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Credit-Based, Participatory Poverty Alleviation Strategies in Sri Lanka: What Have We Learned?

Ramani Gunatilaka

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ACRONYMS

CAP	-	Change Agent Programme
CARE	-	Co-operative for Assistance and Relief Everywhere
DS Division	-	Divisional Secretary's Division
ECDP	-	Early Childhood Development Programme (Sarvodaya)
GOSL	-	Government of Sri Lanka
IRDP	-	Integrated Rural Development Programme
JSP	-	Janasaviya Programme
NDTF	-	National Development Trust Fund (formerly the Janasaviya Trust Fund)
NGO	-	Non-Government Organizations
PEEPS	-	Poverty Eradication Empowerment Programme (Sarvodaya)
PO	-	Partner Organisation (NDTF)
SAP	-	South Asia Partnership
PTCCS	-	Primary Thrift and Credit Cooperative Societies (SANASA)
WDF	-	Women's Development Federation

EXECUTIVE SUMMARY

The principal objective of this study is to evaluate some of the key credit-based, participatory poverty alleviation strategies implemented by both the government and NGOs in Sri Lanka. Important questions raised are the extent to which social mobilisation efforts have succeeded in empowering the poor, and how successful have credit programmes been in reducing the vulnerability of poor households and in providing capital for microenterprise development. Project management issues such as the capacity to monitor, evaluate and assess programme impact, and the extent to which programmes are integrated and coordinated, are also looked at. The study aims to highlight the best practices that have the potential for replication, and where results have fallen short of expectations, has tried to identify the causes and suggest modifications to programme design that may help in achieving success in the future.

Evaluation

Mobilisation and Empowerment

Several poverty programmes - particularly those implemented by NGOs such as the Small Fishers' Federation and CARE's Minor Irrigation Project - have been successful in empowering the poor both psychologically and socially. Contributory factors have been a comprehensive situational analysis of the target population; common interests and concerns among beneficiaries; geographic concentration of the mobilisation programme and the small scale of mobilisation efforts. The formation of groups for collective action is sustainable beyond the life of the programme only when they have been formed naturally and not established artificially from above. Also, the more successful NGOs in their mobilisation efforts seem to go beyond the traditional small interest group to organize the entire community.

While rural works and nutritional programmes have provided useful entry points for the mobilisation process, effective mobilisation is necessary to ensure that rural works are maintained after the project is completed. In both interventions, integration and coordination with other agencies in the field is also necessary for positive outcomes. Rural works programmes which deploy the labour of participants in particular, need to be sensitive to the socio-economic milieu in which the programme operates.

There is little evidence about the extent to which poverty programmes really target the poor. But the selection criteria used by the programmes reviewed confirm that using income indicators alone makes

for a high incidence of targeting errors, while a combination of poverty indicators makes for better targeting efficiency.

Savings and Credit

Micro savings and credit schemes are relatively successful in meeting the emergency consumption needs of limited groups of poor and thereby reducing their vulnerability. Such schemes are easily initiated, are relatively self-sustainable, and they have been successful in mobilizing substantial savings and creating a credit culture. However, as the number of borrowers and the size of loan expands, these institutions become increasingly vulnerable to the risk of default. Thus, providing larger loans for viable microenterprise development is beyond the capacity of almost all such credit schemes. None of the credit institutions reviewed in this study was financially viable. Management weakness and poor accounting standards are recurrent constraints to further development.

Microenterprise Development

The study found few cases of successful microenterprise development. While inadequate loan size has been a constraining factor, the standard formula adopted to transform all poor people into microentrepreneurs may well have biased outcomes towards limited success, as the poorest are the least able in terms of skills, resources and risk preferences to become entrepreneurs. Even if efforts had been concentrated on those with an aptitude for business, supportive programme components have been weak. Training for skill development for example, has been supply driven in the main, has had little relevance to market needs, and has often been superficial and of too short a duration, to make any impact on the productivity of the participants. Altogether, microenterprise development efforts have not been adequately oriented towards market demand and conditions. Apart from a few exceptions, there has also been little attempt to introduce new technological know-how to the production process. Inadequate infrastructure development rules out the possibility of developing microenterprises in such areas, but most importantly, the external economic environment - a key determinant of the success of microenterprises - has not been conducive for the take-off of microenterprises.

Project Performance Management

Apart from the Small Fishers' Federation and Sarvodaya, monitoring, evaluation and impact assessment have been found to be weak in all the programmes reviewed. In many cases even donors have failed to highlight these weaknesses. Meanwhile, there appears to be a culture against monitoring

and evaluation in the field. This problem is particularly acute in government programmes and is perhaps due to the political capital invested in such programmes. Weak systems for monitoring and evaluation have adversely affected programme impact assessment, and frustrated the identification of interventions and practices which work and those which do not work.

Many of the programmes also seem to have been operating in isolation from the rest of the economy, from other agencies and programmes in the same field, from government policy, from established networks of production and specialization, and from the socio-economic milieu of the community in which they are located. Internal consistency has also proved elusive in some poverty programmes.

By and large, poverty programme staff lack training and experience in some of the specialised tasks that they are called upon to carry out. For example, project identification, formulation, appraisal, supervision and monitoring skills seem to be in short supply in almost all the programmes.

The government seems particularly ill-suited to implementing bottom-up poverty alleviation strategies. Not only does it lack the necessary skills, there is a danger that such programmes become vehicles to distribute political patronage. Moreover, many government-led programmes revert to top-down approaches sooner or later.

Conclusions and Policy Recommendations

(a) Targeting the poor in a poverty alleviation programme is for the specific purpose of alleviating poverty. Although income-based measures are generally used, these may not capture the appropriate target group. Such measures need to be combined with others related to the associates of poverty, to special poverty groups and to the spatial dimensions of poverty. A baseline survey should also be conducted to collect information on the strengths and weaknesses of the group; to determine the approach and type of assistance to be provided; and to determine the 'character', extent and duration of the mobilisation programme in order to budget the project.

(b) An in-depth understanding of the target group and a comprehensive situational analysis of its milieu in terms of socio-economic relations, the resource base of the community, and potential economic activities, is an important first step in the mobilisation process. Groupings artificially established from above according to a pre-conceived model are not sustainable, but common interests and concerns help bind the participants in collective action.

(c) It is virtually impossible to implement mass-scale, geographically-dispersed mobilisation programmes successfully, given the scarcity of resources available for this purpose both in terms of personnel and finance. Social mobilisation should be carried out in such a way that costs are minimised and resources utilized efficiently. Concentrating efforts in social mobilisation minimise administrative costs and positive results percolate faster to neighbouring areas because of demonstrative effects. Also, adequate care should be taken that the social mobilisation component does not dominate the entire budget of poverty programmes, and funds should be allocated for this purpose in proportion to the entire project.

(d) Savings help extend the entitlements of vulnerable households in times of crisis in two ways: directly, by acting as 'stores' of cash which earn interest but can be rapidly accessed in times of crisis; and through credit as they act as insurance against the risks of lending without collateral. However, only small consumption loans can be practicably provided through such networks without increasing the risks of default to unsustainable levels.

(e) None of the schemes studied have reached the necessary level of financial sustainability to be able to lend to microenterprises. The way forward may be to establish partnerships between conventional financial institutions and pro-poor innovative credit programmes: the pro-poor institution could provide security against default through the deposit of savings and labour intensive loan monitoring, while the conventional financial institution provides credit large enough for microenterprises.

(f) Weak financial management and poor accounting standards are recurrent constraints faced by pro-poor credit institutions. Also, lending officers and managers of such institutions lack training and experience in project identification, formulation, appraisal, supervision and monitoring procedures. Therefore, external assistance to raise management and accounting standards are essential for the development of such institutions.

(g) As far as developing microenterprises is concerned, a differentiated strategy is needed to address the needs of people who do not have an aptitude for business, are risk averse and are therefore likely to cling to their traditional occupations (the majority of the poor would fall into this category), and those few displaying entrepreneurial talent. Further research is needed in this area, and a follow-on study of the protectional and promotional strategies of several other NGOs is strongly recommended.

(h) The government has a comparative advantage in community works development, particularly in developing large scale projects requiring more technical and financial resources, and greater coordination with local authorities and other government agencies. But such projects seem to have been planned and executed on an *ad hoc* basis and without reference to a long-term vision or strategy. The impact of rural infrastructure projects could be increased if a properly coordinated rolling infrastructure plan for the area could be adopted. The government also needs to 'crowd in' private sector investment in rural areas through the contiguous development of infrastructure.

(i) Deploying the labour of programme participants in rural works programmes can run the danger of disrupting their existing micro-avenues of subsistence, leaving them worse off once the project is finished.

(j) Although the government is not best suited to actually implementing participatory poverty programmes, it certainly has a vital role to play in facilitating poverty alleviation. Sectoral and pro-poor policies need to be consistent within themselves and with each other, and an appropriate macroeconomic policy framework needs to be maintained. Government line agencies also have an important role to play as providers of development services to support the poverty alleviation effort.

(k) Comprehensive systems for regular information feedback and impact assessment should be put in place at the very outset of poverty programmes, so that efforts can be monitored and impact assessed. Else, the same mistakes will be repeated over and over again, and few opportunities will be provided for taking stock and trying out new strategies for greater success.

(l) Piecemeal interventions applied in an *ad hoc* manner have few chances of success in graduating people out of poverty. Programmes need to be well integrated and coordinated not merely within themselves but also without, and along several dimensions, as a programme cannot operate successfully in isolation from the economic and social milieu in which it operates.

(m) The Divisional Secretary's Division is perhaps the most manageable spatial unit within which to coordinate efforts, collect data and monitor impact and results. The Divisional Secretary's office can function as a forum at which the different agencies - both government and non-government - working in the locality, can brainstorm and discuss ways to complement one another's activities.

INTRODUCTION[1]

Over the past two decades, there has been little attempt by either the Government, the Non-Governmental Organizations (NGOs) or their donors to systematically evaluate the credit-based, participatory poverty alleviation strategies that have been implemented in Sri Lanka under their auspices.

It is this gap in the current state of knowledge that the present study seeks to fill.[2] It analyses the principal components of the poverty alleviation process implemented by several poverty alleviation programmes, and assesses their strengths and weaknesses in terms of achieving their objectives. Key questions raised are the extent to which social mobilisation efforts have succeeded in empowering the poor, and how successful have credit programmes been in reducing the vulnerability of poor households and in providing capital for microenterprise development. The study also analyses project management issues such as the capacity to monitor, evaluate and assess programme impact, and the extent to which programmes are integrated and coordinated. The study aims to highlight the best practices that have the potential for replication, and where results have fallen short of expectations, the study has tried to identify the causes and

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[1] This study has benefited from the contributions of several people. C. Maliyadde (Ministry of Plan Implementation, Ethnic Affairs and National Integration) acted as the Chairman of the Project Advisory Committee and supported this study throughout; M.U.A. Tennakoon's (formerly Central Bank, currently SANASA Education Campus) commitment, advice and guidance proved invaluable; and Asoka Kasturiarachchi's (UNDP) encouragement and support at every stage ensured that the study remained on track. An earlier draft of the report also benefited from the insightful comments of Pat Alailima (National Planning Department), S. Amerasekera (Ministry of Plan Implementation, Ethnic Affairs and National Integration), Richard Conroy (UNDP), David Dunham (IPS), Alphons Hennekens (Royal Netherlands Embassy), Wimal Hettiarachchi (IPS), S.A. Karunaratne (National Planning Department), Saman Kelegama (IPS), Gnana Moonesinghe, Raymond Mudalige (Ministry of Samurdhi, Youth Affairs and Sport), Arve Ofstad (UNDP), Myrtle Perera (Marga), Lal Seneviratne (Ministry of Plan Implementation, Ethnic Affairs and National Integration), Shelton Wanasinghe (IPS) and D. Wijesundera (Hatton National Bank). These comments were incorporated in subsequent revisions wherever possible. However, none of these persons is responsible for any deficiencies in the final result.

[2] This study has drawn heavily on the source papers for information about the programmes, and the author's large intellectual debt to her fellow contributors is gratefully acknowledged. The source papers are: De Alwis, W.P.G. and G. Ranaweerage (1996), A Study on the TCCS; De Mel, Henry (1996), South Asia Partnership and The Small Fishers' Federation; Gunatilaka, Ramani (1996), The National Development Trust Fund; Jayawardene, C. (1996), The Integrated Rural Development Programmes; Jayaweera, Swarna and Malsiri Dias (CENWOR) (1996), The Change Agent Programme, The Women's Development Federation, Hambantota and CARE; Ranasinghe, Saliya (1996) Lanka Jathika Sarvodaya Shramadana Sangamaya; Thalpavila, Jagathsoma (1996), The Samurdhi Programme; and Wanigaratne, R.D., (1996), The Janasaviya Programme. However, the view presented in this paper is a personal one and the usual disclaimers apply.

suggested modifications to programme design which may help in achieving success in the future.

Organisation of the Paper

The paper begins by setting out the methodology used in the study, followed by some conceptual issues relating to the rationale for credit-based participatory poverty alleviation strategies. It then sets out some stylised facts about the problem of poverty in Sri Lanka and traces the genesis of participatory poverty programmes in the country.

Part I evaluates the programmes under review in terms of their capacities to mobilise and empower the poor. Part II analyses the experience with savings and credit initiatives in alleviating poverty, while Part III focuses on the record of microenterprise development. Part IV looks at some key issues of programme management, and Part V concludes by setting out the lessons learned with a view to improving programme design and effectiveness in the future.

Research Methodology

This overview is based on the findings of ten individual programme-specific studies which were commissioned under the umbrella study on Poverty Sector Programmes.[3] These included four government programmes (the Change Agent Programme, the IRDPs, the Janasaviya Programme, and the National Development Trust Fund[4]), and six non-governmental programmes (the Women's Development Federation, the Small Fishers' Federation, South Asia Partnership, Sarvodaya, the Thrift and Credit

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[3]. The analysis to follow has relied almost exclusively on the source studies for information about individual programmes. For ease of presentation, however, these have not been cited in the text. However, full references have been provided for information derived from other sources.

[4]. A study on the Samurdhi Programme by Jagathsoma Thalpavila was also commissioned, but since the programme began as recently as June 1995, there was very little information available to enable a useful comparison with the other programmes. Nevertheless, this paper draws on the policy statements made by the government on Samurdhi where relevant. Moreover, since this paper aims to suggest ways in which the design of poverty programmes can be improved for greater effectiveness, and since the Samurdhi Programme is the largest government-led programme operating at present, it has been kept very much in mind in the recommendations that have been made.

Cooperative Societies (TCCS) and CARE). The objectives of these studies[5] were as follows:

(i) to compile a profile of the programme in terms of its objectives, methodologies, organizational structure, the support services provided and systems for monitoring and evaluation;

(ii) to assess the effectiveness of the different processes; and,

(iii) to identify the programme elements which may be replicated.

Participation of the poor themselves in alleviating their poverty and building the capacity of participants to bring about their own development, are the guiding principles of nine of the programmes selected for review, but SANASA is an exception.[6] The process of social mobilisation as a means to create awareness and empower the poor is a dominant theme in all the strategies, and they also have common elements such as savings generation and creating a credit culture; creating pro-poor credit institutions; and the development of microenterprises for income generation. These efforts are frequently backed by supportive interventions such as providing training for skills development, investment in rural infrastructure, and the implementation of health and nutrition-related activities. Tables A and B in the Appendix set out basic information about each of the programmes for easy reference. For more detailed information on individual programmes, reference may be made to the feeder reports on which the present paper is based.

The almost universal absence of quantifiable data on beneficiaries has been a major obstacle to any quantitative analysis of programme impact. Therefore, the study is based on qualitative data gathered from field observations, interviews with programme officials, and on programme-specific reviews and reports written earlier. Problems of researcher bias which may have resulted have, as far as possible, been minimised by inviting a panel of practitioners and policy makers to comment on the draft studies and discuss the findings at various stages of preparing this paper.

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5. See footnote 2 above.

6 The cooperative society meets the credit needs of its members, a significant number of whom are poor.

The Rationale for Credit-based, Participatory Poverty Alleviation Programmes[7]

The new genre of poverty alleviation programmes has emerged from a characterization of the poor which sees them as being trapped in the cycle of poverty. The poor lack resources, including credit facilities and employment opportunities, while the lack of education, training and exposure to relevant information systems has blunted their initiative, and circumscribed their outlook. Moreover, poor living conditions in the community, such as lack of infrastructure facilities like roads, electricity, sanitation and schools are insurmountable obstacles to upward mobility.

Credit-based participatory poverty programmes are aimed at assisting such poor to overcome some of these disadvantages. In particular, credit to finance investment enabling economic growth and increased incomes, is generally regarded as one of the most important weapons that can be used against poverty. But poor people's access to capital is rarely assured, and there are several reasons why the bottom end of the capital market fails in developing countries.

First, most poor households want to borrow small sums of cash which make it uneconomical for profit-oriented financial institutions to process. Also, the problem of asymmetric information about the borrower's motivation and competence is more acute when the borrower is poor, does not keep written accounts, and lives in relatively isolated areas difficult to access. Thus, lending to the poor exposes financial institutions to extremely high risks, as most households are too poor to save or to offer collateral which could shield the institutions from the risk of default. Asymmetric information between borrower and lender also creates externalities which act as a disincentive for profit-motivated institutions to enter the field. This is because a pioneer lender invariably undertakes the risks and costs of lending without being able to internalise the benefits in terms of revealed information about the credit-worthiness of its borrowers.

Even development financial institutions (DFIs) which have been specially sponsored to fill the gap in credit provision for the poor have rarely succeeded because of the high

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[7] This section has drawn heavily from Hulme and Mosley (1996).

risks and externalities involved. They have also been constrained internally by the organisational culture of conventional banking (this is discussed in detail in Part III of this paper). This has also been Sri Lanka's experience.[8] But where conventional DFIs have failed, many innovative financial institutions in several developing countries have shown promise in reconciling the productive and redistributive impact of lending to the poor with financial sustainability. Bangladesh's Grameen Bank is one of the best-known examples of this genre of credit institution.

The new innovative institutions make effective loans feasible by ensuring that poor borrowers can access loans, by screening out bad borrowers and by giving borrowers who cannot offer collateral an incentive to repay. Bad borrowers are screened out by abandoning direct interest rate subsidies (so that the loans are taken on the basis of prospective returns rather than to capture subsidies), and by using borrower groups to screen for character and proposed loan use. The non-poor are excluded from such schemes either directly, or indirectly by providing loans that are too small for the better-off, or by adopting requirements (for example, attendance at weekly meetings) to which they will not agree.

The new institutions also utilize compulsory savings schemes to partially insure against default. For the rest, they use various technologies to substitute for the absence of collateral: labour-intensive loan collection technology on the borrower's premises; efforts to reduce defaults by intensive loan collection and incentives to repay; and measures such as no-claim bonuses to overcome the moral hazard problem (Hulme and Mosley 1996:57 and passim). These techniques reduce the risk premium which would otherwise have to be loaded on to the interest rate.

Many of these innovative credit institutions are pivotal elements in wider poverty alleviation programmes which aim to provide a package of support services to assist the

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8. Both the Bank of Ceylon and the People's Bank were nationalised and established respectively to provide financial services to smaller borrowers and rural people, among other objectives. But by the mid-1980s it had become evident that the two banks had extended the formal financial system to only a small minority of rural people. The Regional Rural Development Banks (RRDBs) were then established to serve the same purpose and are heavily subsidized but these decentralized banks too are beginning to look for larger loans (Hulme et al. 1996:179-80).

poor to graduate out of poverty. First, they are firmly based on the ideology of 'participation' which emerged as a major new force in development thinking world-wide around the late 1970s. Top-down, bureaucratic approaches which governments had traditionally adopted to tackle the problem of rural poverty were seen to have failed for two reasons: first, they had overlooked the contributions that people could make and the skills they could bring to development projects; second, they were seen as having reinforced people's perceptions of powerlessness and dependence. Accordingly, the new genre of poverty programmes was founded on participatory tenets, and a critical plank in the strategy has been the process of social mobilisation, which aims to encourage the poor to become the subjects of their own development processes.

Increasing the income-earning capacities of programme participants by providing credit for microenterprise development is another objective of the exercise and support services in terms of skills-development, technical assistance, etc. are also provided for this purpose. Many programmes provide additional development components to increase the productive capacities of programme participants by creating small-scale, physical infrastructure assets, and enhancing their nutritional and health status.

Credit-based, Participatory Poverty Alleviation Programmes in Sri Lanka

The most dominant and longest-running social welfare strategy followed by successive Sri Lankan governments is the public provision of universal health, education and consumption support. Sri Lanka's favourable human development indicators have been attributed to this strategy which has made the problem of poverty in Sri Lanka very different from the kind of abject poverty experienced in many parts of the developing world (Anand and Kanbur (1991), Osmani (1994)).[9] Sri Lanka's relatively low per capita GNP of US$ 753 in 1996 (Annual Report 1996, Central Bank) co-exists with high human development indicators, thus marking it out from both low and middle-income countries (see Table 1).

But a significant proportion of the population remain poor. Estimates of the percentage of Sri Lankans in poverty in 1990-91 vary from 22 per cent (World Bank 1995a:Table

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[9]. Only some stylised facts about the nature of poverty are presented in this and the following two paragraphs. A detailed analysis of the complex issues involved is beyond the scope of this paper.

1.4:7), to 33 per cent (Nanayakkara 1994, Poverty Line No. 4, Table 3:62), depending on the poverty line used. Poverty also appears to be a predominantly rural phenomenon, as about 80 per cent of the poor live in rural areas (World Bank 1995a).[10] Nevertheless, the intensity of poverty may be higher in certain urban pockets, and in the estate sector where infant mortality rates are highest.

Unemployment is a significant correlate of poverty. In 1990, the unemployment rate among the ultra poor (those with consumption levels below the reference poverty line 1990-91) was 22 per cent (World Bank 1995: Table 22:116). But as many as 36 per cent of the ultra poor, though classified as 'employed' (ibid.) are actually 'working poor', who are '"super-exploiting" their labour to extract what meagre incomes they can derive out of their environments'.[11] Clearly, the rate and nature of economic growth in Sri Lanka has been insufficient to generate enough jobs - and better paid ones at that - to make a significant dent in the problem of poverty in recent years.

Although the welfare state has dominated the policy framework for poverty, elements of credit and participation have been evident in many of the rural development programmes initiated by both the government and non-government sectors for more than fifty years. The thrift and credit movement, for instance, began when Sri Lanka's first credit co-operatives (PTCCSs) were set up in 1906 by the colonial administration. But, following the Second World War the credit co-operatives lost out to competition from the network of multi-purpose co-operative societies (MPCSs) developed by the government. The movement was re-awakened as SANASA in 1977 when the societies were transformed into village 'banks' (Hulme et al. 1996:181).

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10. The prevalence of rural poverty reflects underlying trends in the peasant sector. Here, productivity is low, real incomes from paddy have stagnated, there has been little shift out of paddy into higher-value crops and remunerative non-farm employment has grown very slowly with little evidence of out-migration to urban areas. Nevertheless, the poverty situation in rural areas appear to have improved between 1985-86 and 1990-91, (World Bank 1995a, Nanayakkara 1994:Table 6:66), but this is probably due to increased remittances to rural areas (Dunham and Edwards 1997).

11. Personal communication, R.D. Wanigaratne.

Table 1: Social Indicators - Sri Lanka and Five Asian Countries

	Sri Lanka	India	Pakistan	Indonesia	Thailand	Malaysia
Per capita G N P (1995) ($)	710	340	460	980	2740	3890
Average annual growth rate of per capita GNP (1985-95) (%)	2.6	3.2	1.2	6.0	8.4	5.7
Population (millions) mid-1995	18.1	929.4	129.9	193.3	58.2	20.1
Population growth rate						
1960-1994	1.7	2.2	2.9	2.1	2.3	2.6
1994-2000	1.0	1.6	2.7	1.5	0.8	2.1
Life Expectancy at birth 1995	72	62	60	64	69	71
Infant Mortality Rate (per 1000 live births) 1995	16	68	90	51	35	12
Under 5 Mortality Rate (per 1000 live births) 1995	19	115	137	75	32	13
Percentage of age group enrolled in education						
Primary (1993)	105.5	108	64	*114*	97	93
Secondary (1993)	74	*44*	*13*	*43*	*37*	58
Adult Illiteracy (%) (1995)						
Male	7	35	50	10	4	11
Female	13	62	76	22	8	22

Sources : World Development Report 1997.
Human Development Report 1995.
GNP data for Sri Lanka is from the Central Bank Annual Report 1996.

Note; Primary school enrollment rates greater than 100 per cent indicate that children outside the relevant age group are also enrolled in primary schooling.
Figures in italics are for years other than those specified.

The Rural Development Movement initiated by the government in the early 1940s emphasised self-help and broad-based public participation.[12] Nevertheless, having reached the zenith of its development in the 1950s, it turned out to be a spent force towards the late 1960s. One reason for this was the failure of the Movement to focus on national development objectives related to the increase of output and incomes and the generation of greater employment opportunities (Gunadasa 1984:5-8). The Movement nevertheless, gave birth to Sarvodaya - the non-governmental village re-awakening movement - founded on the basic concept of Shramadana (Gunawardene 1984).

The new generation of credit-based participatory programmes, however, was initiated by donors and originated with the Change Agent Programme. Introduced in 1978 as a pilot project of the government's Rural Development Training and Research Institute, the project aimed at motivating the poor to break from a cycle of dependency and indebtedness, and to participate in a process of self-reliant development. Led by donors, participatory approaches based on social mobilisation soon spread to the IRDPs and the NGO sector. Nevertheless, the scale of many of these programmes was fairly limited (apart from SANASA and Sarvodaya), and was generally confined to an administrative district.

Participatory approaches became a key plank of public policy on poverty alleviation only after the late 1980s. By this time it had become evident that significant sections of the population - particularly young men in rural areas - had failed to benefit from the growth-oriented strategies which had been pursued since 1977. Meanwhile, unemployment among educated youth remained high as the new job opportunities which opened up were mainly for unskilled and semi-skilled workers in industry. The marginalisation of these groups created an insurrectionary situation in the south of the country, led by unemployed, educated youth. The government was also facing an economic crisis: emerging macroeconomic imbalances called for stabilisation and adjustment measures which could not be pushed through politically without introducing safety nets to protect the poor.

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12. Comments by Henry de Mel are gratefully acknowledged.

Given the social, fiscal and political bind it was caught up in, the government's policy response to the crisis was visionary, particularly in a political sense. Absorbing large numbers into the public sector was no longer an option (as had traditionally been the case), as adjustment policies dictated public sector retrenchment. Instead, the government began to look to microenterprise development or creating self-employment as a policy alternative. For this, it coopted the participatory methodologies developed by the Change Agent's Programme and by other NGO-led programmes, and launched the high-profiled Janasaviya Programme as a nation-wide poverty alleviation strategy.

Although providing relief to the poor was its stated objective, the programme was also designed to contain insurgency in the south of the country, and to create the necessary political conditions to push through urgently needed structural adjustment measures. The ideological emphasis on participation, empowerment and self-reliance was a shrewd response to erstwhile public perceptions of government authoritarianism. The Janasaviya Programme was accompanied by the World Bank-funded National Development Trust Fund (formerly the Janasaviya Trust Fund), likewise founded on participatory tenets, and with the particular objective of providing credit to the poor. Both programmes conformed to the pro-poor policy framework later articulated by the South Asian Commission on Poverty Alleviation (1992).

Participation has now become common parlance in the national poverty alleviation agenda. The Janasaviya Programme was been followed by the Samurdhi Programme launched by the new government elected in 1994, which also relies heavily on bottom-up approaches to alleviating poverty. Meanwhile, the government continues to finance a wide array of welfare measures as a safety net for the poor, and Table 2 sets out the budgetary costs of these programmes in recent years.

Issues for Examination

This study aims to systematically evaluate some of the key credit-based, participatory poverty alleviation strategies implemented by both the government and NGOs. In this regard, the following issues will be addressed.

Table 2: Welfare Payments by the Government

Rs. Million

	1994 Estimates	1994 Actuals	1995 Estimates	1995 Actuals	1996 Estimates
1. Public Assistance	602	137	343	237	240
2. Food Stamps	2434	2,057	2100	1,362	831
3. Kerosene Stamps	575	633	685	437	228
4. Mid-day Meals	900	2,296	2300	1,778	0
5. School Season Tickets	150	265	150	133	165
6. School Text Books	400	721	425	409	525
7. Infant Milk Subsidy	125	121	125	34	70
8. Triposha - C.A.R.E.	150	180	225	169	250
9. Emergency Food (Refugees)	1518	2,452	2320	2,325	3185
10. Janasaviya	3646	5,057	3500	2,794	1991
11. Samurdhi	-	-	500	2,336	7855
12. School Uniform	260	312	600	629	1100
13. Wheat Flour	-	-	5000	5,000	3670
Total	10,760	14,231	18,273	17,643	20,110
As a % of Govt. Total Expenditure	7.0	8.5	9.8	9.2	9.6
As a % of Govt. Total Revenue	9.3	12.9	13.3	12.9	13.6
As a % of GDP at current market price	1.9	2.5	2.8	2.7	2.6

Source: Central Bank of Sri Lanka.

On the issue of mobilisation and empowerment, a definitive process in all participatory poverty programmes, how effective have the selection criteria been in targeting the poor? *What are the elements that make for successful social mobilisation and empowerment, and do the scale and intensity of mobilisation efforts matter?* How useful have interventions such as community-based rural works, and nutrition programmes been in providing a focal point for collective action? To what extent do they improve the situation of the poor?

Savings mobilisation and the provision of credit play a pivotal role in all the poverty programmes reviewed. How successful have these programme components been in mobilizing savings and creating a credit culture? The study also identifies the factors that made for success or failure. *How successful have credit programmes been in reducing the vulnerability of poor households and providing capital for microenterprise development?* Most importantly, *how viable are the pro-poor credit institutions created by the programmes?*

The study also assesses the efforts to develop microenterprises, to gauge the extent of success in assisting participants to increase their incomes. Where interventions have failed, the factors that have constrained progress are examined. Two key issues in project performance management such *as the capacity to monitor, evaluate and assess programme impact* and *the extent to which programmes are integrated and coordinated* will also be analyzed. Moreover, as the government has become an important initiator and implementor of participatory poverty alleviation programmes, the study assesses the government's comparative advantage in this field. The final section draws together the main policy conclusions to emerge from the comparative analysis.

PART I

MOBILISATION AND EMPOWERMENT

Social mobilisation is an integral part of the participatory approach to development. It denotes a process whereby the poor, from a position where they are the objects of other people's process of development, graduate to become subjects of their own self-chosen development path. Through the process, the poor, with the support of an outside catalyst or change agent, probe the sources and causes of their own impoverishment through a collective process of dialogue, analysis, and articulation of their accumulated experience. The collective dynamic thus generated acts as a motivating force, weaning the poor from an apathetic acceptance of their helplessness, and conscientising them to organise themselves to take charge of their own lives.[1]

The process of mobilisation is usually linked to a well defined activity or a felt need which provides a focus for collective action, usually referred to as an entry point. Thus, activities such as forming self-help groups, identifying their needs, undertaking survey of their development potential, mobilising savings, and organizing community development projects are typical activities associated with the process.

Social mobilisation aims to 'empower' the poor. This can mean a range of development-oriented changes such as psychological empowerment in terms of a heightened awareness of personal self-worth and capacity; social empowerment in terms of an enhanced social status within the immediate community; material advancement; and political empowerment in terms of a greater capacity to influence the decisions of external bodies (Hulme and Mosley 1996:152).

The classical methodology of social mobilisation was first developed in Sri Lanka by the Change Agent Programme (CAP) which began in 1978. Its main objective was to develop

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1. This definition of 'social mobilisation' is culled from Susil Sirivardana (1996).

alternative strategies to motivate the poor to break from the cycle of dependency and indebtedness and to participate in a process of participatory self-reliant development. The CAP's *modus operandi* was to use external catalysts (trainers and change-agents) to help create awareness of their problems and needs among the poor, and to motivate them to form producer groups to take collective action to overcome these problems. The methodology was later modified and adopted by other programmes and social mobilisation is now an invariable component of almost every participatory poverty alleviation programme.

In what follows the study analyses elements of the social mobilisation process as practised in the different programmes reviewed, and assesses the extent to which they have succeeded in 'empowering' programme participants in a psychological, social and material sense. The section ends by looking at the efforts to create rural infrastructure and the implementation of nutrition-related projects as carried out by many of the programmes, as these have often served as entry points for mobilisation and provided a focus for collective action.

1. Selecting Beneficiaries

To what extent do poverty programmes really target the poor? The case studies threw up little information about the proportion of the ultrapoor who actually make up the membership of the programmes. But international experience seems to indicate that the poorest tend to exclude themselves from income-generating credit activities as they consider them too risky and do not see such schemes as providing solutions to their livelihood problems (Hulme and Mosley 1996:130). Likewise, processes of social mobilisation could by-pass or even unwittingly exclude the poorest. The study found little evidence to confirm or reject this hypothesis,[2] but the review provided useful examples of best and worst practices in programme targeting.

Targeting efficiency is a function of the criteria used, and the choice of criteria invariably represents a trade-off between cost and efficiency. This is because efficient targeting

[2] However, a recent evaluation of South Asia Partnership confirms that the programme does reach the poorest (verbal communication, M.U.A. Tennakoon).

generally requires that one conducts expensive and time-consuming surveys, and cutting corners on such surveys tends to lead to targeting errors; 'E' errors where more than the target population is covered by the programme, and 'F' errors where the programme falls short of covering the target population. 'E' errors are considered less harmful than 'F' errors (Hewavitharana 1997).

Several different classes of criteria are being used to target the poor. These can be classified as follows:

(i) those based on indicators of household income;

(ii) those based on indicators derived from correlates of poverty (such as landlessness, lack of regular employment, poor nutrition, impermanent or semi-permanent housing);

(iii) special groups-based criteria (such as women-headed or single-headed households); and,

(iv) criteria which are area or region-based as they relate to specific geographic areas which tend to have weak infrastructural facilities and large concentrations of poor.

These indicators have been used either singly, or in combination with each other to varying degrees of effectiveness in terms of the 'E' and 'F' errors that have occurred.

The broad-based government programmes (the Janasaviya, NDTF and the Samurdhi Programmes) have tended to rely almost entirely on income-based criteria, but most NGO-led programmes (Sarvodaya for instance) use indicators deriving from the associates of poverty. However, some NGOs (e.g. CARE) have piggy-backed on the government's selection criteria and targeted Janasaviya beneficiaries, while others have targeted specific poverty groups such as women (Women's Development Federation) and poor fishermen (Small Fishers' Federation). In contrast, the eligibility criteria for assistance from SANASA are not poverty-specific, but relate to factors such as the period of residence in the area and membership of the society, and these have been modified to make them more appropriate for poor people. The PTCCS membership has been found to reflect the socio-economic

composition of wider society, with the poor represented in line with their representation in society at large (Hulme et al.1996:207).

It is evident that relying solely on income-based criteria, (particularly in programmes offering some income or other material support), could result in significant mistargeting.

In the first place, income is notoriously difficult to measure; in the second place, the tendency to underestimate income is very strong, particularly when the receipt of some material support is contingent on the size of income. For example, the Samurdhi Programme used a poverty line of Rs. 1500 per month to select its target group. But the preliminary findings of a study of the Samurdhi base line survey carried out by the University of Colombo indicate the existence of "E" errors, where roughly 20 per cent of the households in the sample were not eligible for Samurdhi;[3] in many of these cases the households had not even responded to questions on household income, and selections had been made according to recommendations made by Members of Parliament.[4]

"E" type errors were also common in the Janasaviya Programme (which also included an income support component), particularly in the first round. For example, the original income ceiling of Rs. 700 of Round 1 was found not to apply in practice, as a random survey of nearly 300 beneficiary households found that nearly 30 per cent had incomes above Rs. 1,500 per month before entering the programme.[5] But having first used income-based indicators to select beneficiaries, the Janasaviya Programme subsequently replaced these with a set of detailed, region-specific criteria identified with the assistance of the support team members and the Grama Niladhari under the supervision of the Divisional Secretary.

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[3] In reality, however, much more than 20 per cent of Samurdhi beneficiary households are likely to be having joint incomes over and above the unreal cut-off point of Rs. 1500. The author's own observations during a small sample survey of Samurdhi households conducted recently was that a family consisting of five members who did not grow any of their own food, needed at least Rs. 3000 a month to survive.

[4] That political pressure has been brought to bear in selecting beneficiaries is confirmed by the author's own observations during a small sample survey of Samurdhi households carried out recently in the Anuradhapura, Badulla and Moneragala Districts. At the same time, the preliminary findings of another study by the University of Colombo of poverty among female-headed households based on a survey of DS Divisions with a relatively high proportion of beneficiaries under Samurdhi, found the prevalence of "F" errors.

[5]. World Bank (1995:69), citing Women's Bureau of Sri Lanka, Role of Women in Janasaviya, December 1991, mimeo.

These were framed on observable variables such as the ownership of land and consumer durables, and yielded valuable division-specific information on divisional economies, and the kind of income-generating opportunities that were available.

Officials then resorted to community-based screening methods to improve targeting and village-level committees used the new criteria to identify eligible families, and lists of those eligible in descending order of poverty were publicised. Anonymous complaints were then gathered and evaluated by the Divisional Secretary, and were thereafter inquired into by an investigative team comprising of government officials, NGOs and others among the general public. These inquiries were usually made at a public gathering or "Janahamuwa", where the selected family as well as others were questioned in order to verify that they were indeed eligible for Janasavi benefits. The World Bank (1995:69) notes that the fine-tuning of the screening process improved targeting efficiency considerably.

Even where income is not used as a criterion, using a combination of several groups of indicators seems to make for greater selection efficiency. For example, the nutrition-based indicators developed by the NDTF's Nutrition Division have been highly commended and could be used more widely in other programmes for better targeting.

Likewise, the first generation of IRDP projects initially used the Target Area Approach which used the economic and geographic characteristics of a district in selecting the target area. These characteristics were: the concentration of food stamp holders, conditions of roads, schools, irrigation, markets and health facilities, and the access to basic facilities such as water and sanitation. However, this approach was found to be unsuccessful as the poor and unevenly distributed resource base of the area made it difficult to identify viable development projects. Also, the area-approach tended to spread project resources too thinly over a wide area.

In contrast, the Target Group Approach adopted in later IRDPs funded by bi-lateral donors targeted socio-economic groups, for example, estate workers, small farmers, women, fishermen, Janasaviya holders and poor *chena* farmers. This approach was not without

problems either. As target groups are often dispersed widely across highly populated villages, reaching them has been difficult. Therefore, the target group approach needed to be combined with sectoral projects to be effective; else, group-oriented measures ended up as relief packages or social service interventions.

The Badulla IRDP however, appears to have combined the Target Group and Area Approaches to great effect. Here, the most backward divisions were chosen by ranking them according to indicators and then the worst-off areas within each division where target groups were concentrated were selected according to common knowledge (Hewavitharana 1997:2).

Nevertheless, even this approach may have its limitations. While the poor are concentrated in certain localities and widely dispersed in larger areas, non-poor groups are also thinly spread out over large areas and at other times concentrated in given localities.[6] Does the presence of the poor as well as the non-poor in different strengths in the same areas denote that the differentiating factor between the two groups is in access to a given area resource base for self-improvement? Analysis along these lines would enable one to move from a target group/target area approach to one based on the entitlement of persons to resources, which would make for better targeted, better designed poverty programmes. This approach would be well worth experimenting with in the future.

2. Understanding the Target Group

A comprehensive situational analysis of the target population and their relations with the rest of the community is an essential stage of the social mobilisation process. In the Small Fishers' Federation for example, successful self-grouping and collective action has been aided by an in-depth understanding of the target group and a wide situational analysis. Homogeneity of the group seems to have been an important ingredient for successful group formation. The Fishers' Federation, for example, targeted a population facing similar social

6. I am grateful to R.D. Wanigaratne for drawing my attention to this point.

and economic problems (such as the lack of organization to speak on their behalf, the decline of fishery resources, poor housing and alcoholism) and having common interests. Similarly, CARE's Minor Irrigation Project envisages the total development of the small communities living around a number of small tanks in the North Western Province.[7] Meanwhile, South Asia Partnership's Cluster Development Programme identifies villages with homogeneous economies and establishes links among the village organizations.

In contrast, there is little evidence that the majority of the Partner Organizations affiliated to the NDTF conducted a thorough, situational study of their target population. In any case, the *modus operandi* of the NDTF's POs did not make for a holistic approach, as different POs frequently targeted the same population with different interventions. For example, one PO might have undertaken social mobilisation, another credit and microenterprise development, while yet another undertook developing community projects. The NDTF's mobilisation efforts have also been hampered by a weak conceptualization of the process of social mobilisation (as a one-off exercise rather than as a continuous process), a poor understanding of its role and objectives, and the tendency to confuse it with the provision of training.

3. Creating Awareness, Empowerment and Collective Action

Success in building awareness and empowering the poor has varied widely among different programmes with NGOs generally displaying more ability than the government. Government programmes are likely to have been frustrated by their scale and wide geographical coverage which spread resources too thinly on the ground. For instance, social mobilisation was the pivotal focus in the Janasaviya Programme, but successful empowerment was limited to a few locations - Nawagattegamuwa in the Puttalam District, for example - and could not be replicated island-wide. Nevertheless, even in the successful NGO programmes, the most positive effects of social mobilisation are associated only with the initial stages of poverty alleviation, such as collective action and psychological and social empowerment.

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[7] The strategies employed are, tank rehabilitation, development of farmer organisations, training programmes in agricultural techniques to increase yields and incomes, and the development of the catchment area for environmental protection.

Progressing from this stage to setting up viable microenterprises seems to require both a market/business-oriented mobilisation as well as other factors (see Part III).

In the Small Fishers' Federation, participants have been able to understand their situation, seek solutions, plan strategies and work cohesively together. Their common interests are likely to have helped bind the participants in collective action. The need for congruent interests among participants has been recognized by both Sarvodaya and SANASA where the group formation process has been institutionalized. Sarvodaya for example encourages the formation of functional groups for the satisfaction of basic needs, such as Mothers' Groups, Elders' Groups and Farmers' Groups. Sarvodaya, the Small Fishers' Federation as well as South Asia Partnership also seem to go beyond the traditional small interest group and aim at organizing the entire community. In these programmes the small groups combine to form one village level organisation or legal entity.

The Women's Development Federation too, originated in the fortnightly meetings of Women's Societies to discuss common problems such as health, nutrition, sanitation, literacy and the environment. Group solidarity has extended to credit activities as well as activities such as the bulk purchase of goods and social development efforts. The programme has had notable success in socially empowering poor women, and its members can be found in situations of decision-making and leadership. Increasing numbers are participating equally in decision-making in their homes. Similarly, the strengths of the SANASA programme are independence, a cooperative spirit, and a self-help ideology.

But social mobilisation efforts under the NDTF seem to have concentrated on the means of building groups as an end in itself rather than as a means towards group cohesiveness and collective action. Thus, beneficiaries often seem to have been herded into groups *(kandayam gaseema)* rather than allowed to form them naturally, and group activity seems to have been confined to savings generation. Anecdotal evidence confirms that the Samurdhi Programme too has carried out a rather mechanical group formation process, but the Janasaviya programme seems to have been more successful: the group activities

sponsored by the Janasaviya - *shramadana, attam*, Janahamu meetings etc. generated a spirit of cooperation among participants. But this was not sustained beyond the life of the programme. So as far as group action is concerned, groupings created through interventionist programmes rarely survive beyond the end of the programme period when they are artificially established from above according to a pre-conceived model. It is also likely that initial conditions in the environment such as the latent industriousness or creativity of the population largely contribute to the actual sustainability of the groupings.[8] In Janasaviya there were also perverse effects as targeting only the Janasaviya recipients tended to isolate them from the rest of the community and erode the networks of patronage and support pre-dating Janasaviya.

4. Principles of Participation

Bottom-up approaches are considerably well-advanced in many of the NGO programmes, and particularly in the Small Fishers' Federation where the principle of participation and self-reliance are emphasised and strictly implemented. For example, the village society members are trained to manage the revolving funds (supplemented by the Federation) which are physically handed over to the village societies to manage themselves. There is also evidence that the poor have participated in full measure in the development of the Women's Development Federation.

Evidence of participation seem elusive in government-led programmes, where structural problems seem to enforce a top-down approach despite the best intentions of their designers. This is particularly evident in the NDTF programme, where the NDTF has become a 'directive' organization rather than an apex institution due to its financial arrangements. A series of principal-agent relationships link the World Bank, the Government, the NDTF, its Partner Organizations and the beneficiaries. The result has been the introduction of conditionalities and an element of coercion to programme implementation. In the Janasaviya Programme the involvement of government officials had

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[8] Verbal communication, R.D. Wanigaratne.

a particularly negative effect: the group revolving fund was managed by government officials, several of whose integrity was allegedly questionable.

5. Scale and Intensity of Mobilisation

Encouraging the poor to mobilise is a skill-intensive and time-consuming process, requiring experienced practitioners as catalysers in order to be successful. As a result, mass mobilisation efforts as envisaged by government-led programmes can rarely be successful, especially as these skills are lacking in the public sector. This is confirmed by the evidence that the dearth of experienced human resources developers was a serious constraint in both the JSP and NDTF programmes given their scale and wide geographic coverage. Evidence from CARE's general poverty alleviation programme (excluding the Minor Irrigation Project) confirms this. The geographical spread of the programme has meant that there has been little uniform success in group formation. In contrast, the Women's Development Federation, though large, is concentrated in a specific geographic location. South Asia Partnership's Cluster Development Programme too, is geographically concentrated for greater effectiveness: administrative costs are minimised and positive results percolate faster to neighbouring areas because of demonstrative effects.

6. Community-based Rural Works Programmes

Community works have frequently been used as entry points in the poverty alleviation process, and have acted as useful focal points to unite the community for its collective benefit. They have been an important element in almost all government programmes, and the government appears to have a comparative advantage in this area.

This is possibly due to the government having relatively more resources at its disposal to undertake projects involving costly inputs. Also, as these schemes need to be planned in coordination with other government agencies in the field, such as the Department of Irrigation and the Pradeshiya Sabhas, it should be easier for a government-led project to cut

through any bureaucratic red tape. Accordingly, the principal *raison d'etre* of the IRDPs is the creation of rural infrastructure. The NDTF too, operates a rather successful rural works scheme.

In the Janasaviya Programme, projects were identified by the community at a Janahamuwa meeting, attended by the Divisional Secretary or his representative. It was then funded by the NDTF or a line agency, and included beneficiaries providing free labour in shramadana. The free labour component of 24 days per month which beneficiaries were required to provide in return for the income support they were provided with had a perverse effect most of the time. This was because Janasaviya shramadana tended to be at the expense of the labour time which otherwise they would have expended in micro avenues of subsistence to which they had access before. These avenues, though insufficient to meet their needs fully, were derived from patron-client relations with more affluent families, landed proprietors etc., and these arrangements were strained by the programme. Once it ended, many Janasaviya recipients were worse off, as they no longer had access to the micro avenues of income which they had earlier.

However, the *shramadana* component provided significant budgetary savings to the state. For example, at the Aranayake AGA Division the state was saved Rs. 3.8 million in the period April-June 1990 through the mobilisation of beneficiaries on *shramadana*.

In contrast, the NDTF's community projects which were implemented through NGOs and CBOs and were operational in non-Janasaviya divisions, provided beneficiaries with opportunities for paid labour. Nevertheless, maintaining the projects once they are completed has become a problem. Theoretically, it is the CBO's (Community Based Organisation's) responsibility to maintain the asset. But while the assets can be used by everybody, the CBO does not represent the entire community, which gives rise to a classic free-rider problem. One solution to this is for the local government authority to intervene and take-over the maintenance. An alternative would be to establish a community fund to finance maintenance. The success of the mobilisation effort, and the extent to which the

project is considered relevant and useful for the community are also crucial issues. Mobilisation, at any rate, has been weak in the NDTF's experience. Thus, the end result of the NDTF's efforts has not been very different from the first-generation IRDPs which concentrated on infrastructure creation rather than on beneficiary participation and human resources development.

Even so, the operation of the NDTF's community projects programme has been efficient: construction costs have been estimated as being 85 per cent of the costs incurred in equivalent government projects. The NDTF procedures for evaluating project proposals, assessing their technical feasibility and technical supervision of construction, have been well laid out and have been carried out systematically. But since April 1996, all new community projects financed by the NDTF are being selected by the Samurdhi Authority. The basis on which the Samurdhi Authority selects its projects is not clear. For example, as of July 1996, roughly 45 per cent of the total of Rs. 62 million spent on the Samurdhi Link Pilot Programmes was utilized for projects located in the Gampaha District.[9]

Although the government-led programmes, notably the IRDPs have had a visible impact on the stock of infrastructure in rural areas, the projects seem to have been planned and executed on an ad hoc basis, and without reference to a long-term vision or strategy. For example, the IRDPs have followed a purely autarkic (closed-economy) approach, focusing rather insularly on the district and being limited by its artificial administrative boundaries, whereas the spatial planning perspective should focus on establishing links with markets and resources in neighbouring areas. None of the programmes have developed mechanisms by which infrastructure programmes can dove-tail into the infrastructure development programmes of local agencies such as the Pradeshiya Sabhas.

Another common problem has been that the projects have often created tensions and highlighted distributional conflicts between the poor and the not-so-poor in villages. Sometimes, infrastructure seemed to benefit the less poor more than the poorest, as the

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9 Data from the Community Projects Division, NDTF.

former had more resources which could be made productive due to the project, for example, irrigable land. However, in such cases, benefits may have trickled-down to the poorest in terms of additional opportunities for employment as agricultural labour. On the other hand, as the Janasaviya Programme targeted Janasaviya recipients exclusively and compelled them to provide their labour free, it drove a wedge between them and the rest of the village. The beneficiaries came to be dubbed as 'Janasavikarayo' (with derogatory connotations), while the rest of the community washed their hands off the whole exercise. This points to deficiencies in the social mobilisation process for infrastructure creation.

In contrast, CARE's Minor Irrigation Project appears to be an innovative break from conventional programmes popular with policy makers and administrators. The project aims at the total development of small communities settled around 35 abandoned tanks in the Kurunegala and Puttalam districts. It also appears to be rather successful, as it focuses on rehabilitating the tanks and goes on to develop the community. Thus, the tasks of tank construction and repair are supported by the development of farmer organizations, savings and credit programmes, training in agricultural techniques and the development of a catchment area.

Sarvodaya operates a system which provides a top-up grant for the village society's own resources (which amounts to 29 per cent of total costs), for community-based construction projects. While the utilisation of village funds makes for greater 'ownership', maintenance seems not to be an issue, presumably due to successful mobilisation.

But few of the other programmes implemented by NGOs lay much emphasis on the creation of rural infrastructure. These efforts seem limited to building drinking water wells, latrines etc., and that on a small scale. The Women's Federation does not have a record of infrastructural projects at community level.

7. Health and Nutrition

Programmes to improve the health and nutritional status of poor people is are important components in many of the programmes, and have provided useful entry points for social mobilisation, as in the Women's Development Federation. However, there seems to be more emphasis on health and nutrition programmes in government-led programmes than in NGO-programmes. This probably reflects the government's traditional role as the principal supplier of health services. Nevertheless, the approach adopted in its poverty sector programmes has made use of participatory and mobilisation techniques to improve awareness and access to existing services. This appears to have increased the outreach and efficacy of the Ministry of Health and Provincial Councils' health services.

For example, the Janasaviya's SuvaSaviya strategy was developed by the Health Ministry and adopted a Primary Health Care approach. The SuvaSaviya strategies included: health education to identify, prevent and control health-related problems; promotion of nutrition awareness; basic sanitation, child and maternal health care; immunization against major diseases and prevention and control of locally endemic diseases. Both this programme and the NDTF programme have developed sets of health/nutrition based indicators to measure progress. These indicators can also be used to identify poor households for targeting purposes in any poverty alleviation programme.

SuvaSaviya was implemented though existing government infrastructure and mechanisms such as the Provincial Councils, the Government Agent's Office, the Divisional Secretary's office, and health volunteers, family health workers, public health inspectors and nurses at the village level. Traditional Ayurvedic practitioners were also mobilised, and the entire effort coordinated by the Ministry of Health and the Janasaviya Commissioner's Department. The implementation machinery was improved several times mid-course. For example, when the health volunteers were found to have emerged as 'brokers' between villagers and health personnel and were found to favour the elite at the expense of the poor, a new group of volunteers representing the poorer segments was engaged.

In contrast, the NDTF strategy has operated in isolation of other government agencies in the field. Nevertheless, it has achieved significant successes particularly through its In-Depth nutrition strategy which focuses on women and children. Of 84 In-Depth projects which reported a baseline and at least one half-yearly period, almost half of the projects have achieved at least a 15 per cent reduction in serious malnutrition in the under-five age group. The NDTF programme is implemented through its Partner Organizations, many of which have long experience in this area. These organizations also have their own strategies which run concurrently to the NDTF programme.

The Women's Development Federation for example, operates an innovative project in the form of 'Barefoot Librarians' reaching out to areas not served by the Ministry of Education's adult literacy programmes. The librarians carry books selected with the assistance of the National Library Services Board and the Government Agent, in bags from house to house in remote areas. They also function as informal extension workers discussing health, sanitation and nutrition issues such as child care, breast feeding, the use of boiled water, use of toilets and measures for malaria control. Meanwhile, Sarvodaya's Early Childhood Development Programme (ECDP) has adopted an innovative, holistic approach. The village pre-school or *Singithi Hamuwa* is regarded as the nucleus for development activities centred on children's physical, emotional, intellectual and spiritual development. This is supported by awareness programmes on the nutrition and health of pregnant and lactating mothers.

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To sum up, several poverty programmes - particularly those implemented by NGOs such as the Small Fishers' Federation and CARE's Minor Irrigation Project - have been successful in empowering the poor both psychologically and socially. Contributory factors have been a comprehensive situational analysis of the target population; common interests and concerns among beneficiaries; geographic concentration of the mobilisation programme and the small scale of mobilisation efforts. The formation of groups for collective action is sustainable beyond the life of the programme only when they have been formed naturally and not established artificially from above. Also, the more successful NGOs in their mobilisation

efforts seem to go beyond the traditional small interest group to organize the entire community.

While rural works and nutritional programmes have provided useful entry points for the mobilisation process, effective mobilisation is necessary to ensure that rural works are maintained after the project is completed. In both interventions, integration and coordination with other agencies in the field is also necessary for positive outcomes. Rural works programmes which deploy the labour of participants in particular need to be sensitive to the socio-economic milieu in which the programme operates.

There is little evidence on the extent to which poverty programmes really target the poor. But the selection criteria used by the programmes reviewed confirm that using income indicators alone makes for a high incidence of targeting errors, while a combination of poverty indicators makes for better targeting efficiency.

PART II

SAVINGS AND CREDIT

Savings and credit play a pivotal role in all the poverty programmes reviewed. While the theoretical justification for interventions to provide credit to the poor was discussed in the introductory section, this section deals specifically with the role of savings and credit in poverty programmes.

The role of credit in the poverty programmes studied derives mainly from a consumption deprivation-based definition of poverty. While this approach permits quantitative comparisons and the analysis of changes in access to most pressing needs, its perception of poverty tends to be limited. Poverty is looked at mainly in a static sense in terms of limited or lack of access to credit and capital and lack of basic information on production and marketing.[1] Thus, the *promotional* use of credit in enabling investment for income-generation receives greater emphasis, and the *protectional* role of credit in reducing the vulnerability of the poor to downward mobility factors receives less attention (Hulme and Mosley 1996:106).

Downward mobility factors have been identified as structural factors within the economy such as the demand for labour, products and services of the poor and seasonal factors; crisis factors such as household contingencies and natural disasters; and life cycle factors.[2] If one adopts a broader, more dynamic view of poverty which conceptualizes income levels as fluctuating, and the dampening of dramatic reductions in income or other entitlements as a major means of poverty reduction, then providing credit performs a protective function for the poor.

Thus, there is a need to assess the capacities of the poverty programmes to provide credit for the protection of the poor in reducing their vulnerability as well as for their promotion to

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1. Sarvodaya's approach is an exception. The Sarvodaya-SEEDS' differentiated credit delivery system recognizes the different credit needs of different groups of poor. Credit is delivered for emergency or consumption purposes at the level of the individual member and for income-generating projects at the level of the Shramadana Societies through the Revolving Loan Fund. SANASA's lending too, is for a wide range of purposes.

2. Hulme and Mosley (1996:118), citing Rahman and Hossain (1992).

higher-income generating activities. This section examines the credit-based activities of the case studies from both these points of view. Part III takes the assessment of credit delivery for promotional purposes further, by analysing the performance of microenterprise development programmes.

1. Mobilising Savings and Creating a Credit Culture

Generating savings and inculcating the savings habit has been found to be relatively easy in all the programmes reviewed. The total volume of savings generated is impressive even if average per capita savings is low. By mid-1995, nearly 300,000 members of the NDTF's group savings programme had saved roughly Rs. 23 million; 200,000 Sarvodaya members had saved roughly Rs. 100 million by December 1995; and over 700,000 SANASA members had mobilised about Rs. 1.8 billion in 1993.

Savings have a dual role to play in credit-based poverty alleviation programmes. First, savings reduce the vulnerability of poor households as they act as 'stores' of cash which earn interest but which can be rapidly accessed in times of crisis. In SANASA's experience, the highest priority for poorer households for financial services is for easy-withdrawal savings programmes (Hulme and Mosley 1996:115, 122). Second, from the point of view of pro-poor financial institutions, savings act as an insurance against the risks of lending without collateral. For example, SANASA requires compulsory savings of 10 per cent of loan value and two guarantors as collateral. The organisation also mobilises savings from non-members as added insurance against default (Hulme et al 1996:186).

The use of savings deposits as insurance against risk, perhaps explains why fund managers have been extremely reluctant to invest accumulated savings in profit-earning enterprises as has been the case in the Women's Development Federation. It should also be possible to diversify the asset portfolios of these financial institutions to insure against the risk of default as well as earn a higher return on deposits. For example, the second Badulla IRDP invests surplus funds of its savings programme in some form of (interest bearing) credit guarantee or collateral in the local branch of a conventional financial institution, and then makes special

arrangements with the institution to meet the relatively larger credit needs of a small number of successful local entrepreneurs from low income groups.[3]

The evidence shows that common fund arrangements have been particularly dynamic where there has been previous exposure to mobilisation programmes. For example, the Women's Development Federation (itself an off-shoot of the Janasaviya Programme) has clearly benefited from the savings mobilisation efforts of the Change Agent Programme and the IRDP which operated in the area. Meanwhile, in certain AGA Divisions where the Janasaviya Programme was operational, rotational savings systems were induced which built on existing (*seettu*) systems of savings mobilisation.

In government-associated programmes, a major obstacle to establishing a credit culture has been the government's policy of loan forgiveness when it has been politically expedient.[4] But the NGOs appear to have been successful in creating a credit culture based on credit discipline among participants, as they report loan recovery rates of between 90 and 99 per cent. For example, five of the nine PTCCS studied by Hulme et al. (1996:201-202) had virtually perfect repayment rates at the time of study, and the authors found that savings mobilisation, the movement's co-operative ideology of member ownership, self-reliance, and peer group pressure form important elements in the strategy against default. Moreover, the genuine involvement by the members of the primary co-operative societies in their management and their having the technical capacities to manage and oversee the management of their organisation, were found to be key conditions for success (Hulme and Mosley 1996:171).

However, in many of the programmes it is not possible to verify recovery rates due to weak data bases. For instance, there is little available information on the date and amount of disbursement to borrowers, the maturity of the credits and repayment schedules in relation to

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3. Personal communication, Asoka Kasturiarachchi.

4. In 1988 the government also announced as forgiven, the housing loans made by SANASA during its participation in a government sponsored housing loan program. The government did not reimburse the organisation for the amount of loans forgiven.

the credit operations of the NDTF's Partner Organisations. It is quite possible that many NGOs cover up recovery losses from beneficiaries by rolling over their loans, that is by giving a second loan to pay an outstanding loan.

2. Uses and Limitations of Groups in Savings and Credit

A major function of a savings and credit group is to inculcate credit discipline. Part of the repayment enforcing mechanism is through group pressure rather than by the threat of a seizure of assets as in the formal sector. Members of a savings group can also encourage and support each other in efforts to save. Groups can also help generate savings in other ways: for example, the very poor can save money by sharing labour among themselves to repair a house or prepare a field for cultivation in traditional *attam* activities.[5] However, the author's own observations of Samurdhi households in the non-Mahaweli DS Divisions of Anuradhapura District revealed that it is very difficult to sustain savings activities where group members are extremely poor. In such contexts, the groups themselves tend to break up. Relatively better-off groups invariably have greater chances of survival.

Some of the better established small savings programmes, (SANASA is an exception), may also not be accessible to individual poor savers. This is because they prefer to exclude themselves from the credit and microenterprise components of an on-going programme because of the risks involved (this will be discussed further in Part III). In such cases, the catchment of savers could be widened by making it possible for such poor, who have not been 'captured' by various poverty alleviation projects, to save regularly through an easily accessible savings programme.

Nevertheless, groups, when formed, should be dynamic rather than static entities and should offer diverse benefits and mobility. For instance, while an individual may begin in one group, if he or she is more successful in saving or in developing a microenterprise than the others, then it should be possible for the individual to move on to another group, which is saving at a

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5. Personal communication, Henry de Mel.

higher level. Thus groups need to break up to give way to individualism at a later stage. This kind of group dynamism is yet to evolve, and sponsors of poverty alleviation programmes should now experiment with more fluid group structures as this may stimulate trades associations and entrepreneurial activity.[6]

3. Reducing the Vulnerability of Poor Households

There has been some success in setting up financial intermediaries catering to the credit needs of the poor for protective purposes. SANASA is an outstanding example based on the co-operative model, and has demonstrable capacity to accumulate savings and make loans to rural people, a high proportion of whom are poor, and to achieve high repayment rates. SANASA operates relatively simple loan application procedures which permit poorer households and women to gain membership and offer them services that they find attractive. For example, prospective members are allowed to purchase their share in the co-operative by installments over twelve to twenty-four months, rather than with a one-off payment and by introducing very small loans for which guarantors are not required (Hulme and Mosley 1996:173).

The Janashakthi Bank Societies (JBS) of the Women's Development Federation is a classic case of a credit institution based on the solidarity group approach popularized by the Grameen Bank. Central to this approach is the formation of self-selected groups of borrowers who take on responsibility for the loans of all group members. Thus, responsibility for supervising loans and ensuring repayment is largely delegated to borrowers, thereby reducing risk and the administrative costs which direct supervision would entail. Members make a weekly contribution to provide their share capital of Rs. 500.00 and can apply for loans after 12 weeks payment. Savings accounts are encouraged and interest is paid on share capital and savings and credit is available at an interest rate of 36 per cent per year. Participants seem to have accepted the relatively high rate: it is lower than that paid to money-lenders, in addition to which the positive features of the credit scheme make the high

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6. Comments by Asoka Kasturiarachchi on this point are gratefully acknowledged.

interest rate acceptable. For instance, credit moves expeditiously to meet demand: very simple loan applications forms have been devised; and 'banks' are located in private houses in villages so that access is possible without delay.

There is considerable evidence to show that these institutions provide an effective protectional credit delivery service by extending the entitlements of vulnerable households during times of crisis. The SANASA facility, for example, provides members with access to a Rs. 500 loan for a three-month period, usually within twenty-four hours of application, for any purpose. Members of SANASA groups have reported that such instant loans permit them to cope with emergencies (such as medical bills, lack of food and meeting the costs of essential social obligations) at lower cost than alternative coping mechanisms (such as mortgaging crops, land or a distress sale of assets) which may cause a permanent loss of entitlement (Hulme and Mosley 1996:123).

4. The Financial Viability of Pro-poor Credit Institutions

Hulme and Mosley (1996) argue that in their early years, pro-poor credit institutions have a knife-edge to negotiate. If all goes well, then as the loan portfolio is built up some customers would reveal themselves as able to take larger loans, others would reveal themselves as uncreditworthy, and the resulting increase in average loan size and the fall in the default rate would bring costs down to the point where the lender is able to make a profit on a 'competitive' interest rate. However, for this strategy to succeed, 'either loan default must be kept down during the early years (needing heavy investment in loan-collection systems and other administrative measures), or external subsidy must rescue the institution from the consequences of high default rates, or the same objective must be achieved through a rapid build-up of deposits' (ibid. 43-46).

There is little data to confirm loan recovery rates of over 90 per cent as claimed by most of the programmes. Nor is there any evidence that any of the pro-poor credit institutions have successfully negotiated the knife-edge of financial viability. Admittedly, the majority of credit

institutions are still relatively young. But still, leaving the issue of default aside, a recurring theme in almost all the programmes reviewed is the questionable viability of their credit operations. An analysis of administration costs for example, show that the Janashakthi banks are barely viable, and that they would probably be unviable if training and other costs funded by external sources were included. Meanwhile, the project appraisal for the NDTF intended that the spread of 4 per cent (between the rate at which it borrows IDA funds and onlends to Partner Organisations) cover the administration expenses of the Credit Division. But in actual practice, the spread covers only 30 per cent of the Division's expenses. Sarvodaya's credit operations are in similar difficulties: the spread of 8 per cent between the rate at which the local Societies lend to borrowers and are refinanced by the Districts of SEEDS, covers only 42 per cent of the costs of the district, regional and national organizations (World Bank 1995b, Annex 1, 4-9). This goes to show that the administrative costs of such projects are high and that they cannot be financed with the interest collected unless the loan stock is large.

SANASA on the other hand, appears to be in a probationary process of cost reduction as external flows of concessional funds are phased out (Hulme and Mosley 1996:46). Nevertheless, the organisation is sustainable considering its long period of existence, and field visits indicate that there are no problems of financial viability at the primary and district level, other than the normal variation in levels of performance among various societies. The district unions perform an apex banking function by accepting surplus funds of TCCSs as deposits and lending these to TCCSs in need (World Bank 1995b, Annex 1:4-9). But even here, the relatively high levels of resources committed to administration are disguised by the absorption of the training and institutional development costs of the primary societies at the district and federation level (Hulme and Mosley 1996:163).

A recurrent constraint faced by pro-poor credit institutions is management weakness. For example, there have been instances where the SANASA societies had provided credit facilities on personal guarantees given merely on word of mouth. Auditing is weak in many of the NDTF's Partner Organisations as well, and is a serious cause for concern. In contrast,

the auditors of the Small Fishers' Federation found financial management and accounting up to high standards.

5. Credit for Microenterprise Development

The new financial institutions have been far more successful in protecting the entitlements of the poor and smoothing their consumption levels in contingency situations, than in promoting income-generating activities. A key problem has been inadequate loan size. Participants of the Women's Development Federation for example, have complained that the small size of the loan (Rs. 7000-15,000) has limited them to miniscule self-employment projects, reduced profits for reinvestment after repayment, and compelled them to seek additional loans from money-lenders. Similar complaints have been made about the size of NDTF loans, and Hulme et al (1996:213) found that SANASA members could not use loans to purchase machinery because of their small size.

Inadequate loan size could be partly due to the fact that loan ceilings tend to be fixed arbitrarily with little reference to the activities which need to be financed. Even the NDTF's maximum loan ceiling for example, is Rs. 40,000 (although the NDTF is now thinking of raising loan ceilings).[7]. It should be noted that sinking an agro-well alone costs Rs. 35,000 while a pump costs 16,000. However, the fundamental constraint on providing large loans is the vulnerability of most of these institutions to the risk of default, which increases with the size of the loan and the limited collateral of the borrower. None of the institutions reviewed has yet negotiated the knife-edge of financial sustainability, and in the absence of collateral, there is a limit to the extent to which an institution can expose itself.

Effective pro-poor financial institutions should also be able to offer a second and third loan when it becomes necessary to upgrade the enterprise, or to help stabilize a shaky project. If the institution lacks the capacity to support a project at this crucial stage, it could well mean that the initial assistance provided would also be wasted, as the project would collapse.[8]

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7. Verbal communication, M.U.A. Tennakoon.

8 I am grateful to Gnana Moonesinghe for drawing my attention to this point.

It is probably far too soon to expect the financial institutions reviewed in this study to provide this kind of support for viable microenterprises. Even Sarvodaya-SEEDS' project-based credit facilities from the Revolving Fund are extended to Shramadana Societies rather than to individual members through the Revolving Loan Fund (unlike the Rs. 500-5,000 loans disbursed to individuals for emergency or consumption purposes from the village savings fund mobilised by the Shramadana Society). But even this scheme does not strictly belong to the category of credit schemes which seek to provide credit to build the capacity of individuals to sustain themselves. Moreover, even these project-based loans range from Rs. 7,500 to Rs. 25,000 at an interest of between 20-24 per cent each year.

In any case, there is altogether a dearth of financial institutions which can cater to microenterprises needing loans between Rs. 50,000 and Rs. 200,000 (poverty programmes may go up to a maximum of Rs. 50,000 and the credit programmes operated by the state-run banking system provide loans for Rs. 200,000 and over).

6. Accessing Credit from the Formal Banking Sector

The introductory section of this paper identified the high risks and externalities associated with lending to the poor, as reasons why the bottom end of the capital market fails in developing countries. Besides these factors, the organisational practices of conventional banks make them inappropriate vehicles to deliver credit to the poor.

In the first place, the conventional banking model is geared towards the customer coming to the bank rather than the banker going to the customer (except in the banks' pursuit of a few extremely wealthy customers). If the bank were to lend to the poor, then monitoring and supervision costs of loan repayment would increase substantially. Secondly, few officers in the field know the elements of project identification, formulation, appraisal, implementation, monitoring and evaluation in relation to microenterprises. In any case, most lending officers lack the capacity to prepare financial statements for projects and to analyse the financial

statements of institutions. Moreover, the performance evaluation systems for lending officers in conventional banks discourage credit expansion for micro-entrepreneurs, as performance is rewarded on the basis of loan recovery rates rather than on the effort put into monitoring and supervising loans. Hence, lending officers are encouraged to concentrate on a few clients known to be creditworthy rather than to go after new clients.[9]

It is in this context that credit-based participatory poverty programmes have emerged as an alternative to conventional banking in meeting the credit needs of the poor. Hence, nine out of the ten programmes reviewed have sought to set up alternative credit delivery mechanisms, and only one - the Janasaviya Programme - made any attempt to help the poor access credit from established institutions.

The Janasaviya experience, however, provides evidence in support of the received wisdom that conventional financial institutions cannot cater to the needs of the poor (the privately-owned Hatton National Bank, however, may be an exception).[10] Credit to the Janasaviya families were to be provided through the State banking system - the Bank of Ceylon, the People's Bank, the Cooperative Bank, the Rural Regional Development Banks and the National Savings Bank - as well as through the NDTF. In the first round, the State banks were pressured by the government to grant 75,842 loans totaling Rs. 490 million, but by Round 2, the total number of loans had been scaled back by 47 per cent. The Bank of Ceylon led the retreat with a reduction of 80 per cent while the People's Bank and the Cooperative Bank brought up the rear with reductions of 39 per cent and 9 per cent each. Meanwhile, the total loan amount declined by nearly 47 per cent. Average loan size was minimal at around Rs. 6000.

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9. Verbal communication, M.U.A. Tennakoon.

10. The Hatton National Bank (HNB) has traditionally tried to provide credit for the poor, in addition to its other banking activities. It appears to have developed a successful microcredit programme under the Gami Pubudu Scheme, which is, however, cross-subsidised to a certain extent by the HNB's other banking operations. Flexible in its requirement of collateral, the scheme provides up to Rs. 25,000 for a start up project without collateral. Tested and established entrepreneurs can take out loans of even Rs. 100,000 without collateral. Nevertheless, the HNB scheme is operational only in a limited geographic area, and may not be as successful if it were to be extended to areas less well-endowed with infrastructure and economic opportunities.

Notwithstanding this unfortunate experience, the government appears to be trying yet again to get the formal banking sector to respond to the needs of the poor through the SASANA (Samurdhi Sanvardhana Naya) and *Surathura Diriya* credit programmes of Samurdhi. Under the SASANA scheme, the State banks are being arm-twisted into making available Rs. 41,500 to each Grama Niladhari's Division to provide loans to Samurdhi beneficiaries for self-employment projects. The author's own observations made during a small sample survey of the Samurdhi Programme were that project formulation, appraisal, monitoring and evaluation procedures were not being carried out satisfactorily. Meanwhile, under the *Surathura Diriya* credit programme, the Treasury has made available Rs. 350 million for on-lending as microenterprise credit via the Bank of Ceylon, the People's Bank and the Hatton National Bank. However, there have been serious allegations that the loan evaluation procedures laid down by the Central Bank have not been followed by the state banks, and that political pressure has been brought to bear on them to grant loans to certain individuals. The author's own field observations confirm that political considerations do seem to determine eligibility criteria to a great extent. The Janasaviya Programme had also been affected by the same malaise.

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To sum up, the study finds that micro savings and credit schemes are relatively successful in meeting the emergency consumption needs of limited groups of poor and thereby reducing their vulnerability. Such schemes are easily initiated, are relatively self-sustainable, and they have been successful in mobilising substantial savings and creating a credit culture. However, as the number of borrowers and the size of loan expands, these institutions become increasingly vulnerable to the risk of default. Thus, providing larger loans for viable microenterprise development is beyond the capacity of almost all such credit schemes. None of the credit institutions reviewed in this study was financially viable. Management weakness and poor accounting standards are recurrent constraints to further development.

These institutions need to operate for a much longer period and have access to significant inputs of external assistance if they are to meet the credit needs of microenterprises in the future. A substantial injection of management skills funded by external assistance would also be necessary. In the meantime, it may be possible for pro-poor credit institutions to strike up a partnership with conventional banks to meet the credit needs of the poor: the pro-poor institution could provide security against default through the deposit of savings and labour intensive loan monitoring, while the conventional financial institution provides credit large enough for microenterprises.

PART III

MICROENTERPRISE DEVELOPMENT

A key objective of almost all credit-based poverty alleviation programmes is to establish a virtuous cycle whereby credit enables investment which in turn generates more income, enables more credit, more investment and so on. Thus, participants are encouraged to engage in higher value-added economic activities towards which credit and other support services are provided by the programme.

However, none of the programmes clearly define what they mean by 'higher value-added economic activities' or 'microenterprises' as is more commonly known. While the Department of Census and Statistics, Sri Lanka, defines microenterprises as those non-agricultural household-based enterprises employing less than five persons, the term could well refer to a range of economic activities from self-employment to those which employ one or two hired workers in addition to the family. But even in the case of self-employment, the economic activity denoted implies a level of productivity which is higher than subsistence level activities.

The main problem about not having a clear definition of a microenterprise is that it makes it difficult to figure out exactly what these programmes hope to achieve in the way of enterprise development. But whatever the definition used, the graduation rate to new avenues of income-generation in all the programmes seems to be universally low. The Women's Development Federation for example, estimates that only 5 per cent of enterprises have reached the level of a 'small business'. However, there is little data to support this estimate or the claims of success made by other programmes, both NGO and Government-led.

Progress in microenterprise development has been affected by several factors related to the design of such programmes. The issue of small loan size has already been discussed in the section on credit. This section analyses other factors which have constrained the development of microenterprises which are internal to poverty programmes themselves, as well as those exogenous factors beyond the control of such programmes. The latter are

probably the most important determinants of programme outcome. For the purpose of this paper, microenterprises are defined as those agricultural or industrial economic activities not employing more that five persons.

1. Can any Poor Person Become an Entrepreneur?

While a microenterprise may mean anything from self-employment at a higher level of productivity than subsistence, to a small enterprise employing less than five people, the microenterprise development efforts of the majority of poverty programmes, in their stated objectives at least, seem to want to transform all programme participants into entrepreneurs. However, as the poorest of the poor are the least able in terms of attitudes to risk, skills and resources to initiate such ventures, limited success in this area probably reflects a process of adverse selection. That is, the non-suitability of the majority of candidates to become entrepreneurs in the first place, has biased programme outcomes towards failure.

One of the objectives of credit provision is enabling the borrower to invest in capital assets from which an income is expected. The income may materialise as a result of additional purchases of equipment within the existing technology, or as a result of purchases of new technology, so that not only is the capital stock expanded, but its productivity also increases. But new technology though enabling higher returns, also implies higher risks. As the poorest of the poor cannot afford to bear high risks, it follows that they will use the available credit for capital widening (adding capital) which involves unchanged risks and income, while the better off will opt for capital deepening (new technologies) which would increase both their expectations of risk and income at the same time (Hulme and Mosley 1996:92).

It appears that these constraints have influenced programme outcomes in microenterprise development. Credit provision and skill development support (see below) provided by the programmes have abounded in agriculture related-activities rather than assisted in the development of non-farm economic activities. Thus, at the very least, many of the so-called 'microenterprise' development efforts of programmes may have fulfilled a protective purpose in reducing the vulnerability of the poor, if at all. But promoting their advancement to new income generating activities has proved elusive.

These conclusions are borne out by the experience of SANASA, which, it should be noted, has not confined its lending activities to the poorest of the poor. Hulme et al. (1996:214) found that almost 30 per cent of borrowers from their sample of 152 members reported a diversification of their income sources in the last three years. The majority of these members were those who added another facet to an existing enterprise (e.g. adopting new crops such as sugar cane and market-oriented vegetables) rather than starting a new income-generating activity (such as paddy milling, poultry, cottage industry).

The Janasaviya experience demonstrates that people with pre-existing knowledge of business and market avenues reveal higher levels of entrepreneurship and developed viable enterprises. For example, self-enterprises in the North, the East and the Southern areas appear more viable, market-oriented, profitable and sustainable. Likewise, where villages tended to be largely identified with discrete service castes of the traditional systems, entire communities moved to concentrate on discrete items of manufacture, like the potter caste villages in the Rambewa Division. In contrast, in relatively immobile and less entrepreneurial agrarian subsistence populations in the North Central Province and in village populations of Sabaragamuwa, Uva and the Central Province, 'a type-set of largely unsustainable enterprises was rapidly established' (Wanigaratne 1996:27).

Hence, the experience with trying to develop microenterprises shows that a generalized formula which ignores the risk preferences of different groups of poor towards microenterprise development will have few chances of success. A distinction needs to be made between reducing the vulnerability of poorest households in the context of their existing portfolio of survival strategies, and enabling the less poor, and less risk averse households to move on to greater income-earning opportunities.

2. Have Training Programmes Helped?

Many of the programmes reviewed provided training courses so that programme participants could develop their skills and so have greater opportunities for enterprise development. The training that has been provided can be classified as follows:

(a) general skill development courses on subjects such as accounting and book-keeping;
(b) courses which built on existing skills - mainly agriculture related; and,
(c) courses aimed at developing new productive skills - for example, brush-making, leather work, etc.

The majority of training programmes conducted have been of type (b) and relating to agriculture rather than those relevant to microenterprise development. The NDTF's training programme managed by the Social Development Division for example, has concentrated on agriculture-related activities such as home gardening, mixed-crop cultivation, and even paddy cultivation.

However, the quality and number of courses provided under category (c), the objective of which must have been to diversify income sources, seem disappointing. The majority of them have been weak, poorly conceived, and supply-driven in the main so that they have often had little relevance to the needs of the market. For example, there has been a surfeit of dressmaking courses in the NDTF programme but few on making leather products, cane products and rubber-tapping. In the Women's Development Federation for example, participants have been subject to gender stereo-typing and have been confined to traditional agricultural tasks and 'feminine' home-based or cottage industries. This is at least partly due to the dearth of project identification, formulation and appraisal skills among programme staff, who tend to opt for conventional projects and to 'copy' what others are doing. Taken to an extreme, this could lead to the fallacy of composition problem: a series of programmes which copy from each other within a given locality can lead to too many 'entrepreneurs' producing similar types of products for which market demand is relatively inelastic. The result could be a collapse in prices and bankruptcy for the producers.[1]

Training programmes have been superficial and of too short a duration to enable the participants to achieve the necessary skill level to be able to produce for the market. Given these limitations of the training offered, it is likely that the poorly conceived training

[1] For example, in some villages where one carpenter existed, six or more were trained and consequently, all became underemployed as work for all those trained did not exist in the village (personal communication, Gnana Moonesinghe).

programmes have frustrated the development of microenterprises and the transition to higher levels of income even further. For example, the NDTF's Impact Study of the training programmes conducted through the Social Development Division found that only 7.5 per cent of trainees were found to take up income-generating activities after training, and only two per cent of those trained claimed to have been able to maintain their increased income levels.

The exception to this general rule has been the training provided by the NDTF's Community Projects Division, which implements a well-designed training programme to complement its activities, and which helps to increase the income-earning capacities of participants in the long run. A key feature of the training provided in masonry and civil engineering is that they are explicitly linked to the National Apprenticeship and Industrial Training Association (NAITA), the Technical Colleges and the Open University of Sri Lanka, and is therefore of credentialist value to the beneficiaries. The training provided consists of course-work and on-the-job training for a reasonable length of time. Many candidates manage to find employment even before their period of training is over.

3. Lack of Private Sector Orientation

There has been an almost universal absence of private sector orientation or involvement in microenterprise development efforts, even in areas where a production-oriented small and medium enterprise sector is present. The attempt to 'go it alone' (in isolation from existing business structures) is likely to have been generated by ideological factors. The Change Agent's Programme's social mobilisation philosophy for example, had nuances of anti-profit earning and individuals were not encouraged to take to entrepreneurship. The same philosophy dominated the thinking of the mentors of the Women's Development Federation, and accounts for the fact that six years were spent on social mobilisation without serious efforts to introduce income-enhancing projects.[2]

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2. Personal communication, Swarna Jayaweera.

There has been little attempt to move into sub-processing and component manufacturing enterprises linked up with the organized private sector in these areas. Such links may have assisted self-enterprises to move into a market-oriented production process which might have enabled aspiring microentrepreneurs to access the technologies and skills needed to ensure marketable quality.

Instances where beneficiaries have formed trading or craft associations were found only in relation to the Janasaviya programme, and that only in certain contexts and locations such as the potter-caste villages. Such associations should be encouraged further as they provide opportunities for individuals to share risks, establish firmer links with established small and medium enterprises and benefit from bulk purchases of inputs. They could also establish common facility centres to share fixed costs.

4. Awareness of Market Demand and Conditions

Few of the programmes seem to have found solutions to the problems of marketing. The Janasaviya Programme for example, provided only a rudimentary training on product marketing aspects. Exhibitions and other publicity work was carried out by the Commissioner's office as well as by Divisional Secretaries, but in actual practice, the state-run cooperative service was left with the task of marketing the produce. These invariably became 'captive' buyers of Janasaviya produce which could not be resold in the open market due to its poor quality.

In contrast, although not in the study, Agromart Foundation Ltd. (an NGO) seems to have developed an innovative approach. Agromart does not get involved in marketing itself, but organizes exhibitions at which programme participants are invited to display their products, along with established small, medium and large enterprises producing similar products. The objective of the exercise is to make programme participants directly aware of the competition they will have to face in the market and the quality they would need to achieve if they are to succeed.[3] This is in contrast to the NDTF's Social Development Impact Study which showed

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[3]. Verbal communication, Beulah Moonesinghe.

that, when asked to suggest the type of training most desired, 44 per cent of respondents opted for training in sewing. This reveals a very poor awareness of market needs and conditions among participants. Thus, direct exposure to the market seems necessary for any participatory initiative at developing microenterprises.

5. Access to New Techniques

It has been found elsewhere that the number of income-earning opportunities that programme participants are able to create depends among other factors, on the state of technology available to them (Hulme and Mosley 1996:86). But technology is not limited to additional capital equipment, but also denotes product know-how in terms of relatively new product processing techniques, or post-harvest technologies which are information-intensive rather than capital-intensive. It is in this context that the availability of technology is discussed in this section.

The present review shows that there has been little attempt to introduce new technological know-how such as food processing technologies into the production process. Sarvodaya's Rural Enterprise Programme is the exception as it is supported by a technical support service, that provides training and transmission of appropriate technologies through its partnership with the Intermediate Technology Group in Sri Lanka.[4] Other services provided are the dissemination of information and product-development. The programme also develops contacts with buyers and exporters.

Other than for Sarvodaya's programme, there have been few attempts to access information or technology from sources such as the decentralised Industrial Development Boards or the CISIR. This is despite these institutions having prepared several programmes and brochures on relatively low-cost income-generating ventures. In the Janasaviya Programme there was actually a perverse effect. The programme coopted the existing cadre of village-level

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4. For example as of April 1997 SEEDS ITDG collaboration had transmitted technological improvements to participants in the following areas: the Cycle Trailer Project (39 direct beneficiaries), the Cashew Processing Project (14 beneficiaries), Seed Potato Production (78 beneficiaries), Sunflower Oil Extraction (32 beneficiaries), and Animal Husbandry (200 beneficiaries) (Personal communication, Saliya Ranasinghe).

agricultural extension workers to manage it, and thereby deprived villages of access to agricultural extension services. This had a negative impact on the agricultural activities of the rural-based agricultural poor.

6. External Factors

While design failure (as discussed above) could explain the limited success of credit and microenterprise development programmes to a certain extent, the absence of a favourable economic environment for the take-off of microenterprises has probably been the most significant determinant of negative outcomes.

Hulme and Mosley (1996) argue that the number of income-earning opportunities that borrowers of credit are able to create depends among others, on the rate at which barriers to access which the poor face are removed - in this case the growth of demand for the products of microenterprises; on the relative price of labour, capital and other inputs; and on complementary government policies such as infrastructure and extension services. These factors are functions of the wider economic and policy environment. Thus, if the macroeconomic environment is not conducive to a high rate of economic growth, then it is unlikely that the growth rate of the local economy and the associated growth in demand will be able to stimulate microenterprise development.

However, the problem of an unfavourable economic environment reveals a policy paradox about measures to develop microenterprises. The need to push microenterprises arises mainly because the economic environment is not sufficiently attractive to create the necessary larger scale investment and employment to reduce poverty levels. But, if large-scale investors hold back because of the unfavourable climate, can microenterprises succeed in the same environment?[5] It seems that the economic chances are likely to be against them as well. Microenterprises can spring up only in the background of a rapidly

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[5]. I am grateful to David Dunham for drawing my attention to this point.

growing economy, and interventions to develop them in the absence of such an environment may rarely succeed.

Moreover, most microenterprises can have better chances of survival if they can access wider markets and link up with the established small and medium enterprise sector. This implies that efforts to develop microenterprises in areas with poor infrastructural facilities may achieve little success, and the policy imperative in such areas may be to develop the physical infrastructure base in such areas. Moreover, the private sector is miniscule in many poor areas, and private businesses which do exist are almost invariably involved in trade rather than in industry. This means that there are few opportunities for micro-entrepreneurs in such areas to plug into existing networks of production and specialisation.

Nation-wide, the relative weakness of the small and medium sectors and the lack of organic links between these sectors and the large industrial sector is likely to constrain the development of the microenterprise sector as well. Links between these sectors reduces the vulnerability of the smaller establishments and provides them with easy access to markets and technology. Part of the reason for the relative isolation, and even competition among the sectors is due to government policy which has tended to favour the large private enterprise sector over the small and medium sectors in providing incentives and support.[6]

To sum up, the review of poverty programmes found few cases of successful microenterprise development. While inadequate loan size has been a constraining factor, the standard formula adopted to transform all poor people into microentrepreneurs may well have biased outcomes towards limited success, as the poorest are the least able in terms of skills, resources and risk preferences to become entrepreneurs. Even if efforts had been concentrated on those poor with an aptitude for business, supportive programme components have been weak. Training for skill development for example, has been supply

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6. For example, the import duty rebate scheme made the 100 per cent exemption of duty and taxes available only to exporters who exported over 90 per cent of their production. This placed small and medium industries which were yet to enter the export market in a disadvantaged position. However, the 1997 Budget adjusted the terms of the duty rebate to be more favourable to the small and medium sectors.

driven in the main, has had little relevance to market needs, and has often been superficial and of too short a duration to make any impact on the productivity of the participants.

Altogether, microenterprise development efforts have not been adequately oriented towards market demand and conditions. Apart from a few exceptions, there has also been little attempt to introduce new technological know-how to the production process. Inadequate infrastructure development rules out the possibility of developing microenterprises in such areas, but most importantly, the external economic environment - a key determinant of the success of microenterprises - has not been conducive for the take-off of microenterprises.

PART IV

PROJECT PERFORMANCE MANAGEMENT

This section deals with four key aspects of programme management. First, the capacity of poverty programmes to monitor, evaluate and assess programme impact is analysed; second, the degree to which interventions are coordinated and integrated is assessed; and third the capacity of programme staff to manage and implement poverty programmes is examined. The section ends by assessing the capacity of the government to implement participatory poverty programmes.

1. Monitoring, Evaluation and Impact Assessment

Monitoring, or the routine gathering of information on programme performance, is necessary to build up a data base which can be used to assess the extent to which a programme has achieved its objectives. Evaluation is a periodic stock-taking exercise to identify the successful and unsuccessful practices. Its objective is to enhance effectiveness by making adjustments mid-course so as to build on the best practices. This aspect of programme management is vital to prevent the wheel from being re-invented and the same mistakes made over and over again.

Unfortunately, this aspect is extremely weak in all the programmes reviewed other than in the Small Fishers' Federation, and to a lesser extent in Sarvodaya. In the Small Fishers' Federation, technical assistance from the Coady Institute, Canada has helped develop a detailed plan and necessary tools for regular monitoring. Several baseline surveys have been carried through and monthly returns, registers, and ledgers have been developed, adopted and followed. Returns from each village society are aggregated every three months, analysed and the required follow-up action discussed and taken. Moreover, the Coady Institute has assured the Federation of more technical support in regular monitoring and evaluation.

Sarvodaya's village graduation system appears to be an innovative, internal evaluation system. Special evaluation indicators are developed for each of the five stages, with data collected every three months to assess the stage of development. The villages are then classified according to the stage of development reached. Thus, the graduation rate of villages to higher levels of development is an indicator of programme effectiveness and success. However, it is unlikely that the village-oriented evaluation system can yield any useful information about the progress of individuals. For example, there is little information related to participants' income and success at microenterprises.

But the need to set up monitoring and evaluation systems from the very beginning seems to have escaped the attention of the designers of all the other programmes. None of them seem to have conducted base line surveys, set up mechanisms for regular information feed-back and geared themselves to carrying out periodic evaluation exercises. Although beneficiaries were selected according to a baseline survey in the case of Samurdhi, the preliminary findings of the recent baseline study carried out by the University of Colombo indicate that there are serious information gaps in the questionnaires which have not been designed with a view to using the information for statistical analysis. Also, the Samurdhi Niyamakas who conducted the survey had only a little training, and even less experience in conducting this kind of survey. These drawbacks are likely to limit the survey's usefulness in developing monitoring indicators to assess programme impact in the future.

In many cases, even donors have failed to highlight the perennial problem of the lack of data, preferring instead to depend on the superficial findings of supervision and evaluation missions which have periodically visited programme sites.[1] In the NDTF for example, despite the intentions stated in the appraisal report that an 'Ongoing Evaluation and Impact Assessment Unit' would be set up, even five years into the life of the project it had not been set up. As a result, there is little data relating to beneficiaries which can be used to assess

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[1]. This problem is not confined to Sri Lanka. For example, Riddell and Robinson note that '... the vast majority of projects and programmes funded by British NGOs in developing countries are not subject to any sort of formal evaluation, not bound to specified cycles of expenditure for committed support, as is common with official aid projects. Most NGOs do not carry out any assessment of the impact of the projects and programmes they fund, beyond simple project report-back and financial audit' (1995:44).

the impact and effectiveness of the project. While successive World Bank supervision missions failed to highlight the weaknesses in the NDTF's monitoring and evaluation system, the missions themselves have come to contradictory conclusions about the effectiveness of the project and given conflicting advice on how matters could be improved. In contrast, evaluation in the second generation of IRDPs was led by the bi-lateral donors.

There also appears to be a culture against monitoring and evaluation, with many in the field maintaining that a handful of case studies and success stories should be good enough to prove the effectiveness of an entire programme. At the same time, vested interests probably work against adopting measures to regularly assess programme impact and evaluate its effectiveness, as nobody likes to be seen as having failed to achieve stated objectives. It could also be the case that the NGOs have faced a soft budget constraint: there probably has been too much money available on too easy terms, and it has not been necessary to come up with good results to get even more.[2] This factor alone is likely to have contributed to continuing failure. When there is no data to assess the effectiveness of a programme or highlight a problem, there is little chance of countervailing measures being put in place to solve it.

The implications of a weak monitoring and evaluation system have been particularly serious in government-led programmes, given the large scale of operations. Lack of transparency in programme evaluation is particularly acute in such programmes where a shroud of secrecy has invariably veiled the findings of intermittent evaluations. This is due to the political capital invested in many of these programmes. This problem is likely to remain a part and parcel of government-led programmes unless, of course, the Government's role in such programmes is redefined to that of being a catalyst or facilitator rather than an implementor and controller. Responsibility for the success of such programmes should also be transferred to beneficiaries through increased participation and ownership.

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2. Comments by David Dunham are gratefully acknowledged.

2. Integration and Coordination

The studies show that the lack of inter- and intra-programme integration and coordination at several levels is probably the most important single reason for programme failure, particularly in the field of microenterprise development.

In the first place, efforts to tackle the problem of poverty have been carried out in isolation from the rest of the economy, and from the government's macroeconomic and sectoral policy. The premise on which such efforts have been based is flawed. A pre-condition for alleviating poverty is integration with the wider economy, with domestic and international markets and having access to greater opportunities to diversify income sources. Nevertheless, the government's poverty alleviation strategies themselves tend to deal with poverty as an issue separate from other policy imperatives. While the NGOs have to take government policies as given, the government itself needs to resolve the contradictions among its macroeconomic, sectoral and poverty alleviation policies. For example, as noted earlier, a significant weakness in the Janasaviya strategy was that while the national policy on agriculture was to intensify and diversify domestic food production, its co-optation of agricultural extension workers to manage the poverty alleviation programme cut off the village level research extension link. This stifled opportunities for many hired labour households to become small holder farmers through the cash crop production drive promoted by the Janasaviya Programme.

Further, the effort to develop sustainable microenterprises has been made in isolation from the established commercial and industrial sectors, which may have been useful conduits of production know-how and technology. In many cases, production activities have been launched with little attempt made to assess the demand for the product in the market, and the standards of quality that must be achieved if it is to be sold.

Many of the programmes have operated in isolation from other agencies in the field - the Grama Niladharis, the Divisional Secretaries, research organisations (universities, the CISIR), and other government agencies such as the Industrial Development Boards and the

Department of Small Industries. Although the NGOs seem to be willing to work with government agencies and programmes, the links that have been established tend to be superficial and tenuous. The Small Fishers' Federation is an exception to this general trend, as it has developed a working relationship with the North-Western Provincial Council. But CARE has had little visible success at forging links with the government sector. This is despite several efforts to link up with state agencies and other NGOs, and having set up steering committees to ensure participation. Some of its projects appear to only hover on the periphery of state-led development programmes despite the participation of state officials in implementation.

Meanwhile, the Social Development, Credit and Nutrition Divisions of the NDTF seem to have generally ignored existing government agencies, and even ignored the Janasaviya Programme which was running concurrently. But the Community Projects Division of the NDTF has worked closely with relevant government agencies, and tapped the resources of local state-run technical colleges and vocational institutes. On the other hand, the Janasaviya Programme, probably due to its high profile and the then President's commitment to it, appears to have carried along a significant section of the government's machinery along with it at least during the first two years of programme implementation.

However, NGOs are more reluctant to work with each other, probably due to reasons of competition. This is not altogether a bad thing as the study on the Small Fishers' Federation found healthy competition among NGOs to have positive effects. But can too many NGOs working in one community confuse participants, duplicate efforts and hence waste resources? Is there an optimum number of NGOs for a village or community of a certain size? These are interesting questions which were thrown up by the study and further research would be necessary to find answers to them.

Frequently, programmes have lacked integration even within themselves. For example, the NDTF's activities have been hampered by compartmentalisation . There has been little coordination or integration among the Divisions carrying out the interventions, so that developing a coherent strategy has proved elusive. The existence of numerous POs

implementing only one intervention has aggravated this problem. In contrast, Sarvodaya's comprehensive, phased programme aimed at graduating the community out of poverty is likely to have made for internal consistency of the different poverty interventions.

The Janasaviya experience shows that targeting the poorest in a village in isolation from the rest is counter-productive. Poverty programmes should strive at mobilizing the entire village in its poverty alleviation effort, and work towards establishing cordial and cooperative links among different socio-economic groups in the village.

3. Management Capacity of Programme Staff

The majority of professional staff of both the government-led and NGO poverty programmes are university graduates and are familiar with general administrative duties. However, there appears to be a shortage of officers with certain specialised skills necessary for this kind of programme. For example, senior staff of government-led programmes have little experience of working outside the public sector. Management staff of the NDTF for instance, lacked experience in working with NGOs and in poverty alleviation, and this was a hindrance to the establishment of a smooth and cordial working relationship between the NDTF and its partners.

As a general rule, training and experience in credit operations and entrepreneur development among professional staff are in short supply in almost all the programmes. Staff involved in credit operations did not have the necessary skill and experience to identify viable projects, formulate project proposals, appraise them, and supervise and monitor loan operations thereafter. For example, although the professional staff of CARE are qualified and experienced in project management, agriculture and community development, there is no officer experienced enough to supervise the varied credit schemes and handle the marketing aspects of entrepreneur development programmes.

South Asia Partnership staff are dedicated and competent, but they are Colombo-centred and fairly senior. They are also overworked because of manpower constraints. Meanwhile,

the office of the Women's Development Federation is staffed mainly with middle level personnel and there is hardly any professional experience within the organisation. Nor have the training programmes been of an intensity to promote professional development. In contrast, the Small Fishers' Federation has a small but experienced team of full time staff. Project staff can also call upon its team of experts for advice as and when needed. The Expert Team is comprised of six professionals from different but relevant disciplines. There are three medical doctors, two biologists, one fish biologist and one communications expert.

4. The Capacity of the Government to Implement Participatory Poverty Programmes

A fairly robust finding to emerge from this review is that the government is unsuited to implementing bottom-up poverty alleviation strategies.

In the first place, the notion of participatory poverty alleviation sits oddly with the image of the government in the eyes of the public, and indeed with the image of the government as projected by its spokespersons, particularly the politicians. Too many poor look to the government as provider of basic necessities, jobs at the last resort, and subsidies. These perceptions undermine the credibility of government as the initiator of participatory, bottom-up programmes based on self-reliance. As our studies show, many of the government-led programmes have sooner or later reverted to top-down approaches, and principal-agent relationships.

Also, the organisational structure of the government at national level does not make for efficient coordination. It has been noted that too many government ministries, departments, agencies and levels of government are involved in the same area of activity, with little coordination among them. In this milieu, any poverty sector programme initiated by the government is bound to be saddled with the same constraints and inefficiencies, the number of which will increase progressively with the scale of operation (Janasaviya was an exception

due to the personal commitment of the then President[3]). Moreover, every poverty sector programme which the government has embarked upon to date has progressively added layers to an already over-weaning state bureaucracy. The Samurdhi Programme too, is running the danger of becoming yet another top-heavy sick giant.

The Government also seems to lack necessary skills in the public service, whether in terms of social mobilisation skills, business or entrepreneurial skills. Most importantly, given the political culture of Sri Lanka, poverty alleviation programmes implemented by the government often become vehicles for disbursing political patronage. At the same time, the investment of considerable political capital on such projects militates against unbiased evaluation and impact assessment.

Of course, this is not to say that all NGOs are more efficient than government in implementing this kind of programme. The case studies reveal varying degrees of success among NGOs, with some considerably more successful - especially in awareness, creation, empowerment, and institution-building - than others. Nevertheless, there is strong evidence to show that certain peculiarities of the government make it relatively inefficient in implementing participatory poverty alleviation programmes.

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This section has looked at key issues in project performance management. Apart from the Small Fishers' Federation and Sarvodaya, monitoring, evaluation and impact assessment have been found to be weak in all the programmes reviewed. In many cases even donors have failed to highlight these weaknesses. Meanwhile, there appears to be a culture against monitoring and evaluation in the field. This problem is particularly acute in government programmes and is perhaps due to the political capital invested in such programmes. Weak systems for monitoring and evaluation have affected programme impact assessment, and

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[3] See Dunham and Kelegama (1997) for a discussion of how strong political leadership proved critical in the second wave of structural adjustment from 1989-93, for which the Janasaviya Programme provided a safe political passage.

frustrated the identification of interventions and practices which work and those which do not work.

Many of the programmes also seem to have been operating in isolation from the rest of the economy, from other agencies and programmes in the same field, from government policy, from established networks of production and specialisation, and from the socio-economic milieu of the community in which they are located. Internal consistency has also proved elusive in some poverty programmes.

The review also found that by and large, poverty programme staff lack training and experience in some of the specialised tasks that they are called upon to carry out. For example, project identification, formulation, appraisal, supervision and monitoring skills seem to be in short supply in almost all the programmes.

Finally, **the present study finds the government particularly ill-suited to implementing bottom-up poverty alleviation strategies**. Not only does it lack the necessary skills, there is a danger that such programmes are transformed into vehicles to distribute political patronage. Moreover, many government-led programmes revert to top-down approaches sooner or later.

PART V

LESSONS LEARNED

This section draws together the main conclusions to emerge from the preceding analysis. Its objective is to provide some key policy recommendations to improve the design of participatory poverty programmes in the future.

1. The Need to Target Efficiently

Targeting the poor in a poverty alleviation programme is not synonymous with identifying the poor. Targeting in this context is for the specific purpose of alleviating poverty, whereas identifying the beneficiaries for a public income transfer programme is a function of the selection criteria chosen by the authority concerned. Such transfer programmes generally rely on income-based measurements of poverty. However, mechanisms of self-selection could be built into such programmes so that an effective safety net is provided to those who really need it. For example, public works programmes can offer a wage rate below the prevailing wage rate, so that only those who have no alternative income will benefit from the scheme. However, selection criteria used to identify the recipients for a public transfer programme should not be used to target poverty programmes, which should be targeted according to the objectives of the programme. .

The manifestations of poverty are complex, and a poverty programme may aim to address one or more of them. However, income-based measures may not capture the appropriate target group. Generally, such measures need to be combined with others related to the associates of poverty, to special poverty groups and to the spatial dimensions of poverty. The Target Group and Area Approaches for example, can be combined to great effect as in the Badulla IRDP. Moreover, baseline surveys should be used to fine-tune the selection process, to collect information on the strengths and weaknesses of the group; to determine the approach and the type of assistance which should be provided; and to determine the 'character', extent and duration of the mobilisation programme in order to budget the project.

The Janasaviya experience seems to indicate that such selections should thereafter be screened and endorsed by the community through a participatory device such as the Janahamuwa. However, it is possible that as people have to live in close proximity to each other, they may not openly question the eligibility of their neighbours for fear of antagonising them.[1] Therefore, a Janahamuwa may need to be followed up with a series of smaller, informal meetings to fine-tune the screening process.

Poverty alleviation programmes need not always target the poorest of the poor. For example, pro-poor credit programmes can cater to the differing needs of different layers of the poverty pyramid.

Nevertheless, even the combined indicator approach may have its limitations. The presence of the poor as well as the non-poor in different strengths in the same areas perhaps implies that the differentiating factor between the two groups is access to a given area resource base for self-improvement. Analysis along these lines may yield a targeting methodology based on the entitlement of persons to resources, and make for better targeted, better designed poverty programmes. This approach would also marry well with the community screening approach of Janahamuwa and would be well worth experimenting with in the future.

2. Mobilisation and Empowerment

The most positive effects of social mobilisation that have been achieved are associated with the initial stages of poverty alleviation in engendering psychological and social empowerment. Thus, the social mobilisation techniques deployed by several programmes have generally been successful in creating awareness, empowering participants and encouraging collective action. However, encouraging people to orient themselves to making use of economic opportunities has been more difficult to achieve. Progressing to setting up viable microenterprises seems to require both a different kind of mobilisation - market or business-oriented mobilisation perhaps - as well as a host of other enabling factors.

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[1] I am grateful to Gnana Moonesinghe for drawing my attention to this point.

At the same time, practitioners of social mobilisation techniques tend not to recognise the limitations of these methodologies. If, for example, the target population is in the grip of a binding external constraint such as several years of drought and failed crops, then there is very little that social mobilisation techniques can achieve by way of empowering such people.

Nevertheless, a systematic assessment of the various aspects of the social mobilisation process identified the following best practices and methodologies:

(a) An in-depth understanding of the target group and a comprehensive situational analysis of its milieu is an important first step in the mobilisation process. This should not only take into account the socio-economic ties the target group has with the rest of the community, but should also include a survey of the resource base of the community, of potential economic activities and of the social and economic infrastructure available.

(b) Groupings artificially established from above according to a pre-conceived model are not sustainable. Nor should groups be viewed as an end in themselves but as a means to empower its members and encourage collective action. Homogeneity of the target population in terms of interests and concerns helps bind the participants in collective action and generates a successful self-grouping process.

(c) Groups should be fluid and dynamic rather than static entities and should offer diverse benefits and mobility. They should make way for an individual to move on to another group for some activities, and remain in the same group for other activities.

(d) There are severe diseconomies of scale associated with social mobilisation in participatory poverty alleviation programmes. This is because effective mobilisation requires heavy inputs in terms of the person-hours of experienced change agents. Thus, it is virtually impossible to implement with any degree of

uniform success, the kind of mass-scale, geographically-dispersed mobilisation programmes envisaged by many government programmes.[2] Adequate care should be taken that the social mobilisation component does not dominate the entire budget of poverty programmes, and funds should be allocated for this purpose in proportion to the entire project. Often, large amounts of money are spent on mobilisation, and when people have been empowered and are ready for take off, there is not enough money left for actual project investment.[3]

Given the scarcity of resources available for this purpose both in terms of personnel and finance, it is imperative that social mobilisation is carried out in such a way that costs are minimised and resources utilized efficiently. For example, it may be possible to have mobile units which take social mobilisation training directly into a village, rather than bringing programme participants out of their own environment into a nearby town to be trained. If one such unit is stationed in a district for one month, it should be able to cover at least 30 villages during that period, and the cost involved would only amount to the cost of the vehicle and remuneration for resource personnel.[4]

(e) Concentrating efforts in social mobilisation pays rich dividends as administrative costs are minimised and positive results percolate faster to neighbouring areas because of demonstrative effects. Moreover, developing an integrated and coordinated approach is easier over a concentrated geographical area, where the needs of that particular area can be more easily and thoroughly assessed; where there is relative homogeneity in economic activities and needs; and where external variables can be easily identified. Hence NGOs which concentrate their efforts on

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2. For example, the Samurdhi Programme has deployed more than 30,000 mobilisers *(Samurdhi Niyamakas)* as part of its poverty alleviation strategy. It is unlikely that the majority of these mobilisers would have received anything but the most rudimentary training to do their work. Rather, social mobilisation under the programme seems to be serving the purpose of providing state employment through the back door. The success of the social mobilisation process in the Samurdhi Programme is, therefore, in considerable doubt.

3 Comments by Gnana Moonesinghe on this point are gratefully acknowledged.

4 Comments by M.U.A. Tennakoon on this point are gratefully acknowledged.

smaller areas seem to have a comparative advantage in implementing the social mobilisation components of such programmes.

3. Savings and Credit

The present study reveals several interesting aspects of pro-poor savings and credit schemes and highlights their uses and limitations.

(a) Savings help extend the entitlements of vulnerable households in times of crisis in two ways: directly, by acting as 'stores' of cash which earn interest but can be rapidly accessed in times of crisis; and through credit as they act as insurance against the risks of lending without collateral.

(b) Savings have also been a tangible focus for group cohesion in many of the case studies and savings groups have been useful devices through which the savings habit has been encouraged. Nevertheless, it is important to target savings levels which are in keeping with the financial capacity of the community, else such programmes can impose additional burdens on the poor.

(c) As far as providing credit to the poor is concerned, only small consumption loans can be practicably provided through such networks without increasing the risks of default to unsustainable levels. The capital required for such schemes is small, and group members are usually able to establish and manage such operations with minimal training.

(d) But, providing larger loans for microenterprises poses several problems. First, their management would require book keeping, accounting and management skills, the costs of which cannot be met by the loan operations, and would therefore need to be covered by external assistance. Second, to be able to provide larger loans, the credit institution would need to have built a loan portfolio of customers who have revealed themselves as being credit-worthy through previous loans transactions.

But getting to this stage takes time as the institution would first need a rapid build-up of deposits, heavy investment in loan collection, and/or an external subsidy to protect it from the consequences of high default rates. None of the schemes studied have reached the necessary level of financial sustainability to be able to lend to microenterprises.

(e) A way out of this dilemma may be through a differentiated system based on Sarvodaya's two-tier credit system. At the level of lending for household consumption and contingency purposes, the programmes could be owned and managed fully by the poor themselves on a self-reliant and sustainable basis. To meet the demand for larger loans for microenterprises, surplus savings generated at the level of the micro-savings group can be deposited as (interest-bearing) collateral in the local branch of a conventional financial institution. Special arrangements could then be made with the financial institution to meet the relatively larger credit needs of the small number of successful local entrepreneurs from low income groups.

The advantages of such a system would be as follows: the savings of the poor would be made more secure; locally based low income groups would be able to access mainstream credit institutions and get bigger loans for microenterprises. Such initiatives may stimulate local economies with direct and indirect benefits to the poor in terms of employment and additional income-generating opportunities.

(f) Successful financial intermediaries for the poor have the following features in common:

(i) simple loan application procedures;
(ii) credit moving expeditiously to meet demand;
(iii) easy accessibility of credit;
(iv) the building up of savings deposits even from non-members to insure against the risk of default;
(v) intensive loan collection techniques; and,

(vi) self-reliance and peer group pressure as a strategy against default.

(g) Project holders are usually conscientious about loan repayment at the initial stages. But after a couple of instalments, 'repayment exhaustion' sets in the slide towards irregular and later non-payment begins. However, intensive loan collection and repayment over a shorter period are useful devices through which this problem may be overcome.[5]

(h) Weak financial management and poor accounting standards are recurrent constraints faced by pro-poor credit institutions. Moreover, lending officers and managers of such institutions lack training and experience in project identification, formulation, appraisal, supervision and monitoring procedures. Therefore, external assistance to raise management and accounting standards are essential for the development of such institutions.

4. Developing Microenterprises

None of the programmes reviewed has had much success in developing microenterprises. Small loan size has been a significant constraint, while the generalized formula adopted, which has treated the poor as a homogeneous group, has probably been the other most limiting factor. In all the programmes studied, efforts seem to have been directed at transforming all project participants into entrepreneurs regardless of their skills, ability, and attitudes towards risk.

A distinction needs to be made between people who do not have an aptitude for business, are risk averse and are therefore likely to cling to their traditional occupations (the majority of the poor would fall into this category), and those few displaying entrepreneurial talent. A differentiated strategy is needed to address the needs of both groups of poor: a protectional strategy to reduce the income vulnerability of poor households in the context of their existing

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5 Personal communication, Gnana Moonesinghe.

portfolio of survival strategies; and a promotional strategy to enable the less poor, the less risk-averse households to move on to greater income-earning opportunities.

Although this review found several problems encountered in assisting people to move on to higher income levels, there have been relatively few examples of successful strategies. Further research is needed in this area to find out the factors making for successful microenterprise development, and a follow-on study of the protectional and microenterprise development strategies of several other NGOs, including Agromart perhaps, is strongly recommended. What follows are some observations which have emerged from the present review. These can be regarded as hypotheses to be tested in the follow-up study.

A Protectional Strategy to Reduce Income Vulnerability

Reducing the income vulnerability of the majority of poor households would require a needs-based, differentiated approach.

(a) One objective of such a strategy should be to achieve a more efficient allocation and utilisation of resources available at the level of each household. The strategy to adopt here is to watch what people are doing, and help them do it better. An agricultural household for example, may increase its output through more efficient farming practices such as crop diversification. This may require some small-scale investment such as outlay on agricultural seed or new tools, for which credit can be obtained from the pro-poor credit institutions at community level.[6]

(b) At the same time, each poor household may have to be provided with opportunities to expand its resource base and diversify family income. The opportunities need to be created at two levels: at the level of the household, and at the level of the village, regional or national economy. Thus, one member of the family could be sponsored to acquire a marketable skill, while the economy

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[6]. Initial policy statements about the Samurdhi Programme indicate that the programme aims to follow such a differentiated strategy. For example, it set out to identify the causes of poverty at the level of the family unit and to provide a flexible response in the form of financial, technical and other assistance to overcome constraints (see the Ministry of Youth Affairs, Sports and Rural Development, 'Samurdhi Programme', December 1994).

generates jobs requiring those skills. Naturally, this strategy needs to be implemented against the background of a growing economy - whether at village level or at the level of the region - but most certainly at the national level.

A Promotional Strategy to Raise Incomes

Microenterprise development to raise incomes seems to demand a strategy of picking winners who display an aptitude for business and/or who already possess skills in that field of enterprise. It may be possible to gradually motivate these poor through training and practical exposure to develop scale economies in aggregating their small and often unviable enterprises, and to develop their business acumen.[7] The strategy seems possible only in areas which are relatively favourably located in terms of infrastructure and access to markets.

(a) Potential entrepreneurs would need investment capital on relatively easy terms, but the size of loans needed (Rs. 50,000-200,000), is likely to be beyond the capacities of existing pro-poor credit institutions to supply. The solution may be for poverty programmes to strike a partnership with formal banking institutions as discussed in the above section. Moreover, funding should not stop with seed money. Careful monitoring will help determine when to respond to subsequent requests for financial assistance. When given to deserving cases, such assistance results in the project's expansion and profitability.[8]

(b) Microentrepreneurs need to access information on new production techniques and processes which would improve product quality, reduce costs, and increase the productivity of the enterprise. Accessing institutions such as the IDBs, the CISIR, the universities, and the Technical and Vocational Training Colleges may be one way of obtaining the necessary technologies. Programmes could also provide technical services at a subsidized rate. The payments would have to be at a flat

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7. Comments by R.D. Wanigaratne on this point are gratefully acknowledged.

8 Comments by Gnana Moonesinghe on this point are gratefully acknowledged.

rate to prevent overcharging by consultants who would have to be registered with the funding agency.[9]

(c) Potential microentrepreneurs may be encouraged to form trades associations to share risks, establish firmer links with established small and medium enterprises, and benefit from bulk purchases of inputs. They could also establish common facility centres to share fixed costs.

(d) Programme managers should seek people who have had success in small business to give a little of their time speak to project holders, rather than leave entrepreneur development in the hands of individuals who have had little personal experience in setting up a business.

5. Rural Works

Rural community projects have offered good opportunities to increase community participation and cohesion and have provided infrastructural amenities to the poor at lower construction costs than have conventional programmes.

(a) Small scale poverty alleviation programmes do not appear to have a comparative advantage in community works development. The large programmes, particularly those funded by the government have been the most effective.

(b) Yet, even these seem to have been planned and executed on an *ad hoc* basis and without reference to a long-term vision or strategy. The impact of rural infrastructure projects could be enhanced considerably if a properly coordinated rolling infrastructure plan for the area could be adopted instead of the inward-looking approach that has been followed. The plan could be based on village development plans evolved from participatory processes on the one hand, and on

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9. For example, in an unrelated study on the need for a national policy on shrimp farming, Steele and Sivakumar (1996:13) have suggested that the Government pay private sector technical consultants at a flat rate to assist small shrimp farmers. They recommend that the scheme be administered by the banks such as the DFCC, NDB, HNB or by the Fisheries Cooperatives.

the wider spatial development objectives of the Divisional Secretariat Division on the other. Since most large scale rural infrastructure programmes are carried out by the government, it should be relatively easy to prepare a rolling plan for each division which can attract resources from other regular programmes such as the Decentralised Capital Budget, as well.

(c) Deploying the labour of programme participants in rural works programmes can run the danger of disrupting their existing micro-avenues of subsistence, leaving them worse off once the project is completed. Such projects can also generate tensions among different groups in a village. Hence these components need to be more sensitive to the socio-economic environment in which they operate, and the mobilisation process should include both the poor and non-poor to ensure cooperation.

6. The Government's Role in Facilitating Poverty Alleviation

Although government is not best suited to actually implementing participatory poverty programmes, it certainly has a vital role to play in facilitating poverty alleviation.

Principal among these are policy consistency and maintaining an appropriate macroeconomic policy framework. At the level of the macroeconomy, policies to induce economic growth are *sine qua non* for alleviating poverty. Growth raises per capita income in society as a whole; it expands economic opportunities for the poor; and it increases the revenue base of the government and thereby provides resources to support social expenditure. Economic growth also generates the surplus for investment to create the capacity for a sustained rise in living standards in the longer term.

At the sectoral level, a framework of coherent sectoral policies, especially in relation to agriculture and industry is needed. For example, subsidies which benefit urban consumers to the detriment of rural producers need to be eliminated. Measures such as raising the price of milk is likely to assist dairy farmers and encourage others to take to cattle rearing as an avenue of employment. Incentives for private sector investment in rural industries must be

promoted so that poor agricultural workers can diversify their income sources. Sectoral policies must also be consistent. For example, policies of loan forgiveness and blanket subsidies, though politically expedient, have damaging repercussions on on-going efforts to encourage credit discipline and self-reliance among the poor.

The government has a comparative advantage in developing rural infrastructure, particularly in developing large scale projects requiring more technical and financial resources, and greater coordination with local authorities and other government agencies. The government also needs to 'crowd in' private sector investment in rural areas through the contiguous development of infrastructure.

Government line agencies also have an important role to play as providers of development services to support the poverty alleviation effort, e.g. agricultural extension, health, IDB, CISIR, provision of vocational training facilities with private sector involvement and with a view to market needs.

The government can also provide appropriate fora for discussing problems at national, provincial and local government levels.

7. Monitoring and Evaluation

Comprehensive systems for regular information feedback and impact assessment should be put in place at the very outset of poverty programmes, so that efforts can be monitored and impact can be assessed. Else, the same mistakes will be repeated over and over again, and few opportunities will be provided for taking stock and trying out new strategies for greater success.

Appropriate poverty indicators - both income-based and non-income based - need to be developed, and changes in these monitored over the course of the programme. At the same time, indicators relating to the structure of household income and enabling the measurement of changes over time, also need to be developed. A baseline survey of the initial situation containing information on these indicators is an essential step in the evaluating process.

There is also much scope to utilize participatory monitoring methodologies to build up databases for periodic assessments and evaluation, especially at household or community level. These techniques would increase the awareness of the poor about their situation, and help them recognize improvements or set-backs. They would also yield a lot of useful information about how programme participants perceive their own poverty situation.

It also may be possible to apply participatory monitoring techniques to the kind of village graduation scheme developed by Sarvodaya. The graduation scheme could set development targets for the community, while participatory monitoring motivates the community to achieve these targets. It may also be possible to extend the graduation scheme to households in order to assess improvements at that level. But care needs to be taken that the elements of jealousy and competitiveness which may emerge from such a scheme do not destroy the harmony and unity of the community.

8. The Need for a Holistic Approach

The review of poverty programmes shows that piecemeal interventions applied in an *ad hoc* manner have few chances of success in graduating people out of poverty. Programmes need to be well integrated and coordinated not merely within themselves but also without, and along several dimensions, as a programme cannot operate successfully in isolation from the economic and social milieu in which it operates. It needs to be integrated with external elements as well. For instance, integration and coordination needs to be ensured at a spatial level, by for example, developing cooperative links with the not-so-poor in the village.

Poverty programmes should access existing networks of services and technical know-how provided by other agencies. These links can lead to greater synergy and mutual reinforcement, as in the case of the SuvaSaviya component of Janasaviya making use of existing health care delivery mechanisms. A second example, is of how the NDTF's Community Projects Division makes use of the local training institutes to train masons. Such initiatives can also make local training facilities more relevant to the training and skill development needs of the local population. These links can be extended to existing small

and medium enterprises as a way of accessing market and technological information and riding on their success.

Nevertheless, while the need for a programme to integrate with the economic and social environment in which it operates is paramount to success, there may not be sufficient incentives for programme sponsors to bring about such an integration. Wanigaratne points out that when a Government or donor-sponsored programme merges with its surrounding environment it becomes part of the economic and social life of the environment, which may go against the proprietary rights of its sponsors. Thus, while initiators of a programme would like to have links develop between the programme and its surroundings, they would prefer to see it under their sponsorship and their sphere of influence. Thus, the 'empowerment' sought by many of these programmes may be confined to mere rhetoric rather than actually emerging from programme implementation.[10] If this is indeed the case, then it may prove well-nigh impossible to bring about the level of integration necessary for successful programme outcomes.

As far as intra-programme consistency goes, however, much can be learned from Sarvodaya's approach. The programme operates a 5-stage model of social development, which begins by building the psycho and social infrastructure, progresses through the formation of functional groups and village societies and culminates in initiating economic activities and the development of village organisations. These include loans and technical advice for microenterprise development. The final stage is reached when the village organisation becomes totally self-sustaining and generates a surplus of resources to support village development projects.

A Suitable Spatial Unit for Coordination

Given a variety of interventions to alleviate poverty which are currently taking place within a given location, there seems to be a need to coordinate and integrate these efforts. The present review indicates that the Division is perhaps the most manageable spatial unit within

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[10]. Personal communication, R.D. Wanigaratne.

which to coordinate efforts, collect data and monitor impact and results. The Divisional Secretary's office can function as a forum at which the different agencies - both government and non-government - who are working in the locality, can brainstorm and discuss ways to complement one another's activities.

However, the Division is too small an entity in which to plan wider economic development. This needs to be done at the level of national policy planning together with inputs from the Provincial Councils. However, here again policy makers need to go beyond the tunnel-vision of artificial administrative boundaries. The emphasis should be on developing contiguous areas and accessing markets and raw materials.

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Appendix Table A: Profiles of Poverty Sector Programmes - Government

Name	*The Change Agent Programme*	*IRDPs*	*Janasaviya Programme*	*National Development Trust Fund*
Period of Operation	1978-	1979-	1988-1995	January 1991 -
Financiers	GOSL Konrad Adeneur Foundation CARE, SIDA	GOSL - 10% of costs of grant-funded programmes Germany - GTI IFAD, World Bank, NORAD, FINNIDA, ADB, SIDA, JICA, Netherlands, UNICEF, EU.	GOSL	GOSL IDA KFW UNDP
Staffing	Total 672 (Including 656 volunteers) Executive/Professional 4	Total 58	N/A	Total 168 Executive/Professional 68
Geographic Coverage	2443 villages in 64 divisions in 8 districts - Anuradhapura, Badulla, Colombo, Galle, Kandy, Kurunegala, Matara, Puttalam.	16 projects in 15 districts. Kalutara, Gampaha, Nuwara Eliya, Matale, Kandy, Matara, Hambantota, Galle, Anuradhapura, Badulla, Moneragala, Ratnapura, Kegalle, Puttalam, Kurunegala.	241 DS Divisions in 25 Districts (1-4 Rounds).	254 DS Divisions
No. of Participants	64,466 individuals	Irrigation - 156,289 families Water schemes & toilets - 134,960 families Electricity lines - 7,771 families	490,249 families (end 1994)	Social mobilisation (Nov. 1995) 286,000 (individs.) Credit (Dec.1994) 45,191
Support Services	Social mobilisation, savings, credit and microenterprise development, training of trainers and catalysts, infrastructural facilities (housing, latrines, agro-wells, pre-schools)	Social mobilisation, credit and microenterprises, nutrition, civil works, environment, education, water & sanitation.	Consumption support, savings, component social mobilisation, institutional credit disbursement, microenterprise development. Rural works through Shramadana. Nutrition and health, institution - building.	Social mobilisation, microenterpise development, training for skills development, nutrition, community projects.
Costs	Operational costs 1995 Rs.17.7 Mn. Administrative costs 1995 Rs. 1.97 Mn.	Cumulative expenditure as at Nov. 1995 Rs.7,161.4 Mn. Operating costs 1995 Rs.1,965 Mn.	Cumulative expenditure (May 1996) Total Rs. 30.8 bn. consumption component 18.6 bn. savings component plus interest 11.1 bn.	Cumulative expenditure (May 1996) Rs.2,359 Mn. Project Management Rs. 288 Mn.

Appendix Table B: Profiles of Poverty Sector Programmes - Non-Government

Name	*TCCS/SANASA*	*Sarvodaya*	*Women's Development Federation*
Period of Operations	Inception 1913 Revived as SANASA - 1980	1958-	Dec. 1989-
Financiers	Self-finance, Australian Govt., NDTF, HIVOS, CIDA, Swiss Govt.	NDTF, CIDA, NOVIB, ODA, NORAD, HELVETAS, ITDG, SASAKAVA, self-financing.	NDTF, Asia Foundation, Sri Lanka - Canada Development Fund, NORAD, Intercooperation, UNICEF.
Staffing	Total 60 Executive 3	Total 8227 Executive/professional 167	Total full-time 833 Executive/Professional 04
Geographic Coverage	24 Districts	Total Sarvodaya coverage - 24 Districts SEEDS coverage - 18 Districts, 4900 villages.	5 AGA/Divisions in the Hambantota district - Hambantota, Suriyawewa, Katuwana, Tissamaharama, Tangalle.
No. of Participants	719,692 members (Dec. 1994)	SEEDS Saving and Credit Programme (REP) only - 1818 Shramadana Societies with a membership of 203,193 at Dec. 1995.	Total membership Women's Societies since inception 26,859 Janashakthi Banking Societies 25,587
Support Services	Social mobilisation, credit, education and training, health, community projects, pre-school programme.	Social mobilisation, credit and microenterprise development, training, nutrition and health, rural infra-structure, special target programmes (women, children, elderly, youth).	Social mobilisation, nutrition, credit, environment, Help-age and Barefoot Library, housing loan, training, community projects.
Costs	Expenditure 1995 Rs. 33 Mn. Administration Rs. 13 Mn.	SEEDS Budget for 1995 Rs. 140 Mn. SEEDS Administration Costs 1995 Rs. 64 Mn.	Budget for 1995 Rs. 64,747,208.22 Salaries and wages Rs. 6,825,000.00

Continued Table B/.....

Name	*South Asia Partnership*	*Small Fishers' Federation*	*CARE*
Period of Operations	1981-	September 1988-	1956-
Financiers	SAP - Canada & Canadian NGOs.	Self-financing, Netherlands, NORAD, Terre des Hommes, UNDP, Sri Lanka-Canada Development Fund, ACFOD, Coady Institute.	USAID, UNHCR, NORAD, ODA, EC, CIDA, AUSAID, FRG, Netherlands, CARE/USA.
Staffing	Total 26 Executive/Professional 7	Total 33 Executive/professional 13	Total 146 Executive/professional 26
Geographic Coverage	13 DS Divisions. Anuradhapura, Elupatha, Mallawapitiya, Katana, Sooriyawewa, Karuwalagaswewa, Nuwara Eliya, Kolonne, Vilachchiya, Panvila, Piliyandala, Attangalla, Chettikulam.	11 DS Divisions. Chilaw/Madampe, Kalpitiya, Wanathamulla, Kandalama, Weligama, Matara, Dewundara, Dikwella, Tangalle, Ambalantota, Tissamaharama.	15 Districts
No. of Participants	5111 members	2452 individuals.	Approx. 32,379 individuals.
Support Services	Social mobilisation, credit and microenterprise development, training, nutrition, rural infrastructure.	Social mobilisation, credit and microenterprise development, training, nutrition, rural infrastructure, fisher environment conservation.	Social mobilisation, credit and microenterprise development, training, health, nutrition, rural infrastructure, relief & rehabilitation, environment.
Costs	Cumulative expenditure (since 1992) - Rs.14,517,819 Current annual operating cost Rs. 4,162,500 Administration Rs. 3,082,500	Cumulative expenditure (1993-1995) Rs.12,464,338 Annual operational costs for 1995/96 Rs. 1,114,696 Salaries & allowances Rs. 565,000	Cumulative expenditure Rs.107,343,282 (1956 - 1995) Annual operating cost Rs. 60,300,000

Sources: De Alwis, W.P.G. and G. Ranaweerage (1996), A Study on the TCCS; De Mel, Henry (1996), South Asia Partnership and The Small Fishers' Federation; Gunatilaka, Ramani (1996), The National Development Trust Fund; Jayawardene, C. (1996), The Integrated Rural Development Programmes; Jayaweera, Swarna and Malsiri Dias (CENWOR) (1996), The Change Agent Programme, The Women's Development Federation, Hambantota and CARE; Ranasinghe, Saliya (1996) Lanka Jathika Sarvodaya Shramadana Sangamaya; Wanigaratne, R.D., (1996), The Janasaviya Programme.

Notes: Entries are for the year 1995 unless otherwise stated.
The data in this table is only indicative and certain expenditures are likely to have been double-counted (e.g. some expenditure under the Women's Development Federation must also have been included under the NDTF as the WDF is a Partner Organization of the Trust Fund). Therefore, the data should not be used for any rigorous comparative analysis of expenditures under each programme.