ?
c) From banks or credit agencies?
d) From your suppliers (s)
e) Do you know when to repay the loan ?
f) Is interest greater/less than before?
g) Is the length of loan greater'/less than before ?
i) Will the cash from sales cover repayments?
- 21) a) Do you work with more people than before?
b) In production
c) In suppliers
d) In sales
e) In credit
f) Other

- 22) Do you use government services for your project - specify
- 23) Do you use private business services for your project - specify
- 24)a) Do you take risks in your project ?
b) Do you know your risks better?
c) Are you better protected against risks?
- 25)a) Have you thought about other ways to use your cash income?
b) Are you making better choice about your project ?
- 26)a) Do you know about where to get information about your project?
b) Do you have a long range plan for your future activity?
c) Do you expect your project to grow or expand?
d) Do you expect to start a new project?
- 27)a) Do you see Yourself more as a business person
b) Do you see Yourself more as a woman leader
- 28)(Open ended) Please add anything else you would like about changes
i n your project or in you as a business person or a woman leader

Questionnaire
II

Questions to measure the social gains of small scale economic activity.
These questions are intended to get at changes in beneficiaries status
of equity standing)

- 1 Since you started the project do you have access to
 - a) credit *NO*
 - b) technical advice *KTC*
 - c) market information *KTC*
 - d) land other resources you need $\frac{1}{2}$ *access to Area*
 - f) other (specify) - *NO*
2. Do you seek assistance from or use people or agencies you saw as higher or inaccessible before? *KTC*
- 3.a) Have you learned new ways of seeking information? *KTC*
 - b) Using information *KTC*
 - c) Thinking about things? *KTC*
4. Since you started the project have you joined other activities in your community? *NO - only members.*
5. Do you work more with people in a group? *NO*
6. Does the group
 - a) Make decisions together?
 - b) Act together in production, buying supplies or sales?
 - c) Use money together
7. Do you help the group make decisions
8. Does your community value the group process as a way for working together
9. Are you more highly regarded by
 - a) your family
 - b) by people in your community
 - c) by government officials
 - d) by banks or other private institutions
 - e) by anyone else who looked down on you before? (specify)
10. Has your family's diet improved? How
 1. Are you better able to provide your family and children with
 - a) housing?
 - b) clothing?
 - c) education?
 - d) other (specify)
 2. Are you or other working with you more or less likely to move away from your community? for better prospects
 3. (Open ended) What is the biggest thing that has changed for you and why?
 4. What rate the Women's Bureau had brought about such changes?

E. SBCD Scope of Work and Field Assignment Order

Small Business Capacity Development
Field Service Assignment (FSA)

1. FSA No. 938-0800-3842056.1-FSA-07.1
2. Government's Estimate of Workdays:

Advisor in Evaluation and Small Business	26 days
Advisor in Evaluation and Small Business	29 days
3. Period of Performance: July 26 through September 20, 1984
4. Statement of Work: No change.
5. Position Description for both positions of Advisor in Ev./Sm. Bus.:
No change.
6. Criteria for satisfactory completion of work: No change.
7. Costs of this assignment must not exceed \$23,979 (increase of \$2,739).
8. Funding citations are:

Project and Project No.	: Program Policy and Evaluation 938-0900
Appropriation	: 72-1141021.6
Allotment Symbol and Charge:	446-38-099-00-20-41
PIO/T Number	: 3842056.1
Budget Code	: EDAA-84-13803-DG11
9. No change.

Prepared by

Carol M. Adoun
ST/RD/ESE, Carol Adoun
Project Officer

Date: 9/17/84

Accepted by:
Partnership for Productivity

John Lynch
Clearance:

Authorized by

Phillip Casteel
M/SER/CM, Phillip Casteel
Contract Officer

Date: 9/24/84

Date: 9/28/84

Small Business Capacity Development
Field Service Assignment (FSA)

1. FSA No.: 938-0800-3842056-FSA-07
2. Government's Estimate of Workdays:

Advisor in Evaluation and Small Business	24 days
Advisor in Evaluation and Small Business	27 days

3. Period of Performance: July 26 through September 15
4. Statement of Work: See attachment
5. Position Description for both positions of Advisor in Ev./Sm. Bus.:
 - Experience evaluating projects implementation, particularly small enterprise development activities;
 - Demonstrated ability to assess program and policy constraints as they affect participants in such programs - from client to support organization to donor organization;
 - Thorough knowledge of elements of small enterprise assistance including familiarity with credit programs, management needs and systems, and other kinds of business support.
6. Criteria for satisfactory completion of work:

Consultants will hold briefing session with USAID/Sri Lanka prior to submission of final report. Consultants will then submit a report to USAID/Sri Lanka and FVA/PVC on/about August 31. The report will contain consultant/team conclusions and recommendation regarding the three small enterprise development projects in Sri Lanka. Consultants will debrief FVA/PVC, ST/RD and the Sri Lanka desk in AID/W.
7. Costs of this assignment must not exceed \$21,240. + 27.24 = 27.24
8. Funding citations are:

Project and Project No. : Program Policy and Evaluation 938-0900
Appropriation : 72-1141021.6
Allotment Symbol and Charge: 446-38-099-00-20-41
PIO/T Number : 3842056
Budget Code : EDAA-84-13803-DG11

4. Equipment, materials and supplies required for performance (to be supplied by PFP/I) include transportation in Sri Lanka and the U.S., transportation to/from Sri Lanka, secretarial services, and travel arrangements/tickets.

Prepared by

Authorized by

Carol J. Adams

ST/RD/ESH
Project Officer

Phillip Casteel
II/SER/CM, Phillip Casteel
Contract Officer

Date: 4/27/84

Date: 7/27/84

Accepted by:
Partnership for Productivity

Date: _____

Clearance:

SCOPE OF WORK
for
ALL BUSINESS CAPACITY DEVELOPMENT PROJECT ASSIGNMENT
(DAN-5317-c-00-3085-00)

SRI LANKA EVALUATION OF SMALL ENTERPRISE DEVELOPMENT BY
PRIVATE VOLUNTARY ORGANIZATIONS

(JULY 20, 1984)

1. To participate in a three person team performing a comparative analysis of three small enterprise development projects funded by USAID Sri Lanka, including:
 - a) collaboration in the design for the comparative analysis;
 - b) field interviews with program staffs and beneficiaries;
 - c) preparation of a written report.
2. To advise USAID Sri Lanka of the findings of this evaluation and the implications for further design and funding of programs which supply credit, management assistance and other kinds of business support.
3. To practice the principles of the "Systems Approach to the Evaluation of PVO Small Enterprise Development Projects", which are:
 - a) recognition and explicit identification of differences in program approach and project context among PVO's;
 - b) a broad range of economic, social, human and organizational benefits such projects produce;
 - c) appreciation that people at differing stages of enterprise and socio-economic development require different mixes of financial and non-financial business support services, and that costs must be considered in terms of the legitimate benefits.