



Enterprise for Pro-poor Growth

Sixth project progress report

19 January to 18 August 2008

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Acronyms

EYB	Expand Your Business
FCCISL	Federation of Chambers of Commerce and Industry of Sri Lanka
GA	Government Agent
KAB	Know About Business
LOCA	Local Competitive Advantage
MDF	Management Development Foundation South Asia
MSME	Micro, Small and Medium Enterprise
NIE	National Institute of Education
SIYB	Start and Improve Your Business
SLIDA	Sri Lanka Institute for Development Administration
VCD	Value Chain Development

1. Introduction

This report presents an update of the progress of the Micro and Small Enterprise Development for Pro-poor Growth project, Enter-Growth for short. It reports on progress per output and considers impact related issues, cross-cutting issues and project management.

2. Work done

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 table below updates the number of **LOCAs and local Value Chain Development (VCD) exercises** that have been conducted so far. This includes 2 LOCAs and 1 VCD exercise that have been completed in the present reporting period. New exercises were started in Kurunegala, where only one LOCA had been conducted and a value chain exercise planned earlier had been delayed. In Anuradhapura, a delayed local VCD on fruits and vegetables was started and is nearing completion. In Polonnaruwa a VCD exercise on the cane sector is planned but has not yet started.

District	Completed		Ongoing	
	LOCA	Value Chain	LOCA	Value Chain
Anuradhapura	5	1		1
Polonnaruwa	4	2		
Puttalam	5	2		
Kurunegala	1	4	1	1

Some of the recent interventions that resulted from the exercises include (excluding with regard to regulations, see Output 2.4):

- Stakeholders in tourism in Anuradhapura district obtained JBIC funding for proposals that had been developed earlier: the development of a tourist map and a brochure. The project newly facilitated development of a marketing plan, as requested by the Ministry of Tourism following a meeting with the President at which the Tourism Association was represented.
- Two hundred young fruit farmers in Anuradhapura were linked to an exporter, who provided training on quality standards and keeping continuous supply.

- A new, high-value mango variety is being introduced to fruit farmers in Anuradhapura.
- Eighty fruits and vegetables farmers in Anuradhapura were linked to the provincial Ministry of Agriculture, which helped them form an association. It provided the association with a loan for on-lending to the farmers, and linked it to suppliers of better quality seed.
- Another 80 fruits and vegetables farmers were linked to the Dambulla and national markets. They formed an association which they then turned into a company, which has built a collection centre with external funding, does bulk purchasing, marketing, and has gained access to loans.
- Twenty people from light engineering workshops in Anuradhapura were given training on new technologies by a large private firm.
- In carpentry in Anuradhapura, an association was formed and skills upgrading training provided. Carpenters were also linked to machinery and vocational training providers, and some received training and bought modern equipment.
- In Puttalam District 30 cut foliage and flower growers were informed about new, higher value varieties, as well as credit facilities. Ten new growers have been identified and are receiving assistance.
- A new assistance programme to a pottery village is underway in Puttalam. A plan was developed with the potters and funding has been allocated.
- Twenty fruit and cash crop growers in Puttalam were given training to improve their productivity.
- Two small factories were started in Puttalam for coir briquettes and twine, creating initially ten jobs.
- In Puttalam 17 flower growers accessed low interest loans to build net houses.
- Twenty flower growers in Puttalam signed forward trade agreements, are so accessing export markets, and are expanding their production.
- Packaging in salt production in Puttalam is being improved in collaboration with a private sector company.
- In Polonnaruwa ornamental fish breeders have started breeding fingerlings, which addresses a major constraint in the value chain.
- Commercial hatcheries for fresh water fish have also started in Polonnaruwa, reducing dependency on the public sector.
- One hundred ornamental fish breeders in Polonnawa are receiving support to develop to export level. Fifty of these have already received grants,
- In poultry farming in Polonnaruwa, two companies are expanding their outgrower system.
- Also in Polonnaruwa, a large company is working with small compost producers to improve packaging and so reach new markets.
- Some 80 vegetable growers received training from a large supermarket company to improve their post harvest technology. They now supply to this company.
- In Kurunegala 12 dairy farmers associations were started.
- Also in Kurunegala loans have been provided to rice millers to purchase better machinery.
- In the handloom sector in Kurunegala, the improvement of 15 production centres has been approved.

Significant numbers of proposals that come out of the exercises suffer delays and many fail. This is due to stakeholders not committing themselves to their implementation, or making commitments but not following them up due to lack of incentives, funds, or higher level support. In some sectors, for instance dairy, most proposals fail due to lack of interest of the businesses, or their expecting Government institutions or the project to take responsibility. There is an ongoing discussion in the project whether it should have (had) more funds to support implementation of those proposals that are not direct service delivery to enterprises. The argument in favour is, obviously, less effort being spent on “facilitation” and more proposals being implemented, with fewer delays. The argument against is the need to reduce dependency and foster ownership, so leading to greater long-term benefits and sustainability. Furthermore one of the objectives of the exercises is to redirect stakeholders’ funds to better interventions, and it can be argued that proposals that no-one is willing to implement are apparently not needed. There has been no change of course as a result of this discussion.

Work on four Regional Value Chain Development exercises was continued. This now comprises follow up to facilitate the implementation of proposals.

- *Coir (Puttalam and Kurunegala)*: Progress has been slow, as the members of the Steering Committee that was set up under this exercise are not decision makers, and have been unable to convince their superiors to support proposals. The project has therefore gone ahead itself with the development of a Good Working Practices document, to improve working conditions, productivity and quality in the coir mills. Discussions were held with large buyers on the implementation of this document, by their providing training and advice to millers. This was facilitated by the ILO office and the Employers Federation of Ceylon. A training of trainers programme was conducted in mid-August, with participation of 28 trainers and advisers, including some from the private sector, and 5 women. Action plans were developed to introduce the Good Working Practices into the coir mills. The Industrial Services Bureau has obtained funds to implement this. It has also obtained funds to promote manufacturing of value added products and to provide management training. This is however insufficient to reach all millers. Involvement of the large buyers, who do reach all millers, is therefore still needed. Work to improve the safety of coir milling drums has been nearly completed, with the testing of a prototype. In addition, Enter-Growth has supported development of a brochure on Business Development Services for the coir industry. Two millers associations are being assisted to become more effective.
- *Dairy (all four districts)*: In the dairy exercise only one proposal is moving forward. The exercise seems to have been catalytic in convincing the private sector and the Central Bank that there are good opportunities for breeder farms for high yield cows. In Anuradhapura one farm has started and the Central Bank has made available loans to ten more (all small). In Polonnaruwa the large firm CIC is establishing one. In Kurunegala a breeder farm is being started as a public-private partnership. Work on Good Manufacturing and Good Agricultural Practices has not progressed due to the need to do more background research. Interest in strengthening of farmers associations is low among the associations themselves. However, the relevant provincial Ministry in Kurunegala has asked the project to train its extension officers on association strengthening. This may still go ahead, especially since 12 new associations have been started in this district. Support from the national level has not

been forthcoming for the various proposals. This is due to the complex institutional relations, lack of funds, and the Steering Committee for this exercise also suffering from a lack of decision making power among its members. Overall, the project's conclusion is that although there is enormous market potential, the scope for change in this sector is limited.

- *Cut flowers and foliage, ornamental plants (all four districts):* The Export Development Board in Kurunegala is the host organisation. It has been key to the success of the exercise and is following up actively on implementation of the proposals that came out of it, including funding and implementing some. Results so far include:
 - A brochure was drafted on BDS providers to the sector.
 - Three sector groups were formed, grouping anthurium, orchid and cut foliage growers.
 - An improved collection mechanism was established for anthurium growers .
 - Two exporters were linked to cut foliage growers, affecting around 75 enterprises and creating an expected 100 jobs.
 - The Department of Quarantine now provides certificates for export to associations rather than individual growers, lightening the regulatory burden.

Some of the results reported under local VCDs above are directly related to this exercise.

- *Packaging (all four districts):* This exercise was completed in April, and work on most of the proposals still needs to be initiated. The Dambadeniya Development Foundation, which is the host organisation, has started a “packaging incubator”, where small businesses can obtain packaging services. This is one of several planned. The National Packaging Centre as well as trainers trained earlier to provide packaging training are being involved in the implementation of other proposals, including district-level packaging exhibitions.

A value chain development training was conducted in February, to increase the number of VCD facilitators. Twenty-three facilitators were trained, including 7 women.

The Value Chain Development manual developed by the project has been finalised and translated into Sinhala. It will be printed and is also available on www.entergrowth.com.

Progress with regard to the **improvement or development of new business services** was as follows:

Packaging training: The service continues to be provided (16 seminars so far, including 7 in the current reporting period). A refresher training of providers was conducted in March; 15 men and 6 women participated.

Upgrading private sector training providers of garment making: The Management Development Foundation conducted an evaluation and impact assessment (see Chapter 3 for results of all impact assessments).

E-commerce: See output 4.5.

Improving business ethics: The full twelve 25-minute episodes of a tele-drama series were finalised, nine in the present reporting period. Discussions are ongoing with TV stations to interest one in broadcasting the full series.

Services to help MSEs communicate with larger markets: Templates for business letters have been developed in three languages and put on a CD to facilitate communication of MSEs to larger enterprises and markets. Communication service providers in the districts are the primary target group to use the templates and so assist MSEs in accessing markets outside in their immediate surroundings. The secondary target group is BDS providers. The project intends to provide the CD to MSE Forum Secretariats, to sell it to these target groups. This will enable the Secretariats to gain some income and strengthen their relationship with BDS providers and entrepreneurs in the district.

Private veterinary services for artificial insemination: The various value chain exercises in the dairy sector have contributed to a growing use of private sector artificial insemination providers, especially in Polonnaruwa and Kurunegala. More will be trained in Polonnaruwa.

Investment promotion: After workshops in the districts and discussions at the national level with the Ministry of Enterprise Development and Investment Promotion, the Federation of Chambers of Commerce and Industry (FCCISL), the Board of Investment, the National Enterprise Development Authority and the Inventors' Commission, a 4-day training programme was conducted for the Chambers of Commerce in the four project districts. This was a joint event of the FCCISL, which funded the training, and Enter-Growth, which contributed technical expertise and facilitated most of the training sessions. The other above mentioned organisations also participated. The objective was to give the district Chambers the necessary capacity to start working as an Investment Promotion Desk in their district. The FCCISL has now taken ownership of this activity and will, with technical assistance from Enter-Growth, follow up on the establishment of the Investment Promotion Desks by the four District Chambers.

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

Business Service Fairs were organised in Polonnaruwa and Anuradhapura, in March/April. The Polonnaruwa fair was a great success, with more than 40,000 visitors. In Anuradhapura this was only 4,300, due to heavy (and unseasonable) rain. In Puttalam the MSE Forum delayed the fair to later in the year, largely due to security concerns. In Kurunegala MSE Forum members are expected to submit a proposal for a number of smaller fairs at the divisional level.

The project's subsidy has steadily decreased since the first fairs in 2006, to US\$ 5,000 per event. This year organisers again made a good profit, even in Anuradhapura, and have said they will go ahead with the fairs in the future, even without subsidy. The fairs have demonstrated to be an attractive business concept. Assessments carried out last year and the year before also indicate significant success in making more people aware of business services.

Business services continue to be promoted through the **Palama** campaign. At the end of performances the theatre groups distribute a leaflet that indicates for all service providers in the district what they offer and how they can be contacted. Appreciation of the leaflet is high, among providers as well as the audience. However, the Palama impact assessment found that a small minority only takes action and actually contacts the providers.

The project's work on **provincial databases** that include information on buyers and suppliers, services, and Government regulations has encountered further design problems, especially with regard to the search function. Work is ongoing to solve these. Meanwhile, the information on regulations collected for the database, which was provided to the Government Information Centre, a call centre, under the previous reporting period, has now been provided in Tamil and English as well. In principle the information should therefore be accessible by phone from anywhere in the country, once the GIS has actually entered it. Business related regulations and services of 10 Government organisations have been entered already. The remainder is expected to be completed by the end of the year.

Output 1.3

MSEs' and MSE starters' access to financial services improved through stronger linkages between representative organisations, service providers and Government on the one hand and financial institutions on the other

Progress

As indicated by what was reported under output 1.1, LOCAs and VCD exercises have continued to contribute to better access to finance for some of the involved enterprises, including through new loan schemes. The impact assessment and case study of the Palama campaign show an increase in loan portfolios following Palama performances.

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. The secretariats have all been taken over by Forum members. Changes in membership due to for instance District Secretaries or other members being transferred do affect the effectiveness of the Forums but are not endangering their continued existence. The Forums are now too well-respected and seen to meet a need, for them to dissolve as a result of such changes.

General stakeholder meetings, where the Forums meet the broader group of BDS providers and private sector organisations in the districts, were held in June. These meetings play an important role in keeping these organisations informed and involved. The Forums also regularly invite non-members, such as small business associations to their meetings, to present and discuss constraints their members have encountered.

Another experience sharing workshop and training is foreseen for the end of September. Following a request from the Forums at last year's workshop, the specialist on the enabling environment from ILO Geneva, Graeme Buckley, has conducted a mission to make recommendations on how to link the Forums more effectively to the national level, where many rules and regulations are set.

A case study on the Forums is being written by the Management Development Foundation South Asia (MDF), as part of its impact assessment contract (see Chapter 3).

The **Steering Groups** established in the context of the Regional Value Chain exercises are another public-private dialogue sector mechanism the project is promoting. They have so far proved much less effective than the Forums. As mentioned earlier, their members are generally not decision makers. Although many have been supportive, they have mostly been unable to get the backing from their superiors or managers. Also, the slow progress of implementation, due to the lack of clear commitments being made, has resulted in some loss of interest in the first two committees. The committee on the floriculture value chain is, however, functioning well, due to the active leadership of the Export Development Board in Kurunegala. How the packaging committee will function is still to be seen.

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

The **small business associations strengthening manual** has been enriched with the introduction of a new chapter on Decent Work. The manual and the facilitator guide have been prepared in Sinhala and English. Considering the demand, they will be translated into Tamil as well.

A refresher training to introduce the finalised manual and guide to the facilitators is planned for October. The facilitators have continued to provide the service to small business associations in the districts. The project is providing direct support to this in the case of coir millers associations, in the context of the regional VCD exercise.

The Small Enterprise Development Division of the Ministry of Youth Affairs has included small business associations strengthening into their annual work plan from 2008. Being a national level organization, they have spread the provision of services to small business associations under their purview country wide.

The **formation or revitalization of associations** through LOCA and VCD exercises is continuing, as indicated under output 1.1. Associations are invited regularly to MSE Forum meetings.

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

In collaboration with the Sri Lanka Institute of Development Administration (SLIDA), Enter-Growth completed a 2-day training programme on business registration and licensing, which started in the previous reporting period. The programme was conducted in 70 divisions in the target districts for approximately 2,500 public officials concerned with business registration and licensing at the district, divisional, Grama Niladhari and Pradeshiya Sabha levels. The objective was to improve business regulation services provided to MSEs and to make the regulatory procedure and its implementation more efficient. In conjunction with this training leaflets were distributed to MSEs in the target districts that explain the advantages of registration and licensing. The impact of this intervention will be assessed in the coming half year.

Enter-Growth is also collaborating with SLIDA on a longer-term intervention, the inclusion of private sector development courses in SLIDA's programme at certificate level. A training package on "The role of the Public Sector in Private Sector Development at the Local Level" was developed and a training of trainers conducted for selected staff at SLIDA as well as two other relevant public training institutes (the Agricultural Research and Training Institute and the Sri Lanka Institute of Local Governance). This has the potential to affect a significant number of public servants with responsibilities related to economic development and improving the business enabling environment. The International Training Centre of the ILO was involved in the development of the training package and the training of trainers. The specialist on the enabling environment from SEED (Geneva) contributed to the training as well. The training package consists of 5 modules:

- Promoting decent work and poverty reduction through micro and small enterprise development in the districts
- Public-Private Dialogue
- Entrepreneurship
- Enhancing facilitation of Private Sector Development at the local level to create a conducive business environment
- Customer-oriented application of rules and regulations at the local level

The next step will be to assist the three institutes to conduct courses based on the training package and include them in their syllabus. SLIDA will conduct a first pilot course in October.

Output 2.4

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

Progress

Regulatory issues continue to be identified in various ways and brought to the MSE Forums for action, as explained in the previous reports. In the current reporting period few interventions in this area were brought to a successful conclusion. The most notable step forward was a meeting of some members of the Anuradhapura Forum, led by the District Chambers, with the President and the Cabinet. This was organised by the FCCISL. The Chambers presented the many problems related to landownership in Anuradhapura and Polonnaruwa, which are a key constraint on economic development. The President appointed a committee headed by the Land Commissioner to “solve” the problem. He also committed to the establishment of a special department under the Land Commissioner to deal with the issues in the two Districts. A meeting in Anuradhapura with the Land Commissioner is being prepared.

As reported under the floriculture regional VCD, another success was the Department of Quarantine agreeing to provide certification for export of flowers and cut foliage through associations rather than to individual growers.

In Anuradhapura an additional 28 carpenters were registered and so protected from further harassment. As legal businesses they are now able to market outside their villages.

The project also found, however, that some of the improvements that have been decided on by the relevant authorities have not been fully implemented. For instance, several sales points for tickets to the archaeological sites still maintain the tickets have a validity of only one day instead of the three days the cultural triangle authorities had agreed on more than a year ago. The MSE Forums are following up on this.

A full overview of the regulatory issues that are being followed up is in Annex 1.

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

A campaign to promote enterprise culture carried out in the target Districts.

Progress

The campaign is ongoing in Puttalam, Anuradhapura and Kurunegala. The contracts of the actors groups will be completed in September and October. Funds that had been originally allocated to possible mass media work were used to extend these contracts, in order to make longer use of the actors, as explained in the previous report.

Palama stickers promoting business for buses and three-wheelers will be distributed over the coming months. These are the “reminders” of the messages foreseen in the original campaign design. In addition, ten schools per district are making large wall paintings on the theme of enterprise.

Each of the actors groups has formed a theatre company, with the project's assistance. They have also been provided with business training and advice and other assistance. They have shown different levels of initiative in responding to the challenge of making the companies work and finding other clients and sources of income. Some of the companies may eventually become a source of additional income, though it is unlikely they will provide full-time employment.

An estimated total of 120,000 people have participated in Palama performances, excluding those who have seen the shows at business service fairs. This is more than double the number originally expected.

An in-depth assessment of the impact of the campaign was conducted in March to June 2008. A draft report is available. Research for a case study of the campaign was completed and the paper is being drafted.

Output 3.2

Know About Business progressively introduced into vocational and technical training.

Progress

In February/March the SIYB Association conducted another Know About Business Training of Trainers seminar in Tamil medium at the request of the World University Service of Canada. Enter-Growth released the KAB Master Trainer working in the project. 17 vocational training instructors from the North and East participated (15 men, 2 women).

The National Apprenticeship and Industrial Training Authority (NAITA) and the Vocational Training Authority of Sri Lanka are continuing the KAB teaching in their training centres in the project area and country-wide. KAB has been integrated in a total of 168 courses.

MDF carried out a tracer study of KAB trainees, which also looked at institutional and implementation issues. The report is being finalised. In terms of implementation of the programme the main conclusions are:

- Good progress has been made towards institutionalisation and sustainability, but ownership of the programme, which lies with the SIYB Association, and responsibilities of the various organisations involved need to be further clarified.
- Monitoring and evaluation needs to be improved.
- Some of the organisations do not allocate sufficient time to the course, and all need to conduct the courses in a more interactive and practice oriented manner.

Enter-Growth will follow up on these issues and discuss them with the Association and others involved.

Output 3.3

Support provided to the introduction of entrepreneurial studies in the education system.

Progress

The National Institute of Education (NIE) continued conducting training for Master Teachers and classroom teachers on the grade 11 Entrepreneurship Studies subject. The project provided technical support. The NIE also conducted awareness programmes for education directors and school principals. In order to promote the subject among students and parents, the project printed the posters designed with the NIE in the previous reporting period. They target students and parents. The posters have been distributed by the NIE to be displayed in schools and other relevant places.

The impact assessment on the project's enterprise culture work looked at the Entrepreneurship Studies as well. Although the findings about the course itself are encouraging, with students, teachers and other influencers commenting positively, the study also found that its introduction in the four project districts has been plagued by logistical and institutional problems. This has resulted in many schools dropping the subject. The problems include:

- Course material not being available on time.
- The text book, which was developed by another department, not being in line with the course material.
- Teachers not having been trained.
- Teachers and principals favouring the existing Business and Accounting Studies and not being aware of the purpose of the new course.

There is not much the project can do about this situation, since it has been specifically asked to provide technical assistance to the development of the course and training of Master Teachers only and to not intervene in the course's introduction. Nevertheless, the project is taking steps to discuss the findings with the Secretary of the Ministry of Education. At the national level the awareness of these problems seems to be limited.

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

Apart from participation in Executive Committee meetings there has been no need for further support to the Association. One of the meetings discussed the recommendations of the case study of the Association made with project support. It was agreed that the main recommendations are timely and relevant. These are that the Executive Committee should take a more strategic role and that the Association needs to look beyond SIYB and related services, and beyond services, to remain relevant and continue to play a dynamic role in small business development. Measures are being considered to make these changes. The Annual General Assembly elected an Executive Committee that is largely made up of new members.

The table below shows the numbers of people trained over the past years.

Number of entrepreneurs trained in SIYB

Year	Number of entrepreneurs trained		
	Male	Female	Total
2005	1072	2125	3197
2006	1524	2702	4226
2007	1426	2345	3771
2008 (to June)	402	1073	1475

In 2008 the size of the programme is likely to return to what it was in 2005. Two thousand six and seven were peak years due to post-tsunami assistance. Although there are new opportunities in the East, the Association may not be capitalising on these sufficiently. The current trend underlines the relevance of the recommendations made in the case study.

In its target districts the project has supported the training of 19 more SIYB trainers (12 men, 7 women), in February. This was to enhance the capacity of BDS providers to provide SIYB.

Output 4.2

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

Progress

This output was completed early in the project. SIYB has continued to be provided in the North and East, as reported in the table below. The decrease in the number of programmes is largely due to the security situation.

Period	Programme	Trainees
July 2004 to June 2005	10	186
July 2005 to June 2006	35	656
July 2006 to June 2007	42	751
July 2007 to June 2008	25	462

Output 4.3

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

Progress

During this period the SIYB Association, supported by the project, facilitated two Expand Your Business trainers upgrading workshops in Sri Lanka, in May, in which 6 trainers participated, and in June, for 5 trainers. The first workshop introduced the improved Operations Management module.

The SIYB Association ran one full EYB programme, through June and July. Ten garment manufacturers participated. The improved Operations Management module was used and proved to be successful. The Export Development Board subsidised the course.

At the request of the ILO office in New Delhi, the SIYB Association also ran a trainers upgrading workshop in Trivandrum, India, in June. Five trainers participated.

Although more remains to be done before EYB can be considered a success in Sri Lanka, the above situation is clearly an improvement compared to earlier reporting periods. The decision to allow subsidies, reported on in the fifth progress report, has had the expected result.

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

None of the radio and TV programmes dedicated to small enterprises that had initially been set up with Enter-Growth facilitation has survived. The reasons are various, and include:

- Inadequate support from marketing departments, which are not convinced of the potential of these programmes, in spite of the market research sponsored by the project.
- Related to this, a lack of sponsors. Even when sponsors were contacted adequately the reaction was not positive. They are more interested in sponsoring entertainment.
- Changes in station strategies, with more focussing on entertainment.
- Resumption of the conflict, resulting in more airtime for news related to this, sponsors being more conservative in spending their advertising budgets, and the Tamil community being eager to keep a low profile.
- One of the main champions of the project's work withdrawing from TV, to focus on web-based news.

A further factor might be that the media sector in Sri Lanka is perhaps not very conducive to the intervention, since there are no significant regional stations and TV, which is expensive, dominates. However, this was not indicated by the initial assessment.

There might be causes related to the project's approach to this activity as well, but self-reflection has not resulted in their identification. It could be that the output is too ambitious and the activity too complex for an already demanding project. The change in staff half-way may also have contributed, although there was no decrease in the quality of the assistance.

The project has, however, not yet completely written off this output. Derana TV is still interested in establishing a programme. Furthermore, Ceylinco TV, which broadcasts its advertorials for the company's microfinance bank on TNL, appears to be interested in

giving more substance to its programmes. The project will assess if and how to proceed in September.

Meanwhile, it does seem likely that the project's assistance has increased coverage of MSE related news in the mass media. The project plans to assess this in January.

The activities in the target districts have been faring better. Networking workshops between regional journalists and the local business community were run in Kurunegala, Anuradhapura and Puttalam. These, and the earlier workshops on business journalism, have resulted in more articles on local business appearing in national newspapers.

Output 4.5

Access to affordable e-commerce services increased for MSEs.

Progress

By May one "metamarket", www.ExportSL.com of the National Chamber of Exporters of Sri Lanka, was operational and work was ongoing on www.metamart.biz, of the Federation of Chambers of Commerce and Industry. To the project's great surprise, PeopleLink, the US-based NGO that owned the software, developed the business models and hosted the portals, terminated its activities in July, as it had not been able to generate a world-wide critical mass of MSMEs using its services over 7 years of its existence. The Federation went ahead and developed an alternative model, including on-line payments. It reports that the site has 15,000 daily hits and has started to generate orders. This is an excellent result, achieved to a great extent independently from the project. Enter-Growth provided the initial idea for a metamarket, advice on the practicalities of establishing one, and trained and motivated the first 50 member-enterprises.

The project will support the National Chambers of Exporters to reconstitute its metamarket using another model. Following the cessation of services from PeopleLink, the ICT Agency of Sri Lanka has discontinued its pilot activities to develop electronic market places through its Nenasala tele-centres.

Output 4.6

Experience gained and lessons learned on district-level integrated MSE development incorporated in the Ministry of Enterprise Development and Investment Promotion's 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

In this reporting period collaboration continued with the Federation of Chambers of Commerce and Industry on the establishment of District Enterprise Forums outside the project area, which are modelled on the MSE Forums. A further three Forums have been set up. Thirteen are now reported to be operational (excluding the project districts). The project provides technical advice to the Federation, which includes visits to some of the Forums and members of the new Forums visiting those in the project districts. Enter-

Growth and FCCISL are also coordinating on the development of a manual for the Forums and their secretariats.

The Federation is also planning to replicate the joint work on Investment Promotion Desks at the District Chambers.

Four Oxfam staff were included in the training of VCD facilitators. Technical support has meanwhile been provided to Oxfam supported exercises in Trincomalee and Batticaloa, on the paddy value chain.

The materials for the two certificate level courses on private sector development at the Sri Lanka Institute of Development Administration draw extensively on the project's experience and concepts. The TOT for these courses included staff from SLIDA as well as external faculty, the Agricultural Research and Training Institute and the Sri Lanka Institute of Local Governance.

The last two meetings of the informal Regional and Local Economic Development coordination group, with GTZ and Swisscontact, were in 2007. They were both called on the initiative of Enter-Growth. The last meeting was not well attended, and among its present members, largely different from when the group started, the enthusiasm seems to be low. Real and (self-)critical information sharing appears to be difficult, and suggestions for joint activities have had no results. The project has decided that for now it will wait for initiatives from other members, to which it would of course respond positively.

The library on the project website (www.entergrowth.com) had few additions only, since not many intervention or other reports were finalised over the past half year. This will change over the next period.

The project's value chain work has contributed significantly to work on the ILO's Value Chain Development guide, now completed. After translations of the project's Local Value Chain Development manual into Chinese and French (for Madagascar), a request has recently come in to allow translation into Bahasa Indonesia.

There is no progress on the project's suggestion to ILO Geneva to do a comparative study of recent "integrated" enterprise development projects (Viet Nam, Ghana, Sri Lanka and possibly others). Although the suggestion initially met with a positive response, funding and other priorities may stand in the way of the study being done.

On the other hand, ILO Delhi has funded development of a Local Economic Development case study of the project's work in Polonnaruwa. This resulted in an excellent paper, which the office is planning to use to share knowledge on the ILO's approach to LED, and which indicated some useful lessons for the project as well. The project appreciates support of the ILO Enterprise Development Specialist in New Delhi, Mr. Hideki Kigohashi, in taking the initiative for and supervising this study. The paper is on the project website.

In summary, the project's experience continues to be shared, both within and outside Sri Lanka. There would seem to be scope, though, to do more thorough technical experience sharing among projects and programmes in Sri Lanka, and for ILO Geneva to draw more lessons from this and similar projects.

3. Impact assessment

The Management Development Foundation South Asia (MDF) started its work on intervention reports and case studies in February. This has not always progressed to the project's full satisfaction. MDF seems to have underestimated the difficulty of the work, and in addition there have been various staff changes. The quality of the work has therefore suffered and reports have had to undergo several revisions. On the other hand, MDF has been flexible in changing the timing of some of the studies, which has been necessary due to the delayed implementation of proposals that came out of VCD exercises in particular.

As a result, MDF has not fully finalised any intervention report in the current period. It is working on:

- A tracer study of KAB trainees (nearly completed).
- An assessment of the training of private sector garment trainers (nearly completed).
- An assessment of the Kalpitiya VCD exercise on vegetable growers (first draft available).
- An assessment of the ornamental fish VCD exercise in Polonnaruwa (no draft available).
- An in-depth case study of the MSE Forums (no draft available).

An intervention report on dairy value chain work in Kurunegala, drafted by an independent consultant, was completed, and one on the Business Service Fairs has been started.

In addition to this work, the project commissioned an in-depth qualitative study of the impact of its interventions in enterprise culture (Palama and Entrepreneurial Studies – KAB is covered by MDF) as well as a case study of the campaign that looks more generally at lessons that can be drawn from this experience. Neither of these has been finalised, although all field work has been done and the impact assessment report is nearing completion.

Although therefore few reports have actually become available, it should nevertheless be useful to provide the main preliminary conclusions where drafts have been produced. They are as follows.

Local dairy value chain development in Kurunegala

- Some 600 dairy farmers are likely to be eventually be affected by this exercise.
- At present, 65 have benefited from becoming involved in selling fresh milk locally, which has resulted in an increase in their selling price from 20 to 26 Rs. per litre, with a further increase expected. These farmers have also received training to upgrade productivity and quality.
- Given the demand for fresh milk identified by the exercise, an Indian investor has changed its plans to produce milk powder to producing fresh milk. This company is expected to buy from initially 520 farmers, who will get higher prices for their milk than would otherwise have been the case.

- Due to training and advice, the establishment of model farms, and greater availability of credit, most farmers have invested in their businesses and have increased productivity and quality. This has increased sales for 76%, prices for 95%, and profits for 70%. 16% have increased their working hours, but none has hired additional workers – the farms are generally too small for this and are operated as family businesses.
- Due to greater awareness and better relations with large companies, some farmers have switched to other buyers and so improved their incomes.

Kalpitiya vegetables value chain development (Puttalam)

This was one of the very first VCD exercises, which still used a slightly modified LOCA approach. It was conducted at the request of the provincial Ministry of Agriculture, which said it would implement the proposals that would come out of the exercise. During the exercise, a large supermarket chain also committed itself to some of the proposals. However, little has happened. There has been some improvement to the infrastructure of the Dedicated Economic Centre through which the growers market most of their produce, and two new sales centres were established, and then closed again. There has been no notable impact on sales or profits. The Ministry is still studying whether it should declare the area a special agricultural zone, which would give the farmers benefits such as subsidies. The local supermarket representatives were not able to convince their superiors in Colombo that the proposals would benefit the company. Overall the main weaknesses of the exercise may have been a lack of real (commercial) incentives to implement the proposals, the dependency on the Ministry, and too large a number of inadequately prioritised proposals.

Training of private sector garment trainers

The intention was to upgrade the skills of private sector trainers, who would pass this on to small producers, who would so strengthen their competitiveness and be able to enter new markets, or maintain their current market. The intervention was completed in late 2007, and it was therefore not expected that impact at the producer level could already be found. The focus was therefore on the trainers. The findings were:

- Although the subcontractor for the training had been instructed to include private sector trainers only, public sector trainers were included as a result of local pressure. Such subsidised trainers are unfair competition to the commercial trainers.
- Trainers found the training largely useful, but would have liked to see a greater focus on tailors rather than producers of ready-made garments, who were, however, the intended target group.
- Trainers in the private sector are passing on their new skills, and some have significantly expanded their training business.
- The few producers interviewed mentioned greater productivity and quality as benefits from the improved training, but could not yet quantify the impact on sales and profits.
- The start up of some MSEs by youth may be linked to the improved training.

Given these early signs of impact, the intervention is likely to achieve its intended results, although it could have done so more efficiently by excluding public sector trainers. These have been hardly able to improve their courses.

Know About Businesses

The study compared vocational training graduates who had and who had not taken KAB. Trainers, parents and employers were interviewed as well. The global coordinator of KAB, Nabeel Goheer (SEED, ILO Geneva) contributed to this study.

In line with its objectives, KAB was found to contribute to a more positive attitude towards business, and a greater likelihood that vocational trainees plan to start their own business. KAB trainees also had a better knowledge of business related issues than those who did not take the course. However, with regard to the programme's objective to inculcate more productive working habits, no differences were found.

KAB is not meant to fully prepare students for starting a business. For this, they would have to take additional training, such as Start Your Business. Most trainees were not aware of this, and therefore felt that the course should include more practical information on how to start a business. The study recommends that trainees' expectations should be kept realistic and that they should be referred to BDS providers for further assistance.

Strengthening Enterprise Culture

This study used the enterprise culture assessment carried out in early 2006 as a baseline and used largely the same methodology, with in-depth interviews and focus group discussions. The draft report is detailed and comprehensive. The following are the main conclusions:

- Attitudes towards business have improved significantly in the project districts, and Enter-Growth has contributed to this. Palama may have been the main factor, but the positive influence of the MSE Forums, LOCAs and other work was mentioned as well.
- With specific reference to Palama, 99% of the audience found it a positive experience. Most who had seen the shows commented very positively on the skills of the actors, the opportunity to participate in the shows on stage (i.e. the forum theatre), the relevance of the scripts to their lives, and the appropriateness of the messages.
- Most received a business-related message, some a mixed business-social message, a minority a social message only.
- Although most had not had the opportunity to act, most felt involved, and up to a quarter thought themselves of solutions to the issues presented.
- The large majority of respondents had discussed the show with family and friends.
- 18% considered starting a business after the show¹, and 39% of existing entrepreneurs got the idea to expand or improve their businesses and felt strengthened by the performances.
- 6% actually started a business, and 13% improved an existing business. Since this was generally only 1 year after the show, more impact in this respect can be expected.

¹ Since this was a qualitative study, these percentages are indicative and not representative.

- Micro financiers saw their portfolios increase significantly after performances. Some development organisations asked for second performances, given the positive effects.
- The impact in terms of immediate business start-ups could have been greater if the campaign had more often gone through local CBOs and other development organisations, which could have followed up on the response to the shows.

The Entrepreneurial Studies course has now been introduced in grades 10 and 11, and as mentioned under Output 3.3, has been dropped by many schools due to implementation problems beyond the project's purview. The large majority of students and teachers commented positively on the programme's approach, contents and relevance. The large majority of students was positive about starting their own business and about business people in their community. The course is likely to have contributed to this. However, most still considered continuing their education and finding employment their first career option.

Work on the other assessments is too incomplete to provide any conclusions here.

The table below updates the report against indicators that was included in the previous two progress reports. Since few assessments were completed, there are few changes. The first column gives the indicators, the second what the project has done or plans to do to assess impact, and the final column gives examples of signs of impact.

Indicator	What done or planned to assess	Signs of impact
1.1 Two to three years after programme completion, poverty in the targeted districts has reduced more than in comparable districts not included in the programme, among women as well as men.	Assessing this indicator is beyond the scope of the project. Sida, the ILO and the Government could decide to do such an assessment after project completion.	
1.2 By the end of the project, personal incomes have increased by 15% and employment by 10% in targeted value chains at the local level, which will be selected on the basis of pro-poor, pro-growth and feasibility of change criteria.	<p>A detailed case study of the anthurium value chain work was completed. Intervention reports have been done on results in the local coir and the tourism value chain, a LOCA in Hingurakgoda, work of the MSE Forum and a Traders Association in Anuradhapura, the local dairy value chain in Kurunegala. Assessment of a VCD exercise of vegetable growers in Kalpitiya is in progress.</p> <p>The quantitative impact survey (for which there is a baseline) may show increases in income and jobs. This is now planned</p>	<p>The anthurium study shows increases in price for export flowers, from around 12 to 15 Rs., and for local market flowers from 4 to 6 or 7 Rs., which could eventually result in more income. The number of directly affected households is around 90.</p> <p>In coir some 35 local jobs have been created in one division, with wages 20% higher than usual, and 10 jobs in another division.</p> <p>In tourism no impact on employment and incomes can be expected until peace is established.</p>

	for early 2009, to be conducted by MDF.	<p>In dairy in Kurunegala marketing of fresh milk has resulted in price increases from 20 to 26 Rs. per litre for 95% of targeted farmers, and increased profits for 70%. Productivity and quality have gone up as well. This is likely to have increased incomes. Eventually some 600 farmers are expected to benefit.</p> <p>Incomes of fishermen in Polonnaruwa have increased due to regulation against using nets with a fine mesh. Small farmers have increased income due to a poultry breeding buy-back system.</p> <p>Job satisfaction, as an indicator for decency of work, has increased for nearly 40% of targeted dairy farmers and is high for the large majority of anthurium growers.</p>
1.3 Sales figures of MSEs in targeted value chains and localities in the two provinces increased by 20 % or more, for MSEs owned by women as well as those owned by men.	See 1.2.	<p>Praces and sales of seed paddy farmers in Polonnaruwa have increased through branding and quality control.</p> <p>Sales have gone up for 76% of dairy farmers targeted in Kurunegala.</p> <p>Sales of anthurium growers in Kurunegala, went up and then down, due to collection problems. These have meanwhile been addressed so sales are likely to have gone up again</p>
1.4 More MSEs have entered competitive value chains at the local level.	See under 1.2. This is also being monitored through LOCA and VCD follow-up.	Enter-Growth monitoring indicates that an additional 50 enterprises have started breeding tropical fish in Polonnaruwa after the value chain exercise done there, some generating employment for more than the owner. One hundred more are receiving support to start. 65 more people are growing anthurium and have entered the export value chain. At least 30 have taken up commercial milk production. 13 dairy breeder farms are being

		started. Some additional 480 producers in different value chains have been linked to larger markets in the first half of 2008.
1.5 Greater integration has been achieved in targeted value chains, through an increase in association or other group membership, other ways of horizontal collaboration, and greater collaboration between different levels in the value chain.	See under 1.2. This is also being monitored through LOCA and VCD follow-up.	Associations have formed among ornamental fish growers, pottery makers, seed paddy growers, poultry breeders, vegetable growers, light engineering enterprises, garment producers, dairy farmers and brick makers. Flower and cut foliage growers have grouped on a sectoral basis. The membership of dairy farmers associations in Kurunegala has increased. The Tourism Association in Anuradhapura has become more functional. A cooperative is marketing vegetables from Kalpitiya. A women's cut flowers association is collaborating to expand their business. Fruits and vegetables growers in Anuradhapura formed an association and a company, which are receiving services, are newly linked to suppliers and markets. Collection points for fresh milk have been established in Kurunegala.
1.6 Business service providers in each district offer at least four new services or approaches that benefit men as well as women.	The project is monitoring delivery of services it has supported the establishment or improvement of. An intervention report was drafted on training of private sector garment trainers. Further services will be evaluated towards the end of the project.	LOCA and value chain exercises continue to be offered in all Districts, some with project technical and financial support, some with other funding. The skills of private sector garment making trainers were improved, and are being passed on to small producers. Packaging training is on offer and has been delivered in 16 instances. Provision of dairy related services has improved in Polonnaruwa as well as Kurunegala as a result of assignment of new officers as well as private artificial insemination. In Polonnaruwa the Agricultural Department offers new training and information services to

		<p>ornamental plants growers. The Export Development Board is providing more services to ornamental fish breeders in Polonnaruwa. An exporter provided training to fruit farmers in Anuradhapura. A large firm provided training to light engineering workshops in Anuradhapura. Skills of carpenters were improved in Anuradhapura. Fruit growers were trained in Puttalam. In Polonnaruwa a supermarket chain provided training to vegetable growers.</p>
<p>1.7 An increase of at least 20 percent in the number of MSEs who access business services, among women as well as men.</p>	<p>Follow-up interviews have been done with providers who participated in the business service fairs. An intervention report on the fairs will be done in the first quarter of 2008. Overall impact on demand will be assessed towards the end of the project, through interviews with service providers and an impact survey.</p>	<p>Service fair participants reported a moderate effect on demand for their services, but were unable to quantify this. 25% of visitors reported they found useful business services at the fairs. This translates into 37,500 people. 15% said they would follow up on contacts made.</p>
<p>1.8 MSEs and starters in targeted value chains and localities have accessed financial services due to facilitation of better linkages.</p>	<p>This is being and will be covered through intervention reports and case studies, as well as interviews with providers towards the end of the project, and follow-up to LOCAs and VCD exercises.</p>	<p>A few enterprises in the coir sector, around 80 flowers and cut foliage have accessed credit. Some 30 commercial farmers in Puttalam accessed credit through their cooperative. More credit has become available for commercial dairy farmers and for breeder farms. Loans have been provided in Kurunegala for milk collection centres, investments in cows and farms. In Anuradhapura 160 vegetable growers have gained access to credit. Financial services providers involved in LOCAs and VCDs report that they identify good clients through these. They report that demand for loans increases as a result of Palama. One organisation in Polonnaruwa reports a more than doubling of the portfolio.</p>

<p>2.1 At least 10 regulatory constraints identified with MSEs have been solved.</p>	<p>This is being monitored by the project.</p>	<p>13 constraints have been solved to varying degrees. Some affect hundreds, others just a few enterprises (see Annex 1 for details).</p>
<p>2.2 Business registration in targeted localities in the programme's final year is up 15 percent or more compared to the first year, among MSEs owned by women as well as those owned by men.</p>	<p>This will be assessed through the impact survey as well as through business registry records, which have been collected.</p>	<p>The intervention will be assessed in the second half of 2008.</p>
<p>2.3 Officials who participated in programme events express greater confidence in their</p>	<p>This will be assessed through evaluation sheets completed by participants and interviews and follow-up interviews.</p>	<p>The intervention has only just been completed. Early results show that the training is effective in terms of the</p>
<p>2.4 capacity to provide a conducive environment for MSE development.</p>		<p>indicator.</p>
<p>2.5 Authorities independently identify and address regulatory issues in the final quarter of the project.</p>	<p>This is being monitored through MSE Forum minutes.</p>	<p>The Forums are identifying issues independently, for instance through meetings with small business associations and individual businesses, or the work of Chambers.</p>
<p>2.6 50 % or more of MSEs in targeted value chains in the two provinces, those owned by women as well as those owned by men, agree that regulatory changes carried through are improvements for their businesses, while less than 10 % finds it a deterioration.</p>	<p>This will be assessed through the baseline and impact surveys and studies of particular value chains.</p>	<p>Enterprises in tourism agree that the extension of the validity of the tickets for the archaeological sites is beneficial. The other studies done do not concern regulatory improvements.</p>
<p>2.7 MSE representatives, including women, authorities and business services providers meet at least twice in MSE Forums or other dialogue events in the final year of the programme.</p>	<p>This is being tracked through Forum minutes.</p>	<p>The Forums have met 76 times and are likely to continue. In addition the Forums and the project have organised 13 meetings with all stakeholders, as well as other dialogue events, e.g. with service providers.</p>

<p>2.8 Representative organizations participate more, and more effectively, in dialogue.</p>	<p>This will be assessed through an intervention report which is currently being drafted.</p>	<p>As there was no or hardly any dialogue between representative organisations and the provincial and district government before and that the Forums include such organisations, it is likely that this is being achieved. Women's Chambers of Commerce have been included in the MSE Forums in two districts. In one division an association that is on the Forum staged a protest to press its demands which resulted in dialogue at the highest level, and other associations offering to collaborate.</p>
<p>2.9 The number of MSEs organised in representative organizations has increased.</p>	<p>This is being assessed through the intervention reports, and will also be assessed towards the end of the project, through the impact survey</p>	<p>LOCAs and VCDs have resulted in associations being started in eight value chains, and more businesses joining existing associations (for instance in dairy).</p>
<p>3.1 An increase in the number of people in target communities who consider enterprise an attractive way to make a living.</p>	<p>An in-depth impact assessment of Palama and the Entrepreneurship Studies in secondary schools has been completed. A KAB assessment was completed as well.</p>	<p>Compared to the baseline in early 2006, attitudes towards business and towards enterprise as a way of making a living have improved. The study concludes that the project, Palama in particular, but also interventions such as the MSE Forums, LOCA and VCD, has made a significant contribution to this. Entrepreneurial Studies could do so as well, but has been plagued by implementation problems.</p>
<p>3.2 The number of women and men, including youth and officials, who consider enterprise an attractive way to make a living increases by 20 percent among those who have participated in project initiated activities to promote enterprise culture.</p>	<p>A quasi-experimental study of the forum theatre was been conducted in June 2007. In addition, a draft report is available on the in-depth qualitative study.</p>	<p>The experiment indicates that there is a statistically significant improvement in appreciation of enterprise in the audience compared to a control group. 26 % increased their appreciation on two measurements of appreciation, while only 17% showed no change at all. The qualitative study concludes that the project has contributed significantly to changes in</p>

		attitude, and that the 20% target has been more than reached.
3.3 More than 50,000 women and men participate directly in campaign events.	Records are being kept of events and estimated numbers of participants.	An estimated 120,000 have participated already. The participants are mostly women and youth.
3.4 KAB included in more than 40 vocational/technical training courses nationwide.	The SIYB Association and the project monitor this.	KAB is being run in 168 courses.
3.5 Entrepreneurial studies running at O-level in 5,000 secondary schools nationwide.	Information on this indicator needs to come from the National Institute and the Ministry of Education. The impact assessment of the project's work on Entrepreneurship Studies covered this as well.	According to the NIE and the Ministry the courses are being run nationwide. However, the project's assessment indicated that many schools in the project districts have dropped the subject due to implementation problems.
4.1 An increase in the annual provision of SIYB and related services of at least 10 percent, to women as well as men.	This is being monitored by the SIYB Association.	If the second half of 2008 is like the first, this year will see a number of trainees similar to 2005. It appears that 2006 and 2007 were peak years due to post-tsunami programmes.
4.2 An increase in the annual provision of EYB services of at least 30 percent, to women as well as men.	This is being monitored by the SIYB Association.	28 trainees were trained on various EYB modules in 2007. In the first half of 2008 10 entrepreneurs took the entire course This is a positive development, and there may be a further course in the second half of the year.
4.3 40 percent of MSE owners, women as well as men, listen/watch regularly the MSE radio and/or television programmes.	This was planned to be assessed towards the end of the project, through a listener survey. Given that currently there is no programme dedicated to MSEs, media monitoring to establish if overall coverage of MSEs has increased may be more appropriate.	Has not yet been assessed.

<p>4.4 In the programme's final year, the SIYB Association makes no use of technical assistance from the programme.</p>	<p>This is being monitored by the project.</p>	<p>No technical assistance is being provided, apart from that in relation to EYB and participation in Executive Council Meetings.</p>
<p>4.5 SIYB providers run at least 10 programmes in the North and East in the programme's final year.</p>	<p>This is being monitored by the SIYB Association.</p>	<p>28 programmes were run over the past 12 months, in spite of the conflict.</p>
<p>4.6 In the programme's final year, EYB providers run two EYB programmes without technical, management or financial assistance from the programme.</p>	<p>This is being monitored by the SIYB Association.</p>	<p>This may still be achieved although prospects are not very positive.</p>
<p>4.7 At least 4 radio and/or television stations run MSE programmes without financial support from the programme.</p>	<p>This is being monitored by the project.</p>	<p>No programmes dedicated to MSEs are running. Coverage of MSEs has increased on four stations.</p>
<p>4.8 At least two e-commerce metamarkets established with chambers of commerce or business service providers.</p>	<p>This is being monitored by the project.</p>	<p>Two metamarkets are operational.</p>
<p>4.9 At least two key project approaches are being adopted by projects or organisations outside the target districts.</p>	<p>This is being monitored by the project.</p>	<p>The MSE Forums are being replicated by the Federation of Chambers of Commerce and Industry, 13 have been set up. The Value Chain Development guide is being used by other organisations in Sri Lanka and elsewhere. The Small Business Association manual is being used by the Small Enterprise Development Division nationwide. The work on enterprise culture has informed the ILO's guide on this subject.</p>

4. Cross-cutting Issues

4.1 Peace and conflict

The security situation continues to be a major concern. Although the project has been largely able to cope with the effect on its own operations, the impact on local economies has been more serious. An example is the ornamental plants and fish sub-sectors in Polonnaruwa. Due to interminable security checks on the roads, the interest of exporters in supply from this district has decreased. The full potential of these businesses can therefore not be realised and some are experiencing problems. In practice there is very little scope for the project and its stakeholders to intervene in this and similar cases.

There have been no changes in the project's approach in relation to conflict issues compared to the previous report.

4.2 Gender

Women's Chambers of Commerce have started in Polonnaruwa and Kurunegala and are represented on the MSE Forums. This is increasing women's voice in public-private dialogue.

In other respects the situation is similar to what was reported in the previous progress reports.

4.3 HIV/AIDS

The one-page leaflet on HIV/AIDS continues to be disseminated to SIYB trainees.

4.4 Tripartism

In March representatives of the Employers Federation of Ceylon and NATURE (the trade union's umbrella organisation) participated in the project's Steering Committee Meeting for the first time. Meanwhile the EFC has facilitated a meeting between the project and large buyers in the coir sector to address working conditions issues in coir mills. Unfortunately the private sector seems less willing to take action than public business service providers, in spite of threat's to the sector's long-term survival.

5. Project management

5.1 Staff

The project's consultant on value chain development and the Palama campaign manager have left at the end of their contracts. There are no other changes compared to the previous report.

5.2 Budget

At the time of writing, 85% of the budget had been committed. By the end of November (the end of the current no-cost extension) this is expected to be 94 %. This is due to delays as well as savings. Delays were incurred especially as a result of the work on regional value chain development being more difficult than foreseen. This has also affected the work on impact assessment. There were delays as well in the implementation of two of the service fairs (at the request of the stakeholders) and the screening of the tele dramaseries on business ethics.

Savings were made on the Chief Technical Adviser post, through the use of project staff and national consultants instead of international consultants, and a number of contracts costing less than budgeted.

In addition, the project budget now shows the full allocation made at the project start, which had been reduced earlier due to a change in exchange rates.

The delayed expenditure will be made under the new project extension, The unforeseen savings are being used to extend the Palama campaign in Kurunegala and Anuradhapura, where only few divisions could be covered so far. The positive assessment of the impact of the campaign justifies this. In addition, more will be invested in documenting and sharing the project's experience.

5.3 Evaluation, extension and follow up

The project team met in April to consider in detail to what extent the recommendations of the 2007 Strategic Review and the subsequent project retreat have been implemented. The Senior Specialist Enterprise Development from ILO New Delhi participated as well. The report on the meeting states: "It can be concluded that much progress was made on most of the decisions taken at last year's retreat. The suggestions made by the Strategic Review and the retreat have served to re-direct the project in some areas, especially with respect to a greater emphasis on value chains and regional initiatives. Some good results have also been obtained with this. Specific strategies for sustainability are in place and are being implemented, good progress is being made in the area of monitoring and evaluation, and communication within the project has much improved".

The team also concluded, though, that it had to look closer at the market incentives of stakeholders, especially in the private sector, in order to increase implementation of proposals that come out of VCD and LOCA exercises. Further work on the sustainability of the Forums, LOCA and VCD, measures to improve communication and steps to enhance the focus on some aspects of decent work were also agreed on.

Sida approved the project extension to the end of September 2009 in August, making available an additional US\$ 390,000. This was very important, and a great relief to the team, since it will allow the project to consolidate its work in the districts for greater sustainability; follow through the Regional VCD exercises and so achieve greater impact; complete the work on Entrepreneurial Studies with the National Institute of Education; and do more on impact assessment and experience sharing nationally as well as internationally.

The independent evaluation is now proposed for March 2009, when much of the impact assessment work should have been completed and the District Offices are still operational.

The most promising discussions on a possible follow-up to the project have been with JBIC, in the context of a loan for a microfinance programme. A proposal was drafted and presented for a two-year project in Batticaloa, Ampara, Badulla and Monoragala. This was in June.

6. Conclusion, issues, and lessons learned

The project is making satisfactory progress and, given the approval of its extension by ten months, is likely to achieve the large majority of the outputs planned originally as well as those added later (e.g. e-commerce, Entrepreneurial Studies). The completed assessments of its interventions indicate that its approach is generally effective in relation to its development and immediate objectives. However, there have been part-successes as well, for instance with regard to the lack of implementation of many proposals that have come out of LOCAs and VCDs, and the mass media component. There is considerable interest in the project's approach, in Sri Lanka as well as internationally, and organisations have continued to take up different elements of it.

The conflict in the North and East continues to affect the economies in the four target districts. The project has, however, largely managed to cope with the effect on its own operations.

Over the coming six months the project will focus on:

- Facilitating implementation of proposals that have resulted from VCD and LOCA exercises, especially the regional exercises.
- Further facilitation of institutionalisation of the LOCA and VCD methodologies.
- Capacity building for the MSE Forums and their secretariats.
- Piloting and finalising the certificate courses at the Sri Lanka Institute of Development Administration
- Impact assessment and experience sharing.
- Preparing the independent evaluation.

Some “synthesised lesson” rather than new lessons of the past six months may read as follows:

- A project like Enter-Growth plays the role of facilitator. As such it does not have control over many factors that affect the final result and impact of the interventions it develops with its stakeholders. This is true for value chain and LOCA work as much as for the introduction of KAB and Entrepreneurial Studies. Although the final result of facilitation (compared to direct implementation) may be greater due to reduced dependency, greater local ownership and the development of sustainable processes and institutions, it has to be accepted that in the immediate term a 100% success will be as rare as a 100% failure.

- The first question that needs to be asked when developing any intervention that depends on others for implementation is: Why would anyone want to implement this, what is the incentives structure among the stakeholders? Interventions that make perfect sense from a development perspective but from which stakeholders do not derive immediate benefits they can recognise themselves are unlikely to be implemented.
- Close monitoring is required of sub-contractors to ensure they do not stray from their Terms of Reference. While the project may consider it perfectly clear why for instance it prefers to work with private sector service providers, its subcontractors may think differently although it has been explained to them and is in their contract.

New lessons learned include:

- Forum theatre is effective in changing people's attitudes towards business, and can do so with thousands of people.
- A campaign like Palama needs to be deeply rooted not only in local experience and "stories" (it was), but also in local institutions and processes (it was insufficiently) in order to achieve its full potential.
- Business Service fairs organised as "mega-events" mixing entertainment with information are effective in promoting business services and are an attractive business proposition in their own right.
- Collaboration with a private sector body such as the Federation of Chambers of Commerce and Industry holds enormous potential for sharing information, approaches and lessons learned, and affecting the business environment well beyond immediate project areas.

Annex 1 Status of specific interventions on regulatory issues

Follow-up on policies and regulatory issues			High priority	Not priority	Solved		
Description of the issue/problem	District	Involved organisations/actors		The role of Enter-Growth	Progress report	Next step	Problem solved?
		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. Polonnaruwa has similar problems.	Anuradhapura and Polonnaruwa	The entrepreneurs have to be involved to prove the problem. This is one of the main obstacles for enterprise development and growth in NCP. This is highly prioritised.	There are several authorities that must be involved in this.	To initiate research, to coordinate meetings and to create a platform for discussions.	1) Meeting with lawyer who described the problem and gave suggestions on how to act. 2) Meeting with Land Commissioner and Chamber of Commerce. 3) GA and EG tried to conduct surveys on outstanding land titles to find short and long term solutions. GA sent letters to all DS to collect information but very little response. 4) Prior to the Provincial election in NCP, the FCCISL organised a meeting with the President where this issue was presented.	4) Result of the President's visit to NCP: To create a department under the Land Commissioner to solve this problem. First, a committee will be formed to investigate the situation in NCP. The MSE Forum and FCCISL to follow-up on this progress.	
Secure permanent land titles. Business people in the Mahaweli area face problems in accessing loans because the land titles have a validity of one year only.	Anuradhapura and Polonnaruwa	Thambuttegama Traders' Association	EDB, Land Ministry, Mahaweli authority	Coordinate meeting, gather evidence, follow-up, etc.	1) The Provincial Industrial Secretary met with the President and presented the problem. Then, Mahaweli Authority agreed that the Act must be changed but no progress. 2) A demonstration was conducted where a petition was handed over to the Mahaweli Director. The Minister and Mahaweli authority agreed to have meetings on this issue and a cabinet paper was to be prepared. Still no progress. Land Director at Mahaweli says the Act must be changed and discussed with the President.	This issue was also presented in the meeting with the President indicated in the issue above and will be included in the planned investigations by the committee.	
Delayed issuance of long-term lease agreements to business people. As a temporary solution to the problems in issue above, long-term lease agreements (30 years) are supposed to be issued, which would help businesses to access loans and sell their land.	Anuradhapura	Thambuttegama Traders' Association	EDB, Land Ministry, Mahaweli authority	Attend meetings, responsible for follow-up and push for progress.	1) All the involved organisations had a meeting at Export Development Board in Colombo where the Land Ministry and the Mahaweli Authority agreed to issue new titles valid for 30 years on two conditions: The entrepreneurs have to pay the rest of their unpaid taxes and have to use the land for business purposes. 2) Also included in the demonstrations and petition, mentioned above.	1) Lease issued for the 25 entrepreneurs that paid the taxes. 2) Meetings with Minister and Mahaweli authority are planned as a result of the demonstrations. Meetings have not yet taken place and the cabinet paper is not prepared.	Some cases solved.

<p>Tax anomalies in the Mahaweli area. Instead of one tax rate for all enterprises, there are different tax rates, varying from enterprise to enterprise. This includes VAT, income tax, business turnover tax, land premises tax, local government tax. Businesses demand the same rate for all enterprises.</p>	Anuradhapura	Thambuttegama Traders' Association	EDB, Land Ministry, Mahaweli authority	Attend meetings, responsible for follow-up and push for progress.	Involved organisations had a meeting where it was agreed to solve the problem. Four cases of affected entrepreneurs proved their case to the Land Ministry on National level and the tax rate was amended for them.	EG will follow up if there are more solved cases.	The four cases were solved.
<p>Double taxation. Enterprises in the Mahaweli area have to pay double taxes, the usual taxes plus those of the Mahaweli authority.</p>	Anuradhapura	Thambuttegama Traders' Association	EDB, Land Ministry, Mahaweli authority	Attend meetings, responsible for follow-up and push for progress.	1) The Provincial Industrial Secretary met with the President and presented the problem. Then, Mahaweli Authority agreed that the Act must be changed but no progress. 2) A demonstration was conducted where a petition was handed over to the Mahaweli Director. The Minister and Mahaweli authority agreed to have meetings on this issue and a cabinet paper was to be prepared. Still no progress. Land Director at Mahaweli says the Act must be changed and discussed with the President.	Meetings with Minister and Mahaweli authority are planned as a result of the demonstrations. Meetings have not yet taken place and the cabinet paper is not prepared.	
<p>Tax rates on land and buildings are automatically increased by 50% every five year (currently 6%) and based on the current market price of the assets. Businesses demand that it is based on the basic value instead of the commercial value and that the rate is 4% instead of 6%.</p>	Anuradhapura. This is common to all the districts and unlikely to change.	Thambuttegama Traders' Association	EDB, Land Ministry, Mahaweli authority, Evaluation Department	Coordinate meeting, gather evidence, follow-up, etc.	The issue has been brought to the attention of the Minister of Mahaweli, who has promised to prepare a cabinet paper to reduce the current amount to 4%.	The cabinet paper is not prepared.	
<p>Release of performance bond at the time of completion of the contract. When government is the contractor, there is a performance and maintenance guarantee.</p>	Anuradhapura	Constructers' Association	EDB	Coordinate meeting, gather evidence, follow-up, etc.	The association complained with the EDB which answered but not satisfactory. What does the circulars/law say, if against the law, we can bring it to EDB. But Constructers's Ass. should be more active.	Not prioritised since the Constructers' Association doesn't want to pursue.	
<p>Implementation of a standard contract agreement by all government institutions</p>	Anuradhapura	Constructers' Association	EDB, National Procurement Agency	Coordinate meeting, gather evidence, follow-up, etc.	The association complained with the EDB which answered but not satisfactory. Constructers's Ass. should be more active.	Not prioritised since the Constructers' Association doesn't want to pursue.	
<p>One day duration of tickets to archeological sites.</p>	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	Problem solved
<p>Sell leaf springs of public buses to light engineering shops forbidden.</p>	Anuradhapura			Coordinate meeting, gather evidence, follow-up, etc.	Jayanta, LOCA Facilitator, works at IDB and could intervene and contact the right people at IDB to find a solution (coordinated with the resp. authorities).		Problem solved

Carpenters can't operate within a certain distance from forests. In addition, a new Act, issued recently affects the carpenters severely.	Anuradhapura. This is common to all districts.	Carpenter	Village Officer, Divisional Secretary and the Forest Officer	Initiate meetings, assist in forming association, etc.	More information needed, not try to change the law but to raise awareness among carpenters.	No progress and not prioritised. This is an environmental protection law.	
Many carpenters are not registered, which creates problems in their day to day business. Carpenters claim it's difficult to register since Forest Officer does not give required documents (accused for corruption) and since they don't have land titles.	Anuradhapura	This issue has been brought up by carpenters in especially Medawachchiya and Nachchaduwa.		Initiate meetings between GA and associations, support the process, follow up etc.	EG arranged meetings between Nachchaduwa Carpenters' Association and GA. GA advised GS and AGA to issue land title and other documents so carpenters could register. GA advised DS and carpenters to prepare information, then GA discussed with DFO. Finally, GA collaborated with Forest dept, and registered the carpenters' businesses in Medawachchiya and Nachchaduwa Divisions.		Problem solved in these two divisions.
Transporting furniture products outside the Galenbindunuwewa has been restricted by the police.	Anuradhapura	Galenbindunuwewa carpenters association	GA, Forest Dept, GS,DS	Coordination and follow up	1) Report was prepared by the association and submitted to GA. Letter to the ASP (Police) and discussion with the police in the division. 2) New Act has been adopted by Parliament so now the problem cannot be solved.	No progress and not prioritised. This is an environmental protection law.	
Small enterprises have to pay the required taxes at the People's bank where they have to wait long hours to do so.	Polonnaruwa	MSE Forum			The MSE Forum discussed this and invited the People's bank to the Forum to present the problem. As a result, the People's bank decided to assign a specific bank officer to take care of these enterprises so that they can quickly pay the taxes.		Problem solved.
In Kaduruwela, 20 meters on each side of the railway track belongs to the railway, which means that businesses on that land cannot be land owners.	Polonnaruwa	MSE Forum				The MSE Forum will discuss this with the Railway.	
Ornamental fish enterprises have problems at the airport's customs clearance, procedures are too long for the sensitive products.	Polonnaruwa	District OF Growers Association	Customs	Present the problem to the Forum.	A Green Entrance for perishable products will be opened soon, according to Prof. GL Peris, Minister of International Trade.		Problem solved, see Kurunegala.
Ornamental fish enterprises have checkpoint problems during domestic transports.	Polonnaruwa	Ornamental fish association	NAQDA		1) Enter-Growth had a meeting with NAQDA. 2) Deputy Inspector General, agreed to send a circular to checkpoints and police stations and to have awareness sessions.	This is not implemented.	
Permits for cow transportation and cow registration.	Polonnaruwa				Need research.	This problem also came up in the RVCD. No progress.	
Inconsistencies in timber permits, including import of equipment.	Polonnaruwa					No progress, no responsible stakeholders.	

Water for ornamental fish ponds. Water is for paddy but ornamental fish farmers also need it.	Polonnaruwa	Farmers' Association	Irrigation Department, Mahaweli Authority	Follow-up.	Mr. Maithreepala Sirisena, Minister of Agriculture and Political Head of the district agreed to attend to the problem, in front of the GA and highest level officials and Minister Prof. GL Peris. It is minuted and documented.	To follow up the agreement.	Problem solved
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.	Pay-Pal is now accepted into Sri Lanka.	Problem solved
Quality certificate to milk based products.	Kurunegala	Producers of milk based products	Veterinary research Institute (VRI)	Facilitate referral of the issue to relevant authorities.	(1)Director VRI verbally agreed to assist in issuing certificate after further studying the situation. (2) Producers have requested to form an association	(1)Facilitation of the further study (2) Prov Dept of Animal Production is willing to support association building. No progress	
Ornamental fish - can't convert paddy fields into fish ponds came from Policy LOCA.	Kurunegala	Ornamental fish association, Kurunegala	Related ministries of Central and Provincial Govts., Chief secretary (NWP) and District Secretary, Kurunegala	Refer to the MSE Forum and follow up, facilitation	Chief Secretary agreed to consider favourably case by case.		Problem solved
Quarantine certificates for flowers difficult to get - came from Anthurium LOCA.	Kurunegala	Exporters and Growers	Dept of Quarantine, EDB	Refer to relevant authority	EDB (NWP) to solve the issue. 1) Feasibility study was completed and funds allocated. 2) New common collecting centres are planned in Puttalam and Kurunegala, one collecting centre is in operation. 3) The Quarantine dept. has decided to also issue certificates to Associations of Growers.	Establishment of collecting centres under progress. Request has been made by Provincial Dept. of Agriculture for the Puttalam collecting centre. Action will be taken in 2008.	Part of the problem solved. Both 2) and 3) mean that certificates can be issued faster to the small exporters.
Frequent increase of Air Freight charges.	Kurunegala	Exporters and Growers	EDB (NWP)	Facilitation and follow up with EDB as a co-partner of the programme.	1)Lobbied to the exporters forum. 2) Minutes of the meeting have been referred to the relevant authorities and briefed to the new Minister.		
Exploring of possibility for operating a special cargo carrier for perishable goods on weekends. This issue is seasonal as most of the Airlines give priority for ready made garments.	Kurunegala	Exporters and Growers	EDB (NWP)	Facilitation and follow up with EDB as a co-partner of the programme.	1) Referred to Airport and aviation services Ltd. 2) same issue taken up by National Agro business council to Samantha Piyasa. 3) Discussion with SL Airlines Chairman who agreed to discuss with the Chairman of A and A services Ltd. 4) Report to Minister who asked EDB to report progress. 5) After August not discussed.	NWP EDB should report to Samantha Piyasa again	
Excessive time taken for security checks and clearance at the Airport.	Kurunegala	Exporters and Growers	EDB (NWP)	Facilitation and follow up with EDB as a co-partner of the programme.	1) Presented and solved in the EDB Forum. 2) A Green Entrance for perishable products opened at the airport. When Exporters inform details of their perishable transportation by fax, duty manager of the airport approve passes in advance without keeping those vehicles waiting in (Sept 2007).		Problem solved.

Issuing necessary clearances in NWP/Kurunegala such as forest Dept, Wild Life Dept. Coconut based products - CDA Quarantine.	Kurunegala	Exporters and Growers	EDB (NWP)	Facilitation and follow up with EDB as a co-partner of the programme	The Coir VCD raised the same problem. EDB agreed to lobby the authorities for decentralising issue of permits.	Exporters to send the letter to Asst. Director, EDB, who can request to do regional clearance at the authorities.	
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. However, the police do not accept the circular. Need a court order for the police to accept the circular. This must be done by the entrepreneurs.	This should be tested in court, i.e. work with a potters' association and contract them to pay a lawyer who defends their case. EG made several attempts to get relevant information through potters' association for this case. However, they do not have any records about the matter and they are not willing to go to the court.	Problem solved in theory but not in practice.
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 tried 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 Puttalam GA to Kurunegala GA but it has not worked. Will be brought up at the next Forum meeting in Kurunegala.	
Kalpitiya division wants to be declared as a special agriculture zone.	Puttalam			Enter-Growth informed the authorities.	It's now being discussed among the authorities. Resource mapping is conducted and can take a long time. Still no decision.		
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		Coordination and follow up.	EG was in contact with the Fruits and Vegetable Exporters and the Exporters' Association approached the President. However, meanwhile, a Green Entrance for perishable products was opened.		Problem solved, see Kurunegala and Polonnaruwa
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			Coordination, workshop and follow-up.	Enter-Growth has planned awareness programmes for the coir sector on the regulations with the divisional secretariat in Mundala.	No progress and not prioritised, environmental protection laws. The environmental authority has not taken any action to conduct the planned workshop.	
Electricity problem, general for all producers in rural areas, 2 issues: 1. No transformers available in rural areas for three phase electricity supply. 2. Three phase supply provide to 900m only from the transformer.	Puttalam	Small production sites needs three phase but can't afford it. It costs 1.6 million rupees.	Electricity Board	Coordination and follow up.	1) Discussed in the MSE Forums but can't be solved in the District. GA suggested to use funds to solve this problem in MSE concentrated areas. 2) Enter-Growth discussed with the Electricity Board.		

Electricity in the coir industry. Enterprises need stable supply but in rural areas frequent interruptions occur. Special regulator is needed but electricity board does not provide this to rural areas. Same issue as above but raised in the Coir RVCD specifically.	Puttalam	Small coir producers and millers	Electricity Board, GA	Coordination and follow up.	There is a device that reduce this problem but it's too expensive. GA has suggested a solution: MSE Forum will write a document, incl. facts about production losses, etc. to CEB and RVCD can identify hot spots where generators should be installed.	GA could use District Development funds. But no political will. No progress.	
Levying of high taxes by local authorities (eg. Pradeshiya Sabha).	Puttalam		Pradeshiya Saba		MSE Forum has reconised the problem but can't solve it.	No priority.	
Regulations in cultivating in abandoned paddy fields	Puttalam		Department of Agrarian Service	Coordination with Dep. Of Agrarian Service	Brought forward to the Distirict Agriculture Committee. However, it's a national policy and there is no political interest in taking this to national level.		
Contradictory investment promotion policies, BOI has provided tax incentives and subsidies to an Indian factory, which compete with small enterprises who don't get any subsidies	Puttalam/Kurunegala	Coir Industry	BOI	Advice, research, prepare documents.	Steering Group thinks that more information is needed before action is possible. There is only one known case (Indian Factory) nearby Chilaw. This case was a special arrangement by the Government to reutilize the abandoned garment factory for the better return rather than wasting resources.	At the moment not prioritised.	
Return from Cess tax for coir, industry says that Cess taxes paid into government are not reinvested to support the sector (which is the purpose).	Puttalam/Kurunegala	Coir Industry	Government	Advice, research, prepare documents.	The Steering Group suggested that the tax should be reinvested by improving the radding tank conditions and reduce the odd jobs in mills by introducing conveyer belts and D-fibering machines. This could be done by giving a percentage of the total cost of mills' improvement projects as a subsidy.	Organize a meeting to discuss these issues with the Hon. Minister of Coconut Development Mr. Salinda Dissanayake.	
Registration issues of small coir enterprises, registration procedures are complicated and therefore many small enterprises are not formal.	Puttalam/Kurunegala	Coir Industry	GA	Advice, research, prepare documents.	It was suggested to develop manuals on how to register and raise awareness among the small enterprises. The 2 day training programme by SLIDA, including a manual, and the distribution of a BR leaflet was conducted independently of this but has an impact.		Problem solved (2 day training programme)
Issues in paying EPF and ETF workers prefer cash than save for retirement.	Puttalam/Kurunegala	Coir Industry	Dept of Labor	Advice, research, prepare documents.	The VC proposals suggested awareness raising among small enterprises, workers and Labour Dept. Steering Group thinks that the wage rate is not sufficient for workers to meet the higher cost of living. So it's very difficult to deduct ETF from daily wage now.	Not prioritised.	

EPF/ETF: New regulations require enterprises to pay immediately rather than after 6 months, which create problems for seasonal labour.	Puttalam and Kurunegala	Coir Industry	Dept of Labor	Advice, research, prepare documents.	The VC proposals suggested awareness raising among small enterprises, workers and Labour Dept.	Not prioritised.	
EPF/ETF: Poor documentation of rural workers is an obstacle to registration and benefits at Labour Dept.	Puttalam and Kurunegala	Coir Industry	Dept of Labor	Advice, research, prepare documents	The VC proposals suggested awareness raising among small enterprises, workers and Labour Dept.	Not prioritised.	
The customs procedures are too long, two weeks, making the delivery time long and SL enterprises less competitive.	Puttalam and Kurunegala	Coir Industry	Customs, EDB	Advice, research, prepare documents.	It was suggested to organise meetings with exporters' association to verify issue, collect information and present in EDB Forum.	Not prioritised.	
The ground water is polluted due to seepage of ratting tanks and pollution of milling machines. Environmental Authority of NWP has warned millers to take legal action, in worst case to close them down, which would cause heavy damage to the local economy in rural areas.	Puttalam and Kurunegala	Coir Industry	Environmental Authority of NWP	Advice, research, prepare documents.	The Steering Group proposed the following actions: a) Assist in improving the ratting tank process by minimizing seepage and ground water pollution b) Assist in minimizing the sound pollution by coir machines/mills.	a) To find technical solutions to minimize the environmental problems if possible. b) Organize a meeting with Environmental Authority of NWP and relevant key stakeholders. A small paper on the environmental matters is developed and discussed at the next coir steering group meeting. After this, a meeting with key stakeholders will be organised.	
Delays in the issuing of the permit to purchase/ transport/ store common salt due to long processes at the Ministry of Health. Manufacturers face many difficulties during the distribution due to delay of their permits.	Puttalam	Salt producers	Food Control Administration Unit of the Ministry of Health	Advice, research, prepare documents.	It was decided to start the discussions with relevant authorities to speed up the process of permits and licenses procedures in order to get them issued on time.	Discuss at the MSE forum and the DCC regarding the delays in issuing transport permits and bring forward this issue to Ministry of Health for the discussion in order to accelerate the process to issue the permits on time for salt transportation. SEDD is working on this issue, which will be discussed at the next DCC meeting and MSE forum meeting.	
Delay of issuing SLS certification. One entrepreneur faced difficulties in obtaining the SLS certification for his fruit juice production. There was a long delay in the issuing.	Puttalam	One small juice producer	The Chamber and SEDD		The entrepreneur brought his problem to the Chamber and SEDD, members of the Forum. Following an intervention of the Chamber, the process of the SLS had been quickened and the entrepreneur will obtain the certification shortly. The Chamber and SEDD discussed this problem in the MSE Forum.		Problem solved?

Annex 2 Enter-Growth, Global work plan 2008 / 2009

Enter-Growth, Global workplan 2008/2009	2008						2009									
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Management																
Progress reports		■						■						■	■	
Steering committee meeting					■							■			final report	
Team meetings	■	■	■		■	■	■	■	■	■	■	■	■	■	■	
Evaluation								■								
Next phase / replication						■										
Close of Offices											■			■	■	
											Districts			Colombo		
Market access/policies and regulations																
LOCA follow up	■															
	milestones:	50% of proposals implemented														
Local value chain development exercises	■															
	milestones:	Cane sector LVCD														
Value chain follow up	■															
	milestones:	50% of proposals implemented														
LOCA / VCD facilitator training		■										■				
	milestones:	refresher										refresher				
Service development in response to LOCAs/value chain	■						■			■						
	milestones:	business ethics						mktg communication			business ethics telecast					
MSE fairs - 1 per district	■															
	milestones:							2 fairs			2 fairs					
Follow up - Business Registration training	■															
	milestones:	follow up completed														

