



Enterprise for Pro-poor Growth

Third project progress report

8 July 2006 to 17 January 2007



Polonnaruwa Palama group

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Acronyms

EYB	Expand Your Business
GA	Government Agent
KAB	Know About Business
LOCA	Local Competitive Advantage
MSME	Micro, Small and Medium Enterprise
NIE	National Institute of Education
SIYB	Start and Improve Your Business
VCD	Value Chain Development

1. Introduction

The project Micro and Small Enterprise Development for Pro-poor Growth, Enter-Growth for short, started on 1 June 2005. It has a three-year duration.

The project aims to “*contribute to the generation of pro-poor economic growth and quality employment for women and men, through an integrated programme for the development of micro and small enterprises that focuses on the North-West and North-Central provinces. The reduction in poverty and unemployment will indirectly contribute to the sustainability of peace and reconciliation*” (project goal).

The project takes a participative and inclusive approach to planning and developing its specific interventions, to ensure a high degree of relevance and ownership. Its work covers three thematic areas. The primary entry point is expanding the access of micro and small enterprises to markets for their products and services. Here, the project supports activities that will lead to a more dynamic and effective market for business services that enable enterprises to improve their productivity, become more market-led, and develop linkages to new markets.

Strengthening enterprise culture is the project’s second entry point. The project strategy includes a social marketing campaign that promotes enterprise as a valued option for employment, and support to the introduction of entrepreneurship training in vocational schools.

Improving the local policy and regulatory environment is the project’s third entry point. The project strategy is to strengthen organisation of micro and small enterprises, facilitate the development of a dialogue between them and the authorities, support specific policy and regulatory improvements, and strengthen the authorities’ capacity to develop and maintain an enabling environment.

At the national level the experience gained in the Districts is to be shared with national level stakeholders and representatives from other provinces. The project also continues support to the Start and Improve Your Business programme, with the objective of full sustainability. In addition, commercial mass media programmes will be developed that provide small businesses with information and a public platform for debate.

The project is being implemented under the Ministry of Enterprise Development and Investment Promotion. The SIYB Association of Sri Lanka is the national partner for support to the SIYB programme. At the District level, the District Secretaries and Micro and Small Enterprise Forums established with project support are the project’s direct partners.

The first progress report reported on:

- Setting up the project team and infrastructure.
- Establishing the project with the District level stakeholders.
- Further development and operationalisation of the project strategy.

The second report was a self-evaluation and therefore quite substantive and substantial. It covered the following main areas:

- Conducting participative needs identification and planning exercises, and follow-up to them.
- Organising and conducting Business Service Fairs.
- Identification of new business services to be developed.
- Conceptualising and preparing the social marketing campaign and other enterprise culture interventions.
- Initiating the work on the policy and regulatory environment
- Promotion and training for small business radio and TV programmes.
- Capacity building in relation to the above.

It also reviewed:

- The relevance and adequacy of project design and strategy
- Progress under each of the four immediate objectives and outputs
- Crosscutting themes
- Potential for sustainability.
- Issues and lessons learned.

The current report comes before a strategic review, which will be conducted by an independent consultant in the second half of January 2007. It provides a simple and factual update on project progress, since substantive issues were raised in the previous report, as well as in the TOR for the review, which is attached as Annex 2. No major new approaches or interventions were taken up, apart from an intensification of activities under the policy and regulatory environment theme.

2. Results

This Chapter reports on project progress against planned outputs.

District level - Immediate objective 1

Expanded markets for services and products of micro and small enterprises of women and men in the North-West and North-Central provinces, through increased productivity and competitiveness, a stronger demand orientation, and better market linkages.

Output 1.1

The supply strengthened of business services and skills training that enable women and men in MSEs to increase their productivity, offer more market-led products and services, and develop market linkages.

Progress:

The project has continued to use the LOCA approach to initiate public-private dialogue at the local level, to help stakeholders define their needs, develop solutions and implement them.

As in the previous reporting period, such solutions have been:

- Immediate interventions that address very concrete constraints.
- Linking the identified demand to a supplier of a service that addresses a constraint.
- Improving the quality or quantity of a service so that it meets the identified demand.
- Developing a service if there is none that meets the demand.

So far, this is the number of exercises completed or ongoing per District.

District	Completed		Ongoing	
	Divisional	Value Chain	Divisional	Value Chain
Anuradhapura	3	1		
Polonnaruwa	3	1		
Puttalam	4	1		
Kurunegala		2		2

There is an increase especially in the number of value chain development exercises. To some extent this is a natural development: Divisional LOCAs result in the identification of prominent competitive sectors, which then become the subject of a value chain exercise. However, in Kurunegala the focus on value chains is at the strong request of the MSE Forum, which considers this a more effective approach to develop the District's economy. The project has at its disposal the services of a specialist in value chain development, who has played an important role in helping the project to develop its approach in this area and in supporting implementation in the Districts. Value chain exercises were conducted on the following sub-sectors:

- Anthurium (a tropical flower, Kurunegala)
- Dairy (Kurunegala)
- Tourism (Anuradhapura)
- Fresh vegetables (Puttalam)
- Ornamental fish (Polonnaruwa)
- Handloom (ongoing, Kurunegala)
- Rice flour products (ongoing, Kurunegala)

The project's value chain development approach has now evolved to such an extent that the LOCA label does not apply to it any longer. Although it does make use of the same participatory methods, its analytical tools are different and more suited to value chain analysis. The approach has been developed into a manual that reflects the experience in the Districts. It will be completed in early 2007 and is likely to be used in the ILO's Turin Centre training on value chain development.

Two other trends in LOCA/VCD are worth noting. The implementation rate of the proposals that come out of the exercises appears to be increasing, especially when compared to the first exercises. This does not, however, seem to be linked to the greater emphasis on VCD. In fact, it appears to be more difficult to have VCD proposals implemented, as they involve actors outside the District, who are often less motivated. Secondly, there is a greater emphasis on implementation of proposals by larger private sector firms in the value chain. However, the project's attempts in this direction have met

with mixed results. Larger firms often proved as unreliable in meeting the commitments they made as NGOs or government agencies. The key to success here is (of course) to ensure that the proposals are profitable for the larger firms as well as the MSEs. This is not always possible. For instance, developing fresh milk marketing in a District is in the interest of the producers, not of the corporations that buy milk to produce powder.

The project has further developed the capacity of service providers to conduct LOCA and VCD exercises. Two refresher trainings and an experience-sharing workshop were conducted with LOCA facilitators initially trained last year. In addition, in December a further 26 facilitators were trained, from a variety of organizations in the four Districts. While the previous training was limited to those with a good command of English, this programme was held in Sinhala. There was very strong interest in participation, and the project applied a strict selection procedure. Unfortunately, in spite of preference given to women candidates, only 4 of the trainees were women. In the previous batch of trainees about a third were women, and most are among the active facilitators.

A first national level training on value chain development was conducted in collaboration with the GTZ Value Chain Promotion Component, in August. The one-week training programme attracted 16 practitioners from business development service providers. Three of the organisations concerned have meanwhile done small exercises using the value chain concept, and a larger exercise is being planned by the SME Bank and the IDB, in the coir sector. Others have not conducted value chain development exercises, in spite of Enter-Growth's offer of follow-up support. The best that can be hoped for them is that the training may have some indirect impact on their business development work.

Whereas the national level training offered more theoretical background information, the district training focussed more on the practical implementation of a value chain approach. This built on experience gained with value chain LOCAs. Brief awareness raising workshops were conducted for policy makers and practitioners prior to the training in order to get attention for the subject. This was followed by a 4-day training programme on value chain development in October to which public and private sector stakeholders from all four target districts were invited. Twenty-four people participated, on average 6 from each district. Four were women. The project will be working closely with the organisations concerned to ensure that this newly created capacity is made use of. Follow-up workshops will be conducted in each of the Districts, to introduce the finalized manual (January). Value chain development exercises will then be conducted under the guidance of the project.

Work on the improvement or development of new business services has been progressing, but has not been expanded to other services, with one exception. Progress is as follows:

Packaging training: A three-day training of service providers was conducted in Kurunegala, under a contract with the Dambadeniya Development Foundation. This brought together service providers from the private, NGO and government sector, including producers and providers of equipment and materials. Some 24 people participated, from each of the four Districts. Demand in the Districts is strong. Workshops for entrepreneurs were conducted by service providers in Polonnaruwa, Anuradhapura and Kurunegala. The project will support further promotion of this new service.

Upgrading private sector training providers of garment making: An inventory of providers was made (there are some 200), and a training needs assessment has been carried out by the Clothing Industry Training Institute. Training to upgrade their skills is planned for the first quarter of 2007.

E-commerce: Two Colombo-based private sector organizations are setting up internet-based “meta-markets” for their members. They are the National Chambers of Exporters and the National Chambers of Commerce and Industry. In addition, the project trained the E-Sri Lanka project’s Nenasala operators in Hambantota and North-Western province on using the CatGen software for e-commerce. Several have set up sites, which will have to become part of “meta-markets” to become effective. The project has identified three interested parties in the project Districts to take on CatGen as a service, but progress is slow. The potential of e-commerce first has to be demonstrated. For now the project is therefore concentrating on support to the above-mentioned “meta-markets”. Enter-Growth is developing collaboration with the GTZ Value Chain Development project to further develop this initiative at the national level.

Improving business ethics: A script was developed for a first VCD, which will be commercially distributed. A second script is being written. Production is planned to take place in the first quarter of 2007. Research was conducted on distribution channels to identify the right approach and partners.

Secretarial services to help MSEs communicate with larger markets: Research is being conducted to identify potential providers of this service. This is focusing on providers of legal, communication and tax-related services.

Private veterinary services for artificial insemination: Pilot initiatives are underway in Kurunegala and Polonnaruwa.

Productivity improvement: The intention was to first do a market assessment and see what services are available already. However, negotiations with the main national level provider of productivity improvement services, the project SMED of the Federation of Chambers of Commerce and Industry, were unsuccessful. The project now plans to bring together District-level service providers to carry out this assessment, using it as an opportunity to build capacity in business service market research.

The one new service area the project is providing support in is investment promotion. Making use of the fact that its new Associate Expert, Elisabet Rydberg, has a background in this field, presentations on regional investment promotion were made to three of the four MSE Forums. This generated much interest, and in Polonnaruwa discussions are underway to set up an investment promotion service. In Anuradhapura this is also being considered, as a result of the project’s support to the design of investment promotion incentives under the Provincial Ministry of Industry (see output 2.4). The project is investigating what support it can provide or facilitate for these initiatives. This will have to involve the Board of Investment.

The project has had discussions with the Information and Communication Technology Agency (ICTA) on support to its pilot initiative on agricultural prices information, in the Dambulla Economic Centre. These have so far not resulted in anything concrete, since the cost is rather high for the project and ICTA has not taken a decision on whether to invest further. This could, however, be a very important initiative. Providing producers

with advance and transparent information on their produce has contributed to rural poverty reduction in other countries.

The project has supported participation of five representatives of business service providers (one of each of the MSE Forums) in the Seventh Annual Seminar on Business Services, this year held in Chiang Mai. These were all active members of the Forums who were developing new initiatives in their organizations. The objective was to make them aware of the latest developments in private sector development. They have made presentations to the MSE Forums on what they learned.

Output 1.2

The demand strengthened for business services and skills training that enable MSEs to increase their productivity, offer more market-led products and services, and develop market linkages.

Progress

In December the project carried out an informal assessment of interest among service providers in a second series of **business service fairs**, to complement the earlier evaluation carried out by SEEDS. Service providers who participated in the first fairs were called or visited and asked a small number of open questions. The large majority was interested in participating. Most reported they had experienced an increase in sales/services requested since the fairs. The MSE Forums also supported organization of a second series of fairs. This is therefore now being prepared. Organisers have been contracted in consultation with the Forums. The project has halved its sponsorship compared to the first fairs, and more income is expected from other sponsors, stallholders and tickets.

Development of provincial **databases and a strategy to disseminate information contained in them** is continuing. The databases will include information on buyers and suppliers, services (financial and non-financial), and Government regulations. They therefore contribute to Objective 2 as well. Two firms have been contracted, for data collection and for designing the electronic database. Information collection is nearly completed and design of the database is well underway. The collected information will also be provided to the Government Information Centre (GIC), an initiative of the Information and Communication Technology Agency (ICTA). The GIC is a call center where citizens can ask questions related to Government services, regulations and procedures. In the first six months of its operation it has proven very popular. This partnership was developed in collaboration with the Ministry of Enterprise Development and Investment Promotion.

Output 1.3

MSEs' and MSE starters' access to financial services improved through the development of linkages between representative organisations and service providers on the one hand and financial institutions on the other.

Progress

As explained in the previous progress report, the project is unsure whether it should undertake substantial work in this area. It plans to review its role and strategy with regard to financial services over the next few months, and hopes that the strategic review mission can contribute to this.

District level – Immediate objective 2

A policy, legislative and regulatory environment in North-West and North-Central province that is conducive to the growth of micro and small enterprises by women and men, and will bring more of them into the formal economy.

Output 2.1

A dialogue established and sustained between provincial, district and local authorities, MSEs, and business service providers

Progress

The **MSE Forums** continue to function well and meet regularly. The Forum in Polonnaruwa has expanded its membership. Where other private sector development projects have been initiated, these are also joining.

One of the main issues that came out of the experience-sharing workshop with the four Forums, last year, was the need for recognition of the work they are doing. The project has developed a number of approaches to this. Branding the forums and more publicity for their work is an important one. This is being developed at present. More training opportunities are also being considered. This will comprise short sessions that precede meetings, brief workshops, and study visits.

Enter-Growth is still providing secretariat services to the Forums. It is planned to determine which stakeholders can take this over by the end of the project's second year. The most appropriate candidates would be the District Chambers of Commerce, but unfortunately those in the project Districts do not have CEOs at present.

The **LOCAs and value chain development exercises** continue to provide a mechanism for dialogue at the divisional or value chain level. It needs to be recognised, though, that generally such dialogue is of a temporary nature only, i.e. it lasts while the exercise lasts, and is not institutionalized. There are some exceptions, for instance in the Kurunegala anthurium sub-sector, where associations now regularly meet with service providers. However, the project needs to decide whether the generally temporary nature of the dialogue instigated at the Divisional or value chain level is adequate or whether it should design an approach to develop this into something more lasting.

Output 2.2

Representative organisations of female and male-owned MSEs developed and strengthened to enable them to participate effectively in a dialogue with the authorities and to facilitate their members' access to services and markets.

Progress

Developing representative organizations, or small business associations was identified as a priority by the MSE Forums as well as through LOCAs. Following a first pilot test in the beginning of last year, an existing ILO manual was adapted and augmented with Sri Lankan case studies and a trainer's guide developed. This was field-tested with associations in Anuradhapura and Kurunegala, in October. There was strong interest in the training and both programmes were rated highly. In December a training of trainers was conducted for organizations interested in providing association strengthening services. Twenty trainers (8 women) from 12 organisations participated. Currently the project is supporting them to develop their plans for providing the service. It will continue to offer the necessary technical support over the remaining project period. Further improvements to the manual are also being carried out.

The formation or revitalization of associations through LOCA and VCD exercises is continuing. A paper prepared for the Asia Consultative Conference on Creating Better Working Environments for Enterprise Development in Bangkok (November 2007) highlighted this approach as an effective way of facilitating the development of sustainable small business associations¹. Several Government institutions have set targets for association formation, which is likely to result in large numbers of groups that exist in name only and a loss of credibility of the concept of small business associations. The project continues to promote its approach of facilitation of association formation through participatory identification of common needs and solutions instead of top-down Government or donor-driven approaches.

Links between District Chambers and business associations will be encouraged by giving the Chambers the opportunity to present their work in association building courses. Given the very limited capacity of the Chambers in the four Districts, a more active role in association formation is not realistic at present.

Output 2.3

The capacity of provincial, district and local authorities strengthened to create and maintain an enabling policy, legislative and regulatory environment for MSE development by women and men, within the framework of national policies for poverty reduction and MSE promotion.

Progress

The project's work with the MSE Forums contributes to this output. More specifically, the project is discussing collaboration with the Sri Lanka Institute of Development Administration to improve the skills of Government officers responsible for business registration. Other interventions will be planned when specific needs are identified.

Output 2.4

Concrete improvements in the policy, legislative and regulatory environment realised benefiting women and men.

¹ Dyce, T., *The Role of Business Associations In Business Environment Reform*, Bangkok 2007

Progress

The LOCAs and VCD exercises continue to result in the identification of concrete policy and regulatory issues, which are taken up with the MSE Forums. If the Forums cannot address them, issues are taken to the national level Enterprise and Export Development Forum, an initiative of the Ministry of Enterprise Development and Investment Promotion. Further research may be required to be able to do that effectively. Annex 3 comprises a table that presents the status on the different issues that are being addressed. After some early successes with relatively straightforward issues, there is now a clear trend towards tackling more complex constraints, e.g. land ownership in North-Central province. Some of these may be too contentious for the national Forum to resolve and may have to be brought to even higher levels.

Business registration, or rather the lack of it, was identified as a significant constraint on business growth earlier in the project. In the current reporting period, a number of focus group discussions were held to identify the key reasons. Additional quantitative research is currently being carried out. The findings will be used to design and implement a strategy to increase registration.

Data collection for the database (see Output 1.2) includes an exhaustive inventory of rules and regulations that affect enterprises. This information will be used for a further exercise to identify regulatory constraints, in the first half of 2007. MSE owners will be asked which of the identified regulations pose problems, following which the project will review the need and potential for reform.

The Ministry of Industry of the North-Central Province identified the need to promote agro-based industries and businesses on an entrepreneurial and profitable basis and asked for the projects' support in developing proposals to promote two selected sub-sectors: dairy farming and food processing (for export). Since this agreed with findings from the LOCAs, the project, with two business services providers in the province, conducted detailed research and developed an incentive scheme for both sectors. The final proposal was submitted to the Ministry in November. It will be used to allocate available national funds, with the involvement of the two business services providers (one NGO and one commercial).

District level – Immediate objective 3

Authorities and communities in which the poor predominate regard starting and growing micro and small enterprises by women and men as a socially and economically attractive activity.

Output 3.1

Appreciation strengthened among local, district and provincial level government staff of the importance of MSEs for local economic development and poverty reduction, with specific emphasis on MSEs owned by women.

Progress

The status of this output remains unchanged. Apart from the project's work with the MSE Forums and broader meetings with stakeholders, no activities have yet been

undertaken. Training of officials related to improvement of specific regulations and procedures will include awareness raising, but this is still in the planning stage. Officials will also be targeted by the social marketing campaign.

Output 3.2

Appreciation and confidence developed in poor communities with regard to women and men starting and growing MSEs.

Progress

As in the previous reporting period, three main activities contribute to this output:

- Introduction of the Know About Business (KAB) business awareness and entrepreneurship package in vocational and technical training.
- Introduction of Entrepreneurial Studies in secondary schools.
- The “Palama” social marketing campaign.

The Vocational Training Authority requested the project’s support to expand its capacity to use **Know About Business** in its vocational schools nation wide. This was done in August, through a contract with the SIYB Association. Seventeen career guidance officers were trained (11 women), and are using KAB. However, of the trainers of 12 organisations the project trained earlier in the four Districts, only 3 have so far started KAB courses. This is due to lack of resources and inadequate support from their managers, in spite of an awareness-raising workshop organized in collaboration with the SIYB Association. One of the organisations lost its KAB trainers. It is hoped that more organizations will take up the training in the new year, with a new budget, although interest appears to be low. For now the project is giving priority to following this up rather than further training of trainers.

The project has provided technical support to the SIYB Association in training 42 instructors of the World University Service of Canada (WUSC, Tamil and Sinhala medium, 7 women). These are now practicing KAB.

A lesson learned here may be that when training is offered (as in the 4 Districts) it is taken even if there is little interest in using it, while if the training is requested (VTA, WUSC) it is likely to be used.

Four KAB Master Trainers were trained in Turin, at the end of the previous reporting period. Sri Lanka now has five trainers who can train KAB trainers and is therefore self-sufficient in this respect.

The work with the National Institute of Education (NIE) on development and introduction of **entrepreneurial studies curricula and training materials for secondary schools**, has come to a temporary halt. This is due to two reasons. Firstly, the NIE and the Ministry of Education felt they did not require the project’s technical assistance to introduce the curriculum developed for grade 10 after the training of some 150 Master Teachers. These Master Teachers were meant to train some 7,000 teachers. The extent to which this has been achieved and what the quality of the training was is not known to the project. It does know that teachers have indeed been trained and that the course is supposed to be available to students who choose it. A text book, which was developed

parallel to the course, and for which the project could only make some last-minute suggestions, is also supposed to be available.

The next step was meant to be finalisation of the grade 11 course (the curriculum is there already) and development of grade 12 and 13 curricula and materials. However, NIE plans for this work were not approved by the Minister. Subsequently, teachers demonstrated against the introduction of Entrepreneurial Studies at the expense of Business Studies, which is more accounting oriented. Different officials reacted in different ways, some promising the course would be withdrawn after one year. At present the situation is confused. The project is seeking a meeting with the Secretary of Education for clarification and if necessary to defend the course, whose development is a Government, not an ILO initiative. The need for more entrepreneurial attitudes in Sri Lanka is widely recognized, in the public as well as the private sector, and it would be a significant setback if this course is abandoned.

The **Palama campaign for enterprise culture** will be launched officially in the first week of February. Selection and training of a group of 16 actors (nearly half of them women) in Polonnaruwa was done between October and December. Training on forum theatre was carried out through the British Council. This included a two-week programme with John Martin, a well-known forum theatre practitioner from the UK with experience in India and Sri Lanka. His achievements included putting together a forum theatre formula that ensures relevance to the objective of enterprise promotion. Forum theatre normally consists of a short tragic play. The audience is asked to identify the “most oppressed” and the “oppressor”, and then take the place of the victim in replays in which they change the actions of the victim to achieve a better ending. The project’s initial experience showed that the need for an oppressed – oppressor opposition resulted in situations being represented with were more political than economic, and that enterprise was seldom brought up as a solution. The concept developed by John Martin, his colleagues and the actors addressed this by doing away with the need for an oppressed – oppressor conflict. In addition, the event comprises more than forum theatre. It consists of:

- A number of songs on pro-enterprise themes.
- A success story of an entrepreneur (performance theatre).
- A tragic story on an economic theme (forum theatre).

This sequence results in the “spectators” (members of the audience who volunteer to replace an actor) suggesting enterprise as a solution to the issues presented, and the actors making use of the opportunities offered by the replays of the story to provide information on enterprise. E.g. a spectator says she would start an enterprise rather than becoming a migratory worker like the woman in the play; the Joker who guides the play asks, “where would you get the money from”, she says “there are many places where you can get a loan”, and the Joker asks, well, show us then how you would do that, quickly creating a scene with a loan application officer. The success as well as the tragic story are drawn from what the actors have seen in their own surroundings. They also wrote the songs. The intention is to empower them to develop theatre events that are relevant to the local audience as well as themselves.

Twenty pilot shows were conducted up to mid-January, attracting some 200 to 300 spectators per show. This is about ten times what had been foreseen, and it is expected that this will remain the average outreach per show. On the other hand, John Martin has

suggested fewer shows and keeping the actors together in one group for a longer period of time. For better impact he has also recommended more repeat performances in the same villages. Overall geographical coverage will therefore be less.

The project has developed a brochure with information on business development and financial services available in the District, which is distributed after the show. This activity will therefore also contribute to better information on services and strengthening demand.

At present, recruitment is underway of the actors' groups in Anuradhapura and Puttalam. It is hoped that the British Council will again be involved in their training.

Following a competitive bidding process, the project had selected the Jana Karaliya theatre company to manage the entire theatre component of the campaign. It contracted Jana Karaliya initially for the Polonnaruwa work only. Soon a number of management issues arose which were not being adequately addressed. In addition Jana Karaliya's expertise in forum theatre was far less than what they had claimed. Although for three months or so the project tried to make the collaboration work, finally both sides agreed to part ways. Since there was no viable alternative contractor, this meant the project is now managing this component directly. This places a heavy management and administrative burden on all those involved, including the ILO Area Office. The project will encourage the formation of companies or associations by the groups of actors to reduce this burden as well as to further empower the group.

National level – Immediate objective 4

Greater access countrywide to market-led, sustainable business services for micro and small enterprises owned by women and men.

Output 4.1

The SIYB Association enabled to technically fulfil all its mandated functions with regard to sustaining the national SIYB programme.

Progress

The project and the Association have reviewed the activities foreseen in the project document. It was agreed that not all are required, while some others are needed. The result is attached as Annex 4.

Two activities are currently ongoing: development of a financial procedures manual and design of a one-page leaflet for SIYB trainees on HIV/AIDS in the workplace. In December, the project arranged a one-day workshop with the Association's new Executive Council, to review progress on implementation of the action plan that was developed during a similar workshop in early 2006. The same consultant, Tim Dyce, facilitated this workshop.

Output 4.2

The SIYB Association and Partner Organisations supported in marketing the SIYB programme in the North and East of Sri Lanka.

Progress

As reported in the previous report, this output has been completed. In spite of the resumption of the conflict in the North and East, a significant amount of training is being conducted, largely due to the availability of tsunami recovery funds. From July 2004 to June 2005, before Enter-Growth started, 10 SIYB trainings were conducted, for 186 trainees. From July 2005 to June 2006, 31 programmes were conducted, for 576 trainees. From, July to December, 25 programmes were conducted, for 450 Trainees. There were 244 female participants in these training programs. The Association received three bulk contracts from World Vision, the Ceylon Chamber and the Federation of Chambers of Commerce and Industry for this training, which was then carried out by sub-contracted Partner Organisations.

Output 4.3

A commercially, technically and institutionally sustainable EYB programme under the national SIYB programme.

Progress

The SIYB Association has developed a partnership with the Sri Lanka Institute of Marketing (SLIM) for the promotion and delivery of Expand Your Business (EYB). A formal MOU has been signed. It is expected that the SLIM brand and its promotion channels will attract the kind of clientele EYB targets. SLIM will include EYB in its regular training calendar. It will charge the full cost of training including a profit margin.

SLIM and the Association organized a re-launching event of EYB in December. This had good coverage in the media. A sufficient number of entrepreneurs has already registered for two training programmes to be conducted. A larger publicity event was planned for late January but had to be postponed to February.

Output 4.4

Commercial small business radio and/or television programmes established that provide information, offer a forum for discussion, and strengthen the demand for business services.

Progress

The following programmes were planned or running in December, when consultant Gavin Anderson undertook a brief support mission.

Television	
Rupavahini (Channel Eye)	Small business segments introduced into Channel Eye's morning programme in Tamil. Interest in establishing a new programme but require marketing support and finance.
Vanguard (broadcasting on TNL TV)	'Lanka Viyaparika Puwath' – Sri Lanka Business News. A weekly half an hour programme in Sinhala. Following the training and project inputs the programme became more oriented towards smaller business rather than focusing on the corporate and big business sector. Plan to launch a new 30 minute programme in 2007 devoted totally to the SME sector.
TNL TV	Introduced business segments into an existing weekly programme in Sinhala. Manager and owner plans to launch a 30 minute programme devoted to small business.
Max TV	Yet to be established TV station that intends to establish a weekly small business programme in Sinhala on launch as a result of their participation in the training course.
Radio	
Shakthi FM	'Velichathai Theadi' – 'Search for Light' a weekly 90 minute Tamil language radio programme has been launched as a result of the project. This incorporates about 20 – 25 minutes of small business content in the programme.
Max Radio	Plans to establish a weekly Sinhala radio programme on this newly established radio station.

In the meantime, most of the staff of Max TV and Radio has left and there has been a management change at Rupavahini. It will require further work to bring the new management at Rupavahini on board, and Max TV/Radio may never get on the air.

A number of detailed recommendations came out of Mr. Anderson's mission that address issues specific to the stations and programmes. Recommendations that cut across the stations comprise:

- Plan follow up in-house training in April/ May 2007 with broadcasters that have established dedicated programmes on small business. This potentially can be combined with the development of financial segments of programmes that could emerge from a partnership with the GTZ-ProMIS project (on microfinance).
- Develop links between broadcasters and the financial sector, in collaboration with the GTZ ProMiS project.
- Develop, launch and distribute a resource guide for journalists on small business.
- Assess the need and potential to follow up this guide with short (possibly 1 day) training sessions on small business issues at each partner radio and TV station.

The project will implement these recommendations over the next six months. The national consultant on media for SMEs, Shimali Senanayake, will be on maternity leave

for most of this period. A possible temporary replacement has been identified, but he will require training and additional guidance.

Output 4.5

Experience gained and lessons learned on district-level integrated MSE development incorporated in the Ministry of Advanced Technology and National Enterprise Development knowledge base, shared with relevant institutions at the national level, as well as with relevant authorities, MSE representative organisations and service providers in other districts.

Progress

Experience sharing has so far taken place in Sri Lanka with the Federation of Chambers of Commerce and Industry, the University of Ruhuna, and internationally at conferences and meetings. A representative of the Chambers participated in the experience sharing among Forum members last year. This resulted in a request for technical support to the establishment of Forums similar to the MSE Forums across the country. The project conducted an introductory workshop for District Chambers staff and has since provided support and advice that has resulted in the establishment of 6 District Enterprise Forums, under the chairpersonship of GAs and with the Chambers functioning as secretariat (in Matale, Ratnapura, Ampara, Hambantota, Badulla and Kegalle). This work will continue throughout 2007.

Project staff has made presentations to Local Economic Development students of the University of Ruhuna. Students have also made a field visit to the project, in Polonnaruwa. Several students have expressed interest in internship in District Offices. It is likely that two will be agreed on.

The project experience was presented at the 7th Annual Conference on Business Services in Chiang Mai (September), the International Local and Regional Economic Development Conference in Vientiane (November) and the Asia Consultative Conference on Creating Better Working Environments for Enterprise Development in Bangkok, of the Donor Committee for Enterprise Development (also November). A paper was written for the latter conference. The CTA also made presentations at ILO meetings on the business enabling environment and local economic development that preceded and followed this conference. The presentations at these meetings and the conferences generated considerable interest and positive comments.

A national level event to share the local economic development experience of the project, Swisscontact and GTZ has been discussed tentatively at a number of occasions, but has not yet been concretely agreed on. The project will take steps to have this organized in the first half of 2007.

4. Impact Assessment

There is little progress to be reported in this area. Research on secondary sources will be completed by the end of January. Sources of information proved difficult to locate and the reliability of the data was often questionable.

Evaluation of a number of LOCA exercises had to be postponed as the consultant the project had in mind was occupied with another assignment. This will now be done after the strategic review, which is expected to identify some cases that could be usefully reviewed.

5. Cross-cutting Issues

5.1 Peace and conflict

At its meeting in October 2006 the Steering Committee requested the project to carry about a review to:

- Assess the possible impact of the present security situation on project implementation and results.
- Recommend changes in the project's approach if required, including with regard to possible approaches to include recently displaced persons.

The project developed a detailed TOR for this review. However, in spite of recommendations received from UNDP and the Swedish Embassy, the project has been unable to identify a suitable national consultant who was interested and available to carry this assignment. Other avenues are now being explored.

5.2 Gender

The situation is similar to what was reported in the previous progress report.

In addition, it can be noted that the Palama theatre attracts women and men (young and old) in similar numbers. About a third of the trainees in the pilot association building training were women.

5.3 HIV/AIDS

As mentioned under output 4.1, a one-page leaflet in HIV/AIDS is being developed for SIYB trainees. This is done in collaboration with the ILO HIV/AIDS project. Earlier, a session on HIV/AIDS was included in an SIYB trainer refresher training.

6. Sustainability

The project's paper for the Conference on the Business Enabling Environment in Bangkok (November 2006) summarized the situation with regard to sustainability of the project's approach as follows:

“Several of the challenges Enter-Growth has encountered in facilitating public private dialogue in the four Districts in which it is active relate to the sustainability of the mechanism that has been put in place. The LOCA exercises are successfully bringing together business service providers, officials and the

private sector to develop proposals to strengthen local economies. Although their cost is low, they do need to be financed. So far the project has been doing so (i.e. funding the exercises, not the implementation of the proposals that result from them). It has advocated, at the District and central level that the organizations involved set aside funds from their own budgets in the coming year, and several have made this commitment.

The functioning of the MSE Forums costs little, but they have been able to work with Enter-Growth funds to achieve some of their successes, such as the business service fairs. However, many interventions that result in improvements in the business environment do not require much funding, and may actually realize savings. Also, the Forum members have been able to mobilize other funds. The chance that they will survive the end of the project may therefore be good.

Another issue that relates to sustainability, but to effectiveness as well, is the fact that the Forums do not have an official, legal status. In the ILO/Government of Ghana Decent Work Pilot Programme for instance, which among other things also aimed at improvements in the local business environment, there were legal provisions for District Assemblies to establish Sub-Committees for Productive and Gainful Employment, with private as well as public sector representation. No such provisions exist in Sri Lanka. There is a provision for sectoral coordination committees at the District level, but these comprise the public sector only (one has been initiated in Puttalam at the request of the MSE Forum). This means, for instance, that the decisions of the Forums have no legal status and are not binding. Whether they are implemented depends on the authority of the District Secretary or Provincial authorities, and the goodwill of the NGOs and private sector organisations involved. So far this has been working well, but in the longer-term some legal status for the Forums may need to be considered.”²

To this can be added that the project has been performing secretariat functions for the Forums, which will need to be transferred to other members. These are still formidable challenges, which will have to be met over the next 12 months or so if viable solutions are to be in place before the end of the project.

Meanwhile, it has become clear that most of the organizations involved in LOCA exercises have included them in their work plan for 2007, but that the respective budgetary provisions are questionable. This needs to be taken up again with the national level management of these organisations.

As also pointed out in the previous report, much of the impact and sustainability of the project's achievements depends on the security situation in the country and in the four Districts in particular. The conflict in the North and East has been resumed in all but name, and is increasingly spilling over to the rest of the country. This cannot but have a serious impact on the country's economy, and that of provinces neighbouring the North and East even more. Although in the project's opinion there is still scope for private sector development in its target Districts, it needs to be recognized that the current situation sets limits on what can be achieved.

² Hakemulder, R., *Improving the local business environment through dialogue: a story from Sri Lanka*, ILO, Colombo 2006, page 20.

7. Project Management

The following is a brief update on selected project management related topics.

7.1 Staff

In August the project was joined by a Swedish Junior Professional Officer (or Associate Expert), Elisabet Rydberg. She has taken on responsibilities related to business environment issues as well as some others.

In September the project organized a 2-day induction training for new staff, including the four Assistant Managers from the District Offices. The District Managers participated in the Seventh Annual Seminar on Business Services, in Chiang Mai, while the Deputy Project Manager took part in the Local Economic Development Summer Academy organized by Mesopartner (the firm that owns the LOCA approach). Further staff training was through participation in training events on the value chain development methodology, LOCA, small business association strengthening and packaging. Project management believes that significant investment in staff training is essential to the project's success. This is borne out by the independence, creativity and commitment displayed by all project team members.

The project team continues to meet regularly to review progress, discuss technical issues and for joint work planning. These meetings are crucial to keeping a clear direction in the project's work, keeping the different activities "connected", and experience sharing and learning.

7.2 Budget

At the time of writing, 43% of the budget has been committed. Expenditure has been largely as planned. There has, however, been a further unforeseen cost as the project had to move office following an unacceptable rise in the rent. The new office's rent is also higher than budgeted but significantly lower than the new rent for the old office.

7.3 Collaboration with other agencies and projects

The project continues to be an active member of the informal Local and Regional Economic Development Group, of ILO, GTZ and Swisscontact projects. In October the group held a one-day workshop to compare approaches and consider whether the different methodologies used could be combined in a "meta-approach" to private sector development. This was an interesting undertaking. The project found that it is already close to such a "meta-approach", at least at the local level. Greater effectiveness would probably be possible if it had a greater presence at the national level in support of the local level activities. However, it also appeared to be a common finding that the motivation and interest among stakeholders at the District level is much stronger, and the national institutional framework is complex and confused. Efficiency is therefore greater at the local level, and there is a stronger demand for project support.

8. Conclusion and Issues

Project management believes that progress has been satisfactory overall during the present reporting period and that the project can be completed as planned. The EYB programme, which was the main concern in the previous reporting period, is developing in a new and promising direction. Some delays have been incurred, specifically with regard to:

- The Palama campaign – this is the result of delays in issuing the contract to Jana Karaliya and subsequent problems in managing this contractor, as well as the need for more forum theatre training. There is, however, still sufficient time to conduct the campaign as planned.
- Development of the database on Government regulations, business services and buyers and suppliers – this proved to be a much more complex assignment than expected, and the need for collaboration with the Government Information Centre added to this. The assignment will, however, be completed by the first quarter of 2007.
- Case studies on LOCAs – this was due to the unavailability of the selected consultant. The studies will be done at different times in 2007.
- Review of the impact of the conflict – no appropriate consultant could be identified. The project is still making efforts to find one.

The issues that need to be addressed at this point in the project's life are well stated in the TOR for the upcoming strategic review. These are attached (Annex 2).

Annex 1 Review of action taken on issues raised in the previous progress report and at the Steering Committee Meeting

Issue	Action taken
The effectiveness of the LOCA exercises needs to be enhanced.	As reported previously, this is being addressed, through: <ul style="list-style-type: none"> • A greater focus more on competitive sub-sectors • A greater focus on private sectors solutions. • Inclusion of more medium size and large enterprises • More unconventional thinking about possible services.
The project should organize more experience sharing and training of LOCA facilitators to facilitate this.	An experience sharing event and refresher training were conducted.
Value chain development holds great promise for linking MSEs to larger markets. The project should continue with its work on developing a capacity in this methodology.	A manual is nearing completion and two training events have been held.
The project has not addressed issues related to access to finance in any systematic way. The extent to which it should, and how, should be reviewed the beginning of next year.	Still to be done.
The project will make another effort to develop a more efficient way to identify regulatory issues in a comprehensive manner. This will be piloted in one District and discontinued if it is not more efficient than LOCAs.	This is done through a comprehensive inventory of regulations, which will be followed by research with entrepreneurs to identify those that require reform.
The project needs to establish the role District Chambers can play in the development and strengthening of Associations.	District Chambers can play a role in the training sessions to strengthen Associations, to encourage their joining the Chambers. A more active role does not seem realistic for now.

Issue	Action taken
<p>A start has been made with linking District stakeholders to the national level, in particular to address policy and regulatory issues. This should be pursued in collaboration with the Federation of Chambers of Commerce and Industry and the Ministry of Enterprise Development and Investment Promotion.</p>	<p>The project is continuing to bring issues to the national level. Collaboration with the Ministry and the Chambers has not yet been developed.</p>
<p>Sponsorship for the Palama campaign has not yet been forthcoming. Although for now this is not an immediate concern, the campaign would benefit from sponsorship in the longer term. The project will therefore keep potential sponsors informed of progress and ensure good coverage in the press that targets corporate bodies. It will approach them again a few months before the end of the financial year.</p>	<p>Since the launch of the campaign was delayed this was not yet possible.</p>
<p>Progress on establishing Expand Your Business in the market is highly unsatisfactory. The project should hold regularly review meetings with the SIYB Association to monitor and if necessary assist the branding campaign that is now about to start.</p>	<p>Collaboration between the Sri Lanka Institute of Marketing and the SIYB Association promises to enable EYB to successfully reach its target market. The project is monitoring progress.</p>
<p>The project suggests a strategic review mission could take place late this year or the beginning of the next.</p>	<p>This will take place in the second half of January</p>
<p>The project should review the impact on its activities and impact of the resumption of the conflict and consider whether there is a need to change its approach.</p>	<p>An appropriate consultant could not be identified yet.</p>
<p>The project should meet with those responsible for promoting the “nucleus approach” to ensure there is no conflict with its own approach to facilitating association formation, in the project area.</p>	<p>The CTA had an informal meeting with the manager of the relevant GTZ project. It is not quite clear to him whether or to what extent the approaches could clash.</p>



Enterprise for Pro-poor Growth

Terms of Reference Strategic review

1. Background

The Enterprise for Pro-poor Growth project aims to contribute to the generation of pro-poor economic growth and quality employment for women and men, through an integrated programme for the development of micro and small enterprises that focuses on four districts with a high incidence of poverty, Kurunegala, Polonnaruwa, Anuradhapura and Puttalam. It also addresses issues at the national level that will enhance impact in the provinces, and transfers lessons learnt in the districts to the national policy level as well as other parts of the country.

The programme in the four districts takes a participative and inclusive approach to planning and developing its specific interventions, to ensure a high degree of relevance and ownership. At the District level, it works closely with MSE Forums, which bring together representatives of the Government, the private sector and NGOs. At the Divisional level its basic methodology is LOCA (Local Competitive Advantage), a participatory approach to developing proposals to strengthen the local economy.

Enter-Growth's primary entry point is expanding the access of micro and small enterprises to markets for their products and services. Here, the programme supports activities that will lead to a more dynamic and effective market for business services that enable enterprises to improve their productivity, become more market-led, and develop linkages to new markets. This includes developing new, more demand-driven business services and the capacity to deliver them, possibly including services embedded in value chains. It also includes promotion of the use of business services. Improved demand for services will also result from work on the project's second entry point, strengthening enterprise culture. This includes a social marketing campaign that promotes enterprise as a way out of poverty, and support to the introduction of business awareness training in vocational schools. Improving the local policy and regulatory environment forms the programme's third entry point. The programme promotes the organisation of micro and small enterprises and building the capacity of business associations to serve their members, moderates the development of a dialogue between micro and small enterprises and the authorities, supports specific policy and regulatory improvements,

and strengthens the authorities' capacity to develop and maintain an enabling environment.

At the national level Enter-Growth promotes the establishment of radio and TV programmes that target MSMEs and supports the Start and Improve Your Business Association, which was set up under a predecessor project. It supports the introduction of entrepreneurial studies in secondary schools, as part of its work to promote enterprise culture. It is also expected to contribute to the exchange of experience in MSME development both within and outside the country.

In October 2006 the project's Steering Committee decided on a strategic review. To ensure that possible adjustments could still have an impact before project completion in June 2008.

2. Overall objective

The overall objective of this assignment is:

- Review the effectiveness of the project strategy in terms of its outputs, objectives and goal and suggest improvements.

3. Specific tasks

The consultant will carry out a 10-day mission to Sri Lanka. He/she will consider the following issues:

- To what extent can the project strategy and approaches be expected to contribute to a better business environment for MSMEs, and result in pro-poor local economic growth? This should consider, among others:
 - The District level MSE Forums whose establishment the project has supported and the way they function to improve dialogue between the public and private sector and contribute to coordination and joint action.
 - The Local Competitive Advantage methodology (known as PACA outside Sri Lanka), as a local level dialogue mechanism, an approach to need and demand identification, and an approach to mobilize local initiative and resources.
 - The value chain development methodology the project is promoting.
 - Institutional linkages to the national level.
 - The partners the project works with, in the Government, private sector and among NGOs, and their role.
 - The approach to developing new or improving existing business services.
 - The approach to increasing demand for services.
 - The campaign to promote enterprise culture.
 - The national level interventions to promote media for MSMEs and to support the SIYB Association.
 - Linkages and "integration" among activities at the local level and between local and national level activities.

- The project's approach to target the poor and include women in local economic development.
- The project's conflict sensitivity.
- Can the project's approaches be improved to enhance their effectiveness?
- Are there other approaches which the project should consider adopting to enhance its effectiveness?
- Is the project's scope appropriate and realistic in relation to its objectives and goal, or is it too narrow or too broad?
- If the scope should be narrowed or broadened, what aspects/components should be dropped or added?
- What is the scope for sustainability of the project's approaches and achievements, at the local economic as well as at the institutional level? Specifically, are the MSE Forums, LOCA, value chain development, and new business services likely to have potential for sustainability? What are the implications of the project not having a partner where it can build a capacity to implement its overall approach?
- To what extent is the resumption of hostilities in the Northeast likely to affect the final project outcome, and should the project respond to issues related to the conflict, and if so how (this will be based on a separate review prepared by another consultant prior to the mission).
- What are the lessons learned so far and could some of the project's approaches be usefully replicated, especially in Sri Lanka?

The consultant will carry out the following activities:

- Review progress reports and other documents made available by the project.
- Visit at least two of the Districts to have discussions with enterprises involved in project activities, stakeholders and project staff.
- Run a half-day workshop with selected project staff to discuss preliminary findings and brainstorm on some of the key questions above.
- Present findings and recommendations to the Steering Committee, for discussion.
- Draft a report, submit it to the ILO for comments, and finalise it. This can be done when the consultant has returned to his/her country.

4. Mission team, schedule, and reporting

The mission will take place in the second half of January or first half of February 2006. It will have a duration of about two weeks. Preparation and report writing is expected to take about one week.

The draft report will be provided to the ILO and Sida at most two weeks after the mission has been completed.

Annex 3 Status of specific interventions on regulatory issues

Description of the issue/problem	District	Involved organisations/actors		The role of Enter-Growth	Latest progress	Next step
		private actors	public actors			
Land registration (deeds). There are 12000 land plots in Anuradhapura but only 1500 approved deeds. To get a deed it requires contacts with 26 different public officials in different authorities.	Anuradhapura	The enterprises have to be involved to prove the problem. This is one of the main obstacles for enterprise development and growth in Anuradhapura	There are several authorities that must be involved in this.	To do initial research, to coordinate meetings and to create a platform for discussions.	Meeting with lawyer who described the problem and gave suggestions on how to act. Also meeting with Land Commissioner and Chamber of Commerce. This is highly prioritised. Pollonnaruwa also has this problem. Pilot first in A-pura.	Enter-Growth will contract consultants to do the research/study, there is some information already. After that we can analyse and find solutions. Enter-Growth should facilitate a lobby group/team that support this work.
Delayed issuance of long-term lease agreements to business persons. A long-term lease agreement (40 years), will help business persons to access loans and sell their land	Anuradhapura	Thambuttegama Traders' Association	EDB, Land Ministry, Mahaweli authority	Deva attended the meeting, and is responsible for follow-up and push for progress.	The issue was brought up by the association and all the involved organisations had a meeting at EDB in Colombo where the land ministry and the Mahaweli agreed to issue new deeds valid for 40 years on two conditions: The entrepreneurs have to pay the rest of their unpaid taxes and have to use the land for business purposes.	Deva will follow-up on the progress.
Tax anomalies in Mahaweli area, which means that enterprises pay different tax levels. There are too many tax levels.	Anuradhapura	Thambuttegama Traders' Association	EDB, Land Ministry, Mahaweli authority	Deva is following this process and thinks it will be solved soon.	The issue was brought up by the association and all the involved organisations had a meeting where it was agreed to solve the problem.	Entrepreneurs have to make an appeal to the Land Ministry (national level). If they can prove their case, it will be approved.
Securing land title.	Anuradhapura	Thambuttegama Traders' Association	EDB, Land Ministry, Mahaweli authority	Coordinate meeting, gather evidence, follow-up, etc.	Nothing is happening. This issue has to be presented directly to the Land Ministry and to be approved by the Minister.	Enter-Growth Colombo has to gather the Mahaweli Director, the Association, Secretary of the land ministry. Trade association should lead the meeting. Deva needs to gather evidence first. Next step is to have a meeting with the secretary of the association. Deva will send information to Elisabet and Gemunu.

Reduction of current tax level from 6 to 4 % (on buildings and land assessing the current market level)	Anuradhapura	Thambuttegama Traders' Association	EDB, Land Ministry, Mahaweli authority, Evaluation Department	Coordinate meeting, gather evidence, follow-up, etc.	This is common to all the districts. Inland revenue dept, identify the right minister. More info but should not be priority. Unlikely to change.	
Release of performance bond at the time of completion of the contract. When government is the contractor, there is a performance and maintenance guarantee.	Anuradhapura	Constructers' Association	EDB	Coordinate meeting, gather evidence, follow-up, etc.	The association complained with the EDB which has answered but not satisfactory.	Next step is to have a meeting with the association. What does the circulars/law say, if against the law, we can bring it to EDB. But Constructers's Ass. Should be more active.
Implementation of a standard contract agreement by all government institutions	Anuradhapura	Constructers' Association	EDB, National Procurement Agency	Coordinate meeting, gather evidence, follow-up, etc.	The association complained with the EDB which has answered but not satisfactory.	Next step is to have a meeting with the association. Constructers's Ass. Should be more active.
One day duration of tickets to archeological sites	Anuradhapura	Local Tourist Association	EDB, Director of the cultural triangle	Coordinate meeting, gather evidence, follow-up, etc.	The issue was presented by Enter-Growth and the association at the EDB forum. It was agreed to change the number of days the ticket was valid but this did not happen immediately.	To push for an implementation
Sell leaf springs of public busses to light engineering shops not possible	Anuradhapura				Jayanta, LOCA Facilitator, works at IDB and could intervene and contact the right people at IDB to find a solution.	The product should be exported to other district
The carpenters face many problems with regulations. They can't operate within a certain distance from forests. In addition, a new Act, issued recently affects the carpenters severely.	Anuradhapura	Carpenter	Village Officer, Divisional Secretary and the Forest Officer			All districts. We need more information, we should not try to change the law but to raise awareness among carpenters. If Deva forms a group it should include the Forest dept. and carpenter association.

Many carpenters are not registered, which creates problems in their day to day business.	Anuradhapura	Carpenter				All districts. We should not try to change the law but to raise awareness among carpenters. Deva plans to have a workshop for the carpenters to raise their awareness on business registration.
Government monopoly on artificial insemination	Kurunegala				All districts, some things done in the Districts, such as selection and training of villagers.	Hire an expert to find out how to proceed. Investigate how this is done in other countries. Meeting with Cargill's. Involve Gemunu and Matthias.
Ornamental fish - can't convert paddy fields into fish ponds	Kurunegala				Chief Secretary in Kurunegala is approving case by case. Try this in other province too	Inform the others.
Quarantine certificates for flowers difficult to get	Kurunegala				EG facilitated meeting and discussion but involved parties didn't want to do anything. This is transferred to EDB.	
Too many permits required for metal crushing	Kurunegala				Not prioritised.	
Clay mining limitations for pottery makers	Puttalam	Brick makers and pottery makers	District Industry Committee, DIC	Coordinate and part of the discussions.	Letter from the brick makers to the authorities. This was discussed in the DIC. A circular was issued for the pottery makers. Potteries can now mine 2 m3 per month.	This is still a problem for the brick makers but it's Harithas view that we can't change this.
Clay miners need a type of clay that only exists in Kurunegala, yellow clay. But they are not allowed to transport it.	Puttalam/Kurunegala	Pottery makers	District Industry Committee, DIC	Coordinate and part of the discussions.	The GA in Puttalam is now trying to convince the GA in Kurunegala to issue the same circular as in Puttalam.	It will be discussed in the DIC in depth in the next meeting. GA letter from P-ruwa to K-negala GA.

Electricity problem. Transformer, three phase problem. The electricity board does not provide this to rural areas.	Puttalam	Small production sites needs three phase but can't afford it. It costs 1.6 million rupees.	Electricity Board	Enter-Growth has discussed with the Electricity Board.	Haritha has discussed this with the Electricity Board but they can't do anything about this. They can't afford to do this free of charge in all rural areas.	Nothing. Difficult to change. Not prioritised.
Kulpitiya division wants to be declared as a special agriculture zone.	Puttalam			Enter-Growth informed the authorities.	It's now being discussed among the authorities.	We won't do anything more on this.
Fruits and vegetables exporters have problems with their transports since they are stuck in security checks at the airport. Fresh food goes off.	Puttalam/National	Exporters' Association		Enter-Growth could gather evidence and facts so this can be presented to the authorities.	The Exporters' Association has approached the President and the EDB Forum but the evidence and facts are missing. Haritha has had a meeting with the Association and asked for more facts.	National issue. We are in contact with the Fruits and vegetables exporters' Ass. We need more facts. Elisabet will coordinate. Other export goods should be included, like ornamental fish. Contact Peter Richter who has worked on this.
Interest rates of the banks. The entrepreneurs think that the banks should have small enterprise schemes.	Puttalam/National	Small enterprises	National Bank and the Financial Ministry	Enter-Growth to consider its role.	None yet.	Government has a bank where subsidized SME loans can presumably be obtained. Enter-Growth will discuss with GTZ PROMis project what more can be done.
Environmental problems. The enterprises don't follow the existing regulations and the authorities close down the site. The authority should have a better interaction with the enterprises.	Puttalam			Enter-Growth has planned awareness programmes for the coir sector on the regulations with the divisional secretariat in Mundala.	This is national but should not be prioritised. Programmes will take place next month. More info on programmes.	
Ornamental fish enterprises have problems at the customs clearance, which takes too long at the airport. Also checkpoint problems during domestic transports.	Pollonaruwa			Enter-Growth to work with relevant authorities to consider what can be done to get priority at checkpoints.	None yet.	Ari to discuss at MSE Forum.

Permits for cow transportation and cow registration	Pollonaruwa					Would need research. Ari will talk to some authorities first.
Inconsistencies in timber permits, including import of equipment	Pollonaruwa				Not prioritized.	
Water for ornamental fish ponds. Water is for paddy but also ornamental fish farmers need it.	Pollonaruwa				Verbal agreement by Mahaweli authority and farmers to provide water.	More info from Ari. Verbal agreement, so we need to follow-up to formalise it. Ari to discuss with those concerned.
Credit cards, limit on use in e-commerce	Colombo					EG 's international consultant met with Pay-Pal to encourage them to set up in SL. They have plans to do this during 2007. Follow-up.

Annex 4 Note discussion of SIYB related activities, 27 October 2006.

Swarnamali Abeysuriya (SIYB Association)
Gemunu Wijesena (Enter-Growth)
Roel Hakemulder (Enter-Growth)

We reviewed the activities included in the project document, to determine their status, decide which we should go ahead with, and what should be added.

Output 4.1	
The SIYB Association enabled to technically fulfil all its mandated functions with regard to sustaining the national SIYB programme.	
Activities	
4.1.1 With the Board and the CEO, establish a schedule for transfer of all SIYB programme management and coordination functions to the Association, with a matching capacity building programme to make this possible.	Done.
4.1.2 Implement this schedule, including through training of the CEO, the Board, and a quality control officer recruited by the Association.	Done.
4.1.3 Include Association staff in HIV/AIDS awareness creation activities, and work with Association staff to consider and develop ways to develop HIV/AIDS-related interventions.	HIV/AIDS included in a refresher TOT July 2006 – awareness raised of 18 trainers. We will meet HIV/AIDS project to develop an insert for SIYB manuals, based on China material. We can also consider inclusion in future refreshers. Gemunu will get material, Roel will arrange meeting.
4.1.4 Translate and launch the Association's website in Sinhala and Tamil.	The website is off the air due to ownership issues. Gemunu will talk to those involved to try to get it back. Website use by members could be low, and therefore it may not be useful to translate it. The Association will do a needs assessment to find out more. It will draft a brief questionnaire and EG will provide comments. A decision on how to improve the website and whether to translate it will be taken after the assessment has been done.

<p>4.1.5 Review and simplify the M&E tools, and establish an Internet based interactive M&E database when the state of interconnectivity makes this appropriate.</p>	<p>Changes that are required: The entry card has to be in line with the impact questionnaire, so it can be used for baseline; the performance card and report have to be simplified.</p> <p>Project will facilitate support.</p> <p>An internet-based database is not appropriate at present and probably for the duration of the project. Internet access by members is insufficient.</p>
<p>4.1.6 Train relevant staff and members of the Association on the use of the revised M&E tools and web portal.</p>	<p>Little training will be required, as the changes will not be very significant. It can be included in refreshers, and new forms can be sent to POs, MTs and trainers with a brief explanation.</p>
<p>4.1.7 Support the Association in setting up the Master Trainer licensing system that has been developed for the international SIYB programme.</p>	<p>Has been set up. Licenses will be handed over in December. The Association has decided not to charge for them.</p>
<p>4.1.8 Enable the Association to facilitate access of Association members and their staff to trainer development, training manager development programmes, marketing training, training on good BDS practice.</p>	<p>Training that has been provided: refresher TOTs, Outbound training, KAB in Turin, clusters in Turin, training in Viet Nam, association management for the Executive Council.</p> <p>The project will fund one more training for the trainers and MTs next year.</p>
<p>4.1.9 Carry out an SIYB gender review and gender mainstreaming activities, including capacity building for the SIYB Association, to ensure better impact of the programme on women.</p>	<p>Inclusion of this activity was based on the first impact assessment. However, the impact assessment carried out in 2005 did not show a difference between women and men in terms of the effectiveness of the training. A gender review is therefore not a priority.</p> <p>However, the project will support introduction of the gender mainstreaming checklist developed by the ILO, for the Association staff, MTs and trainers.</p>

4.1.10	Enable the Association to continue the incentive scheme for high performing master trainers and trainers; support it to identify sponsorships for such incentives.	If the Association can identify opportunities, with funding provided for fees and subsistence, the project can pay airfares, for a high performing PO, MT and trainer.
4.1.11	Enable the Association to conduct and publicise impact assessments through sample surveys.	The project will provide some advice on an assessment that has to be carried out now for UNDP. The project can fund another comprehensive assessment towards the end of the project.
4.1.12	Support the Association in continuing to play a leadership role in the promotion of good practice in business services, through participation in the BDS forum, the organisation of BDS events, and by involving it where appropriate in activities in North West and North Central province.	The project will plan BDS activities of the Association at the upcoming service fairs. The project can support a large national event about a year from now.
4.1.13	NEW: Training for the new Executive Council and a review of the action plan developed by the previous Council.	The project will see if Tim Dyce is available for a day in December.
4.1.14	NEW: Develop financial management procedures.	SIYB has put in a request. The project will support it.

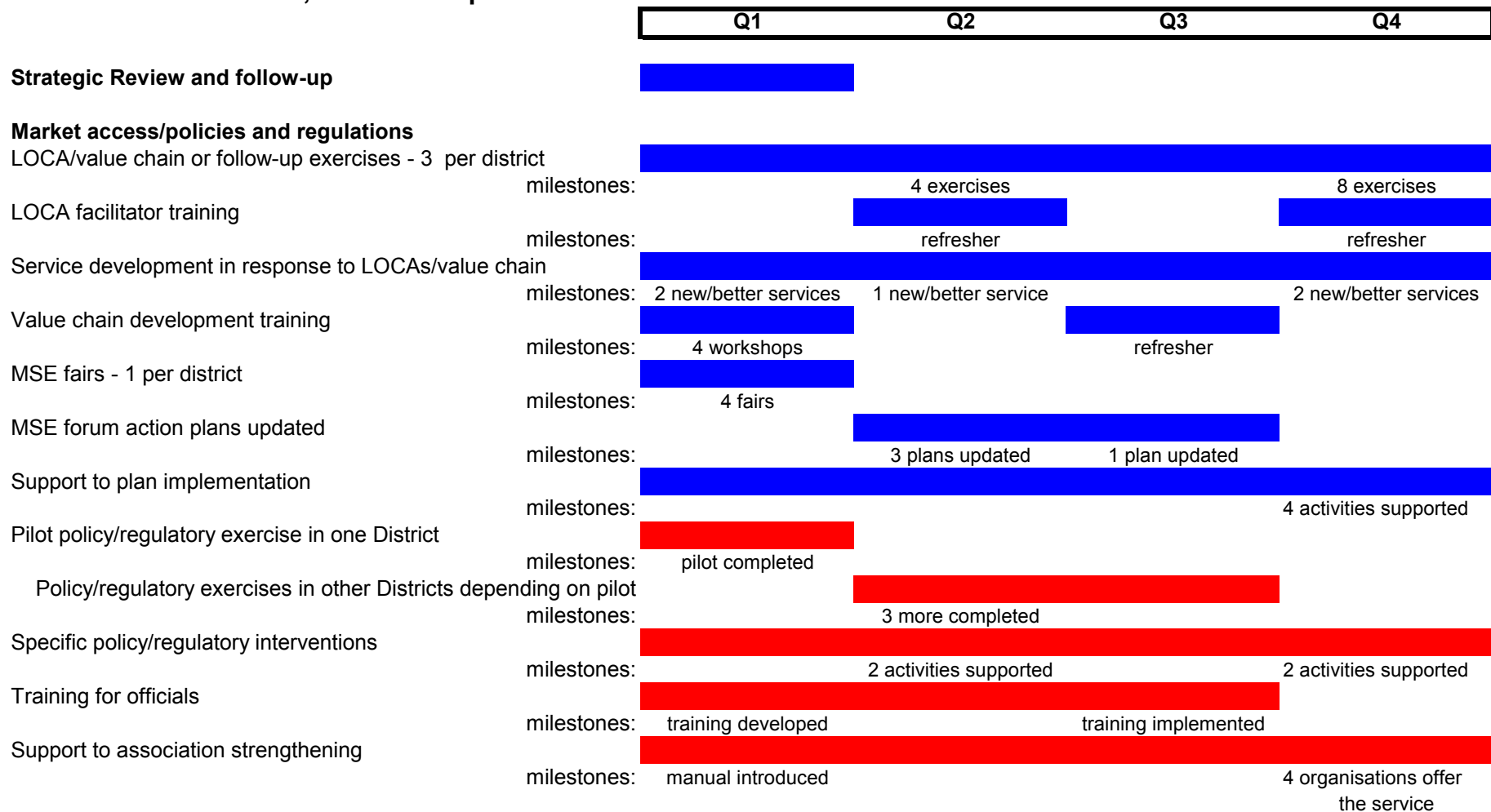
Output 4.2		
The SIYB Association and Partner Organisations supported in marketing the SIYB programme in the North and East of Sri Lanka.		
Activities		
4.2.1	Support the Association to carry out market research on the supply of, and demand for basic business start-up and management training in the North and East.	This was not done. Sufficient knowledge was available to justify introduction of SIYB.
4.2.2	Make adaptations to the generic SIYB package if required.	There was a Tamil version already and it was agreed this was appropriate.
4.2.3	Support the Association and interested Partner Organisations in developing a marketing strategy for the North and East based on the market research.	Done through workshops.

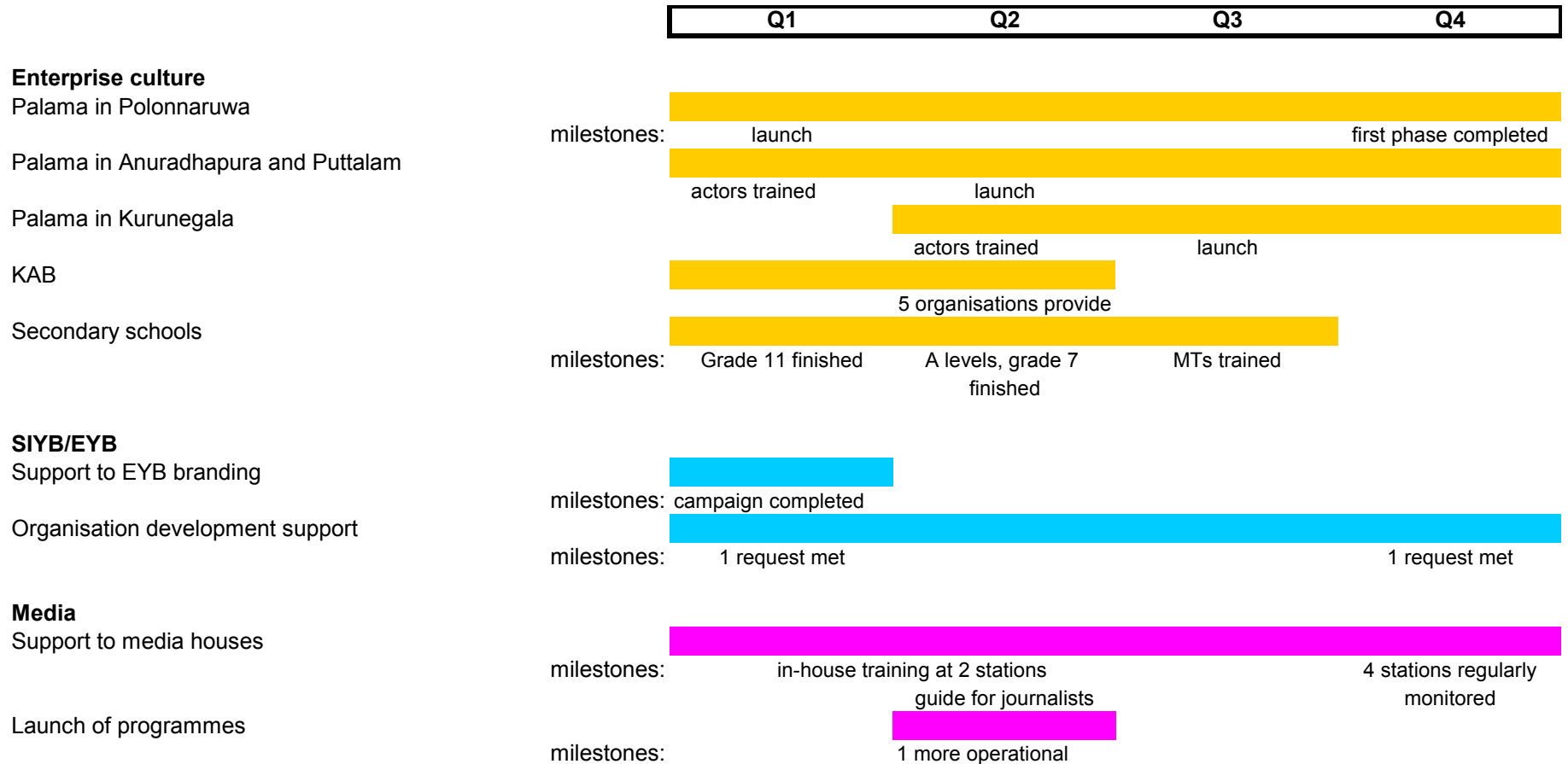
4.2.4 As part of the strategy, develop and implement a promotional campaign that targets MSEs and potential business starters themselves, as well as potential sponsors, authorities, potential providers, Chambers of Commerce and Industry and emerging representative organisations of MSEs.	Done through awareness raising meetings and radio.
4.2.5 Facilitate selection of new trainers and Partner Organisations based in the North and East.	Done.
4.2.6 Facilitate trainer, training manager, and other staff development.	Done. Other training will be as part of national level training.
4.2.7 Support the Association in following up and monitoring training activities.	Ongoing as part of the M&E system. The project could fund a trip of the CEO to POs in the Northeast once peace has returned.

Output 4.3	
A commercially, technically and institutionally sustainable EYB programme under the national SIYB programme ³ .	
Activities	
4.3.1 Print EYB Tamil version.	The translation is there, but not yet printed due to lack of demand. We can print when this becomes necessary.
4.3.2 Support the Association and Partner Organisations in reviewing the EYB delivery strategy in terms of market responsiveness, outreach, equal access for women, quality of services and sustainability.	This was done in 2004, under the SIYB project extension, and discussions have been ongoing since then. Responsiveness etc. will have to be reviewed again once EYB starts reaching its market.
4.3.3 In consultation with the international EYB programme and other projects develop an approach that will enable quality control and provider development to continue after programme completion.	The project will check what is happening with Geneva.

4.3.4 Revise the delivery strategy if required and include results of 4.3.2.	Marketing strategy now in place.
4.3.5 Enable the Association and Partner Organisations to market the programme effectively.	Marketing strategy being implemented.
4.3.6 Build up an EYB alumni network.	Has started in Kandy, will see if it can be expanded when there are more alumni.
4.3.7 Support the Association and Partner Organisations in strengthening and expanding linkages to other services.	This has not come up as an issue. If it does, we will see how we can address it.
4.3.8 Agree with trainers on criteria for re-certification and licensing two years after first certification.	A large promotion event is planned soon after the launch. A refresher training for the 6 active trainers could follow this, and re-certification could be discussed there.
4.3.9 Depending on how the programme expands, select a third batch of EYB providers, with a focus on private sector providers and representation of women.	This depends on how the programme expands. This would be largely trainers who come through SLIM.
4.3.10 Train trainers.	See above.
4.3.11 Assess trainers and certify those that qualify.	See above.
4.3.12 Monitor training and identify quality concerns if any.	See above.
4.3.13 Towards the middle of the programme conduct a refresher training to address quality issues, and transfer lessons learned from EYB elsewhere.	To be done once EYB is running well.
4.3.14 Towards the end of the programme, re-assess and re-certify or license trainers to ensure that only high-quality active trainers remain certified.	Okay.
4.3.15 Develop a small pool of EYB Master Trainers if this becomes part of the international strategy for sustainability.	The project will check with Geneva.

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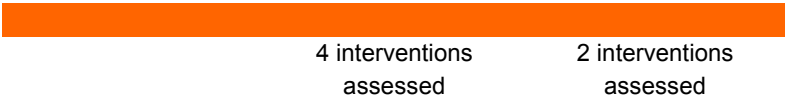




Q1	Q2	Q3	Q4
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Impact assessment

Assessments of specific interventions



Dissemination of experience

