



# Evaluation Summary



International  
Labour  
Office

Evaluation Unit

## *Community-based confidence building among different ethnic and religious groups for SME development for the most vulnerable in Sri Lanka - Midterm Evaluation*

### Quick Facts

**Countries:** *Sri Lanka*  
**Mid-Term Evaluation:** *Oct-Nov 2012*  
**Mode of Evaluation:** *Independent*  
**Technical Area:** *ILO/CRISIS*  
**Evaluation Management:** *Federico Negro*  
**Evaluation Team:** *Steve Creech*  
**Project Start:** *June 2010*  
**Project End:** *May 2013*  
**Project Code:** *SRL/10/04/AUS*  
**Donor:** *Australia (AUD\$3.39 million)*  
**Keywords:** *economic reconstruction, small enterprise development, vulnerable groups*

### Background & Context

#### Summary of the project purpose, logic and structure

The project's overall objective is to contribute to poverty reduction, sustainable job creation and peace building through an improved environment with strengthened governance, effective community-based services and public-private partnership that economically empower vulnerable groups in conflict-affected populations. The project's intervention logic is based on the rapid deployment of the United Nations' International Labour Organisation's (ILO) Community-Based Training for Economic Empowerment (CB TREE) approach, enhanced by support for value chain development (VCD) for micro and small enterprises (MSE) and business development services (BDS), including business placements for female headed households (FHH), people with disabilities (PWD), ex-combatants (Xcom) and conflict affected youth (CAY) in local businesses.

The project's intervention logic is summarised in the form of a Logical Framework Approach (LFA) matrix comprising 74 sub activities, 37 main activities and 17 outcomes, within six main project components. The project was planned to be implemented in 17 Divisional Secretariat Divisions (DSD) in three districts (i.e., Jaffna, Mannar and Vavuniya) in the Northern Province of Sri Lanka.

The project planned to adopt a four tiered, bottom-up governance structure consisting of community level sector associations and community based organisations (CBO), divisional level Public Private Dialogue (PPD) cells, district level MSE forums and a national Project Advisory Committee (PAC). The Country Director of the ILO Country Office (CO) in Colombo is responsible for the overall implementation of the project. A project management team has been appointed to run the project activities under the guidance of the PAC. At the district and field levels the project is implemented through the ILO's field office in Vavuniya and a sub office in Kilinochchi.

#### Present situation of project

The project has completed the implementation of 25 sub projects in three districts and at the provincial level, with a total programme delivery value of US\$421,133. A further 25 sub projects are ongoing at a cost of US\$855,365. One sub project has been suspended, one sub project has been terminated and two sub projects have yet to be signed. Out of the 54 sub projects that have been initiated or planned by the project, 26 are in support of economic infrastructure development at a cost of US\$1,128,863, equivalent to 75% of programme delivery costs. Twenty eight sub projects have been initiated by the project in support of BDS, at a cost of US\$383,833.

The first phase of the project is scheduled to end in June 2013. A formal decision is expected from the Australian Agency for International Development (AusAID) in January 2013, following the completion of AusAID's Mid Term Review (MTR) of the third cycle of the Australian Community Rehabilitation Programme (ACRP3). The formal decision will decide if the project continues into the second phase of the ACRP3 (2013 – 2015) or ends in June 2013.

### **Purpose, scope and clients of the evaluation**

The purpose of the evaluation is fourfold:

- a) To review the original project design, due to changes in the past three years;
- b) To review project implementation addressing longer-term goals rather of post crisis response, as stated in the original project document (PRODOC);
- c) To identify constraints, achievements, best practices and failures, and to make recommendations;
- d) To modify strategies to be reflected in the design of a second phase of the Local Empowerment through Economic Development (LEED) project.

The scope of the evaluation is to verify the project's implementation from the drafting of the proposal in March / April 2010 through to August 2012. The geographical scope of the evaluation encompassed project partners and stakeholders in Colombo and those in the three districts in the Northern Province in which the project is operational (i.e., Vavuniya District, Kilinochchi District and Mullaitivu District).

### **Methodology of evaluation**

The evaluation was guided by seven evaluation criteria (EC) and 28 key evaluation questions, as provided in the Terms of Reference (ToR). Primary data was gathered by the evaluation from representatives of all five categories of key stakeholders, using key informant interviews and focus groups discussions. Twenty nine key informant interviews, focus group discussions and telephone conversations were used to gather qualitative and quantitative primary data from 82 Sinhalese, Tamil, Muslim and international contributors). Thirty-five of the contributors to the evaluation were women (43%). Contributors to the evaluation included representatives of the project's direct and indirect beneficiaries, government and non government partners and the private sector.

## **Main Findings & Conclusions**

The modified revised project design is providing development assistance to conflict affected

communities in seven DSD in three districts, based on a market driven approach to LED. Two main delivery systems (i.e., reconstruction / development of economic infrastructure and BDS) have been adopted by the project to meet the development needs of communities emerging out of conflict. The project's use of sector studies, value chain analysis, territorial diagnosis and institutional mapping has enabled the project to identify new local economic development interventions (and flag potential constraints), beyond the traditionally important paddy and fisheries sectors. The project's modified revised project design is creating new income opportunities for recently resettled IDPs, including MSM entrepreneurs.

The project's process planning approach is germane to the immediate needs of the project's direct beneficiaries (i.e., securing and or increasing daily household income and employment) and is strongly endorsed by the government at the district, divisional and local government level. The project's process planning approach has also been approved by the PTF. The project's sub project activities support district and provincial level departmental plans including the Northern Province Development Programme (Wadakkil Wasantham / Uthuru Wasanthaya) and the government's overall drive to develop economic infrastructure and create employment in the north.

The modified revised project design is relevant to the economic and social priorities of the project's partners and is significant in terms of being one of the first donor funded projects to respond to the need to replace humanitarian with development assistance, as the post conflict recovery continues in Sri Lanka. The project is consistent with and will contribute meaningfully to ILO's Decent Work Country Programme (DWCP) SRL107 and SRL102 and to the United Nations Development Assistance Framework (UNDAF) Outcome 1 and Outcome 3.

The evaluation raises concerns regarding the soundness of the research undertaken to formulate the PRODOC; the effectiveness of the quality appraisal procedures conducted by ILO to evaluate the PRODOC and the suitability of the CB TREE concept in the immediate phase of post conflict recovery in northern Sri Lanka. The project's original conceptualization, re-conceptualisation and modified re-conceptualisation, are all consistent with ILO's core values and congruent with the goals and objectives of the ACRP3.

The original project design is invalid and the LFA matrix is not logical. The implementation plan and the monitoring and evaluation (M&E) framework are

problematic and impractical. The project design as encapsulated by the LFA matrix does not reflect the activities, outputs, outcomes and component objectives that the project is delivering or the geographic areas now covered by the project.

The project has been successful in involving project partners in the implementation of project activities and in bringing about a sense of ownership at the local, divisional and district level. The project has been equally proactive in responding to the needs requested by the project partners and to changes in the project environment.

It is not possible to draw reliable, independently verifiable conclusions regarding the efficiency of the project in terms of cost per beneficiary, because the monitoring data is incomplete and the definition of indirect beneficiaries is flawed. The cost variation of sub projects and the relatively higher cost of the most recently implemented / planned sub projects could be considered a concern, if the project ends in June 2013.

The quality of the infrastructure, equipment and training delivered by the project is high and project's implementation strategy has had a positive impact on the capacity, confidence and self respect of CBOs and project partners. The strategy has also ensured a high standard of design, construction and supervision. The project's cost efficiency is low and the project's plan to disburse 60% of programme delivery costs within the last nine months of the project could be considered a concern, if the project does not extend beyond June 2013.

The governance structure proposed in the PRODOC was unrealistic and is non-operational. The accountability of the project to the project's beneficiaries / partners at all levels is limited. The project's communication strategy is simple but effective and meets the needs of the MoL&LR. Although the project has had discussions with United Nations (UN) and other agencies and identified areas for collaboration and synergies, the project could do more to represent the ILO at UN and interagency meetings in the three districts.

The main impacts emerging from the project relate to poverty reduction, job creation and the development of development of economic infrastructure.

The likelihood of sub projects that have been completed or are nearing completion being sustained is high. The evaluation's observation validates the project's Exit Strategy. There are concerns about the sustainability of a small number of recently commissioned sub projects.

There are also concerns regarding the extent to which the project's emerging impacts are reaching the project's principal target group and if they are, whether these positive impacts will be sustained

## Recommendations & Lessons Learned

### Main recommendations

1: The project's market driven LED design and implementation strategy, together with the experiences and the knowledge gained by the project in the context of the transition from humanitarian to development assistance in the Northern Province of Sri Lanka should be shared more widely with UN, other agencies and the Government of Sri Lanka (GoSL). The project's achievements should also be used to leverage more support for market driven LED assistance to conflict affected communities, which are no longer in need of humanitarian assistance. Responsibility: ILO Country Office, ROAP and Headquarters. Priority: Medium, by December 2014.

2: ILO offices at the country, regional and headquarters level should reflect on the weaknesses in the quality appraisal process that led to the submission of a sub standard proposal to the AusAID's ACRP3. As appropriate, remedial action should be taken to strengthen the capacity of staff and internal procedures, to improve the quality assurance of future concepts and proposals. Responsibility: ILO CO, ROAP and HQ. Priority: Medium, by December 2014.

3: The project's LFA matrix, implementation plan and M&E framework should be revised, updated and redesigned and incorporated as an addendum to the PRODOC. The revised, updated and redesigned project management tools should reflect all sub projects that have been completed, are ongoing and those that are planned to be completed before end of June 2013. The project's goal, overall objective and target numbers of direct and indirect beneficiaries should not change. The new M&E framework should encompass AusAID's six Domains of Change. Responsibility: ILO CO. Priority: High, by January 2013.

4: If the project proceeds into the second phase of the ACRP3, a new PRODOC must be written. The new PRODOC should clearly set out the project's justification, geographic scope and the problem (considering also post conflict sensitivities) that the project is seeking to address during the second phase. The project's direct and indirect beneficiaries must be accurately defined. The project's modified revised conceptual framework and the assumptions and risks

associated with the revised project design should be clearly set out. The activity and programme delivery costs for the second phase should be justified by an activity based budget, consistent with the new project design. Responsibility: ILO CO. Priority: High, by March 2013.

5: The Country Director is advised to consider temporarily suspending the approval of any new economic infrastructure development projects until the revised LFA matrix is annexed to the PRODOC and the effectiveness and cost efficiency of all sub projects can be reliably and independently verified, using the redesigned performance or results based M&E framework. The project should continue to implement all ongoing sub projects and any new BDS sub projects in support of human resource development, decent work and equality during the revision of the LFA Matrix and the internal assessment of the project's effectiveness and cost efficiency. Responsibility: ILO CO. Priority: High, with immediate effect.

6: More support should be provided to the project with regard to M&E and for quality assurance of project reports. In the event that the project is extended until May 2015, the steps that will be taken to phase out the CTA and hand over project management responsibilities to a national member of staff must to be explained in the new PRODOC. The new PRODOC should consider a provision to recruit a senior female member of staff responsible for either BDS (decent work and equality) or M&E: a woman who has experience of incorporating the experiences, knowledge, and interests of vulnerable groups into programme and project plans. Responsibility: ILO CO. Priority: High, by March 2013.

7: In the event that the project is extended until May 2015, the revised PRODOC should contain a new governance structure for the project at the district level. The new governance structure must be realistic. It should be linked to the ILO's tripartite constituents and key project partners at the district and the national level. The new governance should ensure that the PAC receives regular reports on the project's progress. Responsibility: ILO CO. Priority: High, by March 2013.

8: The ILO could do more to keep AusAID updated on the project's communications outputs and ensure that the role of the MoL&LR in the project is disseminated widely among project partners at the district, divisional and local level. Responsibility: ILO CO. Priority: Medium, by end of each quarter.

9: The project needs to initiate more sub projects in support of BDS that focus on decent work and equality, within the time remaining under the first phase of the project. If the project proceeds into a second phase, greater emphasis should to be given to sub projects that focus on strengthening, challenging and changing attitudes and values of individuals, businesses and institutions to decent work and equality. New economic infrastructure development activities should be included under the second phase of the project. Responsibility: ILO CO. Priority: High, by March 2013.

10: All sub project proposals should contain a brief analysis of the potential positive and negative impacts of the sub project on the environment. When potentially negative impacts are identified, appropriate measures to mitigate these negative impacts must be clearly set out in the sub project proposal. If the project continues into the second phase, the revised PRODOC should set out the environmental impact assessments procedures that will be followed by the project to plan and implement all new sub projects. Responsibility: ILO CO. Priority: High, by December 2012. Moderate, by March 2013.

### **Important lessons learned**

The evaluation acknowledges that post conflicts projects are viewed by ILO as key 'entry points' for long term development of labour and employment issues in countries, or the present context an area of a country, which have not been exposed to decent work. From this perspective the project's short term activities through sub-projects can be considered as delivering both peace dividends and stimulating local interest and involvement in longer term decent work initiatives, thus contributing not only to employment creation but also social inclusion, participation and dialogue between employers and employees.

Concern regarding the appropriateness ILO's modified version of the CB TREE approach to meet the needs of recently resettled IDPs in conflict affected villages in the north of Sri Lanka, was the significant lesson learnt from the evaluation. Concise, brief listing of lessons learned, taken from main report.