



Evaluation Summary



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Local Empowerment through Economic Development (LEED) Project and Local Economic Development through Tourism (LED) project – Final independent evaluation

Quick Facts

Country: Sri Lanka

Final Evaluation: June - September 2015

Mode of Evaluation: Independent

Administrative Office: ILO Country Office for Sri Lanka and the Maldives

Technical Office: DEVINVEST/EMPLOYMENT
DWT Bangkok and New Delhi

Evaluation Manager: Pringsulaka Pamornrat

Evaluation Consultant: Ganesh P. Rauniyar

Project End: June 2016

Project Code: SRL/10/04/AUS

Donor & Project Budget: USD 6.9 million

Keywords: Sri Lanka, local economic development, sustainable ecotourism, conflict-affected areas, final evaluation, agro-processing, value chain, livelihood restoration

Background & Context

This summary reflects performance evaluation of Local empowerment through Economic Development (LEED) and Local Economic Development through Tourism (LED) projects, implemented during 2011-2016 and 2015-2016, respectively. Both projects had similar implementation approach and involved mostly common project management.

Summary of the projects' purpose, logic, and structure: The projects aimed to contribute to sustainable peace and reconciliation by reducing conflict-related economic inequalities through economic empowerment of the most vulnerable population,

including women, female heads of households, persons with different abilities, and marginal farmers. Both projects had the similar objectives despite different intervention periods. Both projects adopted a project implementation framework based on value chain development involving tripartite stakeholders comprising intended beneficiary groups; government agencies, including the Ministry of Labour and Trade Union Relations, the Departments of Agriculture, Fisheries and Cooperatives; and employers represented by private sector actors and Employment Federation of Ceylon and Employers' Federation of Sri Lanka. The project mobilized government department and private business groups for technical services and markets, respectively to strengthen the capacity of concerned producer groups and conflict-affected population. The primary focus had been on the commercial production of papaya and other field crops and sustainable fisheries harvest.

Main Findings & Conclusions

A summary of the final evaluation findings and conclusions based on ILO EVAL criteria follows:

LEED Project

Relevance and strategic fit: The ILO designed the project under fluid environment under which the design team faced restricted movement due to security concerns, had limited information and data, and encountered trust deficit among the relevant stakeholders. The original design relied on empowerment through economic development and it was highly relevant and demonstrated a good strategic fit soon after the end of the long conflict. The relevance, however, became weak due to ILO not acting soon enough and the ground

realities changed rapidly. The ILO did not have off-the-shelf response model and had to search for an organic solution.

With the arrival of the Chief Technical Advisor six months into the project, ILO and DFAT revisited the project design relevance and after consultative process developed a value chain development based project implementation strategy with the active involvement of tripartite constituents. The stakeholders recognized ILO's honest broker role under the tripartite arrangement, which brought together beneficiary groups, policy and technical institutions, and employers' organizations in responding to critical needs of local employment and sustainable income opportunities. The project addressed the needs of the vulnerable population including a disproportionate number of internally displaced marginal farmers, female heads of households, women, and persons with different abilities lacked basic needs and were not prepared to undertake any kind of meaningful livelihood options under an uncertain environment with very little productive assets. The Australian Government demonstrated extreme flexibility by agreeing to revised implementation strategy.

The project was consistent with Sri Lanka's Decent Work Country Programme (DWCP) 2008-2012 and ILO's gender equality policy. It remained highly relevant under the revised implementation strategy and during the Phase II and it was consistent with DWCP (2013 – 2017), UNDAF (2013-2017) and Sri Lanka Government's Local Development Policy. The project's strategic approach to promoting harmony through business relationships proved a good strategic fit, both for empowerment and economic development.

The validity of design: The project design was valid at the conception stage but its validity faced a challenge from local communities who wanted quick action in restoring sustainable livelihood options. The initial framework that capacity development based on CB-TREE approach would generate livelihood options proved difficult to achieve unless the project introduced tangible economic opportunities. The project developed a market-led partnership based model to empower communities through economic development, which appealed to the local beneficiaries, although the approach faced initial skepticism due to unproven approach. The evaluation considers that the renewed focus was valid at

the time introduced because it relied on facilitation support from the project by linking producer groups to the market and technical capacity development through government's technical agencies and linkages with private sector facilitated by employers' organizations and trade bodies further strengthened the project design.

The evaluation assesses that Phase I of the project involved low absorptive capacity among beneficiaries and incurred substantial risks and production uncertainties. The project document did not go through full revision and project implemented envisaged activities like action research. The renewed approach based on local potential such as the commercial production of papaya and field crops as well as managed harvest of fishery resources strengthened project's validity. Phase II project design continued to remain valid until its completion.

Effectiveness: The evaluation found that the project was effective in achieving intended outputs, outcomes and objective as per revised implementation strategy. It helped the local communities to rebuild their livelihood options through production, the harvest of fishery resources, and employment in decent work with the technical and marketing support from the government agencies. It also helped the producer groups to organize as cooperative societies or associations, thereby lowering the marketing transaction costs for the producers. Initial focus on supporting strengthening rice milling, followed by the introduction of papaya and other field crops was appropriate for the farming communities and others dependent on it. Similarly, support for fishing including subsidized access to fishing boats proved effective in strengthening livelihoods in local fishing communities. Similarly, project's support for a social enterprise involved in roasting and packaging spices and chilli was effective in ensuring employment to vulnerable women, including widows and persons with different abilities.

Overall, there is a high level of confidence among beneficiaries and local stakeholders, which indicates adequate empowerment through income and employment opportunities. Similarly, the level of trust and business environment has improved and the barrier between the ethnic communities are rapidly coming down. However, in the absence of adequate data, it is premature to conclude that similar interventions without subsidy will

be able to deliver similar benefits. On the other hand, the level of coordination and cooperation among different development partners continues to remain fragmented and poses a challenge for the communities going forward. In addition, project support for gender mainstreaming came much late with limited benefits because a significant portion of economic development initiatives took place during Phase I. Available evidence suggests that gender has been gradually mainstreamed but still remain far from a desirable level.

The efficiency of resources used: The evaluation assesses project to be less than efficient on the account of one-year implementation delay and cost overruns associated with the delays. ILO could have minimized the initial implementation delays by advance action on recruiting an equally qualified CTA. The project fully utilized allocated funding and accessed additional funds from the LED project. It could have adopted a systematic financial planning. Due to operations in a post-conflict environment, the cost of aid delivery proved high (54 cents per dollar aid), but ILO's unique comparative advantage in engaging with tripartite mechanism filled the vacuum left by other development partners. The project did not directly mobilise additional financing with the exception of USD 1.4 million for LED project from DFAT. Nevertheless, the positive impression created by the project encouraged other development partners to remain engaged with the government in supporting other communities outside the project's operational area.

Sustainability: The evaluation concludes that most of the project benefits are likely to be a sustainable post-June 2016., subject to viability test on producer cooperatives. The positive outlook relies on the active participation of private sector businesses like CR Exports, Taprobane Seafood crabmeat processing factory and the Sivanarul social enterprise. Moreover, the level of confidence demonstrated by the beneficiaries across all economic development activities is promising as well as encouraging from a sustainability point of view. They expressed confidence in their position to continue with project activities without further support from ILO CO or the project. The producer groups that not directly linked or have no forward purchase agreement are able to negotiate fair prices for their produce without project's

support. Overall, evaluation concludes that the project has contributed to local empowerment in a tangible manner and it has strengthened the ownership and confidence in undertaking viable economic development activities.

Although not directly linked to the project, with the advancement of information and communication technology, active groups like papaya and fisheries cooperatives are able to access market information using mobile and smart phones. While no official records are readily available, most of the workers are reportedly getting Rs 16,000 – Rs 40,000 in monthly salaries and allowances based on experience and loyalty, which is considered fair wages based on prevailing local conditions. The project has provided a strong foundation for the local communities to sustain their livelihood well beyond June 2016. There are, however, some challenges beyond the control of beneficiaries such as encroachment by foreign trawlers in fishing, which would have a longer-term impact on fish stock and production uncertainties due to erratic weather patterns, which may lead to large income variation over time, unless alternative arrangements made.

LED Project

Relevance and Strategic Fit: The project was relevant to the Eastern Province to revive the local economies from both supply and demand side. The project design also was consistent with DFAT's Sri Lanka ACRP3 and contributed to three key result areas. The project design acknowledged and accorded high priority to gender, inclusion and partnerships issues along with poverty reduction. The design strategy was in line with the LEED project. It was also consistent with DWCP (2013-2017), UNDAF (2013-2017), ILO Country Programme Outcome, government's tourism development policy and local and regional development policies. The design also relied on private sector participation supported by local government units.

Validity of Project Design: The project design was valid because it aimed to support to conflict-affected groups, including women, female heads of households, people with different abilities, and the poor in the two districts of the Eastern Province, adversely affected not only by long conflict but also by natural disasters including tsunami and floods. The partnership approach

for economic development was valid in project design. It also recognized challenges in gender mainstreaming in tourism activities. The evaluation suggested that project's conceptual model was sound but it was overambitious for implementation within planned 18 months. The project design overestimated stakeholders' absorptive and delivery capacity since tourism promotion was relatively a new venture in the area. It did not adequately account for institutional capacity assessment at the local level and proposed monitoring and evaluation arrangement was underfunded and inadequate to regularly monitor and report progress with no baseline data.

Effectiveness: The evaluation assesses that the project has been less than effective. Since most of the initiatives are in the infancy stage, project's achievement of outcomes and objectives are limited. Nevertheless, there is only anecdotal evidence that at least some of the initiatives will come to bear fruit. The marketing linkages for the fruit growers with tourism outlets is not well developed and thus the growers face risk associated with price volatility. Homestays are an added option for tourists where there are plenty of private guesthouses are on offer. Homestays initiative covered a wide range of accommodation but there has been a lack of focus in terms of clientele groups. The low occupancy rate is less encouraging and targeting has not been effective. The project design based on a three-track strategy proved difficult to implement due to inadequate coordination among different stakeholders and it appeared to be a very small intervention in wider district and provincial development plan with little incentives for concerned agencies.

Efficiency in Resource Use: The evaluation assesses the efficiency in resource use less than efficient. The tourism-associated initiatives had fixed amount contract and no need for resource reallocation had emerged. A low fund disbursement is associated with delays in fully accomplish intended activities. ILO CO mobilized LEED project's experienced staff during the last six months of the project. This was efficient move because the recruitment of new staff after the departure of the National Project Manager was not feasible during the remaining life of the project. Initial engagement of experienced travel agency (East N' West) and

established Jet Wings Hotel for training proved efficient. Contract services and procurement of equipment and materials was helpful in ensuring efficient use of project resources. Since the project has been on the ground for a short duration, its visibility and mark on the local community were limited. While it has gained goodwill from the local stakeholders, it was not able to mobilize additional funding. Several initiatives under the project are at an infancy stage and hence their efficiency gains are likely to be relatively low unless other stakeholders including local governments make serious concerted efforts.

Recommendations (both LEED and LED)

1. Take stock of the status and conduct viability assessment of all cooperative societies/ beneficiary groups/ associations and stand-alone enterprises.
2. Further, strengthen value chain at the source by promoting value addition to primary produce at the source and encouraging processors to relocate closer to the production base.
3. Support capacity development and service facilitation and eliminate direct capital subsidy with the exception of social protection.
4. Promote strong linkages and cross-collaboration among ILO-CO Colombo projects, where feasible.
5. Produce appropriate knowledge products and disseminate widely across the ILO system and web-based open access form.
6. Allocate adequate ILO CO staff time for regular monitoring and supervision through individual work programmes.
7. Approve projects with realistic implementation period and budget.
8. Use small-scale funding for piloting new ideas or scaling up existing potentially successful projects.
9. Require projects to conduct baseline survey and document pre-project scenario before launching project activities so that project management and external agencies can monitor, document and analyse development effectiveness and value for money.