



International
Labour
Organization



MARKET SYSTEMS
DEVELOPMENT FOR
DECENT WORK

► The Enter-Growth Programme: A Decade On

Sarah Barlow & Rachel Shah
Springfield Centre
April 2020



▶ **The Enter-Growth Programme: A Decade On**

Sarah Barlow & Rachel Shah
Springfield Centre
April 2020



Table of contents

Acknowledgements	6
Glossary	7
Executive Summary	8
Introduction	10
1. Defining Sustainability	13
2. Approach	17
3. Findings	21
3.1 Ornamental fish in Polonnaruwa	22
3.2 Floriculture in Kurunegala	27
3.3 MSE Forums	33
4. Lessons	39
4.1 Lessons that relate to achieving sustainable impact	39
4.2 In relation to undertaking long term sustainability assessments	41
Conclusions	44
Annexes	
Stakeholders met and interviewed	46
Example: Results chain for the ornamental fish sector	48
Example: Excerpt from the data analysis exercise for the ornamental fish sector	50
Summary of generic sustainability questions used in the Enter-Growth assessment	54

Acknowledgements

The assessment team would like to thank all those who took the time to meet with us and take part in the surveys, sharing their views and experiences. We are grateful to the former Enter-Growth Project Manager and Chief Technical Director, as well as former team members, who provided substantial support to the process, with considerable flexibility,

efficiency and patience. Both reports from this assignment have benefited enormously from a peer review by Rob Hitchins of the Springfield Centre. Lastly, we would like to thank The Lab project at the ILO for initiating and supporting this assignment.

Glossary

Behaviour change: A change to a player's behaviour. For the sake of this report, this includes changes to individuals', firms' and government bodies' behaviour. It is common that changing the performance of a function requires multiple behaviour changes.

Function: a function is an aggregated set of actions that fulfil a purpose, generally by supplying something for which there is a need and/or a demand.

Inclusivity: improving the breadth of who benefits from how a system works. In development, inclusivity is defined in relation to the programme's goals and target groups, and often refers to inclusivity in terms of economic poverty (income and employment), gender, disability, and ethnicity.

LOCA: Local Competitive Advantage (sometimes referred to as PACA) is a local economic development methodology developed by Mesopartner.¹

LVCD and RVCD: Local Value Chain Development and Regional Value Chain Development. Enter-Growth developed a participatory value chain analysis and development tool, which was used by key partners. The original local version of this tool was later adapted to cover a larger regional focal area.

Market Systems Development (Approach): a set of principles, frameworks and good practices that guide both analyses of market systems and design and implementation of development interventions in order to achieve the twin and complementary ambitions of scale and sustainability of results.

Performance of a function: refers to the quality, quantity, rate or timing of a function's outputs² (particularly relative to what else is available) and to how they impact on inclusivity (who benefits from those outputs). Function performance is defined in relation to the programme's focus, i.e. an 'underperforming' function may be considered underperforming because it is not inclusive of the programme's target group, even if it is inclusive of other marginalised demographics.

Resilience (of a function or system): the capacity of a function or system to recover from or adapt to changes that threaten or undermine its performance.

Rule: a rule is a formal or informal control that strongly defines incentives and behaviour of market players in market systems.

Scale: refers to increases in the number of people (or firms, or organisations) who adopt a particular behaviour change, or who benefit from the way a system or function performs. In Market Systems Development, sustainability is expected to lead to scale over time, and scale is also expected to strengthen sustainability. It is important to note that scale is context-specific and varies according to different economies and sectors.

System, or market system: a multi-function, multi-player arrangement comprising the core function of exchange, and the supporting functions and rules which are performed and shaped by a variety of market players.³

¹ For more information see <https://www.mesopartner.com/knowledge-resources/methodologies/paca/>

² Lomax, J. Mechanisms of Social Change: Outline of a conceptual framework. 2018. Available at: https://www.researchgate.net/publication/327883903_Mechanisms_of_Social_Change_Outline_of_a_conceptual_framework (see p. 9)

³ The Springfield Centre. The Operational Guide for The Making Markets Work for the Poor (M4P) Approach. Second Edition. 2015. Available at: <https://www.springfieldcentre.com/the-operational-guide-for-making-markets-work-for-the-poor-2nd-edition/>

Executive Summary

The ambition to achieve sustainable outcomes, at scale, drove the development of the market systems development (MSD) approach. This is what underpins the methodological frameworks in MSD and is the key justification for the additional effort, resources and time typically needed to implement a systemic approach. However, to date, very little attention has been paid to assessing sustainability.

Most development practitioners have stopped assuming that ‘good’ development work necessarily achieves poverty reduction, and considerable work has gone into rigorous measurement – not only to evaluate impact, but also to inform implementation practices in real time. In the same way, we should not assume that MSD and other systemic approaches necessarily result in sustainable outcomes; there is a similar benefit in understanding what works and doesn’t work from a sustainability perspective in different contexts. Less effort has gone into measuring what, if anything is sustained beyond the lifespan of development programmes⁴ and few funders or implementers set aside resources for an independent assessment of sustainability after a programme has closed.⁵

The overall purpose of this assignment is to investigate the sustainability of selected outcomes of the Enter-Growth programme – ten years after it closed. As such, it is a rare and exciting opportunity to assess whether development outcomes have been sustained long after a programme has ended. Enter-Growth was a local enterprise development programme in Sri Lanka, implemented by the International Labour Organization (ILO) and funded by the Swedish International Development Cooperation Agency (Sida); it ran

for only four years, up to 2009 with a budget of US\$5m. The Enter-Growth programme was not conceived as a market systems development initiative. However, while some discrete intervention areas used a direct delivery approach⁶, many aimed to act as a catalyst for sustainable change, adopting what Enter-Growth termed a ‘light touch’ approach, and providing minimal direct funding.

In addition to the actual assessment of the sustainability of a selection of outcomes achieved by Enter-Growth, a key aspect of this assignment was to test under what conditions it is feasible to evaluate sustainability in the long term. From this process the Assessment also hoped to learn more about what factors contribute to, or hinder sustainability. To this end, and as a first step, an approach was developed for ex-post sustainability assessments of programmes using systemic approaches. This was then applied to Enter-Growth.

The Assessment adopted a purposefully stringent definition of sustainability for this assignment, as discussed in section 4: *the capacity and incentives within a given system to continue to adapt and provide the means by which poor or otherwise disadvantaged women and men access benefits, independently of aid funding, on an ongoing basis.*⁷ Systems are dynamic, so, from a systems perspective, sustainability cannot be defined as the static maintenance of a set of behaviour changes over time. To be truly sustainable, a set of behaviour changes in a system must first be able to deliver a desired benefit without external support and then be able to adapt and evolve such that benefits are sustained even in the face of changing conditions, shocks or other threats. The goal of sustained

4 Bailey H and Sutherland Z, ITAD Lessons from an ex-post evaluation – and why we should do more of them. 2019. Available at: <https://www.itad.com/lessons-from-an-ex-post-evaluation-and-why-we-should-do-more-of-them/>

5 For the Donor Committee for Enterprise Development (DCED) recommendations on this, see The DCED Standard for Measuring Results in Private Sector Development, Version III (2017) Available at: https://cdn.enterprisedevelopment.org/wpcontent/uploads/DCED_Standard_VersionVIII_Apr17.pdf

6 For example, the Palama Forum Theatre intervention, which aimed to change negative attitudes to entrepreneurship and was not intended to be sustainable.

7 This definition is based on the definition found in The Springfield Centre, The Operational Guide.

systemic change is for a system to work differently than it used to, in such a way that it no longer perpetuates an identified problem (such as poverty, exclusion, or inequality). Instead, it resiliently continues producing specified benefits, even as the players, their behaviours and their relationships to one another, shift and change.

In terms of Enter-Growth, this assessment finds that a substantial number of the behaviour changes introduced in the selected intervention areas have been sustained. For instance:

- ▶ The Sri Lankan Export Development Board (EDB) continues to invest heavily in the floriculture sector;
- ▶ NAQDA (the National Aquatic Research and Development Agency) continues to provide training to an increasing number of small scale ornamental fish growers; and
- ▶ In Anuradhapura district, a Micro and Small Enterprise (MSE) Forum continues to facilitate public-private dialogue at a vastly improved level from when the programme started.

If this assessment had been undertaken four years after the programme ended (arguably a reasonable time period for assessing sustainability) there would be a longer list of sustained behaviour changes, including the establishment and funding of Bingirya Collection Centre that improved the floriculture system for over 200 growers and other players, but has since closed.

That these changes have persisted for this length of time might be viewed as positive, in isolation. However, the sustained behaviour changes instigated by Enter-Growth have not, on the whole, improved the performance of targeted functions in the selected systems, or made them more resilient or inclusive. For instance, while NAQDA continues to provide training to ornamental fish growers, virtually no other training providers have emerged, and technical knowledge remains a critical constraint in the sector.

The Assessment was not able to assess the sustainability of Enter-Growth's impact on MSEs due to insufficient data from the programme period (see Introduction). As such it is not possible for us to reach a firm conclusion

on the feasibility of ex-post sustainability assessments. However, the experience from this assessment, which evaluates the sustainability of changes facilitated by Enter-Growth within targeted systems, suggests that certain conditions need to be in place to be able to conduct ex-post sustainability assessments of systemic change programmes. These include:

- ▶ the programme having had a comprehensive and credible MRM system in place, with strong evidence of impact, and clearly articulated theories of change;
- ▶ that it is possible to access stakeholders and programme partners (this means having someone on the team with excellent local and programme knowledge and good contacts); and
- ▶ that the assessment takes place in a reasonable time period after the end of the programme – in most contexts this means an initial assessment after two to three years.

It is important to note that a great deal of thinking, testing and learning has happened in development since Enter-Growth was implemented. Encouragingly some of the practical development lessons derived from this assessment provide empirical evidence for what is increasingly understood to be good development practice, including:

- ▶ planning for sustainable outcomes from the start of a programme;
- ▶ mitigating the risks of an overly participatory approach (such as overly focusing on powerful stakeholders' perspectives);
- ▶ applying a facilitative (Enter-Growth called this a 'light touch') approach consistently; and
- ▶ taking a systemic approach to the design and implementation of interventions.

Lastly, perhaps the most important conclusion from this assignment is that it is long overdue. Applying the practical lessons from this process to more, and more recently ended, programmes is an important next step that will help with designing and implementing programmes to achieve sustainable outcomes.

Introduction

In recent years, more attention has been paid to sustainability⁸, and in systemic change programmes considerable effort is being made to develop and implement approaches that incentivise sustainable outcomes⁹. However, less effort has gone into measuring what, if anything, is sustained beyond the lifespan of development programmes, so there is little empirical data on how well these approaches work. The Donor Committee for Enterprise Development (DCED) Standard recommends assessing impact two years after the end of an intervention¹⁰ – and whilst programmes generally intend their results to last for longer, few funders or implementers set aside resources for an independent assessment of sustainability even two years after a programme has closed, let alone in the longer term. This is likely to have consequences for how sustainability is prioritised during programming¹¹.

Box 1 The Enter-Growth Programme in a nutshell:

Enter-Growth was a US\$5m local enterprise development programme in Sri Lanka, which ran from June 2005- September 2009. It was funded by Sida and implemented by the ILO. Enter-Growth aimed to ‘contribute to the generation of pro-poor economic growth and quality employment for poor women and men in the North West and North Central provinces.’ It initially followed a Local Economic Development methodology, and for much of its work it adopted what it called a ‘light-touch’ approach in order to initiate sustainable change. As it progressed, Enter-Growth adopted selected aspects of systems approaches, and incorporated a value chain development methodology, whilst retaining its local, participatory emphasis. The intention was for Enter-Growth’s impact to be sustained; its Overall Development Objective included a poverty reduction indicator to be measured two to three years after programme completion.

This assignment is a rare attempt to assess sustainability long after the end of a programme. Its purpose is to investigate the sustainability of selected outcomes of the Enter-Growth programme, ten years after it closed. Enter-Growth was a four-year programme working in four districts in Sri Lanka, that drew on participatory approaches to economic development¹² and, as the programme progressed, increasingly applied principles drawn from the market systems development (MSD) and value chain development (VCD) approaches. The programme used LOCA¹³ and value chain analysis at district and provincial levels to identify and address constraints to Micro and Small Enterprises’ (MSEs) growth and productivity. A major Enter-Growth initiative was its support for the establishment of an MSE Forum in each of the four districts in which it operated. These were largely a mechanism for stimulating public-private dialogue with a view to improving the business environment for MSEs.

There are a number of characteristics of Sri Lanka, both at the time Enter-Growth was being implemented and now, which were taken into account for this assessment. These include:

- ▶ Sri Lanka is a middle-income country. At the start of Enter-Growth Sri Lanka experienced stable economic growth (between 6 and 6.8% per year in the period 2003-7¹⁴), and it had a relatively low incidence of poverty. Education levels were (and still are) very high with a literacy level of 91% in 2006¹⁵.
- ▶ At programme inception peace negotiations were ongoing, but the long-lasting conflict in the North East of the country resumed during the programme period. The subsequent insecurity impacted life across the island; the Asian Development Bank

8 Taylor, B, The Springfield Centre. Who wants to give forever? Giving meaning to sustainable development. 2016. Available at: <http://www.springfieldcentre.com/wp-content/uploads/2016/11/2016-11-Who-Wants-to-Give-For-ever.pdf>

9 For example, The Systems Change Framework, outlined in The Springfield Centre, The Operational Guide, 2nd edition p27; Lomax 2020 The Antidote to Systemic Change Frameworks; Market Share Associates (2016) Disrupting System Dynamics.

10 The DCED Standard 2017

11 A blog co-authored by one of the authors of this report explores this problem: Shah, R and Seely,

12 Enter-Growth initially used an approach called LOCA, an adaptation of a methodology called PACA (Participatory Appraisal of Competitive Advantage), developed by Mesopartner (www.mesopartner.com)

13 LOCA is an adaptation of a methodology called PACA, or Participatory Appraisal of Competitive Advantage developed by Mesopartner (www.mesopartner.com)

14 World Bank Country Assistance Strategy 2009-2012. 2008

15 World Bank, cited in Sri Lanka Literacy Rate 1981-2020. www.macrotrends.net.

estimated a reduction in economic growth of 2% for every year of the conflict¹⁶.

- ▶ In the period before Enter-Growth was implemented, Sri Lanka had experienced two large influxes of international development assistance, in 2002 in response to a cease fire agreement, and in 2004/5, in response to the December 2004 tsunami disaster¹⁷.
- ▶ There is a high degree of government involvement in the Sri Lankan economy and the public sector is the dominant provider of support services to businesses.

Underpinning this assignment were four questions:

- ▶ What does sustainability mean in the medium to long term, particularly for programmes that have attempted to take a systemic approach?
- ▶ Is it feasible to evaluate sustainability in the longer term – and if so, how?
- ▶ What lessons, if any, can we learn or reinforce about improving sustainability outcomes?
- ▶ Were Enter-Growth's selected interventions sustainable?

To respond to these questions, an approach to long-term sustainability assessments was developed. The intention was not only to assess Enter-Growth, but also to develop an approach that can be adopted (and adapted) for use in similar exercises for programmes that have taken a systemic approach to development.

The final ToR for the assignment asks for three outputs with a break and decision point after delivery of the first output.

- ▶ Output 1: An approach for assessing sustainability in systems programmes, long after a programme's end;

- ▶ Output 2: The application of this approach, including fieldwork, to assess the sustainability of selected Enter-Growth interventions;

- ▶ Output 3: A final report collating the findings from Output 2 and incorporating key lessons and conclusions from this process.

The break point after the delivery of Output 1 determined whether a sustainability assessment of Enter-Growth seemed feasible and worth investing in. At this point it was determined to be worthwhile proceeding with the assessment despite some clear limitations. In particular, a lack of data generated from the programme period meant it would not be possible to assess the sustainability of *impact* on MSEs, such as increased sales or income. The assessment remit was thus revised and limited to evaluating whether behaviour changes instigated by Enter-Growth's interventions had been sustained and what, if any, impact these behaviour changes had on addressing the constraints originally identified. While this limited the scope of the assessment, the view shared by ILO and the consultancy team was that there remained value in learning what has happened since the end of Enter-Growth, albeit not at the beneficiary impact level.

This report covers the findings and lessons learnt from the experience of testing the newly developed approach to assessing sustainability. The bulk of the report summarises key findings from the assessment in three Enter-Growth intervention areas. The final sections present the key lessons derived from the assessment, both for improving the sustainability of outcomes, and for assessing programmes' sustainability, as well as the broader conclusions from this process.

The assignment took place in 2019, with fieldwork in Sri Lanka during October and November. It was commissioned by the ILO Lab and led by consultants from the Springfield Centre¹⁸, with support from the ILO Lab, and former senior managers of Enter-Growth. The views in this report are solely those of the consultants.

16 Reported in the ADB Country Partnership Strategy Sri Lanka 2009-11. 2008.

17 Harris, S, Feinstein International Centre. Humanitarianism in Sri Lanka: Lessons Learned. 2010. Available at: <https://fic.tufts.edu/assets/Sri-Lanka-Briefing-Paper.pdf>

18 The Springfield Centre conducted two reviews of Enter-Growth during its implementation period: a strategic review in March 2007, and a final review in April 2009; it also developed a case study of Enter-Growth, which was finalised in October 2009.



► Defining Sustainability

Sustainability is a much used and often mis-used term, meaning different things to different people. The term “sustainability” is variously used in development to mean that an impact for a given individual will last for that individual’s lifetime, that a business initiative or social enterprise perceived to generate benefits is commercially viable.

At face value, defining sustainability is straightforward – it simply means the ability to be sustained. However, what is often assumed, and far less often explicitly stated, is *what* exactly should be sustained beyond the period of a development intervention, for how long, and in the face of what kind of predictable and less predictable shocks or threats. In this context, the Springfield Centre’s definition for sustainability has been adopted and refers to *the capacity and incentives within a given system to continue to adapt and provide the means by which poor or otherwise disadvantaged women and men access benefits, independently of donor funding, on an ongoing basis*¹⁹. In other words, having changed a system to work in a way that is more inclusive or just, we want to ensure it continues to work in an inclusive way, even as the system and its context evolves.

In MSD or VCD approaches, systems are conceived of as a core set of actions (such as the production and exchange of ornamental fish) and the players that act (such as breeders, growers, traders and so forth), as well as of the multiple functions and rules that affect this core (such as coordination, supply of finance, transportation, regulations) performed by multiple players (such as associations, banks, government agencies and transport providers). Improving systems therefore means changing the way functions are performed, which in turn means altering the behaviour of players in the

system and the rules which influence them. “Sustainability” does not, therefore, refer to the persistence of any one **player**, but instead to the way systems, and the functions within them, work. This potentially incorporates the sustainability of both **behaviour changes** and of the **benefits** they produce, not only among the target group, but among multiple players in the system whose behaviour impacts directly or indirectly on the disadvantages being addressed. Implicit in this definition are the **incentives** and **capacities** of players within the system to change and maintain change.

A systemic approach to defining sustainability has implications not only for *what* is sustained, but also for *whom*: systemic change involves sustained behaviour changes and benefits for multiple types of players, not only an identified target group. To be considered systemic, those changes must also be sustained at scale (defined in relation to the system in question), not just for a small group of programme participants. This is not only because it is conceptually tenuous to consider changes ‘systemic’ if they occur in isolation; it is also because such changes are unlikely to last. The more a change spreads, saturating a relevant social or economic network, the more likely it is to last.

To be truly sustainable, a behaviour change or benefit must, by definition, also be resilient to shocks or threats. This complicates the definition, because any definition of sustainability in the context of systemic change needs to acknowledge that systems are inherently dynamic, and as a result both behaviour changes and the precise nature of the benefits they produce will grow, adapt and evolve over time in the face of changing conditions. For this to be achieved, the initial behaviour changes must be genuinely owned by players within the system,

19 This definition is based on the definition found in The Springfield Centre, The Operational Guide.

must reach scale (relative to the system), and must catalyse other, complementary changes. Otherwise, they are likely to dissipate in the face of threats, rather than evolve to continue producing the desired benefits.

Not all systemic change programmes achieve this goal of sustainable systemic change. It is important to be clear that the authors of this report (and the ILO Lab, which commissioned this assessment) have elected to apply an ambitious definition of sustainability, in order to fulfil the objectives of the assignment, and as a result Enter-Growth has been assessed through a uniquely rigorous lens.







► Approach

The Assessment used a four-stage²⁰ iterative approach for assessing sustainability of the outcomes of programme interventions many years after the end of the programme (see Table 1).

Table 1: The four-stage approach to assessing long-term sustainability

STAGE 1	Agreeing the focus of the assessment, using 5 key criteria
STAGE 2	A 6-step methodology: 1. Articulate results chains 2. Identify behaviour changes and functions 3. Compile available data 4. Assess feasibility 5. Formulate sustainability questions 6. Develop research plan
STAGE 3	Primary research
STAGE 4	Analyse results and assess sustainability

Stage 1: Agree a focus

With the help of the former Project Manager of Enter-Growth, the Assessment was able to retrieve a wide range of Enter-Growth reports and undertake an initial high-level review of what was available²¹. We also spoke to Enter-Growth's former senior management team. Enter-Growth was a remarkably active programme, involved in a substantial number of sectors and intervention areas. It was not practical to assess all of these areas, so we developed a set of criteria to identify the focus intervention areas for this assessment.

These were:

- Strong **evidence** of having generated benefits by the end of the programme. Alternatively, strong evidence of behaviour changes with a clear theory of change for how they could lead to benefits beyond the end of the programme.
- Minimal **donor activity** in the intervention areas after programme end.
- Sufficient **documentation**, supplemented if possible by access to programme staff, to be able to map the intervention strategy and to show both the behaviour changes that occurred and the resulting benefits.
- Likely access to the **main stakeholders** to conduct the relevant primary research.
- Potential for **learning**.

A long list of intervention areas was developed, and then assessed against the above criteria. Following discussions with the Lab, the Assessment identified three preliminary focal areas for the assignment: ornamental fish, floriculture, and MSE Forums, in the districts of Polonnaruwa and Kurunegala. The entrepreneurial skills intervention area was included as a backup option, in case it proved difficult to contact sufficient stakeholders in one or other of the three focal areas.

²⁰ The approach was initially designed as five stages, with the feasibility assessment as a separate third stage. In practice, we found that for the feasibility assessment to be of most value, it had to occur earlier, that is before time had been spent, and potentially wasted on the last two steps. This adaptation, as applied to the Enter-Growth assessment, is reflected in this report.

²¹ These included: original project documents, baseline reports, impact studies, research reports and assessments, intervention reports and progress reports, internal and external review documents, a case study and the programme's final evaluation.

Stage 2: A six-step methodology

In stage 2, we applied our six-step methodology to each of the three focal intervention areas. Enter-Growth, operating over ten years ago, had not adopted the frameworks and techniques typically used as standard in recent MSD programmes. With the help of former Enter-Growth management, we were able to reconstruct some of these, to some degree post-rationalising the thinking at the time. This would not be necessary for a sustainability assessment of more recent MSD programmes.

Step 1: Articulate results chains

We were able to use the available documentation to construct results chains, showing the intervention logic connecting behaviour changes and impact for each of the three selected areas. Annex 2 includes the results chain for floriculture as an example to illustrate this process. These results chains represent our understanding of the programme's actual activities and results, rather than its logframe targets, constraints analysis or intended theory of change. Enter-Growth's former management reviewed and commented on drafts of these results chains.

Step 2: Identify behaviour changes and functions

Although Enter-Growth reports rarely describe changes in terms of 'function performance', using the results chains developed in Step 1 it was relatively straightforward to identify the functions that Enter-Growth, MSE Forums, LOCA teams and VCD teams aimed to influence, and how they related to one another. The specific behaviour changes were identifiable from the results chains themselves²².

Step 3: Compile available data

Enter-Growth documents were reviewed for data that correlated to each results chain box, for each intervention area. During this process, the Assessment attempted to rate the reliability of the available evidence. This process helped assess the range and depth of data available, and crucially where there were evidence gaps and weaknesses. To illustrate this process, an excerpt from the output from the data analysis

exercise for the ornamental fish sector is shown in Annex 3.

As previously noted, for all the priority intervention areas it was particularly difficult to compile data for Enter-Growth's impact on the following two dimensions:

- ▶ **Impact at the poverty-reduction level:** Enter-Growth commissioned large-scale baseline and end-line studies that provided data relevant to many of its poverty reduction indicators. However, this data was collected at the division level (i.e. geographically), and was rarely tied to any specific intervention areas or even sectors. Consequently, and as was noted at the time, there was little evidence by which observed changes could be attributed to Enter-Growth interventions.
- ▶ **Function performance:** Although it was straightforward to identify the functions Enter-Growth and its partners worked on, it was not always clear what, if any, other constraints (in addition to those which interventions addressed) affected a function's performance. Data on functions' overall performance is rarely presented in Enter-Growth documentation.

Step 4: Assess feasibility

Having assessed the quality of data available for each of the changes identified, it was possible to assess the feasibility of proceeding with specific interventions. By this point, it seemed feasible to assess the sustainability of behaviour changes for several functions in three intervention areas, noting significant data limitations remained. It was clear, however, that absent or weak data meant that it was not possible to investigate the sustainability of poverty reduction for any of the intervention areas. While this limited the scope of the assessment, it was determined worthwhile to proceed with the assessment given that there would likely be useful learning about the sustainability of Enter-Growth's work at the function level, and also from the experience of putting this new approach into practice.

22 Once we were in Sri Lanka, we found that there were a few discrepancies between what actually happened and what was recorded in some of the reports; we therefore updated these functions and the associated intended behaviour changes.

Step 5: Formulate sustainability questions

We developed a set of generic sustainability questions for each of the behaviour changes and benefits outlined in Step 2²³. Annex 4 summarises those we used for this assignment. As noted earlier, we weren't able to answer questions about impact level changes. We were also unable to assess scale beyond the Enter-Growth districts due to fieldwork constraints, particularly time, budget and stakeholder availability.

Step 6: Develop (and ultimately implement) a research plan

A research plan was developed in close collaboration with the former Enter-Growth Project Manager. The plan incorporated:

- ▶ A list of the *key stakeholders and informants* we hoped to meet.
- ▶ A *schedule* with those appointments that could be made in advance and with space for those that needed to be fixed nearer the time. With such a long gap after the programme ended, this was not easy; it required good local connections, a high degree of social capital and a great deal of flexibility to respond to new information and make the most of interview opportunities as they emerged. The full list of those interviewed is included in Annex 1.
- ▶ A set of *research issues* to cover with each stakeholder group in each intervention area and to guide interviews. These were based on the sustainability questions outlined in Step 4. The research issues were adapted and refined during the research process.

The original plan was to use focus group discussions with MSEs combined with semi-structured interviews for other stakeholders. In practice, as focus groups proved difficult to organise, semi-structured interviews were conducted for both MSEs and other stakeholders, supplemented with a mini survey of growers in each of the two selected sectors, floriculture and ornamental fish. Box 2 outlines the rationale, and process used, for the surveys.

Stage 3: Primary research

The fieldwork for this assignment took place in Sri Lanka during the two-week period from 27 October to 8 November 2019. The primary focus was Polonnaruwa and Kurunegala districts, with some additional interviews in Colombo. Towards the end of the fieldwork we learnt that the MSE Forum in Anuradhapura district had fared better than the Forums in the focal districts. In accordance with our research approach, which was designed to be responsive to emergent realities in the field, we amended the schedule so that we could visit Forum members in this third district.

Stage 4: Analyse results and assess sustainability

We used the findings from the fieldwork, in combination with the review of Enter-Growth reports and conversations with Enter-Growth's ex-management, to answer the questions in Annex 4 and make an overall assessment of sustainability. This was done function-by-function, for each intervention area.

Box 2: Two mini surveys of growers in the floriculture and ornamental fish sectors

The main purpose of the surveys was to understand what growers view as the constraints in their sector, what their current practices are, how these have changed (or not) in the last 10 years, and why. The questionnaires were initially piloted with 5 respondents for each sector, and then adapted and modified to take account of the learning from this process, before rolling out to a sample of 25 growers for each sector. It was not feasible to take a randomised sample as we were unable to access lists of growers, and they are scattered geographically. Instead, the researchers resorted to using referrals from government bodies as well as their own contacts to recruit respondents. Every effort was made to include a diverse selection of growers, including men and women, a spread of small and medium-sized farms, those based in urban and more rural geographies, and those who had been in business during the Enter-Growth period as well as newer entrants. The results from this survey have been incorporated as appropriate in the Findings section of this report.

23 Adapted from the System Change Framework used in many MSD programmes, and commonly referred to as AAER or Adopt-Adapt-Expand-Respond.



► Findings

The Enter-Growth programme was not conceived as a market systems development initiative. However, while some discrete intervention areas used a direct delivery approach,²⁴ many aimed to act as a catalyst for sustainable change, adopting what Enter-Growth termed a 'light touch' approach, and providing minimal direct funding. From 2005 to 2009, it was one of only a few programmes applying such an approach. Initially the programme used LOCA, a participatory approach to local economic development,²⁵ to identify and address constraints to MSEs' growth and productivity. The emphasis in the LOCA approach is on achieving visible quick wins to motivate local players to get and stay involved in instigating change. About halfway through the programme, Enter-Growth shifted its focus from LOCA to value chain analysis and development²⁶, developing its own methodology which combined the participatory LOCA exercises with a VCD perspective on systems. These exercises were conducted at both the district and provincial level and called Local Value Chain Development (LVCD) and Regional Value Chain Development (RVCD), respectively. Both sectors selected for this assessment were subject to at least one of these value chain exercises and these were a key mechanism used by the programme to facilitate change.²⁷

Across its four focal districts, Enter-Growth trained seventy-nine facilitators in the LOCA and VCD approaches, the majority employed by government in a variety of agencies. Of the government staff trained in Enter-Growth's

VCD and LOCA methodologies, two or three, in each of the districts visited, are still active and reported using VCD to analyse a small number of other sectors in the immediate years after Enter-Growth ended. We also heard from a former officer who had been trained in LOCA and reported using some of its participatory techniques in other work contexts, particularly when training entrepreneurs. There has been an attempt to pass on these skills and knowledge to other government officers, but this does not appear to have produced more use of the methodology. None of the sectors selected during the programme period have been subjected to follow-up VCD analyses. As a mechanism for identifying constraints and encouraging change and investment, neither VCD nor LOCA have been strongly adopted.

A major Enter-Growth initiative was its support for the establishment of an MSE Forum in each of the four districts in which it operated (in Polonnaruwa, the Forum was called a 'District Enterprise Forum'). These forums consisted of representatives from government, private sector, and non-governmental organisations (NGOs) and were intended to stimulate increased public-private dialogue and to achieve improvements in the environment for businesses in the district. They were involved to varying degrees in selecting, driving and ultimately owning many of Enter-Growth's interventions, and as such they underpinned many of Enter-Growth's achievements, described in

24 For example, the Palama Forum Theatre intervention, which aimed to change negative attitudes to entrepreneurship and was not intended to be sustainable.

25 LOCA is an adaptation of a methodology called PACA, or Participatory Appraisal of Competitive Advantage developed by Mesopartner (www.mesopartner.com)

26 The programme uses the term "value chain development" and the acronym VCD to refer to a range of activities including those more commonly called value chain analysis. For the sake of simplicity, and consistency with Enter-Growth documentation, we follow this practice here.

27 Enter-Growth used a combination of local and regional value chain analysis and development, the former influenced by aspects of the LOCA approach.

the final evaluation as “...a key and unifying success...” of the programme.²⁸

This section summarises what Enter-Growth did in each of the three selected intervention areas, floriculture, ornamental fish and MSE Forums in Polonnaruwa and Kurunegala districts, and the main findings from our assessment of sustainability for each of them.

3.1 Ornamental fish in Polonnaruwa

Introduction to the ornamental fish (OF) sector

The ornamental fish (OF) sector has been on a steady growth trajectory, largely driven by increases in domestic and international demand. In 2009 OF exports totalled USD 8.52m, rising to 16.05m in 2018 (an estimated 70% of these are fresh water).²⁹ Polonnaruwa district is a key producer of fresh water OF, specialising in important species for both domestic and international markets, such as goldfish, carp and angel. Recent sector growth has been characterised in Polonnaruwa by a substantial increase in new, primarily small-scale growers,³⁰ and to a lesser degree, improvements in existing grower capacity. There are widespread reports that supply has increased but that quality and the ability to respond to growing demand for new varieties, has not developed. Prices have stayed fairly static; this is partly blamed on the increase in supply in the absence of improvements in quality and new species.

Demand-driven growth has been enabled by improvements in the business environment, such as in the road network and export facilities at the airport, better security (and fewer related transport delays), and greater access to information through the internet. Sector

growth has also been supported by government agencies. This support has been in the form of free technical training for growers, matching grants to support farm set up (in part funded by international donors), and increased availability of water for ornamental fish farms in some areas. It is not clear that government support has always been helpful in the long term. There are signs of substantial distortion with reports of grants crowding out financial services providers (according to a financial service provider), the provision of subsidised equipment crowding out equipment suppliers, and widespread concerns about government support being captured by the elite and undermining sector associations.

The OF sector appears to provide an acceptable income to growers, spread across three or four cycles per annum. However, in recent years, the combination of static prices and increasing production costs is undermining profits. Interviewees also mentioned occasional difficulties in selling, which means keeping and feeding the fish for longer, which also undermines profits. All the growers interviewed preferred OF to paddy cultivation and other uses of the land, but some choose to combine OF with other products – paddy, papaya, banana and so forth.

A common view amongst stakeholders, including exporters, large-scale growers and the Export Development Board (EDB), is that for the existing fish species and quality, the market has reached or is close to saturation. Interviewees suggested that international markets now provide the best, if not the only, opportunity for further sector growth, and that improvements in quality and greater species variety are essential for exploiting this potential and for achieving better prices.

28 Barlow, S, Kothalawala J, and Van Der Ree, K Final Evaluation of Enter-Growth Project Sri Lanka. April 2009. Page 27.

29 Sri Lanka Export Development Board. www.srilankabusiness.com/aquariumfish/aquarium-export-performance.html There was a dip in exports in 2019, to USD 10.05m, possibly due to a wider economic downturn after the terrorist attacks in April 2019.

30 Data on the OF sector is scarce, but this view was almost unanimous amongst the key informants interviewed. The former President of the Polonnaruwa District OF Association suggested that the number of growers has more than doubled since 2009, and the head of the NAQDA training centre talked of a substantial growth in the sector since training started in 2007.



Enter-Growth Interventions

In 2006, Enter-Growth initiated and supported a local value chain development (LVCD) process, involving district level stakeholders and conducted in collaboration with the District Enterprise Forum.³¹ The LVCD exercise helped identify priority constraints that the LVCD team and stakeholders used to select four main areas for intervention: training, association development, market information, and financial aid (MDF, September 2008). This section of the report considers these main intervention areas within the three system *functions* that they were aiming to change and strengthen: **technical skills and knowledge**, **advocacy** (which in this case includes increasing government provision of financial aid), and **coordination**.³²

The LVCD highlighted the importance of these areas and stimulated increased investment by key players, who were primarily government

agencies. In the **technical skills** function, Enter-Growth funded some growers to attend training provided by the National Aquatic Research and Development Agency (NAQDA), but the bulk of funding came from agencies such as the Export Development Board (EDB). In the **advocacy** function, Enter-Growth supported the establishment of the District Enterprise Forum, hereafter known as 'the Forum,' and the establishment of the District Ornamental Fish Association (DOFA) which involved growers, collectors, NAQDA, the EDB and the Fisheries Ministry of the North Central Province. In addition, many of the issues that emerged as the focus for advocacy came from the original LVCD process. In the **coordination** function, Enter-Growth supported the establishment of DOFA with training and ongoing guidance. Table 2 summarises the achievements during the programme period for each of these three functions.

31 As part of this Enter-Growth funded the training of 10 staff from different organisations in the VCD process. Half of these were from government agencies.

32 Market information was also one of the key functions identified but as far as we could ascertain, the key intervention that was planned to address this function, the NAQDA Information Centre in Polonnaruwa, was never established. As such it was not possible to assess its sustainability, but it is clear that limited market information remains a key constraint, mentioned to us by the majority of stakeholders interviewed.

Table 2: Summary of achievements in the ornamental fish sector

FUNCTION DEFINITION	CHANGES/ACHIEVEMENTS BY PROGRAMME END
TECHNICAL SKILLS AND KNOWLEDGE: the technical information, 'know how' and skills, in relation to growers': ▶ Growing techniques ▶ Effective use of inputs and equipment ▶ Knowledge of how to improve productivity and 'trouble shoot' ▶ Knowledge about growing new varieties	The primary achievement was increased awareness of the need to improve growers' technical know-how, which stimulated a) NAQDA to expand its delivery of technical training, and b) other government agencies, such as EDB, and the Fisheries Ministry of N/W Province, to fund growers to attend the training - 700 attended in 2007. There was no recorded change in behaviour by any other players, including in the private sector. Fingerlings (of primarily conventional species) now bred by larger growers in the district, whereas previously they had been bought from suppliers in other districts.
ADVOCACY: public-private dialogue (PPD), leading to improved understanding between key players (public to private but also within these groups); the identification of key sector constraints; and ultimately tangible changes enacted by key players that address these constraints. An additional aim, that falls within 'advocacy' was to increase government interest and support for the OF sector.	▶ Before this intervention, there was minimal PPD and relationships between the public and private sector were characterised by misunderstanding and limited trust. ▶ Both the Forum and DOFA were established with public/private membership and remained active during the programme period, typically meeting monthly. ▶ Both the Forum and DOFA engaged in advocacy activity to address issues identified by the VCD and that emerged during regular Forum and association meetings. ▶ PPD improved '...the Forum was a bridge between MSEs and government....' (former Forum member) ▶ Several issues were addressed during the programme period, with reasonable success, including: - Airport customs/security clearance – reducing export delays from a reported 4-8 hours, through the introduction of a Green Channel. <i>Achieved with support of other players</i> - Domestic transportation – reducing checkpoint delays causing high levels of fish mortality <i>Partially achieved</i>. - Water access – enabling use of water for OF farming. <i>Partially achieved – depending on location</i>. - Establishment of a district export zone, to facilitate exports and increase the value achieved by farmers. <i>Not achieved</i> - Increased government support, including financial aid, for the OF sector. <i>Mostly achieved, with support provided for training and grants for set up; and greater involvement of EDB.</i>
COORDINATION: effective and regular coordination between stakeholders in order to: ▶ Reduce the power of middlemen ▶ Increase bulk buying and selling to benefit growers	▶ DOFA was established with range of members from the sector, both public and private. ▶ Linkages and coordination were improved by DOFA with support from different government agencies. Key activities included trade fairs and exhibitions, international study tours, linkages with NAQDA and other programmes to improve access to technical training, and access to government subsidies and matching grants. There were reports that the Association helped maintain prices, but not of bulk buying of inputs.

Sustainability Assessment

This section describes the findings of the sustainability assessment for each of the three priority functions.

Function 1: Technical skills and knowledge

Sustainability of behaviour changes

NAQDA has continued to provide and expand its training services to growers, and a more limited number of breeders, and a range of government agencies has continued to subsidise

grower attendance. In this regard, both behaviour changes appear to have been adopted by the original partners. Our research found that the majority of growers in Polonnaruwa have received the basic NAQDA training (80% of our survey respondents said they had received formal training, mostly from NAQDA, and 53% mentioned NAQDA as a source of advice). Crucially, new entrants to the sector are also accessing the training provided by NAQDA.³³ Training fees are typically subsidised by a variety of government programmes

³³ NAQDA reported training 1,400 Growers in 2019, of whom 1,200 attended the basic training course and 200 attended one of the specialised courses. The vast majority were growers, and 70% were new entrants.

(some of which are supported by international donors), which leaves the trainee to fund only the cost of board and lodging (about USD 25). All the survey respondents reported that their training fees were fully covered. NAQDA has expanded its curriculum beyond the basic training to provide two more specialised courses on disease prevention and breeding, but these do not run as frequently, and we met few growers who had attended an additional course. Training outreach has increased; NAQDA reported that in 2007 there were approximately 700 trainees attending their courses; in 2019 this had doubled.

Current function performance

Notwithstanding the above success, growers' limited technical 'know how' remains a key constraint in the OF sector, undermining quality improvements and ultimately sector competitiveness.

It was not feasible to assess the quality or usefulness of NAQDA's training, and unfortunately it does not undertake post-training impact assessments. Survey respondents indicated that the training was useful, however several interviewees questioned whether the training keeps abreast of new techniques and demands; a large scale grower said that the course *"..... is not enough to set up a good grower business."* NAQDA reports updating the curriculum on average every five years.

In most sectors, training is not, on its own, sufficient to develop technical skills, especially if limited to a one-off course. NAQDA also offers technical support and advice to growers, but this has had more limited outreach. Our survey found that if growers need advice, they are most likely to turn to NAQDA (38%) or to other farmers (31%). Growers typically do not access the advice they need, when they need it, and several of those we interviewed said that they did not trust NAQDA being up to date with the latest trends. This is supported by the NAQDA office in Polonnaruwa, which indicated that growers were 'closed' to new techniques and using new equipment.

We found no evidence of non-governmental training/skills providers, beyond the ad-hoc and informal advice and support provided by some other players in the value chain, or when provided as an embedded service within one of the few out-grower schemes. This could be an under-exploited opportunity, and it raises the question of whether the dominance of

government provision has crowded out other potential sources of training and advice, which might have had the incentives and ability to provide more up-to-date services.

Interpretation of findings

The changes to this function achieved by the programme – a more active NAQDA, providing training to growers funded by subsidies from a range of government programmes that have heightened interest in the OF sector – are still in place, so *adoption* is clear. There is a good argument for Enter-Growth's contribution to this, with several programme activities helping to raise the profile of OF, and the importance of training for growers, to develop the sector. In terms of *scale*, arguably this function is doing well, with NAQDA providing training to the majority of growers, at least in Polonnaruwa, including substantial numbers of new entrants. However, beyond this formal training, and patchy use of the internet, most growers are not accessing advice and knowledge and there are a limited number who benefit from repeat training.

In terms of *independence*, the training is being provided with limited external funding. In the Sri Lankan context, where government is often substantially involved in service provision, and where its support for the OF sector has continued for at least a decade, it seems reasonable to assume that government subsidies for the training are likely to last a long time and are therefore sustainable. However, independence here does not equate with *resilience*, as a cut in government spending would entirely undermine the training framework. There are no complementary behaviour changes that would protect this training, other than an informal expectation from growers that government continue to provide subsidies.

The *system's response* is less promising – the limited presence of private sector players, and the questions over the quality of NAQDA's services, are of concern. Quality and the growth of new varieties remain key constraints to meeting export opportunities, and growers' persistent lack of technical know-how is one of the reasons cited for this weakness. Yet despite a fairly widespread understanding of the situation, there has been very little response by players in the system to address this ongoing constraint.

In summary, technical knowledge is being provided at a level that can maintain current production, and this is a sustained change to which

Enter-Growth's interventions have contributed. However, technical knowledge remains a constraint and provision of training and advice is not being provided at the scale and efficacy needed to drive improvements in production and quality that most stakeholders agree the sector needs to survive and grow. The behaviours changed as a result of Enter-Growth's activities have been sustained to a large degree – in itself a major achievement – but the technical skills and knowledge function is not performing well, and it shows very little sign of resilience.

Function 2: Advocacy

Sustainability of behaviour change

In Polonnaruwa, both the Forum and DOFA stopped functioning a year or so after the end of the programme and key government and private sector players no longer meet regularly, although it is worth noting that the changes achieved through some of the specific advocacy initiatives pursued by these bodies have survived (see below). The reasons the Forum ceased to function are discussed further under Section 5.3, dedicated to MSE Forums. We learned of several credible reasons for the DOFA's demise, most centring around the following factors: a) political interference which resulted in key private sector members leaving; b) the departure of a government officer who had championed the association and was moved to another job in another district; c) the association was too thinly spread across the district and unable to represent a wide range of interests.

Current function performance

Stakeholders report minimal PPD and advocacy in this sector; a former member of the Forum indicated, “.....advocacy is now being done by individual companies, most of whom are not interested or powerful enough to achieve the kind of changes needed by the sector as a whole.”

Since the demise of DOFA and the Forum, numerous smaller associations have emerged, all with a local geographic focus. 24 survey respondents reported that they were members of an association (although 15 of these were referring to Aqualine Pulathisi, see below). Feedback from interviewees suggests that the smaller associations have been established primarily to enable members to benefit from government largesse – matching grants, support for training

and so forth; in the survey, “coordinating government grants” was mentioned as one of the benefits associations offer. According to an ex-member of the Forum, “mini associations are artificial, a means for rewarding political support”. One grower explained that he was not interested in joining a local association because he thought that they were established only to enable government officers to meet their distribution targets. The reasons for not joining an association given on the survey were a lack of trust in them and the lack of active associations that provide effective services and benefits.

The longevity of the smaller associations is questionable; most appear not to last beyond the government programme they are linked to. These associations have limited interest in, let alone capacity for, advocacy. As they are often set up by government, arguably they are ill-suited to advocate towards government. However, there are exceptions. Aqualine Pulathisi, which was established as a co-operative company rather than an association, and has less government involvement, seems the most organised and to have the most capacity for advocacy. However, its owners (who are, reportedly, 50-60 growers and breeders) are mostly larger business owners and are focused on the very specific objective of establishing a collection centre (for their own use only).

During the programme period the Forum and DOFA advocated for several changes, with some success (see Table 5). On the whole, those changes have been sustained. For example, we understand that the Green Channel still operates effectively at the airport alongside other improvements in customs clearance for perishable export goods. Some of the original issues, such as road transport delays caused by security checks, are no longer relevant.

Both organisations also advocated for increased government support for OF and there is abundant evidence of this today, for example through a range of matching grant programmes, subsidies for training, targeted credit projects, subsidies for attending exhibitions and overseas study tours. The Manager of the Polonnaruwa NAQDA office suggested that in the last ten years, government interest in OF has increased substantially, and 22 of the 30 individuals we surveyed said that they think the government supports the OF sector (though only 5 reported ever accessing a government grant, and all of these did so through associations). However, while government appears to

provide a lot of support, this tends not to be in an informed or participatory way (as intended by the LOCA and VCD approaches promoted by Enter-Growth). As previously noted, government support has not always been helpful with reports of support being captured by the well-connected elite and of some government programmes undermining associations. The ex-President of DOFA specifically attributed its demise to government interference.

Interpretation of findings

None of the three key changes Enter-Growth introduced to this function remain. As a result, there is no evidence of new advocacy issues emerging and being addressed (successfully or not), or of effective follow-up of old issues. DOFA and the Forum no longer function, and there is minimal advocacy capacity in this sector now. Weak industry coordination (see below), and a lack of ongoing sector analysis (as per the original VCD), mean there are no real opportunities for identifying and agreeing priority sector constraints. The newer associations that have emerged more recently do not, on the whole, view industry representation, PPD, and advocacy as core elements of their remit. All of this indicates weak *adoption* in this function, both in terms of sustainability of behaviour change and in terms of function performance.

Function 3: Coordination

Sustainability of behaviour changes

In Polonnaruwa DOFA stopped functioning a year or so after the end of the programme. Multiple smaller associations have since emerged, with very localised membership. Interviewees report that when these mini associations started, there were regular meetings with members sharing information, but that over time meetings became less frequent. The reasons for the demise of DOFA and the limited efficacy of the smaller associations are discussed in the section on advocacy, above. Interviewees report that there are occasional trade fairs, exhibitions and study tours, typically funded by EDB or other government programmes. Those that take part see these as useful for building linkages and learning about new trends and the competition. Survey respondents also reported that these mini associations sometimes provide support with controlling water distribution, organising

training workshops, and providing loan facilities, though only one or two individuals mentioned each.

Current function performance

Coordination between stakeholders remains a key constraint in the sector. Growers are disconnected from other players in the market and substantial levels of mistrust was reported between players, especially growers and collectors, often called 'middlemen'.

Interpretation of findings

The change to this function achieved by the programme – an active sector association that works to bring stakeholders together – is no longer in place. Although DOFA's remit is being filled to some degree by the plethora of small localised associations that have emerged since Enter-Growth, the majority of these offer little more in terms of coordination than a mechanism for stakeholders to access grants and subsidies. We found no evidence of bulk buying or selling to benefit growers. Our assessment is therefore that, despite the existence of numerous associations, sustainability has not been achieved, even at *adoption* level.

OF conclusions

The OF sector has grown since the end of Enter-Growth, but this has been driven by an increase in demand. The assessment found largely similar constraints to those identified by the programme at the time. Some of the behaviour changes facilitated by the programme have lasted, but as they were not embedded in the system, the performance of key functions – including technical skills and knowledge, PPD, and coordination – remain weak.

3.2 Floriculture in Kurunegala

Introduction to the floriculture sector

In Sri Lanka floriculture is grown mainly in Western, Central and North Western provinces for both domestic and export markets. In 2009 floriculture exports totalled USD 11.51m, rising steeply to 16.33m in 2014. Since then the market has been largely static with exports

reaching 16.25m in 2018.³⁴ Floriculture includes foliage, which is primarily grown for export; cut flowers; and rooted plants, which are for both domestic and export markets. In recent years, cut flowers has declined in importance relative to foliage and rooted plants.

Sri Lanka exports to a number of regions, with the Middle East (Saudi Arabia and the UAE) favoured by some for their growing markets and relatively relaxed standards, Japan favoured for its reliable demand and consistent buyers, and Europe favoured for its prices, though exporters struggle to consistently meet the standards required in European markets. We heard conflicting reports of the status of the sector and its key constraints, partly because of variations between cut flowers, foliage and rooted plants. For export markets, where there is the most growth potential, there were widespread reports of growing demand, but that this is in the context of static, possibly decreasing prices combined with pressure to improve standards. Several exporters reported that securing buyers (rather than suppliers, who they saw as plentiful) was their biggest concern. On the other hand, we did encounter the occasional report from growers and collectors that maintaining supply was a challenge.

Floriculture in Kurunegala is dominated by small scale growers, including those who have been in business for a long time as well as new entrants. Floriculture is the main source of income for many of these growers (73% of our survey respondents, all of whom are rooted plant and cut flower growers) but other activities supplement their income.

Enter-Growth Interventions

In collaboration with the Kurunegala MSE Forum, Enter-Growth initiated and supported an anthurium LVCD in Kurunegala district, and a general floriculture RVCD focused across North Western and North Central Provinces, involving key sector stakeholders including the EDB, the Industrial Services Bureau (ISB) and the Department of Agriculture for North Western Province. These exercises helped

identify priority constraints and proposals to address them. The main interventions implemented in floriculture were establishing a collection centre, increasing access to training and technical information, association development, promoting linkages between buyers and growers, and improving access to finance. The development of a Green Channel at the airport for perishable and live goods (described under *Ornamental Fish* above) also benefited floriculture exporters. This section of the report considers these main intervention areas within the system functions that they were aiming to strengthen: **technical skills and knowledge, coordination, and market information and linkages**.³⁵

The VCD exercises highlighted the importance of these functions for improving growers' productivity and access to export markets, and they stimulated increased investment by government agencies, particularly the Export Development Board (EDB). In the **technical skills** function, VCD participants provided or instigated the provision of training and workshops for growers and extension workers, organised product presentations for input suppliers, and linked players with experts on disease prevention. In the **coordination** function, Enter-Growth supported a number of interventions, in part through the National Floriculture Association, that aimed to facilitate growers' collective purchase of inputs and negotiation of prices. In the **market information and linkages function**, Enter-Growth supported the establishment of an umbrella National Floriculture Association which together with the MSE Forum organised trade fairs and exhibitions. Enter-Growth provided training and ongoing guidance to the association. EDB also facilitated 'market awareness' workshops for growers and set up meetings for export growers which an EDB representative attended. A further activity, funded by government, was the establishment of a collection centre at Bingirya (see Box 3). Although this was cross-cutting, it was particularly significant for the market information and linkages function. Table 3 summarises the achievements during the programme period for each of these three functions.

34 Sri Lanka Export Development Board. www.srilankabusiness.com/floriculture/floriculture-export-performance.html There was a dip in exports in 2019, to USD 112.94m, possibly due to a general economic downturn after the terrorist attacks in April 2019.

35 Provision of finance was also a function Enter-Growth attempted to improve, but the scope of the fieldwork limited the extent to which we were able to assess sustainability in this function. Although we found out some information on growers' access to grants and loans indicating that this function is still underperforming, we were unable to assess overall sustainability of Enter-Growth's contributions and so have not included it here.

Table 3: Summary of interventions in the floriculture sector

FUNCTION DEFINITION	CHANGES/ACHIEVEMENTS BY PROGRAMME END
TECHNICAL SKILLS AND KNOWLEDGE: growers' technical information, 'know how' and skills in relation to ▶ Setting up a floriculture business ▶ Growing techniques ▶ Use and availability of inputs ▶ Improving quality and productivity	The primary achievement was increased awareness of the need to improve technical know-how, which stimulated increased investment in a range of training and advice for floriculture growers, funded and delivered by government agencies such as the Royal Botanical Gardens (RBG) and EDB. This covered basic grower techniques, construction of low-cost net houses, and low-cost tissue culture. There was some involvement of private sector players in the training activities on an ad hoc basis. For example, EDB invited input suppliers to give product presentations to growers. Experienced growers informally advised less experienced growers within the new association. EDB also linked growers to two university professors who were able to advise them on a particular viral disease.
COORDINATION: effective and regular coordination between stakeholders in order to improve investment in the sector and enable improved dialogue between stakeholders. In particular the aim was to ▶ Reduce the power of middlemen ▶ Increase bulk buying and selling to benefit growers ▶ Increase marketing/sales opportunities	Before Enter-Growth, there was minimal coordination in the sector, and limited PPD. There were some associations, focused largely on the domestic market, but support to the sector had been ineffective and uncoordinated.³⁶ ▶ Both the Forum and the National Floriculture Association were established with public/private membership and remained active during the programme period, typically meeting monthly. ▶ PPD and relationships improved, and both bodies engaged in advocacy activity to address issues identified by the VCD exercises and that emerged during Forum and Association meetings. ▶ During fieldwork, interviewees consistently mentioned that the association and forum stimulated improved linkages and coordination, e.g. through trade fairs and exhibitions, awareness workshops, and improved access to training. EDB re-engaged with the sector through the VCD exercises. Bingiriya Collection Centre, which was funded by the EDB (with support from the Government of South Korea), is a prime example of improved government commitment to the sector. The Centre worked with 200 growers initially, and interviewees suggest it was highly valued (see Box 3).
MARKET INFORMATION AND LINKAGES: information to growers and collectors about: ▶ Prices ▶ Market/export requirements in terms of quality ▶ Standards/certification if applicable ▶ Availability and popularity of new varieties ▶ Popularity and trends of existing varieties	Primarily through the association and MSE Forum, multiple activities were done to increase growers' access to information. These included information workshops by EDB and a standards and packaging workshop delivered by a collector. 'Awareness' workshops led to 50 new entrants in Anthurium and 100 new entrants in cut foliage in Kurunegala. A survey after the VCD found that 15% of growers who had participated in interventions knew to whom and for what price their buyer sold their products. This was almost twice as much as export growers who were not involved in the project and was attributed, at least in part, to increased contact between growers and EDB.³⁷

Sustainability Assessment

This section describes the findings of the sustainability assessment for each of the three priority functions.

Function 1: Technical skills and knowledge

Sustainability of behaviour changes

Three government agencies, EDB, RBG and the Provincial Ministry of Agriculture, continue to run and/or fund technical training for growers, including a low-cost tissue culture growth approach which was promoted following the RVCD.³⁸ However, it appears that growers lack

awareness and access to this training. They indicated that they had benefited from RBG training, particularly around the time they started their floriculture businesses, but none of the growers who participated in the survey had attended technical training. We found no evidence of ongoing collaboration between government agencies and private sector players. The National Floriculture Association, established during the programme period, is no longer functioning; in general, associations are not seen by growers as an important mechanism for accessing technical information.

36 Smeets, L, Intervention Report VCD Exercise Enter-Growth Kurunegala. Promoting Export Anthurium Flower Production in North/West Province. 2007

37 Smeets, Anthurium Intervention Report

38 MDF, Report of the Floriculture Regional Value Chain Development exercise conducted in the North-Western and North-Central provinces. Intervention Report. 2009.

Current function performance

Although training has continued to be funded by government, there is little evidence of a drive to upgrade technical information from other players in the system. Some collectors provide technical advice to growers, but they typically have little access to state-of-the-art practices and innovations themselves, and exporters expressed no interest in investing in the supply of technical support to either collectors or growers. Some input suppliers do provide technical information: several seedling providers provide free or highly subsidised training as a way of promoting their businesses, and one larger input supplier who also runs an out-grower scheme provides informal advisory services to his growers. On the survey, growers mentioned input suppliers as a source of information about new products. However, by far the most frequently mentioned source of information about improving productivity and reducing disease was “own experience” (mentioned by 25 of 30). The need for more advice was mentioned, with an expectation of government-funded services. Half of the survey respondents said that there is no-one that they go to for information, with one reporting that there are “no experts.”

The underlying rationale for improving growers’ access to technical information was to improve growers’ productivity (including quality), so that they could increase their incomes. The quality and quantity of technical information currently available for growers remains insufficient for achieving this goal. Feedback from growers and collectors suggests that technical knowledge is being provided to a level that can maintain current levels of quality and productivity, and can equip new entrants to get started, but it is not being provided at a level to drive quality improvements, or respond to market demands for new varieties.

Interpretation of findings

The changes to this function achieved by the programme – primarily the increased provision of training to growers – are largely still in place, so sustained *adoption* of behaviour changes is clear. There is a good argument for Enter-Growth’s contribution to this with several activities leading different players to increase either the provision or promotion of training to growers. There appears to be less sustained

scale of behaviour changes, with limited awareness of the training and our survey suggesting limited attendance by growers.³⁹ The training is subsidised by various government agencies, so it is arguably *independent* but, as with the OF sector, while this has been sustained for a considerable time period, its *resilience* is vulnerable to a cut in government spending. We did not find positive signs of the *system’s response* to the behaviour changes that have been sustained.

Interestingly, although the main behaviour changes have been sustained for a significant period, the current performance of this function remains poor. This is suspected to be less as a result of poor sustainability and more an issue with the original interventions failing to adequately address the underperformance of this function and the system it sits within, though it is difficult to prove this without access to performance data on the technical skills and knowledge function from the programme period. However, the programme’s own published data does suggest that impact was not fully achieved during the programme period. For example, according to a 2007 survey, 58% of the growers who had accessed EDB support following the LVCD exercise said that the quality of their flowers had increased, 32% had achieved a decrease in the number of rejected flowers, and 58% reported a decreased number of plants affected by pests or diseases. These improvements were mainly attributed to increased knowledge, experience and training (in market information as well as in technical skills). These are remarkable results that suggest progress towards improving the function’s performance (at the time).

However, only a small proportion of the growers surveyed reported that these quality improvements had led to either an increase in sales volume (7%), increase in price (8%) or improved ability to negotiate price (7%). There is no documentation of further inquiry into why the intervention didn’t translate into the expected benefits, but the results alone suggest that there were other obstacles to profitability that remained unaddressed. Why, for example, did decreased wastage and improved rejection rates not lead to increased sales volume? There are a number of possibilities. It could be that the VCD did not propose the ‘right’ behaviour

39 EDB seems to provide less technical training than it was during the Enter Growth period, but the Royal Botanical Gardens seems provide more than it was, though it is hard to quantify meaningfully. RBG was certainly mentioned more frequently than EDB, in interviews and on the survey, as a source of technical information.

change to improve function performance (and so growers' technical knowledge was only superficially improved by training, and only led to temporary quality improvements). It could be because VCD participants did not choose the 'right' function to improve in the first place (and so even with improved technical knowledge growers were unable to grow their business profits). These specific results may even reflect an issue with survey methodology, but given a lack of evidence from the programme period of the intervention's effectiveness, and a situation in which the change remains but is not effective, there is a strong possibility that it is intervention selection and design, not sustainability, that is the problem.

In summary, technical knowledge appears to be provided at a level that can maintain current production, and there are signs that Enter-Growth contributed to this. However, training and advice is not being provided at the scale and efficacy needed to drive improvements in quality, yet alone to improve growers' profitability.

Function 2: Coordination

Sustainability of behaviour change

The National Floriculture Association is no longer active, and the MSE Forum in Kurunegala is also defunct. New associations have emerged, but as there are many of them, and the ones focused on floriculture are mostly small and localised, their coordination capacity is limited. As with the OF sector, we heard multiple reports of associations being perceived as a means to access (or from government's perspective, distribute) government subsidies, rather than as mechanisms for improving information links or coordination. Furthermore, many growers are not members of associations; less than half of those we surveyed reported ever having been part of an association. However, some of the initiatives originally supported, like organising local exhibitions and fairs, or putting pressure on government bodies about locally important issues (such as making land accessible for exhibitions and fairs) involve these new associations. The Bingirya Collection Centre is no longer operational, largely because of the withdrawal of EDB funding (see Box 3).

Current function performance

Limited coordination within the sector remains a constraint. Associations sometimes link growers and collectors at a local level, but there are no means for similar association across the sector. The larger Wayamba Business Forum (see section 5.3 for more information) is not particularly active in the sector (even though its President has a floriculture business). The main coordination activities are trade fairs and exhibitions organised by associations, which continue to take place, albeit irregularly. These do benefit growers, as there is some degree of price control, and for some growers they provide the only opportunity to connect directly with buyers. There are no functioning collection centres and we heard no evidence of collective bargaining for input purchase or for price negotiations beyond trade fairs.

Interpretation of findings

Few of the key changes Enter-Growth introduced to this function remain: the association no longer functions, and the Bingirya Collection Centre has closed. Local exhibitions and fairs continue, in part funded by the EDB, and are appreciated by growers – these are the primary means through which sector stakeholders coordinate. This picture largely indicates limited *adoption* and *scale* (particularly as it is hard to demonstrate Enter-Growth or the VCD's contribution to the current associations' activities). *Resilience* is questionable given reliance on only a few government agencies to deliver and fund the exhibitions, and although the activities that remain are *independent* from donor support, their dependence on government support affects their consistency and efficacy. As so little has been sustained in this function, there is no *system response* to speak of.

Box 3: The Bingiriya Collection Centre – a summary of this activity and key learning

Value chain analysis supported by Enter-Growth identified weak coordination and poor linkages as a key constraint in the floriculture sector and a subsequent proposal was to “establish a local trade centre to improve efficiency of collection efforts from small growers” (MDF, 2009). A collection centre was established in Bingiriya (MDF, 2009) with funding from EDB and the Government of South Korea (MDF, 2009; Springfield, 2009). The centre was managed by EDB with five staff, and it worked with 200 growers of anthurium and cut foliage, though the intention was eventually to work with up to 10,000 growers (MDF, 2009). Interviewees report that the Bingiriya Centre was highly valued by growers and buyers; it provided land, facilities, subsidised equipment and support to growers in terms of packaging, quality standards, and linkages with exporters. Bingiriya Collection Centre was also intended to become Sri Lanka’s first Agri Export Zone, with significant investment promised from the national budget to support this. A second collection centre was planned for nearby Udubaddawa.

The Bingiriya Centre functioned well for about 5-7 years, until EDB withdrew and it gradually collapsed. An attempt to hand the centre over to Bingiriya Development Foundation failed due to capacity constraints. Some growers that had worked with the centre have continued, but many have stopped producing. According to the Treasurer of a local association: “...they expect everything for free...everything was free before.” The local EDB office indicated that the EDB had taken on many roles for the centre, including collection, setting and policing quality standards and some transportation, and that when they left, the system was not able to function as there were no other players to take on these roles.

Floriculture is still an important industry for Bingiriya – visibly so as the roads are lined with stalls selling floriculture products. However, according to a local foliage collector and one of the foliage growers that we spoke to, there is a shortage of supply for the export market, and it is difficult to motivate new entrants to commit to the business.

Applying the sustainability framework, there was strong sustainability at the *adoption* level for 5-7 years, but not beyond. Despite a national budget and mandate for expansion, there appears to have been no *scale* beyond that initial adoption, and although management of the collection centre was *independent* of donor-support, the initiative was not *resilient* and hence it collapsed when government funding ended. The supporting functions in Bingiriya now operate similarly to those in the rest of the province, but during the centre’s life, many were undertaken by and/or funded by EDB – this may in part explain why the centre ultimately failed. Unfortunately, although Bingiriya Collection Centre was run for a long period of time, and benefited 200 growers, it appears that since its closure of the centre, Bingiriya’s floriculture system has reverted to how it previously functioned.

Function 3: Market information and linkages**Sustainability of behaviour change**

The National Floriculture Association is no longer active and therefore is not facilitating many of the activities through which market information had been reaching growers. However, market information is provided to growers to a limited degree through occasional EDB courses, local events, fairs and exhibitions. These are the main source of information for growers, mentioned more than any other in our survey. EDB courses are not held regularly and the exporters we spoke to were either not involved or were not positive about them. Market information is also occasionally provided by collectors, as an embedded service. According to the growers and collectors we interviewed, collectors provide minimal levels of market information to selected growers, only of tangible use when there is a formal out-grower scheme in place and a mutually reliant relationship between the grower and exporter. These are reportedly not common. A fundamental weakness with this route is that

collectors themselves have limited access to the latest market information (except to export standards).

Current function performance

Limited access to current market information remains a sector constraint. In the survey, less than half of respondents are happy with the regularity and type of information they receive. There is some variation by type of information: collectors appear knowledgeable about export standards and they and growers report that this information passes regularly from them to the growers – this includes information regarding demand for different types of foliage, and minimum quality levels/factors. However, growers have limited information about price; this is not an issue in foliage as price hasn’t changed for many years, but it is a constraint in cut flowers and rooted plants. The level of trust between growers and collectors varies, depending on the individuals and length/dynamics of the relationship. There is virtually no contact between growers and exporters, and



the latter are not interested in enabling key market information to reach growers, seeing this as a collector responsibility and not their concern.

Access to market information is arguably better than it would have been without Enter- Growth thanks to the exhibitions, but the performance of the function is mostly poor, and continues to constrain growth.

Interpretation of findings

The main change to this function achieved by the programme, the establishment of the Association and the activities it organised, has not been sustained. This implies weak *adoption*. The continuation of exhibitions, which are considered beneficial by most stakeholders is more encouraging, however these are funded by EDB, and learning from the Bingirya Collection Centre suggests that a reliance on one government agency undermines *resilience*. Furthermore, the highest quality and most relevant avenue for market information in the current market (i.e. embedded through key value chain players) is an avenue the programme didn't work in and is potentially under-utilised.

Floriculture conclusions

The floriculture sector has stagnated in recent years as growers have not been able to respond to new and changing demands, especially in the export market. The assessment found largely similar constraints to those identified by the programme at the time. Some of the behaviour changes facilitated by the programme have lasted, but as they were not embedded in the system, the performance of key functions – including technical skills and knowledge, PPD, and coordination – remain weak.

3.3 MSE Forums

The rationale for establishing MSE Forums was to increase trust and understanding between and among public and private sector stakeholders, so as to facilitate greater support for, and improvement in, the business environment for MSEs. In addition, the Forums were substantially involved in selecting and guiding Enter-Growth interventions, for instance guiding the selection of priority activities in a sector following a VCD exercise, and supporting the implementation of those interventions.

As such the Forums underpinned many of Enter-Growth's intervention areas, including in sectors, the Palama Theatre campaign, and business entrepreneurship training.

MSE Forums were therefore multi-faceted, but the overarching function that they aimed to strengthen was public-private dialogue (PPD) (MDF September 2009). Before the Forums, there were few or no mechanisms for government and the private sector to discuss issues affecting small businesses and minimal PPD. Enter-Growth supported the establishment of

an MSE Forum in each of the four districts it was working in. These Forums varied slightly depending on the nature of the district, but they all involved public sector, private sector and NGO representatives. They all received considerable support from Enter-Growth, initially with guidance as to how they should be established, their remit, membership, and governance. To varying degrees, Enter-Growth also provided ongoing support such as training, advice, guidance and secretariat services. Table 5 summarises the achievements from these Forums during the programme period.

Table 4: Summary of interventions related to MSE Forums

FUNCTION DEFINITION	CHANGES/ACHIEVEMENTS BY PROGRAMME END
PUBLIC-PRIVATE DIALOGUE (PPD) & CROSS-SECTOR COORDINATION, leading to: ▶ Improved understanding between key players (public to private but also within these groups); ▶ The identification of opportunities and constraints to MSE development; ▶ Tangible changes enacted by key players that address these constraints; ▶ Better coordination between different stakeholders' activities in various sectors.	▶ All 4 Forums were active and meeting regularly by programme end. All were chaired by senior government representatives, or by the Chamber of Commerce. ▶ In all 4 districts, relations improved between government and the private sector and there was also increased informal dialogue outside of the Forum meetings.⁴⁰ ▶ All 4 Forums had attempted to address priority MSE challenges, with some successes, including those relating to business registration, taxation, access to land, as well as sector specific constraints such as transportation, access to training etc. ▶ All 4 Forums had organised business service fairs, international study tours and other events, initially with Enter-Growth support, but latterly on their own, with mostly positive outcomes.

Sustainability of behaviour change

The experience of the MSE Forums varies between districts. In Polonnaruwa and Kurunegala, which were the focus of this assessment, the MSE Forums are no longer functioning. However, in Anuradhapura, the original MSE Forum is still active, largely driven by the Chamber of Commerce, but with ongoing participation from key government agencies.

There were largely similar reasons reported for the demise of the Forums in Polonnaruwa and Kurunegala. These can be summarised as follows:

- ▶ Key individual champions, in particular within government, eventually transferred to different roles. Their replacements were typically not as committed to the Forums as their predecessors had been.
- ▶ Some of the behaviour changes needed for the function to perform effectively did not happen but because Enter-Growth filled the gap this was not apparent until after the programme closed. The programme applied its 'light touch' approach to the

forums in so far as it provided little funding. However, it provided substantial amounts of support and guidance and in some districts functioned as the Forum secretariat and hosted meetings. In addition, when key government officers, who had been champions for the Forum, moved to other roles, Enter-Growth took the lead in finding and briefing replacements. This support continued until the programme ended. Consequently, when Enter-Growth closed, it left a gap in capacity and drive.

- ▶ Similarly, there was a sense that the involvement of Enter-Growth, and by default ILO, added gravitas to the Forums which gave them credibility, and encouraged regular engagement of members. When the programme ended, its convening power was lost.
- ▶ District branches of the Chamber of Commerce were weakened when funding that had been provided at a national level by an international donor dried up. This

40 This was supported unanimously by stakeholders we interviewed. One ex-Forum member in Polonnaruwa told us 'the MSE Forum acted as a much-needed bridge between MSEs and government'

removed or undermined a key private sector champion of the Forums.

- ▶ At first, MSE Forums had success in changing conditions for small businesses, achieving some quick wins as per the LOCA approach which emphasises short-term results.⁴¹ While effective at building momentum and buy-in, it is plausible to speculate, as per the 2009 final programme evaluation,⁴² that this may have masked fundamental difficulties in achieving broader changes, especially at the federal level, and hampered understanding of what was needed to successfully advocate for changes in key rules. As fewer constraints were addressed over time, enthusiasm may have dwindled.
- ▶ Government, and some private sector players understood government's role to be providing grants and subsidised services, rather than changing rules.
- ▶ The dominance of government in MSE Forums – especially when they drive and lead – arguably limits their advocacy efficacy and as they become less effective, so enthusiasm dwindles.
- ▶ MSE Forums also acted as a useful mechanism for the Enter-Growth programme. This may have limited their independence and usefulness once the programme ended.

In Anuradhapura district, the experience seems to have been different.⁴³ The Forum is still functioning with an estimated 40 members, of whom 20-25 regularly attend meetings. When Enter-Growth ended, the Chamber of Commerce emerged as a major driver and organiser of the Forum. Although the Anuradhapura chamber went through a similar

funding crisis to chamber branches in the other districts, it was ultimately able to emerge from this crisis as a stronger body.⁴⁴ Both government representatives and the chamber report that the Forum is valuable and has enabled vastly improved PPD and business/government relations.

The reasons for the demise of the Forums in Polonnaruwa and Kurunegala districts suggest that the behaviour changes achieved were not sufficiently owned by the key players in both the private sector and government. Enter-Growth's 'light touch' approach meant that it provided minimal funding for the MSE Forums, but this approach didn't always extend to other forms of support. By providing a great deal of guidance, support and drive, as well as lending its weight and credibility to the Forums, it is likely that Enter-Growth inadvertently made changes in behaviour dependent on its efforts. When this support, and that of key champions who moved on to other roles, ended, the behaviour changes were not sustained. In Anuradhapura, on the other hand, levels of ownership within the chamber seem to have been stronger and ultimately proved sufficient to maintain the Forum.

Current function performance

Again, the experience is mixed. In Polonnaruwa, levels of formal and informal PPD are reported to have decreased substantially since the demise of the Forum. Some small business owners have tried to form an alternative MSE Forum, but this is reportedly weak with limited involvement of both government and private sector. Interestingly, the chamber in Anuradhapura has recently started to resurrect the Polonnaruwa chamber, which now has 55-60 members,⁴⁵ and as part of this process has expressed interest in re-starting the Polonnaruwa MSE Forum. In Kurunegala the

41 For more information go to Meyer-Stamer, J, 2006. Participatory Appraisal of Competitive Advantage: Effectively launching Local Economic Development Initiatives. A Mesopartner Working Paper. Available at: https://www.mesopartner.com/fileadmin/media_center/Working_papers/mp-wp01_01.pdf

42 Barlow et al. Final Evaluation of Enter-Growth Project. p. 40

43 The original intention was to focus the assessment on the two Forums in Kurunegala and Polonnaruwa, but information gained during the fieldwork led us to visit Anuradhapura where the Forum is still functioning. While this was beneficial and has given us a more complete picture of the MSE Forums' sustainability, it's important to note that we were not able to triangulate our findings in Anuradhapura to the same degree as in the other districts. We were also not able to visit Puttalam where the 4th MSE Forum was established.

44 It would of course be interesting to understand how and why the Chamber in Anuradhapura was able to survive when many others struggled. Unfortunately, we did not have the time to explore this issue. The Director General indicated that a strong united Board and a willingness to make major reductions in overheads (e.g. going from 15 to 3 Directors) were important factors.

45 The Director General of the Anuradhapura branch of the Chamber of Commerce spends around 2 days a week in Polonnaruwa for this purpose. USAID has contracted the Polonnaruwa branch as part of its 'Skills for Growth' programme.



situation is similar, with minimal levels of PPD since the MSE Forum ended. A new forum, the Wayamba Business Forum, was established several years ago by a government agency, the Industrial Services Bureau, but although MSEs are eligible to join, few participate. The establishment of Wayamba implies recognition of the value of associating and of PPD, but it doesn't meet regularly and there were few examples of successful advocacy.

In Kurunegala one interviewee told us about a federal government initiative, managed through the National Enterprise Development Authority (NEDA), to establish 'Enterprise Development Forums' at Provincial level. The remit of the NEDA forums is to facilitate PPD in order to identify, and ultimately address small business constraints. It is highly likely that Enter-Growth's work contributed substantially to the establishment of the NEDA forums; they were initiated by Officers who had been based in Kurunegala and involved with the MSE Forums during the Enter-Growth period. In addition, Enter-Growth management provided

these Officers with background materials regarding the MSE Forums when they moved to NEDA HQ. However, awareness of this initiative seems fairly low at district level; NEDA officers in Colombo acknowledged that although these forums had improved dialogue they had had limited success to date in addressing issues raised by small businesses, partly because many of the solutions to the constraints lay with agencies at national level with whom NEDA has limited influence.

In Anuradhapura district, the PPD function seems stronger.⁴⁶ This is in part thanks to the MSE Forum, but also as a result of the chamber, which appears to have a good relationship with government and has its own advocacy section. Representatives from both the private and public sector indicated that relationships and trust between the two have improved since the establishment of the Forum. A senior government member of the on-going MSE Forum in Anuradhapura said '...without the MSE Forum we [government] don't know what the issues are.' Only a limited number of examples of

46 As noted previously, we were only able to meet a handful of stakeholders, and triangulation of feedback was limited, so some degree of caution is advised when interpreting the findings from Anuradhapura.

successful advocacy were cited and even fewer that relate to MSEs, such as reducing constraints associated with business registration; government providing toilet facilities at tourism sites; and ongoing discussions regarding the use of industrial zones. It is noted that many of these originated (and some were achieved) during the Enter-Growth programme period.

Interpretation of findings

The picture is mixed depending on the district. In Polonnaruwa and Kurunegala, the MSE Forums have not survived and *adoption* appears to have been weak. In Anuradhapura, *adoption* was stronger and the Forum is still functioning. More broadly, attempts to either resuscitate the defunct Forums, or establish alternatives, suggest that a much deeper appreciation of, and wider *adoption* of, the value of PPD, a key change from pre-Enter-Growth times. There is a good argument for Enter-Growth's contribution to this and to the endurance of the MSE Forum in Anuradhapura. The attempt by government to establish enterprise forums across the country is a strong indicator of a *systems response* and also of *scale*. However, the dominance of government in organising and driving these forums is a weakness.

In terms of independence, the majority of the Forums are independent of international funding but dependent on government support. The latter inevitably limits both their efficacy as advocacy bodies, and their *resilience*.

MSE Forums conclusions

In summary, the strength of the PPD function varies from district-to-district. The value of PPD appears to be recognised, and this is a key change from pre-Enter-Growth times with a good argument for the programme having contributed to this. The federal government has established forums in other parts of the country – on the face of it a success and arguably an achievement of scale. We weren't able to visit any of these, but discussions with NEDA, the agency responsible, raised questions as to their value in terms of genuine dialogue and advocacy. In two districts the main change introduced by the programme, MSE Forums, has not lasted and has not been replaced by effective alternatives. In these districts, improved dialogue has not been sustained.





▶ Lessons

There are a wide range of lessons to draw from this sustainability assessment. We have categorised these according to their use, with lessons for those designing and implementing programmes that aim to achieve sustainable impact, and lessons for those undertaking assessments of long-term sustainability.

4.1 Lessons that relate to achieving sustainable impact

A great deal of thinking, testing and learning has happened in development since Enter-Growth was implemented. Consequently, some of these practical lessons simply reinforce what is now accepted as good practice, at least in MSD circles. However, our view is that the arguments for these practices can only be as strong as the empirical evidence on which they are founded and that, common as some of these lessons may be, the evidence for how they affect sustainability remains sparse.

Planning for sustainability is essential

One of Enter-Growth's strengths was considering how behaviour changes would be sustained before it began any activities, at least in the areas we assessed. This enabled it to design its approach to prioritise sustainability; there was very little that Enter-Growth implemented without first finding existing players in the system who had the capacity and incentive to deliver change long-term.

Enter-Growth's approach to facilitating change through local players reaped rewards. In fact, the vast majority of the positive changes it achieved and that have been maintained, are because of working with local partners and supporting them to drive and own change, for example through the LOCA and VCD analyses. The programme's 'light touch' approach, innovative at the time, was effective at building genuine ownership and commitment to change.

Avoid falling into the trap of 'doing' too much: "Who will do?" is a vital question

Despite its commitment to sustainability, Enter-Growth's 'light touch' approach was applied most rigorously to the financing of interventions, and inadvertently the all-important "Who will do?" question was neglected when it came to non-financial support. As a result, there were signs of stakeholder and partner reliance on the programme. One intervention report describes Enter-Growth's role neatly, saying, *"The EG district manager remained in the background, but was actively involved in bringing together the right people (networking) and helping where obstacles occurred. The combination of actively organising and managing a VCD exercise and subsequently having the local host organisation implement the proposals has worked very well in this case."*⁴⁷ Although this role was effective during the implementation period, time has shown that the programme underestimated how important such convening or coordinating roles would be for maintaining ongoing change. As such it undermined its sustainability efforts. Some of the frameworks that are commonly used by MSD programmes today, but were mostly not available to Enter-Growth, would have been

helpful in highlighting this during the programme period. In particular the Sustainability Framework (commonly called ‘Who Does?/Who Pays?’) would have encouraged Enter-Growth to apply its ‘light touch’ approach across all forms of support, not just financial assistance, and asking the question about all the relevant functions, not just about who would implement the intervention.

It’s important to match the right players to the right functions, including government

In a country where government dominates the delivery of services and support to MSEs, it is reasonable to work closely with government to deliver interventions and to see government agencies as players who can deliver sustainable change. However, caution is critical as the experience of Enter-Growth demonstrates that government can distort just as much as donors, and thereby undermine system efficacy and resilience. For instance, in the OF sector, the dominance of government in training and advisory services is arguably a key reason why growers lack sufficient technical knowledge to respond to new export demands, because it leaves no room to leverage other players’, such as exporters’, incentives. Government can also inhibit some important functions from emerging. For example, when government is the lead player in an organisation founded to conduct advocacy, it is unlikely that the organisation will advocate in ways that challenge government’s existing policies, regulations and programmes.

Much of Enter-Growth’s work was with government players. By not working with private sector players who had the incentives and capacity to deliver services to MSEs, as well as to hold the government accountable for playing its role more effectively, the systems the programme left behind were inherently less resilient than they might otherwise have been. This is not to argue that government is an unimportant player, but rather that programmes need to find (and test) the right roles, in the right functions, for the right players in a given context, and not exclude key players.

Participatory approaches create risks that need to be mitigated

For Enter-Growth, interventions were proposed, selected and implemented by participants in LOCA/PACA or VCD exercises. As noted above, this high level of participation was important and beneficial in many respects, but it also presented certain risks to sustainability. These included:

- ▶ the risk that proposals were limited to those which the stakeholders involved had the power to deliver on (even when the root causes were elsewhere);
- ▶ the risk that proposals were selected because of personal incentives or poor representation. For example, as one intervention report records, “the representation of people with a stake in the anthurium sector was high [in the exercise]. That is the main reason that this sector was selected for intervention.”⁴⁸
- ▶ the risk that partners select proposals that are scattered or do not complement one another in a way that is likely to lead to systemic or sustainable change;
- ▶ the risk that participation is dominated by the powerful, who are unlikely to want to disrupt the status quo;
- ▶ the risk that large national players are excluded, and their incentives to change are largely ignored, by a bottom-up approach with local economic development roots;
- ▶ the risk that, in order to maintain enthusiasm and participation, proposals were selected because they offered ‘quick wins.’ In fact, this was an explicit rationale of the PACA/LOCA approach.⁴⁹ Quick wins can be helpful in building momentum and ownership, but they can also mask the real constraints and what is needed to enact sustainable changes.

Although Enter-Growth recognised many of these risks, they were not adequately mitigated. Taken together, these risks can lead to a failure to focus efforts on achieving better performing functions (and the capacity and incentives that drive the necessary behaviour

48 Smeets, Anthurium Intervention Report

49 For a more detailed explanation, go to Meyer-Stamer, Participatory Appraisal of Competitive Advantage.

changes required) and therefore to less sustainability in the long-term. Essentially, if change isn't effective, it is less likely to be sustained by players, not least because there is no tangible benefit for them.

Being systemic is important for achieving sustainability

Enter-Growth as a whole didn't purposefully consider the wider systems it was working in and the functions that needed changing. This directly impacted sustainability.

A behaviour change may reach scale and ownership by players within the system, but fail to become embedded and reinforced by other behaviour changes in the wider systemic change. Enter-Growth was focused mostly on achieving ownership and scale of the changes it facilitated. We know from experience that wider systemic change is hard-won, but the lesson from Enter-Growth is that if the system hasn't fundamentally changed, with widespread complementary behaviour changes, then the initial change is less likely to last. For example, the Bingirya Collection Centre in the floriculture sector in Kurunegala, was a significant change that benefited many players, and it was sustained for five years. However, because the wider system around it (how budgets are allocated, how floriculture is viewed, how links are made between growers and buyers, who does/who pays, and so forth) had not fundamentally changed, the Centre was not able to survive in the long term.

In a similar vein, the sustainability of a 'solution' isn't always a good thing; if the solution hasn't properly addressed the identified problem, it could be an indication that the sector is stagnating and unable to genuinely resolve the constraint. Some 'solutions' (for example, grants, whether from government or donors) can actually distort critical functions (such as, equipment supply, or provision of loans). In this way, they may create more problems than they solve, even if they do solve some problems (for some businesses) in the short term.

Measurement, combined with adaptive management, is critical

Measurement and adaptive management are a vital part of pursuing sustainability. Programmes committed to sustainability should measure a) whether behaviour changes are maintained following the phasing out of all support, during the programme period and b) whether and how those behaviour changes are affecting function performance. Achieving both of these is a prerequisite to achieving sustainability.

Programming for sustainability takes time

As is no doubt obvious by now, none of this is easy. It takes time for a programme to achieve systemic change that is sustainable at scale and though the amount of time will clearly vary according to context and sector, it seems likely that Enter-Growth's four-year period was too short to achieve the sustainable systemic change standard we are evaluating it against. The Enter-Growth experience suggests that developing a genuinely pluralistic systems response is more difficult in a context where government dominates, and ultimately distorts, incentives – just as wider experience has found it is more difficult to implement an MSD programme in contexts awash with donor-funded direct delivery programmes. It is possible, but there will likely be consequences for the time needed for programmes working in these kinds of contexts.

4.2 In relation to undertaking long term sustainability assessments

Most of the *new* lessons that have emerged from this assignment relate to the sustainability assessment process itself. We have separated these into those relevant to the preparation process and feasibility assessment, and those that are more pertinent to fieldwork.



Lessons for feasibility and preparation:

A comprehensive and robust monitoring and results measurement (MRM) system is vital

Combined with programme reporting, an effective MRM system, with a strong knowledge management component, is a crucial foundation for an ex-post sustainability assessment. This is important in building understanding of what was intended, what was done, what was achieved in terms of changes, and what kind of impact these resulted in (if any). Enter-Growth's MRM was better than many of its peers at the time, and there was an impressive level of documentation available to us. Nonetheless much of the data an assessment of sustainability should be built on, and that would be expected from an MSD programme today, was missing or weak in the Enter-Growth documentation and it was not always possible to differentiate what was achieved from what was intended. The regular use of frameworks which show a programme's theories of change, such as results chains, would make ex-post sustainability assessments easier. For the Enter-Growth assessment we had to post-rationalise some of these, which was time-consuming and inevitably less accurate than we would have liked.

It is usually not possible, or useful, to assess everything a programme has done

Having a focus for the assessment was essential. It would not have been feasible, or probably meaningful, to cover all of Enter-Growth's wide range of interventions. However, we felt it was important to include more than one intervention area, in order to get broader representation and mitigate against the risk that findings in one area were not meaningful. The criteria we used to prioritise and select focus areas worked well.

Involving the original team was valuable

Local and programme knowledge was especially important for the feasibility assessment, and the process of identifying a focus for the assessment. In addition, after such a long time period it is easy for an assessment team to misinterpret, especially when original reports are either missing or mis-leading. The organisational memory of former team members is invaluable.

The first sustainability assessment of a programme should be done within five years of the programme's end

People move on and memories are fallible; ten years is arguably too long a period from programme end to undertaking a first sustainability assessment (this is especially true if MRM data is missing or problematic). Assessments are likely to reap more credible results if they are conducted closer to the end of the programme, when it is easier to verify findings. Although this will vary by programme and context, we expect that in most circumstances an assessment after two to three years would be useful, ideally followed up again after a further three to five years. A long-range assessment after ten years or longer can provide unique learning, but the results would be richer and more credible if there had been one of two interim assessments.

Lessons for an assessment's fieldwork:

Local knowledge and connections are invaluable

For this assignment, the former Project Manager of Enter-Growth used his network and worked with former Enter-Growth district level staff to facilitate access to stakeholders. It was clear that this process required very strong local connections and a lot of social capital, and even so we weren't able to meet everyone that we wanted. Interpretation of our findings was also enhanced by the former Project Manager's local knowledge, and it would not have been feasible to do the mini-surveys without the concerted efforts of a team member with knowledge of researchers and research processes in Sri Lanka.

Independence and objectivity are also important

The involvement of someone from the original programme in the fieldwork was invaluable, but it also risks biasing interviewee responses. Some respondents, when they recognised former Enter-Growth staff, immediately wanted to talk about the programme, rather than the sector or their business, and on occasion we felt that interviewees were loath to say anything they felt could be seen as critical of the programme in the presence of former programme management. If translation is not required, an ideal scenario would be to have former programme team members make the

connection, but independent researchers conduct interviews and other data collection.

There is a high risk of raising expectations of a follow-up programme

We found that despite our explanations of the purpose of the study, some interviewees assumed that a sustainability study indicated intent to initiate a follow-up programme. Not only could such expectations bias responses; they also present a moral quandary. We were at pains to be clear with interviewees that there were no plans for a follow up programme to Enter-Growth, but some individuals may still have been incentivised to participate in the study in hopes of one. This is particularly relevant in contexts of substantial international and government funded support and is likely to remain a risk until sustainability studies are more common.

An ex-post assessment requires flexibility and takes time

We found that the fieldwork for an ex-post sustainability assessment is time-consuming, more so than a traditional programme review process. On reflection, the two weeks we had allocated for fieldwork was too tight. Furthermore, it is extremely important to be flexible, and to build time and budget into fieldwork plans to enable this. One of our colleagues compared conducting a sustainability study to investigative journalism, with the need to pull together fragments of scattered information, triangulate findings (particularly important when relying on long term memory), and follow up on new pieces of information, which may necessitate back-tracking. Many appointments were made while we were in the field and names of key stakeholders who we were keen to meet emerged during the research process. An unscheduled day trip to Anuradhapura - while valuable - cost time and money.

Adapt the research approach to the context and need, and use mixed methods where possible

The two mini-surveys we commissioned were valuable, providing access to a wider range of growers than we could feasibly interview. They enabled us to triangulate the messages we were hearing from the stakeholders we personally interviewed, and occasionally added nuanced information. However, organising the surveys was time consuming, not least because of the need for translation.

Conclusions

At the start of this assignment we identified the following key issues and questions to be addressed:

- ▶ What does sustainability mean in the medium to long term, particularly for programmes that have attempted to take a systemic approach?
- ▶ Is it feasible to evaluate sustainability in the longer term – and if yes, how?
- ▶ What lessons, if any, can we learn about improving sustainability outcomes?
- ▶ Did Enter-Growth's (selected) interventions lead to sustainable outcomes?

Taking the last of these first, we found that a substantial number of the evaluated interventions led to sustained behaviour changes, and if we had undertaken this assessment four years after the programme ended the list would have been even longer. Those behaviour changes have led to specific benefits for some growers; although we could not accurately quantify how many were impacted, they likely number in the hundreds. Enter Growth's contribution is not provable, but there is nonetheless an evident link between many of the behaviour changes described in Enter-Growth documentation and the activities observable today.

However, applying a systems lens and using the definition of sustainability we outline above, the picture is less positive. Although a number of behaviour changes are still present within the system, they predominantly have not improved the performance of targeted functions in the systems in which they operate, or made those systems more resilient and inclusive. The benefits that these behaviour changes have yielded are limited, and do not fundamentally address the constraints identified as causes of poverty and exclusion during the Enter-Growth period, many of which still remain. Constraints in a market system are themselves dynamic, so the constraints that were issues at the time the

programme was implemented may not necessarily be the ones constraining the sector now. However, in this case we found a remarkable parallel between the constraints identified by the programme and those that emerged from our own research. This suggests that although some of the interventions introduced lasting behavior changes, they have not adequately addressed the problems in the system they were intended to.

This raises the question of what sustainability means, particularly for programmes that have attempted to take a systemic approach. It would be easy to argue that interventions that lead to behaviour changes which last, have been sustainable, pointing to the direct benefits they yield, such as access to government subsidised training, or access to trade fairs organised by associations. However, unless those behaviour changes also lead to a lasting solution to the problem originally identified (yet alone the ability to adapt to new problems that emerge), in terms that are meaningful to the people involved, it seems to stretch the definition of sustainability beyond its breaking point.

Our findings from Enter-Growth suggest that there are three factors that underline sustainability over the long-term. Firstly, to achieve sustainability, programmes must catalyse change through in existing system, rather than delivering it themselves. Enter-Growth was a pioneer in this respect with its dedication to a 'light-touch' approach; most of its interventions delivered change through existing players. Its commitment to work almost entirely with and through local players and to fund very little only serves to underline how critical this factor is, because time has proved that even the minimal roles that Enter-Growth played, as coordinator, organiser and so forth, have undermined sustainability in the long-term.

Secondly, sustainability of impact necessarily requires having had impact in the first place. Whilst this sounds like the patently obvious, once interventions have started being

implemented, it is remarkably easy to focus on supporting behaviour changes, and measuring their immediate benefits, fuelled by the assumption that these will eventually solve the problems initially identified and lead to better performing functions and systems. A long-term sustainability study brings into stark relief that this is not necessarily the case. For example, as discussed earlier (see *Floriculture* above), the technical training and advisory services introduced by the Royal Botanical Gardens does not appear to have achieved the intended impact at the time of its implementation.

Thirdly, changes that are genuinely adopted and owned by local players reach scale, and those that are reinforced by other complementary behaviour changes are more likely to last than those that are not; if either of these factors is missing, sustainability is threatened. The Bingirya Collection Centre provides a good example of this. There were significant achievements, including a mandate and budget from the President to establish a series of Agri Export Zones across the country, a model that was supported by floriculture growers and (some) buyers, and the introduction of infrastructure and funding that could coordinate growers, collectors, input suppliers and exporters. However, the change, although it did seem to be genuinely adopted by local players, did not reach scale and was not reinforced by other complementary behaviour changes; it has not proved sustainable over time.

What lessons, if any, can we learn about improving sustainability of outcomes? The biggest lesson we have learned is that the approach a programme takes to development matters. Enter-Growth documentation displays a commendable commitment to learning and reflection and highlights some of the lessons we have outlined above. However, the approach that they took, whilst undoubtedly a strength in some ways, made it difficult to address some of the factors that ultimately undermined sustainability. These include not focusing on root

causes of constraints and minimal consideration of the overall performance of key functions.

This test case was limited by our not being able to assess the sustainability of programme impact on MSEs. As such, it is not possible to conclude with certainty whether a comprehensive sustainability assessment, which includes assessing the sustainability of impact, is, in fact, doable. However, we did find that the assessment approach we developed worked well and the experience of this assessment suggests that it is feasible to evaluate the sustainability of a systems change programme, even ten-years after it closed. Nonetheless, meaningful and credible results are most likely if good access to measurement data from the programme period, good access to the relevant stakeholders in country, and the existence of one or two intervening ex-post evaluations are in place. A ten-year assessment period, while it has its drawbacks, does provide the distinct advantage of a long-range perspective which provides opportunities for a different kind of learning.

This assignment has driven home the importance of measuring sustainability. As sustainable development outcomes are a key driver of so many programmes, and are at the heart of the market systems development approach, it is remarkable that there is not more investment in collecting empirical evidence that could shape practice. We cannot simply assume that because we have demonstrated 'good practice,' the results reported at programme end will last. Just as we have stopped assuming that all development programmes that follow accepted principles necessarily achieve poverty reduction, and are instead committed to rigorous measurements of actual impact, so too, if we consider sustainability an important dimension of the impact development programmes aim to achieve, we should invest resources in the rigorous measurement of actual sustainability.

Annex 1

Stakeholders met and interviewed

The following is a list of the stakeholders met and interviewed as part of the assessment. We have not used names of individuals and businesses to preserve the confidentiality promised to interviewees. Unless stated, the meetings were all held individually, in separate meetings. In Polonnaruwa, all sector players relate to the ornamental fish sector; in Kurunegala, floriculture, unless otherwise noted.

Polonnaruwa District:

- ▶ Six fish growers – all but one at their farm/residence. Three were fish breeders. All were members of various local associations and 4 had been members of DOFA (District Ornamental Fish Association). Two were women
- ▶ Two input and equipment suppliers, briefly, at their place of business.
- ▶ Former President of the DOFA (also a major grower and breeder)
- ▶ Three Collectors (who are also growers)
- ▶ NAQDA (National Aquatic Research and Development Agency) District Officer
- ▶ Three managers at the Mahaweli Development Authority in one meeting
- ▶ Two ex LOCA/VCD Facilitators
- ▶ Branch manager and team at the Cooperative Rural Bank (in one meeting)
- ▶ The previous MSE Forum: Three ex members (private sector)
- ▶ President of the new Business Forum (which isn't active)
- ▶ Samurdhi Development Authority: two managers in one meeting

- ▶ Director General of the Anuradhapura Chamber of Commerce, also acting as the DG for the Polonnaruwa branch (in the process of resuscitating it)

- ▶ NAQDA Training Centre, Officer in Charge

Kurunegala District:

- ▶ Major floriculture grower/collector/exporter, former President of the Floriculture Association
- ▶ Two collectors (one of whom also grows)
- ▶ Four other floriculture growers (2 were women)
- ▶ A VCD/LOCA facilitator, now working for SEDD
- ▶ EDB Manager and team
- ▶ SEDD (Small Enterprise Development Division) Officer who had been based in Puttalam (and was the Secretary of the Puttalam MSE Forum), and was moved to Kurunegala in 2016.
- ▶ Manager at the ISB (Industrial Services Bureau)
- ▶ President of the Wayamba Business Forum – who is also a floriculture grower
- ▶ Two Floriculture Exporters
- ▶ Two major large floriculture input supplier and seedling importer/supplier and grower
- ▶ A smaller floriculture input supply company (which also grows)
- ▶ Floriculture Tissue culture plant nursery owner

- ▶ Different actors who had been involved with the Bingirya Collection Centre: a government extension officer, a Development Officer, a collector (the same as one of those mentioned above), and the Treasurer of a local association who is also a grower. In addition, a former Security Guard employed by the Centre.

Anuradhapura District:

- ▶ The Government Agent, Anuradhapura (briefly)
- ▶ Director General of the Anuradhapura Chamber of Commerce, also the Secretary for the Anuradhapura MSE Forum
- ▶ Anuradhapura Provincial Council, Deputy Chief Secretary, Planning (briefly)
- ▶ Senior Assistant Secretary, North Central Province (and member of the MSE Forum in Anuradhapura)

- ▶ Private sector member of the Anuradhapura MSE Forum

Colombo:

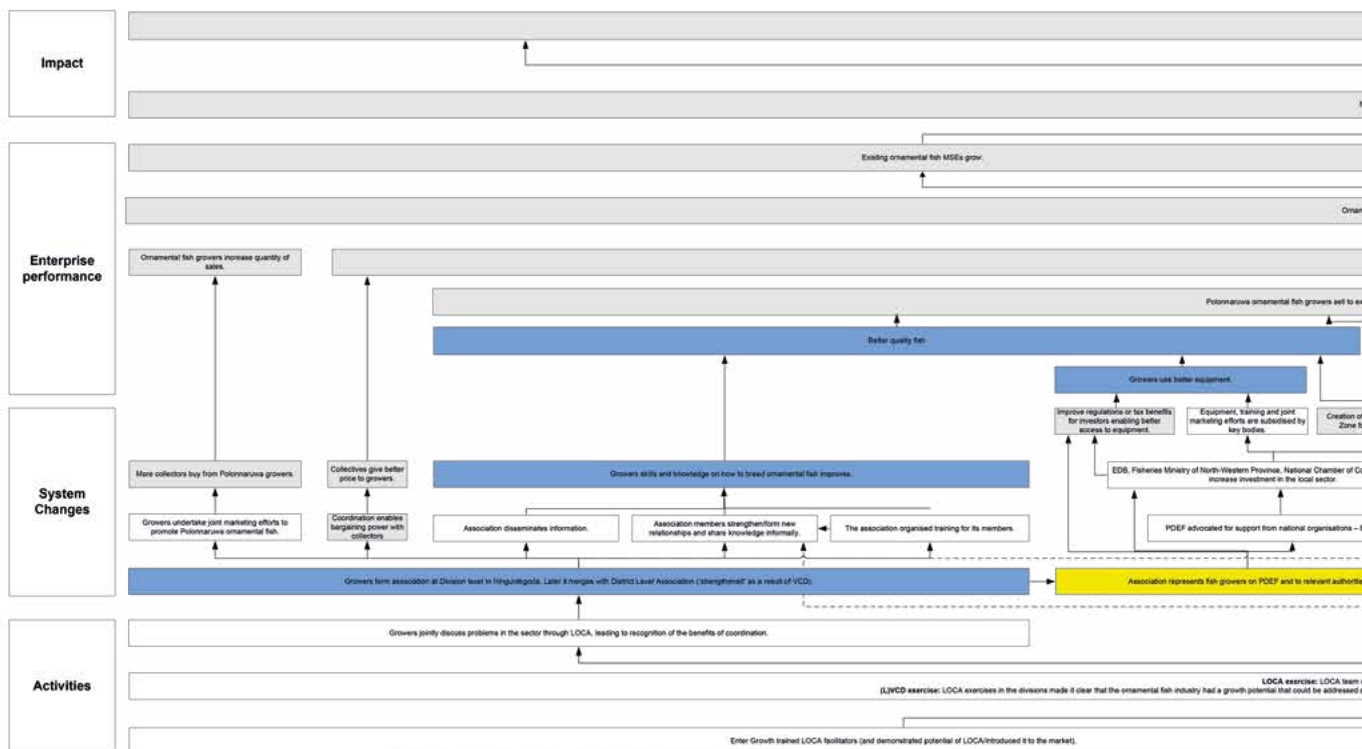
- ▶ Two export companies for floriculture
- ▶ Two Officers at NEDA, one of whom was in charge of the enterprise forum programme
- ▶ EDB: Officers in charge of the Ornamental Fish and the Floriculture sectors
- ▶ NAQDA HQ

Interviews by phone:

Two separate calls with the local NEDA Officers in Monaragala and Nuaaraeliya, both organisers of local Enterprise Forums

Annex 2

Example: Results chain for the ornamental fish sector



Key:
 Green box - core system
 Purple box - functions one level from core
 Blue box - functions two levels from core
 Yellow box - functions three levels from core
 Orange box - changed regulations or policy (an outcome of advocacy)
 Grey box - means this did not occur in the life of the programme according to the data we have so far.

Core: supply and demand of ornamental fish

Production

Input supply: equipment

Input supply: water

Transportation

Enforcement of policy/regulations

Skills/knowledge

Marketing

Advocacy

Input supply: new varieties

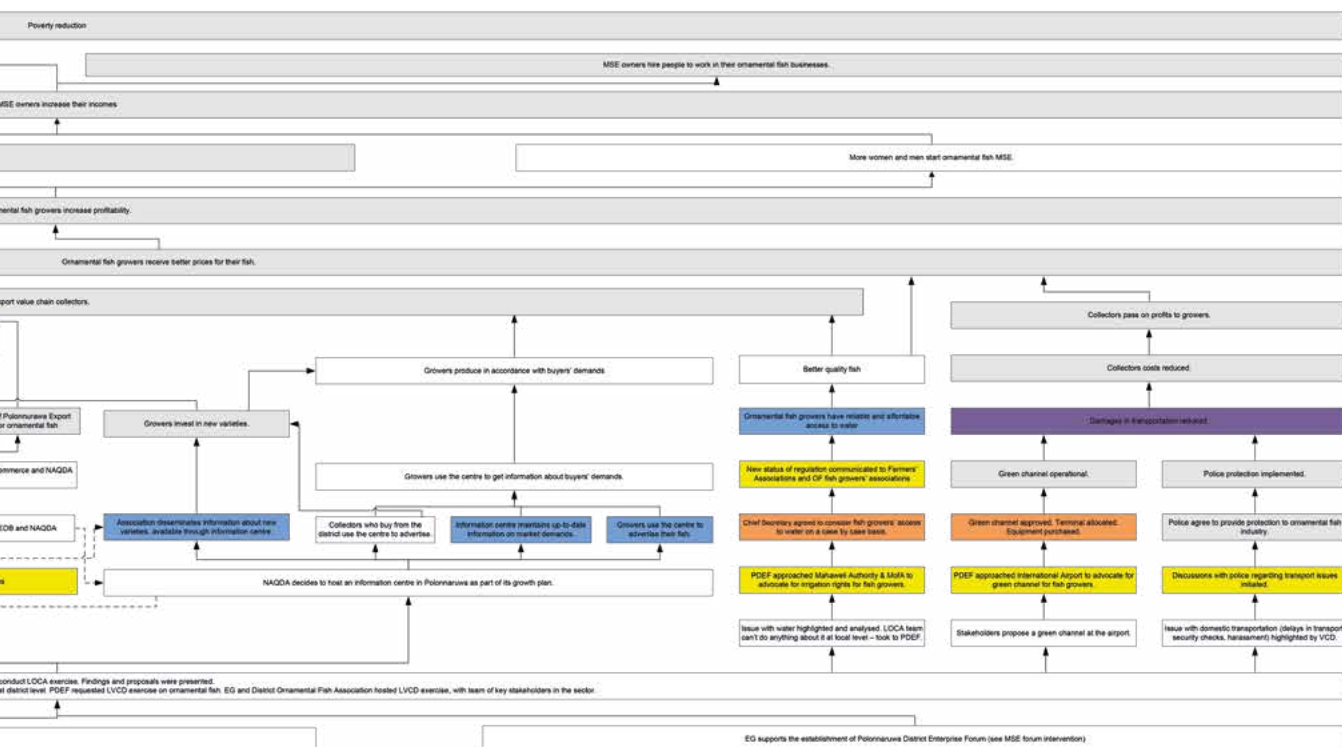
Changed policy

Marketing (growers)

Information about the market

Coordination

Advocacy



Annex 3

Example: Excerpt from the data analysis exercise for the ornamental fish sector

Ornamental Fish - partial view of data analysis

Function/Activity	Results Chain Box	Data
LOCA/VCD	Enter Growth trained LOCA facilitators (and demonstrated potential of LOCA/introduced it to the market).	Programme activity, recorded in intervention reports.
MSE forums	EG supports the establishment of Polonnaruwa District Enterprise Forum (see MSE forum intervention)	Programme activity, recorded in intervention reports.
LOCA/VCD	LOCA & VCD exercises conducted	Recorded in intervention reports.
LOCA/VCD	Growers jointly discuss problems in the sector through LOCA, leading to recognition of the benefits of coordination.	1. "After the LOCA presentation of findings and proposals, a Divisional association of ornamental fish growers was founded with required."
Coordination	Growers form association at Division level in Hingurakoda. Later it merges with District Level Association ('strengthened' as a result of LVCD).	1. "After the LOCA presentation of findings and proposals, a Divisional association of ornamental fish growers was founded with required." "Today the association in Hingurakoda remains largely inactive due to a stronger District-wide association that evolved out of "Association strengthened." [status update, pg. 3] 2. "The formation of an association was proposed to increase the power of the breeders and minimize the influence of intermediaries. NAQDA instructors, jointly with Fisheries Ministry of North Central Province. It was first established within with 60 people, and later expanded to 200 members, and now has over 500. The foundation of the association itself did not pose problems. Forum's secretary were appointed patrons of the society." 3. In less than two years its membership has grown from 80 to 500.
Marketing	Growers undertake joint marketing efforts to promote Polonnaruwa ornamental fish.	Growers participated at the national aquatic exhibition in Colombo. Marketing. The Provincial Ministry of Fisheries funded a 6
Core	More collectors buy from Polonnaruwa growers.	1. "Joint marketing efforts of the growers in the District will hopefully contribute to increasing their sales and incomes."
Coordination	Coordination enables bargaining power with collectors	2. "Collectors are not interested to cooperate, they do not see the need. If they can't get from Polonnaruwa they'll go elsewhere."
Core	Collectives give better price to growers.	3. "However, fish breeders also reported that in terms of price setting the main voice is still with the collectors." "[One] collector
Skills/knowledge	Association disseminates information.	
Skills/knowledge	Association members formed new informal relationships and strengthened existing ones.	1. "Interviewees reported that the association is successful and effective. The growers are now accessible to each other, and the growers are organized, they have become more aware of demand and can better share their experiences."
Skills/knowledge	The association organised training for its members.	1. The association organised for 21 of its members to attend NAQDA training at Rambodagalle, funded by NUCLEAS programme. 2. The association organised for some of its members to attend training at at Dambulla funded by EDB. 3. "The National Aquaculture Development Authority, NAQDA have set up a training station in Kurunegala, aimed at training growers. 201 breeders were trained in 11 programmes. Most of the trainees were existing small scale producers who wished to increase their industry who are considering taking up fish farming were trained as well as some civil servants. ...The director at NAQDA stated training." 4. "At the time of the assessment at least 20 new breeders had entered the value chain as a direct result of assistance provided."
Skills/knowledge	Growers skills and knowledge on how to breed ornamental fish improves.	1. "It is assumed that the NUCLEUS sponsored attendance at the training programme of the Rambodagala centre has enhanced the breeding knowledge of growers has increased and therefore it is no longer a problem to obtain high quality fingerlings in the local market." 2. "The growers reported learning things from the training like injecting hormones into fish, which has improved the lifespan and size of the fish. At the same time, they reported that they would like to receive follow-up training. Several collectors commented that the quality of the fish has gone up in the past year and that the growers are now more knowledgeable." 3. Another positive side-effect of the trainings organized by NAQDA, is that growers have (had) the opportunity to share ideas and shared for example tips on how to combat diseases with traditional medicine. The improved networking impact is also found
Advocacy	Association represents fish growers on PDEF and to relevant authorities	1. "The association...also supports other activities, e.g. it nominates suitable beneficiaries of grants and other assistance, actively aware of their problems, and represents the sector on the District Enterprise Forum."
Advocacy	PDEF advocated for support from national organisations – EDB and NAQDA	1. "As a result of the LOCA exercise and the subsequent Local-VCD initiative, the Export Development Board (EDB), National Chamber of Commerce (NAQDA) have become more aware of the needs of Polonnaruwa growers..."
Multiple	EDB, Fisheries Ministry of North-Western Province, National Chamber of Commerce and NAQDA increase investment in the local sector.	1. "Grants became available from Fisheries Ministry of North-Western Province about 10,000 LKR to 35 farmers. This was a one-time grant." 2. The Export Development Board allocated Rs. 25 million to development of export from Polonnaruwa, with a focus on ornamental fish.
Multiple	Equipment, training and joint marketing efforts are subsidised by key bodies.	These funds were partly from EDB, partly from a Dutch organization and partly from the National Chambers of Commerce. The form of equipment and not in cash. Initially, EDB planned to disburse 100 grants in equipment (nets, air pumps, tubes, shade, etc.) money for 50 of the 100 farmers who were initially selected. A year later the other 50 farmers will get their grants. The grants are from donors. The farmers themselves are expected to contribute 5,000 LKR which they have to deposit in the bank. 3. "As a result of the LOCA exercise and the subsequent Local-VCD initiative, the Export Development Board (EDB), National Chamber of Commerce (NAQDA) have become more aware of the needs of Polonnaruwa growers and have increased their presence and services in the sector. "The Export Development Board is providing more services to ornamental fish breeders in Polonnaruwa."
Advocacy	Improve regulations or tax benefits for investors enabling better access to nets and other equipment.	"Not done, was not feasible. No improvement in regulations because it would affect support to the inland fisheries industry."
Equipment	Growers use better equipment.	1. Supply of nets to 50 growers, funded by EDB and partners (see above) 2. The availability of credit facilities in the ornamental fish sector in Polonnaruwa through a loan facility of the Export Development Board (LVCD), may have led to increased investment in equipments such as nets, quarantine tanks and a cooler truck to transport fish. 3. "In Polonnaruwa 49% invested in new equipment or machinery." (no direct attribution) 4. "One of the major effects reported as a result of this access to finance is the presence of cooling trucks which allows growers to transport means that were previously not available and quarantine tanks. Though interviewees were unable to quantify the variety of fish." 5. "The giving of the grants has however also led to friction among breeders." see pg. 11 for more
Multiple	Creation of Polonnaruwa Export Zone for ornamental fish	1. "A high-level meeting is to take place to consider making the District and Export Zone for ornamental fish."
Market information	NAQDA decides to host an information centre in Polonnaruwa as part of its growth plan.	1. As a result of the value chain development intervention, NAQDA is now also hosting an information centre in Polonnaruwa. 2. NAQDA has a ten year plan to establish these ornamental fish exchanges and information centres in four other districts: Puttalam, Hambantota, Kandy and Rathnapura.

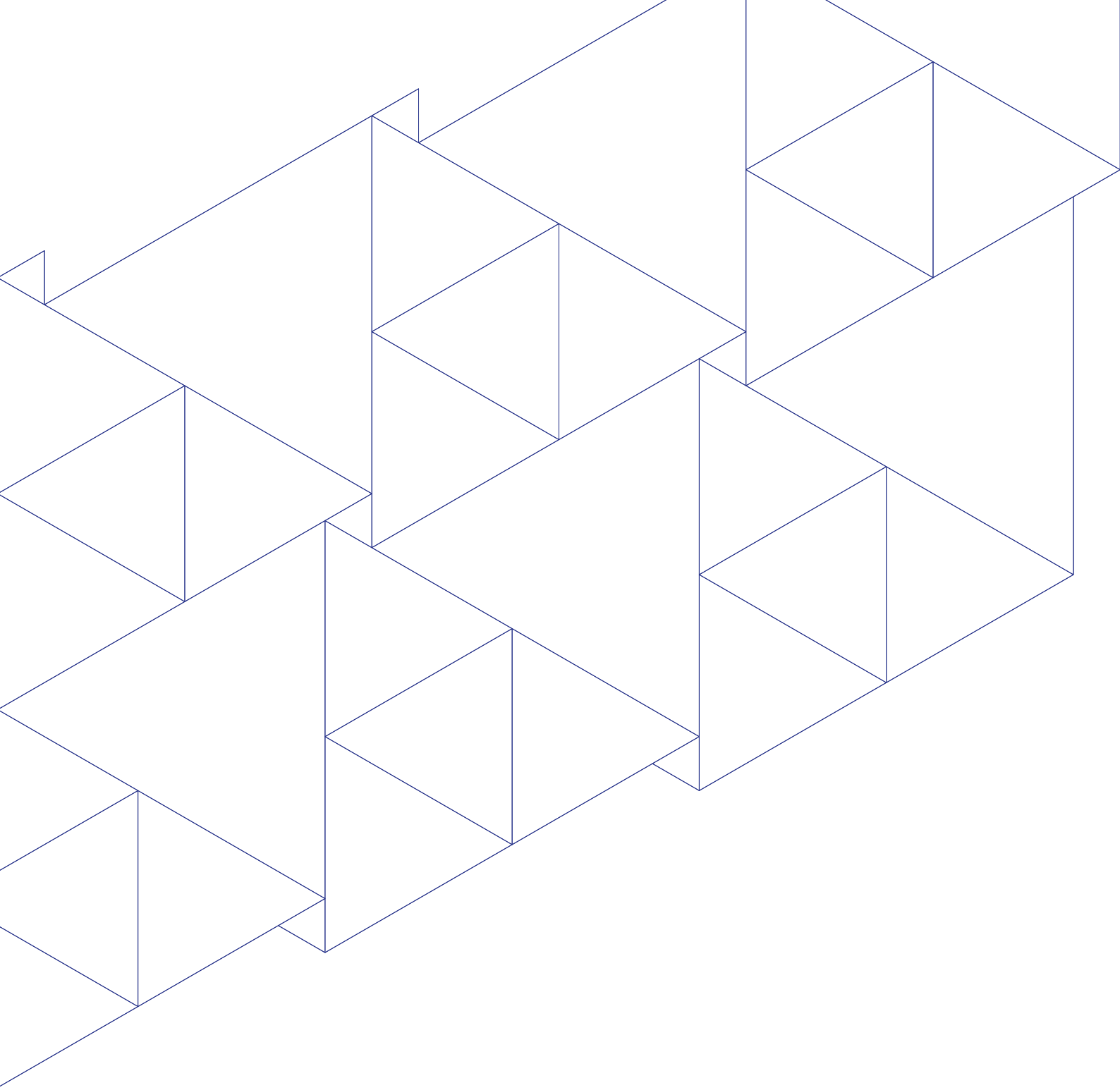
	Quality of data	Source	Date
with 19 members. This was done by the growers themselves – outside support was not		1. IR on H. LOCA	1. March 2008
with 19 members. This was done by the growers themselves – outside support was not			
a value chain project later initiated by Enter-Growth."			
mediaries. The foundation of the association was done by NAQDA, in particular the		1. IR on H. LOCA; IR on VCD 2. IR on VCD 3. ILO article by Roel	1. March 2008; Sept 2008 2. Sept 2008 3. April 30, 2009
blems. The District Secretary and Chairman of the District Enterprise Forum as well as the			
0 seated bus to transport all the growers to the exhibition.		IR on H. LOCA	March 2008
ere."		1. IR on H. LOCA 2. IR on VCD 3. IR on VCD	1. March 2008 2. Sept 2008 3. Sept 2008
tor noticed that prices are fluctuating less than before, which he attributed to the better			
contact and help each other with problems. Some growers observed that since the		1. IR on VCD	1. Sept 2008
ne and Chamber of Commerce		1. IR on H. LOCA; IR on VCD 2. IR on VCD 3. IR on VCD 4. Progress report 7 and IR on VCD	1. March 2008; Sept 2008 2. Sept 2008 3. Sept 2008 4. March 2009 & Sept 2008
growers. In 2007, 302 breeders were trained in 20 programmes, while up to June 2008, use their knowledge or to upgrade their facilities. In addition, people from outside the as that before this training centre was opened, there was no proper institute providing d. It was expected that this would increase (200 more had been trained)."			
nd the knowledge and skills of the participating growers. One proof of this is that the fish District."		1. IR on H. LOCA 2. IR on VCD 3. IR on VCD	1. March 2008 2. Sept 2008 3. Sept 2008
especially on how to combat fish diseases." "Collectors also report effects of the training. knowledgeable. Also, they are using newer techniques and have more varieties available."			
about the fish industry as well as to discuss their challenges. During the training they as a result of the association."			
ely participates in selecting them, support marketing of fish, makes political authorities		1. IR on VCD	1. Sept 2008
Chamber of Commerce (NCC) and the National Aquatic Resource Development Authority		1. IR on H. LOCA	1. March 2008
ne off event to boost the sector."			
mental fish.			
ese grants were given through the association to the beneficiaries and are given in the and covering nettings to improve the ponds) to farmers, but in 2008 there was only amounted to 50,000 LKR: 25,000 LKR are paid for by the EDB, and 25,000 by other		1. IR on VCD 2. IR on VCD; Progress report 7 3. IR on H. LOCA; Progress report 7	1. Sept 2008 2. Sept 2008; March 2009 3. March 2008; March 2009
chamber of Commerce (NCC) and the National Aquatic Resource Development Authority the District – thus increasing the level of support services."			
		IR on VCD	Sept 2008
ment Board (EDB), which was part of Enter-Growth's Local Value Chain Development e fish."		1. IR on VCD; 2. EG Impact Assessment (based on IR on VCD) 3. EG Impact Assessment 4. IR on VCD	1. Sept 2008; 2. Sept 2008 3. Dec 2008 4. Sept 2008
rs to transport a wider variety of fish than before. Other benefits include proper nets, the effects of these equipments, they all agree that it has benefited the quality and			
		1. Progress Report 7	1. March 2009
		1. IR on VCD	1. Sept 2008

Input supply: new varieties	Association disseminates information about new varieties, available through information centre.	1. "Did not happen wanted to introduce new varieties which are in high demand for export but people are only comfortable chairman sees this as a priority."
Input supply: new varieties	Growers invest in new varieties.	
Market information	Collectors who buy from the district use the centre to advertise.	1. "Collectors who buy from the district use the centre to advertise and, for example, announce when their cars are read to"
Market information	Information centre maintains up-to-date information on market demands.	1. "Growers can visit or phone to get information on the demand."
Marketing	Growers use the centre to advertise their fish.	
Market information	Growers use the centre to get information about buyers' demands.	1. "Growers can visit or phone to get information on the demand." 2. "The two information centres (Colombo and district-based) are contributing to improving the networks within the ornamental market producers were complaining that there was not enough demand for their produce. Through the information centre s demand."
Production	Growers produce in accordance with buyers' demands	
LOCA/VCD	Issue with water highlighted and analysed. LOCA team can't do anything about it at local level – took to PDEF.	
Advocacy	PDEF approached Mahaweli Authority & MoFA to advocate for irrigation rights for fish growers.	1. The LOCA exercise conducted prior to the VCD exercise, resulted in a major improvement for the sector. It found that breeding agriculture. This was solved by the Forum, which approached the Mahaweli Authority which is responsible for irrigation water. District Secretary and Chairman of the District Enterprise Forum had farmers associations informed that water should be made available.
Advocacy	Chief Secretary agreed to consider fish growers' access to water on a case by case basis. (New approach to policy/regulation)	2. see also summary of regulatory changes in Annex 3 of 7th progress report
Enactment of policy	New status of regulation communicated to Farmers' Associations and OF fish growers' associations	
Input supply: water	Ornamental fish growers have reliable and affordable access to water	
LOCA/VCD	Stakeholders propose a green channel at the airport.	1. Though it was not among the original proposals, while activities were being implemented the concept of a green channel for live goods was proposed by the stakeholders."
Advocacy	PDEF approached International Airport to advocate for green channel for fish growers.	Check with EG management.
Advocacy	Green channel approved. Terminal allocated. Equipment purchased.	1. "A green entrance for perishable products will be opened soon." 2. "Although a green gate has been approved, it has not become operational."
Enactment of policy	Green channel operational.	1. "Although a green gate has been approved, it has not become operational." / "A terminal was allocated the International Airport operational, reportedly due to continued security concerns." But 2. "A Green Entrance for perishable products opened at the airport...When Exporters inform details of their perishable to keeping those vehicles waiting. (Sept 2007)"
LOCA/VCD	Issue with domestic transportation (delays in transport, security checks, harassment) highlighted by VCD.	
Advocacy	PDEF (?) or VCD team (?) or EG (?) initiated discussions with police regarding transport issues.	1. "Discussions held with senior police but could not be solved."
Advocacy	Police agree to provide protection to ornamental fish industry.	2. "Deputy Inspector General agreed to send a circular to checkpoints and police stations and to have awareness sessions. The
Enactment of policy	Police protection implemented.	
Transportation	Damages in transportation reduced.	
Transportation	Collectors costs reduced.	
Core	Collectors pass on profits to growers.	
Production	Better quality fish	1. "It is no longer a problem to obtain high quality fingerlings in the District." 2. "The buyers all commented that the quality of fish had improved over the last year." / "The most prominent impact appeared quality of their supplies has increased, while buyers noted that the quality of fish they bought had gone up as well. This increase all of the four proposals made, in the value chain. The training has brought better knowledge and skills in growing fish. The association has led to better communication both among growers, allowing them to learn from each other, and between growers. Finally, the presence of the information centre lets buyers or farmers find more appropriate partners for their businesses."
Core	Polonnaruwa ornamental fish growers sell to export value chain collectors.	1. "Growers were also linked to a major exporter." 2. "According to the EDB, there is a high production of fish, but the small growers' quality is usually not exportable and at the moment the EDB is not very interested in creating linkages between exporters and farmers, as the quality is not yet exportable through the association." / "However, this has not yet led to increasing the number of exporters, as at the moment quantity produced by the small scale growers has not yet reached export quality level. Moreover, many exporters are reluctant to accessible parts of the country also supply ornamental fish."
Core	Ornamental fish growers increase quantity of sales.	1. "In Polonnaruwa the average increase in [self reported average monthly] business sales [across all sectors surveyed] compared EG in general or OF in particular." "In Polonnaruwa as many as 56% of MSEs reported low sales in 2006 of which no less than 30% are now reporting to medium sales." "All in all it can be concluded from the above that the overall sales figures have increased over the past three year; mainly in 'starting' rates three years ago at the time of the baseline. They are now more equal to the other two districts." "It appears that the general increase has benefited male entrepreneurs more than female entrepreneurs, especially in Polonnaruwa."
Core	Ornamental fish growers receive better prices for their fish.	1. "The ongoing conflict in the North and the security situation in the country, are probably factors that contributes to this price restrictions in Polonnaruwa and on the long road between the district and the main markets, including the airport, are heavy activities to other districts. It is especially the smallest (and usually poorest) growers who are mostly affected. Some have been
Core	Existing ornamental fish MSEs grow.	1. "Enter-Growth monitoring indicates that at least an additional 50 enterprises have started breeding tropical fish in Polonnaruwa than the owner."
Core	New ornamental fish MSE entrants.	1. "Enter-Growth monitoring indicates that at least an additional 50 enterprises have started breeding tropical fish in Polonnaruwa than the owner. One hundred more are receiving support to start." 2. "The training programmes conducted by NAQDA are also impacting on the number of growers or producers in the ornamental fish trained in 2007, a quarter had started production by 2008. At least 20 new people have started ornamental fish businesses. They also start their fish growing activities. The increased attention to the sector by the government also contributed to the expansion commented that there are currently perhaps too many producers, as a result of which collectors pay lower prices for the fish."
Core	MSE owners increase their incomes.	1. 71% of MSEs surveyed (not just OF) reported an increase in personal income. "Polonnaruwa MSEs report much higher household incomes than in the baseline but despite the major increase, it is still somewhat below the HIES average in that district." see pg 32-33 [However: "The MSEs run by the respondents contribute substantially to...household incomes, with two-thirds of respondents reporting total income." pg 35]
Core	MSE owners hire people to work in their ornamental fish businesses.	1. "Enter-Growth monitoring indicates that at least an additional 50 enterprises have started breeding tropical fish in Polonnaruwa than the owner." 2. Polonnaruwa noted the highest increase [in paid and unpaid workers] with 1.3 worker per MSE on average." [from 1.5 in 2006]
Core	Poverty reduction	1. "...daily living costs have also increased, hence the little profits MSEs may make, are 'eaten up' by daily living expenses. It is difficulties." [not specific to OF]

with existing varieties. The District Association has yet not given up the idea. The new		1. IR on VCD	1. Sept 2008
sell."		1. IR on VCD	1. Sept 2008
		1. IR on VCD	1. Sept 2008
ental fish sector. Its director observed that before the information centre was there, small small producers can find buyers, and there are no more complaints about insufficient		1. IR on VCD 2. IR on VCD	1. Sept 2008 2. Sept 2008
orders were denied access to water from irrigation canals, which was reserved for er distribution. Two relevant ministries were involved as well. In non-Mahaweli areas the de available for the fish growers."		1. IR on VCD 2. Progress report 7	1. Sept 2008 2. March 2009
at the airport to speed up loading and transport of perishable		1. IR on VCD	1. Sept 2008
		1. Progress report 7 2. IR on VCD	1. March 2009 2. Sept 2008
irport and equipment has been purchased. However, the channel has not yet become transportation by fax, duty manager of the airport approve passes in advance without		1. IR on VCD 2. Progress report 7	1. Sept 2008 2. Sept 2007 cited in report March 2009
		1. IR on VCD 2. Progress report 7	1. Sept 2008 2. March 2009
rs to be the increase of quality within the entire value chain. Farmers observed that the ase in quality, and hence the increased demand on the whole can be attributed to any or grants, given in the form of equipment have contributed to the quality, while the owers and buyers, making them better aware of their wishes, demands and possibilities.		1. IR on H. LOCA 2. IR on VCD	
the moment only a small portion goes to the world market. This is the reason that at the table. The EDB plans to select exporters in the future, who should be linked with the still only a small portion goes to the world market. According to the EDB the quality and ant to buy from Polonnaruwa due to the many security checks along the way. Other, more		2. IR on VCD	2. Sept 2008
pared to 2006 totals 236%." This is far above the other districts, but no direct attribution to n and higher sales."		1. EG Impact Assessment	1. Dec 2008
Polonnaruwa and to some extent in Kurunegala. These two districts had the lowest anaruwa."			
progress not yet having been translated into demonstrably higher sales and profits."		1. IR on VCD	1. Sept 2008
progress not yet having been translated into demonstrably higher sales and profits. Security y. Enter-Growth reports that many collectors and large buyers have therefore shifted their en put out of business."		1. IR on VCD	1. Sept 2008
aruwa after the value chain exercise done there, some generating employment for more		1. Progress report 7	1. March 2009
aruwa after the value chain exercise done there, some generating employment for more		1. Progress report 7 2. IR on VCD	1. March 2009 2. Sept 2008
ental fish sector. NAQDA reports that of those who were new to the industry and were This number is likely to increase as some people from the 2008-trained batch (201) may vision of the sector. While on the one hand the growth of the sector is good, other people t."			
not attributed to OF and <i>relative</i> incomes don't seem to have increased.]		1. EG Impact Assessment	1. Dec 2008
g that it contributes more than half and 46% stating it makes up more than 75% of the			
aruwa after the value chain exercise done there, some generating employment for more 2006 to 2.8 in 2008 - not limited to OF - but negligible increase in <i>paid</i> workers]		1. Progress report 7 2. EG Impact Assessment	1. March 2009 2. Dec 2008
is not likely that the Enter-Growth interventions could have effectively combated these		1. EG Impact Assessment	1. Dec 2008

Annex 4: Summary of generic sustainability questions used in the Enter-Growth assessment

SUSTAINABILITY QUESTIONS: BEHAVIOUR CHANGE	
ADOPTION	Is this behaviour still happening at the level of initial adoption?
SCALE-WITHIN	Is the behaviour still happening at, or beyond, the level of scale it reached during the life of the programme, within the originally defined system?
SCALE-BEYOND	Has this behaviour been adopted more widely, beyond the system originally defined by the programme?
RESILIENCE	Is there evidence that this behaviour has been sustained in the face of shocks, threats or changes? Has the behaviour adapted, grown or evolved over time?
SYSTEM RESPONSES	Have new behaviour changes arisen in different functions, in response to the focal behaviour change, independently of programme interventions?
INDEPENDENCE	Is there evidence that current behaviours are being incentivised and capacitated by players in the system, rather than by donor-funded support?
ATTRIBUTION OR CONTRIBUTION	What evidence is there that the programme contributed to the presence of current behaviours? Is there evidence that there are other causes for current behaviours? If so, to what extent do these undermine the argument that it is likely the programme contributed to changes?
SUSTAINABILITY QUESTIONS: FUNCTION PERFORMANCE	
CURRENT PERFORMANCE	How is the function currently performing? Have benefits at the function level been maintained (quality/quantity, price/yield, timing) or improved for those who originally benefited from programme interventions?
SCALE-WITHIN	Has function performance improved for more people within the original system?
RESILIENCE	(How) has the function evolved to continue yielding benefits in the face of shocks, threats or other changes? Is it performing well, but through different behavior changes? Have improvements to performance grown, adapted, or evolved? Have benefits improved from what they were by programme close?
SYSTEM RESPONSES	Has the performance of different functions changed, independently of programme interventions, as a result of this function's improved performance? Have there been any unintended effects (positive or negative) of this benefit?
INDEPENDENCE	Is there evidence that function performance is being incentivised and capacitated by players in the system, rather than by donor-funded support?
ATTRIBUTION OR CONTRIBUTION	What evidence is there that the programme contributed to the changed performance of this function? Is there evidence that there are other causes of the change in performance? If so, to what extent do these undermine the argument that it is likely the programme contributed to changes?



International
Labour
Organization



MARKET SYSTEMS
DEVELOPMENT FOR
DECENT WORK



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

The Lab: Market systems for decent work

 Website: www.ilo.org/thelab

 Email: thelab@ilo.org

 Twitter: [@ILOTheLab](https://twitter.com/ILOTheLab)

© International Labour Organization