

**Final Evaluation Report**  
**on**  
**Model Villages for**  
**Integrated Rural Development Project (MVRD)**  
**in Sri Lanka**

**Prepared by**  
**J.K.M.D. Chandrasiri**

**Hector Kobbekaduwa Agrarian Research and Training Institute**  
**114, Wijerama Mawatha,**  
**Colombo 7,**  
**Sri Lanka.**

**July 1996.**

711.3  
(SL)  
HEC

2009/06 2010/04

2506

## PREFACE AND ACKNOWLEDGEMENT

People's participation has become a key aspect in rural development, especially since the recent past. Participation is interpreted as to imply strengthening of the power of the deprived masses or empowerment of the disadvantaged groups. It has three main elements defined as the sharing of power and of scarce resources, deliberate efforts by social groups to control their own destinies and improve their living conditions, and opening up of opportunities from below. In order to empower rural poor in line within the above notions, different methods and strategies have to be followed which are not much developed. The MVRD action research project attempted to develop such methods and strategies.

Especially, this project paid its attention on developing an organizational strategy to obtain participation of diverse social groups, with heterogeneous characters. In addition, it mainly tested the possibility of obtaining participation of community people by establishing their own savings and credit systems, as the backbone of their unity, which would provide investment funds for them to generate an income, the basis for achieving many aspirations of people's life, including increasing standard of living.

The findings, lessons and experience of the MVRD project, in addition to its effect and impact on rural development, have been documented in this report. In preparing this report, data in both a pre-project baseline socio-economic survey, as well as a post-project socio-economic survey conducted in the project villages respectively in April 1991 and December 1996 have been utilized. Further, information obtained from record keeping exercises done by field workers of the project, periodic monitoring reports about project activities and researchers observations on overall activities were also utilized.

In addition to those involved in conducting the above surveys, there are a large number of personnel who contributed at different levels to bring out this report in this form. I would like to thank all of them at this stage.

First of all, I would like to offer my sincere thanks to all the people in project villages involved in collecting and providing information for the pre-project baseline survey.

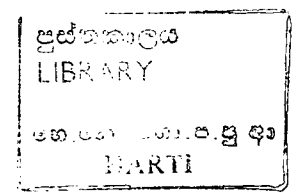
A special word of thanks goes to Mr. P.K. Ranugge and Mr. G.C. Bandara who worked as field workers under this project and collected valuable information from the project villages, especially for the survey conducted at post-project occasion.

Mr. N.N.A. de.Silva, Statistical Officer at the Hector Kobbekaduwa Agrarian Research and Training Institute (HARTI) and Mr. P. Ariyaratne, Statistical Assistant in the same institute did a good job in carrying out the post-project socio-economic survey. Both Mr. E.N.R. Fernando and Mr. K.D.S. Ariyasinghe, Data Analysts at the HARTI, contributed a lot by way of tabulating the baseline survey data and Mr. P. Pushpakumara, Analyst/Programmer, HARTI, tabulated data in the post-project survey. I would like to offer my sincere thanks to all of them for their valuable contributions.

MFN 88 74

21445.

21445



Thanks are also due to Mrs. Deepthika Rupasinghe, Mrs. Pushpika Ranaweera and Miss N.F.D. Miskin at the HARTI for their involvement in wordprocessing in preparing this report.

Finally, I wish to thank Mr. K.A.S. Dayananda, Head/Publication Unit of the HARTI for editing the final draft of the study.

**J.K.M.D. Chandrasiri.**

## CONTENTS

	<u>Page No:</u>
CONTENTS	II
LIST OF TABLES	V
<b>CHAPTER ONE</b>	
<b>INTRODUCTION</b>	
1.1 General Profile of the Country	1
1.2 The Structure of Administrative Supporting System for Rural Development	4
1.3 Government Policies and Issues related to Integrated Rural Development	5
1.4 The MVRD Project and the Logic of its Approach	6
1.5 Socio-economic Conditions of the Project Villages	7
<b>CHAPTER TWO</b>	
<b>PLANNED PROJECT OBJECTIVES, ACTIVITIES AND OUTPUT</b>	
2.1 Objectives	11
2.1.1 Main Objective	11
2.1.2 Specific Objectives	11
2.2 Activities and Output	12
<b>CHAPTER THREE</b>	
<b>IMPLEMENTATION OF THE PROJECT AND ITS OUTCOME</b>	
3.1 Organizational System of the Project at Institution and Community Level	15
3.1.1 The Formation of the Project Team	15
3.1.2 Methods of Monitoring the Implementation	15
3.1.3 Setting up a Steering Committee	16
3.1.4 The Setting up of Village Level Organizations	17
3.1.5 Formation of Sub-committees/Target Groups	18
3.1.6 Management of Co-operative and Sub-committees/Groups	19
3.1.7 Selection of Beneficiaries/Target Groups	20
3.1.8 Other Activities Carried out to Build/Improve Village Institutions	21

3.2	Ways and Means Used to Motivate and Activate People to Participate in the MVRD	22
3.3	Training Relevant to Community Development and Income Generating Activities.	25
3.4	Use of Community Information and Planning System (CIPS)	28
3.5	Management of Seed Money and the Financing of Income Generation Activities (IGAs)	29
3.6	The Fund Raising Activities and their Results	35
3.7	Activities carried out to Facilitate Community Development	39
<b>CHAPTER FOUR</b>		
<b>EVALUATION OF THE PROJECT</b>		
4.1	Attainment of Project Objectives	41
4.2	The Participation of Villagers in the Project	50
4.3	Input for Implementing Project	53
4.4	Output of the Project	55
4.5	Findings from the End Survey	64
4.6	Impact and Lessons Learned from the Project	67
<b>CHAPTER FIVE</b>		
<b>CONCLUSION AND RECOMMENDATIONS</b>		
5.1	Summary and Findings	70
5.2	Sustainability	73
5.3	Replicability	74
5.4	Constraints	75
5.5	Recommendations	76
5.6	The Suggestions for Successfully Implementing Action Research Project	78
<b>REFERENCES</b>		79
<b>ANNEX</b>		80

## LIST OF TABLES

Table 1	- Important Socio-economic Indicators in Sri Lanka	3
Table 2	- Indicators Relevant to General Socio-economic Conditions of the Households	9
Table 3	- The Sub/Target Groups formed in Each Village	19
Table 4	- Details of Training Programmes/Workshops Conducted	26
Table 5	- Amount and Occasion of Releasing Seed Money	30
Table 6	- Rules and Regulations of Production Loans	32
Table 7	- Rules and Regulations of Consumption Loans	33
Table 8	- Number and Amount of Loans Released for Income Earning Activities by Project Co-operatives	33
Table 9	- Number and Type of Project Loans Issued from Co-operative Revolving Funds in MVRD Project Villages to their Beneficiaries	34
Table 10	- Ways and Means of Different Sub-Target Group Organizations Raised Funds	38
Table 11	- Number of Members who Joined with Co-operatives and Different Sub-organizations of Different Villages in each year	49
Table 12	- Number and Amount of Emergency Loans Granted by each Village Co-operative	57
Table 13	- State of Income Earning Projects Started by Co-operative Members by Utilizing Project Loans.	59
Table 14	- Amount of Money Recorded as Savings in Each Year Under the Children's Savings Scheme of the Panabokka Village	62
Table 15	- Different Aspects of the Socio-economic Conditions of Households in the Project as well as the Control villages between pre and post project period	64

## CHAPTER ONE

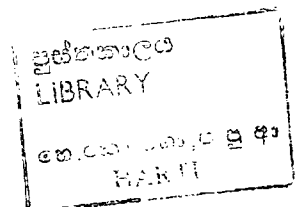
### Introduction

#### 1.1 General Profile of the Country

Sri Lanka is an island in the Indian Ocean with an area of 65,525 square kilometers. It has a tropical climate and the mean annual temperature is 27<sup>o</sup>c. The annual rainfall ranges from 900 mm to 6000 mm. The South West and the North East monsoons bring much of the rain to the Wet and Dry Zones respectively, which are the main climatic regions. The population size of the country is 18.1 million and it comprises multi-ethnic groups, the Sinhalese Buddhist being the majority and Sri Lankan as well as Indian Tamils and Sri Lankan Moors being the minority. Politically it is a democratic socialist republic with an Executive President elected by the people.

Agriculture plays an important role in the economy in terms of providing employment. As much as 42.2 percent of the labour force is involved in agriculture and related activities (Department. of Census and Statistics, 1996). The contribution of agriculture to the GDP is 20 percent (including forestry and fishing) and the contributions of the manufacturing and the service sectors are respectively 20.4 and 50.3 percent. Liberalization of the economy in the country in the recent past has widened the importance of non agricultural sectors.

As much as 78 percent of the population of the country still live in rural areas. The backward characteristics of the dual economy can still be clearly identified in the rural areas. The rural or domestic sector of the economy is characterized by small agricultural holdings, of which 90 percent are below 2 hectares, operated by owner cultivators, share croppers and tenants mainly to satisfy their subsistence



requirements. The main crop grown is rice, which is their staple food. In addition to this agricultural population, a substantial portion of the rural society is involved in non-agricultural production activities, including handicrafts and cottage industries. Inefficiency of resource use and labour allocation, low production and productivity and low income are common characteristics of the activities of the domestic economy.

The modern sector of the economy is still characterized by cultivation of export crops such as tea, rubber and coconut in large estates of over 20 acres most of which belongs to the government. In terms of available facilities, production and productivity, the resource allocation of this sector is more advanced.

Since independence, development efforts have been made by successive governments through their different policies, programmes and strategies (such as growth-oriented strategies, agricultural modernization, import substitution, export promotion and provision of basic needs). These attempts had a significant effect and Sri Lanka was able to demonstrate a better achievement in human development and other social indicators. Table 1 gives details about such social indicators.

Despite all the development efforts taken so far, unemployment, low income disparity of income distribution, malnutrition and poor conditions of the standard of living still prevail in rural areas. Policy makers, planners and others responsible are looking for strategies to combat these issues. Integrated Rural Development is one strategy introduced in this regard, in the recent past, which will be considered under sub section 1.2.

Table 1

**Important Socio-economic indicators in Sri Lanka**

<b>Population</b>	
Total (Mn.)	18.1
Crude birth rate (1993)	19.6
Crude death rate (1993)	5.2
Average annual growth rate (1991-95)	1.4
<b>Health</b>	
Fertility rate (births per woman) (1991)	2.5
Maternal mortality rate (per 1000 live births) (1980-92)	.8
Infant mortality rate (per 1000 live births) (1992)	18
<b>Human Development</b>	
GNP per capita (US\$) (1995)	709
Daily calorie supply per capita (1993)	2305
Life expectancy at birth (years) (1992)	71.9
Adult literacy rate (1993)	89.3
Population (%) with access to	
Safe water (88-93)	60
Sanitation (88-93)	50

**Sources:-**

1. UNDP, Country Human Development Indicators, 1995.
2. Economics and Social Statistics in Sri Lanka, Central Bank of Sri Lanka, 1994.
3. Population Information Centre, Sri Lanka.

## 1.2 Structure of Administrative Supporting System for Rural Development

There is a well planned administrative supporting system in the country for rural development. Under the decentralized administrative system there are line Ministries at provincial<sup>1</sup> level in respect of all ministries in the country. There is a district level office (district secretariat) to co-ordinate activities of each Ministry. The District Secretary is responsible for implementing all decisions, plans or any activity of the provincial government as well as the national government which can bypass the provincial government in certain subjects. The next step of the administrative structure is the Divisional Secretariat. The Divisional Secretary has the responsibility for co-ordinating activities of all national as well as provincial Ministries, Departments, Institutions etc. There is one Divisional Secretariat for about 20 to 30 *Grama Niladhari Vasams* (divisions of village headman, which consist one or more villages or 250 families).

Every Divisional Secretariat has an officer to implement the activities of each Ministry, including the Ministries of Rural Development, Co-operative Development and Agriculture. These officers directly or through other administrative machinery at the bottom level or through Grama Niladharis deal with the villages. As far as rural development is concerned, agriculture as well as livestock is more important. The Agrarian Services Centre (recently renamed as Govijana Kendraya), two or three of which are situated within a Divisional Secretariat area, has concentrated on a bulk of services needed for agriculture including extension, input supply, credit and marketing. A separate office for livestock development with a Veterinary Surgeon exists under each Divisional Secretariat to provide the necessary services.

---

<sup>1</sup>There are nine Provinces in the country. One Province consists of 2 to 3 districts. Provincial Councils have legislative assemblies with elected members.

### 1.3 Government Policies and Issues Related to Integrated Rural Development

Integrated Rural Development (IRD), which takes a multi-disciplinary approach for all aspects of interventions for rural development, was introduced to Sri Lanka in 1979 mainly as an area or district development effort. As it is practiced, it appears to be a public sector investment strategy; it is another step towards further decentralization of planning and decision-making thereby giving an opportunity to policy-makers at the centre to spatially balance the capital investment (Morapaya, R.B., p.63). On the other hand, IRD was started as a "gap filler" strategy in the districts, which did not benefit from "lead projects," including Mahaweli, of the government which came into power in 1977 (Rao, V.M. & et al, 1984, p.2)

"Serve the rural areas attending to the same realistic objectives in the short-term, making the best use of scarce resources made available to the country by donor agencies with varied concepts of their own " (Morapaya, R.B., 1981, p.63) is another view of IRD in Sri Lanka. Through participation of people at district, divisional and village levels in order to realize development in the respective areas through the process of assessing their problems, identify solutions and implement programmes etc. was another important element of IRD Projects.

Up to now (by 1996) 15 out of 25 districts in the country have been covered by IRD projects. The concepts, approaches and strategies followed are different under each project according to the donor, time period, area etc. For example, some projects emphasized on top down approaches and strategies for development of key areas of the economy. However, avoidance of intra-district and interdistrict disparities, utilization of human and physical resources for their maximum use in order to increase production, productivity, employment, income and standards of living were common goals in all projects.

As far as IRDPs are concerned, popular participation has proved to be only of limited success. Their strategies have been unsuccessful in mobilizing the rural poor and also in achieving a measure of self-reliance. The sectoral approach or key areas of investment in many projects are not flexible to make the required changes in an investment package which do not offer a real integration of the problems and solutions. It does not cover some important rural issues such as unemployment and problems of off farm income generation. There is a weak link between IRD projects and government organizations as well as NGOs. IRD projects have not been able to co-ordinate or integrate other public sector funds in any district (Morapaya, R.B). Any future experiments for IRDPs have to tackle these issues.

#### **1.4 The MVRD project and the Logic of its Approach**

The Model Villages for Integrated Rural Development (MVRD) project initiated in 1991 with sponsorship and financial support from the Centre for Integrated Rural Development in Asia and Pacific (CIRDAP) in Bangladesh is an attempt to develop a more successful integrated development mechanism at grassroot level, especially with participation of the community people.

MVRD is an action research project and its basic assumption is that the people in the areas have the basic capabilities and the inherent talent to improve their quality of life. So what they need is some external assistance to cultivate and enhance their capabilities for their own development. Based on this understanding, the MVRD project expects to stimulate rural communities to develop their own productive resources to fulfil their needs as determined by themselves, through various types of interventions; organizing and training people, providing seed money, etc.

It was expected to implement this model of development in pilot testing sites identified as "field laboratories". Four villages were selected from a similar socio-economic environment with one of those as a control village. Panabokka, Akkaraseeya and

Pahalatabmavita were selected as experimental villages, the first two being from the Kandy district and the third from the Kegalle district (see Map 1 for project area). The control village, Wembliwatta also belongs to the Kandy district. Akkaraseeya and Pahalatambavita had come under another CIRDAP study called CIPS II (Community Information and Planning System) and these were also considered when selecting villages under guidelines of the sponsoring agency. It is believed that villages subject to certain development interventions with organizational elements were easier to draw towards the necessary directions and also their reactions to external interventions were assumed to be different than others.

### **1.5 Socio-economic Conditions of the Project Villages**

Almost all villages selected for this study are located in mountain slopes in the upcountry and are also less developed compared to other adjoining villages. Except the village named Panabokka, which is a traditional village, all others have emerged with the settlement of landless families selected from surrounding villages, in abandoned tea estates acquired by the government.

The main asset these families owned is land in which they are residing now. In the project villages 61 percent and in the control village 74 percent families are living or operating very small lands less than half an acre or 0.2 hectares. Only 3 percent of families in the project villages and 0.9 families in the control village operated highlands over 2 hectares which indicates that a limited crowd of affluent remained in the top of the social stratification in these villages. The land tenure pattern indicates that only 19.6 percent in the project villages and 40 percent in the control village are operating their own lands. In the project villages, 55 percent and in the control village 1.7 percent families operated encroached lands. After selected allottees left the land it has been occupied by some others. This is the major reason for the increase of the encroached population.

Lowlands were operated by a very small percentage of families in both project (21 percent) and control villages (7 percent). Most of those were share croppers amounting to 67 percentage in project villages.

Employment-wise the majority of the labour force is involved in hiring out of labour mainly on temporary basis. The percentage was 70 and 69 in regard to project villages and in the control village respectively.

In project villages, about one fifth of the people who hire out their labour are working in tea estates on regular basis, but as temporary workers. Government employment mainly consisting of labour grades, takes the next important role in their involvements in employment; this percentage was 12 and 15 percent respectively in project and the control villages. Farming, animal husbandry, trading, masonry and carpentry were other occupations they were involved in.

Income-wise, households in project as well as in the control villages were having very small incomes. For example, in project villages 16 percent of the families were drawing marginal annual income of Rs:6,000/- or less. The percentage was much more in the control village with 38 percent. The official poverty line was Rs.8400/= per family per annum. Accordingly, 25 percent of households in project villages and 51 percent in the control village were drawing incomes lesser than the poverty line thus indicating that poverty was more acute in the control village. Very few percentages, i.e. 6 percent in project villages and 3 percent in the control village were having over Rs.48,000 income per family per annum.

The poor levels of income and wealth seemed to influence the determination the levels of education, health, sanitary facilities, household conditions and standards of living of the households and their members in project as well as the control villages of which some were

not much satisfactory. The basic statistical indicators in relation to those aspects of socio-economic conditions are given in Table 2. According to this table some aspects like sanitary facilities have shown much progress because of the involvement of one NGO called "PINIDA" to improve lavatories.

Table 2

**Indicators Relevant to General Socio-economic Conditions  
of the households**

	<b>Project villages percentage</b>	<b>Control village percentage</b>
<b>Educational Level</b>		
Literary rate	86	87
Had education between:		
Grade 10 - GCE (A/L)	16	14
Above GCE (A/L)	01	-
<b>Household Condition</b>		
Permanent	62	58
Mean floor area per household	< 311 (sq.ft)	252 (sq. ft)
Mean floor area per person	72 (sq.ft)	50 (sq.ft)
Accessible by a motorable road	20	37
Availability of electricity	13	23
<b>Sanitary Facilities</b>		
No toilet	11	06
Condition of toilet: pit water seal	21	22
	68	72

**Source of Drinking water**

Wells	78	63
Tube wells	01	21
Pipe	03	13
Well and pipe	13	-
Streams	05	03

**Basic Household Amenities**

Radio set	49	57
Television set	07	09
Sewing machine	07	13
Push bicycle	03	06
Motor bicycle	-	-

**Savings**

Household reported saving	52	43
Way saved in:		
- State Banks	77	91
- Rural Credit Society	31	07
- Seettu (group savings)	15	02
- Owned tills	04	05

**Participation in Organizations****(by Household Heads)**

Rural Development Society	54	09
Death Donation Society	50	44
Credit Society ("Sanasa")	14	03
Sports/Youth Clubs	-	08
Farmer Organization	33	-

Source: Baseline Survey of the MVRD Project, 1991.

## CHAPTER TWO

### Planned Project Objectives, Activities and Output

#### 2.1 Objectives

The project aims to obtain experience and formulate guidelines in developing rural communities by conducting certain experimental actions in selected communities.

##### 2.1.1 Main Objective

The main objective of the MVRD Project is to evolve a sustainable and replicable method with the participation of rural communities to alleviate poverty by enhancing their income and standard of living.

##### 2.1.2 Specific Objectives

The specific objectives of this project are to:

- (A) Encourage community members (or poor) join together to take organized action in order to solve their common issues.
- (B) Promote participation of rural communities in all stages of any programme, relating to their own development, including planning, implementation, monitoring and evaluation.
- (C) Encourage rural communities to manage the available resources for deriving maximum benefit in terms of fulfilling target group requirements and integrated development.

- (D) Promote income generating activities/self-employment by assuring low interest and less cumbersome credit facilities.
- (E) Examine the effectiveness of field workers' (facilitators) intervention in self reliant rural development programme and also to identify their characteristics more suitable to the position.
- (F) Assure sustainability of participatory development initiatives in terms of their continuity when outside interventions are disconnected.

Objective "F" was not among the formulated objectives at the inception, but was included later by the research team when such a requirement arose. The experiences of the unexpected incidents that happened from time to time and also the level of progress shown in the project villages aroused suspicions about the long term continuity of project activities there . This led the research team to explore for remedial actions.

## 2.2. Activities and Output

Output 1. : Formation of a social science field laboratory.

Activities: i. Select four villages: one control village and the others being experimental villages.

Output 2. : Creation of a data base to be utilized to assess, monitor and evaluate the project in addition to identify issues and resources in each village.

Activities: i. Conduct surveys on the occasions of pre-project, mid term and end of project.

- ii. Encourage community members to conduct surveys to identify problems and resources in addition to monitoring progress of common and income earning project activities.
- iii. Field workers are arranged to get involved in process documentation.

Output 3.

Group/combined actions to identify and solve common issues in the village.

Activities:

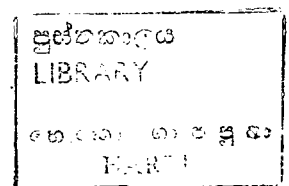
- i. Establish community organizations and sub-target groups in selected villages through the process of creating awareness, changing attitudes and motivating people.
- ii. Encourage people to identify and solve their own problems and also to initiate any action for their upliftment.

Output 4.

Generation of self-employment and income earning activities.

Activities:

- i. Assurance of low interest credit facilities at the village itself by the establishment of a revolving fund based on peoples savings as well as CIRDAP seed money.
- ii. Provide necessary advice and training for job-oriented skill development.
- iii. Encourage community organization to involve in resource delivering and organized marketing in relation to income generation activities.



Output 5

- i. Availability of the service of a facilitator, committed and devoted, in the village.

Activities .

- i. Appointment of a suitable field worker.
- ii. Provision of necessary training for the field worker to develop his skills and capabilities to train and advise community members.

Output 6.

Subject community development activities to a continued supervision of a local committee under its direction and advice.

Activities

- i. Set up an advisory committee consisting of area leaders and knowledgeable, dedicated social workers to give proper directions necessary for community development intervention.

## CHAPTER THREE

### Implementation of the Project and its Outcome

#### 3.1 Organizational System of the Project at Institution and Community Level

##### 3.1.1 Formation of the Project Team.

The implementation of this project was undertaken by a research team of the CIRDAP link institute in Sri Lanka, the Hector Kobbekaduwa Agrarian Research and Training Institute. At the inception of the project, the research team consisted of three members with multi-disciplinary specialities. Among them a senior researcher specialized in regional planning was expected to co-ordinate the study. The other two members who are specialized in training and sociology respectively, co-ordinated the study from the beginning as the original co-ordinator left the country for higher studies.

The two-member research team which actively participated in implementing the project was supported by a Statistical Officer for about half of the project period.

Two field workers appointed later to work as facilitators also helped the research team to implement the project.

The project implementation activities were directly handled by the research team from their work place in Colombo which is located about 75 miles away from project villages.

##### 3.1.2 Methods of Monitoring Implementation

The monitoring of implementation of the project was done by the research team itself through periodic visits to the project sites. At least once a month members of the research team visited project villages and reviewed the progress of project activities. In

those visits information was collected through observation, discussions with office bearers of the community organizations and beneficiaries and these were documented as a series. In addition, reports were prepared by field workers about the overall progress of the project. Community/co-operative organization members were also encouraged to hold general meetings to review the progress of their development activities and also to identify any loopholes and mistakes that took place during implementation.

### 3.1.3 Setting up a Steering Committee

For the successful implementation of the project and also to look after, it was expected to establish a village level advisory/steering committee which consists of local experts, social workers, area leaders and responsible government officers. Before initiating community development activities and even thereafter it became impossible to fulfil this task.

Lack of interest of the government officers to involve continuously in this type of interventions as they had already involved in similar type of government sponsored programmes and lack of local experts and social workers to take such responsibility were some reasons for the failure of this establishment. Much of the political interference of local planning bodies such as *Gramodaya Mandalaya* was another reason for researchers' hesitation to set up such a committee. This idea came to the forefront again at the end of the project. Such a committee was formed only in one village, Panabokka to review the progress and give advice. Its members are rural development and cooperative development officers, *Grama Niladharies* (village headmen), two well wishers of the village and the village monk. It is supposed to assemble once in two months on the invitation of the village organization.

Important decisions with regard to implementation of the project were taken by the research team itself after monitoring the progress of previous activities.

### 3.1.4 The Setting up Village Level Organizations

The operation of the community organization articulated the poor or target groups in each project village and this was considered as the ideal mechanism to motivate and activate the people to participate in the MVRD project. In all experimental villages the organizational background was at an unsatisfactory level during the initial period of the project. Generally, there was a number of organizations in each village with different levels of participation of members. None of these organizations had the capability to get the active involvement of all village members. Most of these were malfunctioning. In some, leadership was held by elitist people. Among the societies, Rural Development, Death Donation, Credit (SANASA) and Farmer Organization were common to many villages.

The prevailing state of the organizations in project villages did not merit the selection of any existing organization as the proper village level mechanism for operating the MVRD project. The research team set up a new institution in each experimental village combining poor or target groups for the purpose of project implementation.

In forming new organizations, necessary steps were taken to give equal opportunities to anyone interested in joining it and also to disregard considerations like personal relations, class, politics or any other biases.

The process of forming organizations was commenced by arranging a number of meetings in a common place in each village by informing ordinary citizens by putting up notices and/or directly informing leaders of existing common organizations and also the official village head *Grama Niladhari* to communicate to the people about the whole project and also the way they could benefit from it. Representatives from most families in all villages attended the initial meetings.

Step by step, the villagers or the poor in each village were encouraged to establish their own community organization and to register it under the Co-operative Department as an agricultural and industrial co-operative society. At the initiation of the MVRD project in two experimental villages, i.e. Akkaraseeya and Pahalatambavita, there were already established community organizations operating along the same line initiated under another CIRDAP-funded project called CIPS phase II. By that time these organizations were neither well set up nor registered. Under the MVRD project intervention, those immature organizations in the said villages as well as a newly established society in Panabokka were enlisted until they would become qualified for registration.

A sufficient number of members, whose savings and shares operate in the form of a revolving credit fund, and also a proper organization with better book-keeping were some pre-requisites for such societies to be accepted for registration under the Co-operative Department. These societies took at least two years to fulfil these requirements.

### **3.1.5 Formation of Sub-committees/Target Groups.**

Because the project emphasised development of living standards of the poor as its prime objective, almost all the community members joined the newly established co-operative societies belong to the poorer sector. These co-operative societies were operating as the central organization of this development intervention. Most of the members were adult males and females with a few younger members. Within the main organization, sub-committees were encouraged to be formed in order to undertake some specific tasks or to act on specific target groups.

The sub-committees were generally introduced into all villages and were supposed to pay attention to the following aspects:

- i. Production and Credit,
- ii. Youth and Women,
- iii. Children's Welfare,
- iv. Health and Sports.

Under each sub-committee, the relevant target group had a distinct identity. In each village different organizations emerged based on their relevancy and requirements. The type of sub/target groups formed in each project village is given in Table 3.

**Table 3**  
**Sub/target Groups Formed**  
**in Each Village**

Village	Target Groups
Panabokka	<ul style="list-style-type: none"> <li>i. Children's Development Society</li> <li>ii. Youth Development &amp; Sports Club</li> </ul>
Akkaraseeya	<ul style="list-style-type: none"> <li>i. Women's Development Society</li> <li>ii. Children's Development Society</li> <li>iii. Sports Club</li> </ul>
Pahalatambavita	<ul style="list-style-type: none"> <li>i. Children's Development Society</li> <li>ii. Women's Development Society</li> </ul>

### **3.1.6 Management of Co-operative and Sub-committees/Groups**

The co-operative represents all adult beneficiaries of the project in each village who have also become share holders of the revolving fund. It operates as a self-governing body subject to rules and regulations stipulated by a constitution prepared under the procedures laid down by the Co-operative Department, and passed by its members.

The general body assembles once a month to take administrative decisions relating to the co-operative, while its committees assemble once a month or more often regarding its

requirements and take specific administrative decisions with or without the approval of general body.

The specific target or beneficiary groups formed in each project village have been linked to the main co-operative organization as its sub-organizations. Three sub- organizations have been linked to the co-operative society under a sub-committee system, each headed by two elected members, one as the secretary and the other as his assistant both of whom have the full responsibility regarding relevant tasks under their committee. Each target/sub group is operating as a separate organization with office bearers, committee members as well as general and committee meetings and other organizational elements such as a constitution. Their work is subjected to close supervision and direction of the sub-committee heads, who report the progress to the co-operative organization.

At the early stage the researchers and in the later stage especially the field workers were involved in supervision and guidance of activities in the co-operative organizations. In addition, fund raising, disbursing credit and other financial activities were also directly supervised and advised provided by the District Co-operative Officers.

### **3.1.7 Selection of Beneficiaries/Target Groups**

In general all members of the co-operative organization in each village are beneficiaries of the MVRD project. The co-operative members are also the share holders of the Co-operative Savings Fund. They all are entitled to "project" as well as "emergency" loans in addition to other general services provided by it unless specific criteria are applied for the loans given, for commencing income earning activities, from the revolving fund. Almost all the families in Akkaraseeya and Pahalatambavita are in the category of poor. Therefore whoever becomes a member/beneficiary of the cooperative organization, he/she will automatically fall into the target group. In Panabokka a number of households are in a better-off category, but the co-operative organization exists among

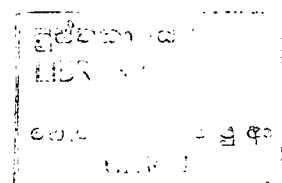
members of the poor category as this project was introduced to the village as one which would intervene for the empowerment of the poor.

The selection of beneficiaries for specific activities, such as disbursement of credit from the revolving fund to commence income earning projects and also for training programmes, which would enhance their knowledge and skills on small industries and other products including cultivation of highland crops, vegetables, fruits and flowers were done by the officer's committee of the Cooperative Society which acts as the authorized decision-making body of the general body. Membership of this committee is annually rotated among the community members and elected by the community members themselves. This means that the beneficiaries of this project are selected by the poor themselves.

### **3.1.8 Other Activities Carried out to Build/Improve Village Institutions**

There are a number of measures taken to build and improve village institutions. The arrangements with co-operative officers to maintain a close link between them and project co-operative societies and also to obtain their help continuously for necessary advice and directions needed for these societies are important in this regard. Especially their advice on book-keeping and other financial activities were very helpful in facilitating for early registering of some of these societies.

Due to the non-availability of suitable persons in villages to be appointed as field workers as planned initially, the project team encouraged the co-operatives to obtain help and advice of local social workers experienced and mature in organizational and community development. One such person with relevant experience in the field and close contacts with outside institutions, had contributed much in developing one of the co-operatives, namely in Pahalatambavita.



In the later stage of the project, qualified field workers (with degree level qualifications) were appointed to work as facilitators and one of the important tasks they had to perform was building and improving the organizations. Their full-time stay in the village with community members provided them much opportunity to understand any weaknesses in project implementation and to take any corrective measures to develop these organizations. The formation of sub-committees/target groups was realized in all project villages after their appointment.

The proper identification of requirements of specific social groups such as children, young people as well as young women and encouraging them to build separate sub-groups to tackle their issues are also an important step in this regard.

Community members were always encouraged to get involved in group work on collective work (*shramadana* /labour donation) basis in the provision of common facilities in order to develop co-operation and group cohesiveness.

### **3.2 Ways and means used to Motivate and Activate People to Participate in the MVRD**

There are several methods used to enlist the active participation of the community members in this project. At the initial stage a lot of things were done to change attitudes and to create awareness among the people on self-reliant development by explaining at co-operative meetings and at individual and group discussions held at households and common places in villages and also at special training programmes. In the later stage of the project, especially after appointing the field workers, they were fully engaged in motivating backward people who had not participated in the project, by visiting each household to explain facts in order to change their attitudes.

Encouragement of co-operative organizations to get directly involved in providing some common facilities which the majority of the community people have seen as a felt need is another important strategy used at the beginning to motivate members as well as non-

members of the Co-operative Society to motivate their participation. Construction of new roads or developing existing ones are some examples for such facilities.

Strategically the project always addresses the burning issues of the people such as unemployment, low income and poverty which might have been answered by project activities such as disbursement of credit for income earning activities.

The motivation of specific target groups such as children, youth and women was done through identification of specific requirements of those groups and taking some specific actions to satisfy such requirements with full participation of their members. The Youth Sports Club of the Panabokka village, which has shown high progress in its achievement of objectives is an example in this connection. When youth were deprived of opportunities for sports activities they were gifted with a net and a ball which they used to promote such activities.

Accompanying members in one co-operative society to demonstrate the successful results of self-help development in another MVRD project village and create a forum to exchange views and ideas between the two groups was another strategy used for motivating people to enhance their participation in the project. From time to time different villages demonstrated outstanding results in different aspects which provided an opportunity for practising the method known as a "brain storming" session. One example in this regard was the progress in Akkaraseeya village in 1992. By this time the co-operative organization was well established and the revolving fund was also operating well and the beneficiaries had started income earning projects.

The members of community organizations were also encouraged to do self-evaluations on work done by them and also to appreciate successful results and design the same type of activities to be repeated in order to gain more benefits for more people.

### 3.3 Training Relevant to Community Development and Income Generating Activities.

Training of beneficiaries to undertake community development and income generating activities was a major component of the MVRD project. A number of training programmes were conducted to change the attitudes of the people to pursue self-help development and also to motivate them to get involved in group and community development activities in addition to enhancing their knowledge and skills on income generating projects.

Some training programmes were arranged for specific target groups such as those already involved or hoping to be involved in income-generating activities and some were conducted for the general public. Most of these programmes were held in a common place like a school in one of the project villages by linking together participants from all three villages. The researchers as well as technical and other capable people, mostly from the area and from outside service institutions, participated in these as resource persons. A limited number of training programmes were also conducted in outside institutions with the expertise and readymade courses as well as relevant field demonstrations developed therein.

During the project period four training courses have been held for the beneficiaries. The purpose of two programmes was to train them to get involved in group and community development activities and also in income-generating projects. The other two programmes focussed on special training such as livestock development and organic farming. Details of the type of training programmes/workshop conducted are given in Table 4.

The first training programme which was arranged as a combined one of CIPS phase II and the MVRD project was initiated just before releasing seed money to one CIPS+MVRD project village, Akkaraseeya to commence income earning activities. The programme focussed attention on making people knowledgeable on how to plan and

implement income earning activities while it tried to give additional knowledge on organizational concepts and establishment of co-operative organizations, leadership and a role of a leader and group marketing. The income earning projects of which knowledge was imparted were cattle, poultry and goat farming, banana and vegetable cultivation.

**Table 4**

**Details of Training Programmes/Workshops Conducted**

<b>Training Programmes(T.P.)</b>	<b>Date</b>	<b>Place</b>	<b>No.of Participants</b>
i. T.P.for planning and implementation of small scale income earning activities	16.11.1991 to 17.11.1991	Officers' quarters in a nearby tea estate in Akkaraseeya	25
ii. T.P.for training of beneficiaries in MVRD project villages	21.08.1993 to 22.08.1993	Government primary school in Akkaraseeya	25
iii.T.P.on animal husbandry,cattle, goat and poultry farming	21.09.1995 to 22.09.1995	Common meeting place in Panabokka	16
iv. T.P on organic farming	11.11.1995	"Gamiseva sevèna", Galaha	15

The second training programme was also initiated with the view of training community members/beneficiaries to especially encourage for self-employment/income earning activities by utilizing savings as well as seed money which was expected to be handed over from CIRDAP funds to their village co-operative society. In designing this training programme especial training needs and requirements of the community members as well as the cooperatives were identified.

Accordingly the programme covered the topics of participatory concept, organized action and group formation, leadership and its role, fund raising and operation of revolving funds, financial activities and book-keeping. Among the income earning activities, they were trained in other activities such as goat, poultry and cattle farming and banana and vegetable cultivation, soil conservation and home gardening, anthurium (flowers) cultivation and preparation of parboiled rice.

The third training programme was initiated solely for the MVRD project beneficiaries in Panabokka village who successfully got involved in cattle farming and goat raising, particularly to make them knowledgeable on issues they faced and also to enhance their knowledge on various aspects of animal husbandry related to goat, poultry and cattle. A small number of others who expected to commence animal husbandry as income-earning projects also participated in this training programme. The topics covered under the programme included selection of animals, construction of poultry and other huts for animals, feeding them, identifying diseases and remedial measures for them, marketing of animal products, ways and means of earning more income from animal husbandry projects. There are specific factors to be mentioned regarding this programme. Unlike the others, the idea of conducting these came directly from the project beneficiaries. The programme consisted of two parts: theoretical and practical. The theoretical lessons were conducted at the common meeting hall in the village and the practical aspects was given at selected households involved in rearing of different animals. On one hand, this became a mobile training programme as the resource persons visited every household

whose members had an interest in obtaining advice regarding their animals through discussions with trainers.

The training programme on organic farming conducted at "*Gamiseva Sevena*" an NGO, was arranged with a view to training selected beneficiaries from all villages, on ways and means of increasing productivity of home gardens by utilizing animal and home waste and also practising soil conservation methods. The programme included classroom sessions and discussions with demonstrations in their farms.

The general topics the programme covered included conservation of land with ridges and drains, preparation of compost by utilizing goat and cow dung and home gardening with mixed crops, as a natural pest and disease control method by applying organic fertilizer.

#### **3.4 Use of Community Information and Planning System (CIPS)**

Under this project, community information and planning system (CIPS) was utilized as a method of promoting community development and income earning activities. At the beginning of the project after establishing organizations, the villagers were made known about this concept and also encouraged to work accordingly, following the regular steps like identifying issues and ways to collect information about available resources and also preparation of a plan based on that information to solve the issues and implement a programme by themselves as a group.

The collection of information about villages was arranged to be done simultaneously with the baseline survey of the project. This included the community members selected by the co-operative organization. In analyzing the data, the support of village members was also obtained.

The community members were made knowledgeable about the findings of the survey and also about the major issues in the village. They were also encouraged always to talk on

those issues at general assemblies as well as at committee meetings of the cooperative organization and also to find solutions.

Although all the issues were not focussed on simultaneously, action was commenced to solve common issues from time to time as a group. The savings and credit scheme was designed in this manner with the full participation of the people in order to avoid day today credit problems. The physical infrastructure activities including construction and repairing of roads were also performed with the participation of the community members.

The income-earning activities were designed by the community members themselves based on local resources and materials available, in order to enhance their income levels.

In implementing various projects people have utilized available resources such as free labour to the maximum. They have also arranged to take supporting services of the government and other institutions in developing roads, education, agriculture and other self-employment activities.

### **3.5 Management of Seed Money and Financing of IGAs**

The sponsoring agency of the MVRD project, CIRDAP, had initially provided a sum of US\$ 6000 (about Rs.250,000 in local money) to be utilized as seed money for financing income earning activities of the beneficiaries. This money was released in installments to each Co-operative Society of the project villages, to manage and finance income earning activities by examining the operational progress and financial managerial capability of co-operatives. Until released the money was kept in general fund of the project implementing agency. A small amount of seed money was utilized for funding general development activities in project villages and training of beneficiaries. The details of seed money released to each project village and other ways in which the money was utilized are indicated in Table 5.

Table 5

Amount and Occasion of Releasing Seed Money

Project village	1991 (Rs)	1992 (Rs)	1993 (Rs)	1994 (Rs)	1995 (Rs)	Total (Rs)
Panabokka	-	-	40,000	-	45,000	85,000
Akkaraseeya	75,000*	-	75,000	-	-	150,000
Pahalatambavita	-	-	-	60,000	-	60,000
<b>Total</b>	<b>75,000</b>	<b>-</b>	<b>115,000</b>	<b>60,000</b>	<b>45,000</b>	<b>295,000</b>

\* This was released from seed money of CIPS project initiated earlier.

Other ways in which seed money was utilized:

- |  |              |
|--|--------------|
| i. To donate sports equipment and to assist for a library in Panabokka village | Rs. 5000.00+ |
| ii. To donate instruments for common construction work in Akkaraseeya          | Rs. 5000.00+ |
| iii. Training of beneficiaries   | Rs.15000.00+ |

<b>Total</b>	<b>Rs.25,000.00</b>
--------------	---------------------

Total allocation as seed money under MVRD budget	Rs.245,000+
--	-------------

Released for village co-operative revolving funds	Rs.220,000-
---	-------------

Utilized for common development activities	Rs .25,000-
--	-------------

<b>Balance</b>	<b>000,000</b>
----------------	----------------

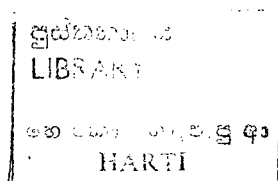
Source: The MVRD Project records.

When seed money was released it was considered as an own resource of each co-operative society and was not intended to be taken it back. The previous experience of the research team under the CIPS II project, where people in project villages were completely disappointed when the seed money paid to them was taken back by the project implementing agency to be handed over to another village, led to this decision.

All seed money received by every project cooperative society was deposited in one of its bank accounts which was opened in a government bank. The interest for the remaining period is also added to the account.

The seed money was utilized by each Co-operative Society to disburse credit for commencing income earning activities by its members. The selection of beneficiaries was also done by the co-operative society or its committee members. In later years, a separate committee was introduced to act on production and credit activities and the selection of beneficiaries to receive loans. Recovering loans was also a responsibility of this committee which has been operating well in the project village Panabokka.

The rules and regulations regarding credit disbursement were stipulated by cooperative organizations themselves with the consent of their members, subject to the procedures of the Cooperative Department. The loan size, interest, repayment procedure, and the leap period before repayment with regard to production as well as short-term (consumption) loans in each co-operative are presented in Tables 6 and 7.



**Table 6**  
**Rules and Regulations of Production loans**

Village	Maximum Loan Size (Rs.)	Interest per year	Repayment/ Leap Period
Panabokka	5000/-	12% 14% (in 1996)	No leap period
Akkaraseeya	5000/- (in later years upto 10,000 have been approved by specific requirements)	10%	6 months
Pahalatambavita	5000/-	12%	6 months

Source: Records of Co-operative organizations in MVRD project villages.

The village co-operative societies have been disbursing production loans to the community members in order to commence income earning activities since their revolving funds were strengthened after the release of CIRDAP seed money. This loan disbursement has become a continuous process of disbursing and recovering. The particulars of such loan disbursements done upto now are given in Tables 8 and 9.

**Table 7**  
**Rules and Regulations for Consumption Loans**

Village	Maximum loan size (Rs)	Interest per month	Repayment/ leap period
Panabokka	1000/-	5%	No.leap period
Akkaraseeya	500/-	2%(in 1991) 4% (in 1992 onwards)	- do -
Pahalatambavita	500/-	5%	- do -

Source: Records of Co-operative organizations in MVRD Project villages.

**Table 8**  
**The Number and Amount of Loans Released for Income  
Earning Activities by Project Co-operatives**

	Panabokka		Akkaraseeya		Pahalatambavita		All	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-3000	13	37,000	01	3,000	02	4,000	16	44,000
3001-5000	18	91,000	32	160,000	14	70,000	64	321,000
5001-7500			03	22,500			03	22,500
7501-10,000			04	40,000			04	40,000
<b>Total</b>	<b>31</b>	<b>128,000</b>	<b>40</b>	<b>225,500</b>	<b>16</b>	<b>74,000</b>	<b>87</b>	<b>427,500</b>

=====  
Source: Records of Co-operative organizations in MVRD Project villages.

Table 9  
The No and type of Project Loans issued from Cooperative  
Revolving funds in MVRD Project Villages to their beneficiaries

Project	Panabokka				Akkaraseeya				Pahalatambavita				All villages			
	M	F	Total		M	F	Total		M	F	Total		M	F	Total	
			No.	Amount			No.	Amount			No.	Amount			No.	Amount
Reariang Cattle	1	4	5	23,000	2	-	2	10,000	3	1	4	14,000	6	5	11	47,000
Rearing goats	2	5	8	29,500	19	1	20	100,000	1	-	1	5,000	23	6	29	134,500
Retail Shop/Boutique	-	-	-	-	5	-	5	40,000	2	-	2	10,000	7	-	7	50,000
Trading	3	3	6	26,000	2	-	2	15,000	-	-	-	-	5	3	8	41,000
Banana Cultivation	1	1	2	8,000	1	-	1	7,500	5	-	5	25,000	7	1	8	40,500
Tea & Coffee Cultivation	1	-	1	5,000	2	-	2	8,000	1	-	1	5,000	4	-	4	18,000
Homegardening	2	2	4	17,500	-	-	-	-	2	-	2	10,000	4	2	6	27,500
Paddy Cultivation	1	-	1	1,000	4	-	4	25,000	-	-	-	-	5	-	5	26,000
Vegetable Cultivation	-	-	-	-	3	-	3	15,000	-	-	-	-	3	-	3	15,000
Collecting & Preserving	1	2	3	13,000	-	-	-	-	-	-	-	-	1	2	3	13,000
Arecanet																
Other activities	1	-	1	5,000	-	1	1	5,000	-	1	1	5,000	1	2	3	15,000
	14	17	31	128,000	38	2	40	225,500	14	2	16	74,000	66	21	87	427,500

\* Other activities respectively covers timber business, construction of bakery and going abroad as a house - maid.  
M - Male    F - Female

### 3.6 Fund Raising Activities and Their Results

The establishment of a revolving fund based on community savings and giving credit in order to avoid day today credit problems and also to facilitate people for commencing income-earning activities have been a major strategy of this development intervention. The attention of the project implementing agency was directed to this aspect during the early stages. For a co-operative organization to become qualified for registration, it had to show its capability in financial control including savings, promotion and operation of loans and recovering them etc. Before releasing CIRDAP seed money, as implementers thought, there should be a proper financial control system at grassroots level with the people being well adopted with credit disciplines. Fund-raising through community savings and other ways was a pre-requisite to fulfill the above requirements.

People's own savings as well as share holdings were the major ways to raise community funds. Buying of one or several shares to the value of Rs.100.00 or Rs.250.00 was a basic requirement to become qualified as a member of these co-operatives according to their rules and regulations stipulated with the consent of its members. In later years when releasing production loans from CIRDAP seed money, some co-operatives have also attempted to encourage loan receivers to save some of their money amounting to about Rs.200.00 on compulsory basis. The initial savings of the co-operatives provided an opportunity to release as short term loans (consumption/emergency loans) and the interest earned (interest rates are given in Table 7) from the revolving system also developed the cooperative fund. Altogether, cooperative funds, CIRDAP seed money, and the interest earned from production loans (long term loans) strengthened the common fund of the organizations further.

Each project village demonstrated different results in terms of raising their community fund. The Akkaraseeya village which initiated its co-operative organization in 1991 developed the savings of its community fund to the value of Rs.8000.00 from share holdings alone which was 27 in number, owned by 27 members (one share holding being Rs.250.00 in value). This fund had grown to around Rs.15,000 by the time the first instalment of CIRDAP seed money amounting to Rs.75,000<sup>1</sup> was released to this co-operative in 1992. The next CIRDAP instalment of Rs.75,000 released in 1993 and the interests for consumption as well as for production loans released therefrom, the total value of the common fund now should have been around Rs.250,000. But in real terms, it has not grown that way because as a major portion of this money is still with the beneficiaries without making repayments especially for their production loans.

The Panabokka village required a longer period of time not only to establish its co-operative organization as an accepted body by the Cooperative Department, but also to raise a common fund and also to operate a revolving credit system. By the end of 1993, it could only develop its common fund to the level of Rs.900.00 from its share holdings at Rs.100.00 per share. Amounts of Rs.40,000 and Rs.45,000 were released to it as seed money respectively in 1993 and in 1995 and the interest earned by disbursing all these developed the common fund to the level of Rs.105,000. This co-operative is showing progress of recharging loan installments regularly. Hence it can be considered that its fund has actually grown.

In Pahalatambavita, the Co-operative Society had around Rs.4800 as the common fund established by selling of share holdings which was Rs.100.00 per share. In this project village around Rs.10,000 remained to be recovered from beneficiaries who commenced income-earning activities on the seed money of the CIPS phase II project.

---

<sup>1</sup> These funds were released from CIPS phase II project which was another CIRDAP project.

The same beneficiaries who became the members of the MVRD project cooperative were supposed to repay their loan instalments which is the reason for the increase in the common fund. By mid-1994 the common fund had grown to around Rs.11,000 when Rs.60,000 was handed over as CIRDAP seed money. All of these were utilized for disbursing credit and has grown nominally upto Rs.85,000. Really it is not growing due to repayment of credit as credit instalments are very small.

The target group organizations linked to the main co-operative society in each project village also has their own savings and fund raising schemes. Some of these organizations are separately maintaining their funds while some are linking with the mother organization for this purpose. The children in Panabokka village were involved in saving money under the mother organization even before establishing a children's organization as a sub-group there and having established an organization this activity was strengthened. The practice of saving started in 1992 from a small amount like Rs.174 which had grown to Rs.3800 in 1995 when the year children's society was established. This money has also played a role in strengthening the common fund of the mother organization.

The main cooperative organizations and especially sub-target groups organized under them have followed various measures to raise funds for different development activities. Among these, organization of lotteries, fairs meant for collecting donations and collection of money from people and accepting donations are prominent. The funds raised in those ways are indicated in Table 10.

**Table 10**  
**Ways and Means the different Sub-target Group Organizations**  
**Raised Funds**

	Panabokka (Rs.)	Akkaraseeya (Rs.)	Pahalatambavita (Rs.)
Children's Society	482 <sup>1</sup>	344 <sup>4</sup>	310 <sup>6</sup>
	2265 <sup>2</sup>		1212 <sup>7</sup>
Sports Club	6650 <sup>3</sup>	42 <sup>5</sup>	
Women's Organization	-	-	225 <sup>8</sup>

---

1.4.6 - membership fees

2 - donations of invitees for a price giving ceremony in 1995

3 - earnings from a fair

5 - Collections from people

7 - earnings from a village fair

8 - developed from different saving systems including savings of  
rice from the daily food basket

Source: Records of Co-operative Organizations in MVRD Project villages.

### 3.7 Activities Carried out to Facilitate Community Development

The MVRD project being a participatory development one, the people were always encouraged to get involved in order to satisfy their basic requirements and common facilities by themselves. In this regard the project implementing agency gave the necessary advice, guidelines and carried out co-ordination between the service institutions/officials and village cooperatives and supported by providing some instruments and techniques.

The construction/development or clearing of village roads became a major community development activity by the beneficiaries involved in under the project. In Akkaraseeya and Pahalatambavita two new roads were constructed with and without support from the government on different occasions. For these, free labour was fully utilized from the village. The village co-operative organizations arranged these tasks and got the participation of members as well as non-members. The project implementing agency provided few instruments from the CIRDAP seed money to encourage and facilitate the work in Akkaraseeya village. These instruments included 10 mammoties, 1 pick axe, 2 irons and 1 wheel barrow. In addition tea and other snacks were supplied to the participants on a few occasions. This type of *shramadana* (labour donation) campaigns were arranged from time to time by the co-operatives in all villages including Panabokka to repair existing roads and clear some common places like the cemetery.

After the formation of different sub-target groups, they were also encouraged to conduct some development activities relevant to their respective target group by providing guidance and other support, financial as well as material. For example, the village library established by the children's organization in Panabokka was given a number of books, magazines, journals and other reading materials found under-

utilized in some other libraries. Arrangements were made to establish contact between the village library and others at the national level to benefit from the support given for small libraries. In addition, Rs.5000 was donated to make chairs and desks for the use of the library as well as the nursery school. With the view of developing sports and health in the same village the village sports club was given a volley ball net and a ball.

## CHAPTER FOUR

### Evaluation of the Project

#### 4.1 Attainment of Project Objectives

In general it is difficult to say whether we have been able to completely fulfil the main objective of the MVRD Project, namely evolving of a sustainable and replicable participatory development method to alleviate poverty of the rural communities. However, we were able to develop some aspects of such a method through practical experience gained in rural development.

The project has achieved mixed results under the particular socio-economic and cultural parameters in each project village at the bottom level and under the macro-economic policies at the top level with their effect and impact at the bottom. Accordingly some strategies and actions of the project have been successful, while some were not. Both successful and unsuccessful aspects will be broadly discussed under the relevant topics.

The expected end-result of the project, i.e alleviation of poverty, has been rarely successful although it cannot be attributed to the project alone. This is demonstrated by the improvement in reduction of poverty in the control village than in the project villages. The percentage of households below the poverty line in 1991 (on the basis of Rs. 8400 a year per household)<sup>1</sup> when the project started was 24.8 percent in project villages and 51.2 percent in the control village. At the end of the project in 1995, the percentage of households below the poverty line

---

<sup>1</sup>This was the income cut-off point used by the Government in 1991 for poor families to be selected as beneficiaries under the Janasaviya Poverty Alleviation Programme.

(on the basis of Rs:18,000 per year per household)<sup>2</sup> has fallen down to 15.4 percent in the project villages and to 33.4 percent in the control village. The decline rate of poverty during the project period in the project villages has been 9.4 percent only, while in the control village it has been 17.8 percent, indicating a better progress of 8.4 percent than in the project villages.

For reduction of poverty, which was measured on the basis of incomes of the households, the impact of other projects, which were carried out in project as well as in the control village by government agencies and especially by NGOs, and also the trickle-down effect of government policies and programmes appear to have contributed. The progress shown in terms of reduction of poverty in the control village than in the project villages indicates that the income earning activities commenced under project have not been much effective. As most of them were not successful, the MVRD project in general could not provide the opportunity for an effective number of beneficiaries to earn a satisfactory income on a permanent basis.

Nevertheless, the standard of living of the people in project villages has improved considerably during the project period due to improvement in physical aspects of their life including housing, sanitation, roads, electricity and household items. The project activities have also contributed to this improvement in different ways. One way is the utilization of incomes from successful income earning activities, which were very few in number for all the villages, with the exception of Panabokka village. The other way was the utilization of the entire amount of loan or project money for household construction or for other activities whether or not the project was successful.

---

<sup>2</sup>This figure was used as the poverty cut-off line in 1993 by Tennakoon, D. in his unpublished Ph.d. thesis titled "The Use of Poverty Indicators and Poverty Pyramids for Agricultural and Rural Development in Sri Lanka, University of Deakin, 1996. The same figure is used here as the condition have not changed in a significant manner by the end of 1995. It is also being used by several government organizations in selecting beneficiaries under current poverty alleviating programmes including Samurdhi movement.

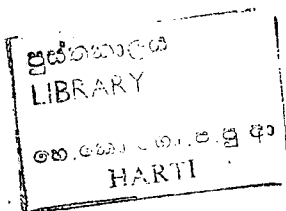
As far as the specific objectives of the project are concerned some have been achieved and some were not. Different villages showed different levels of progress on different occasions.

One important objective of the project was of encouraging poor community members towards organized action to solve their common problems which has shown comparative success in all project villages. Meanwhile some complicatory situations have arisen regarding this in the later stages in some villages. Encouragement of community members, especially the poor to join together to form a group organization was the main strategy used in achieving the concerned objective. Normally it required long periods of time to form such an organization, especially to evolve as a legally accepted body. The slow process of attracting a satisfactory number of people in each village to form such an organization and also the time required to fulfil the necessary requirements to register them as cooperative bodies were the main reasons. In Akkaraseeya and Pahalatambavita, where there were some type of organizational environment under the CIPS II<sup>3</sup> project, it took around six months to form co-operative organizations legally. In Panabokka where there was no such systematic pre-organizational encouragement (under a philosophy almost similar to MVRD) it took more than one and half years to form an organization of the said type.

The operational performance of established co-operatives was different; some were at a satisfactory level and some were not. The Panabokka Co-operative was operating at a very satisfactory level from its inception to the end, gradually moving from strength to strength. At the same time, two cooperatives; eg. Akkaraseeya and Pahalatambavita, were operated well at the beginning, but later faced a lot of problems with a resultant struggle for their continuity.

---

<sup>3</sup>CIPS project was almost similar to take the MVRD, but it emphasized much on income-earning projects. Under this community members were encouraged for collective decisions and actions.



Strength or weakness, continuity or discontinuity or success or failure of these organizations were primarily determined by social, cultural and organizational factors in these villages, which are also controlled by factors from outside the village. Among the internal factors, leadership, ethnicity, caste, political groups and other fractions are important. Leadership played a crucial role in handling these organizations.

In Panabokka, there are a lot of young people serving in the co-operative organization with better educational background, skills, and capability. So there is no leadership problem.

In the other two villages, a satisfactory number of people with education, skills and capabilities to undertake leadership in the organization could not be found. One or two persons who operated the co-operative at a satisfactory level at one time did not like to continue in the same post, and wanted to resign in certain cases, due to allegations levelled against them and no one else suitable was there to be elected. Sometimes even when one or two members were found to be suitable for leadership, they were refrained from getting elected due to the fact that they belonged to a different caste, ethnic or fraction group. External factors like the last general election also made widening rifts among different political groups in the Akkaraseeya village causing a severe conflict situation detrimental to the proper functioning of the MVRD co-operative.

The second specific objective of the MVRD Project, i.e promotion of the participation of rural communities in all stages of their own development programmes from planning, implementation and monitoring to evaluation, was only partially achieved. On one hand, all villagers or the poor could not be attracted to the co-operative organization. On the other, all aspects of development, including economic activities such as income and employment-generating projects, were not successful in two project locations, (eg. Akkaraseeya and Pahalatambavita) and thus disproved the validity of this objective.

However, in all project locations, village members who grouped under a co-operative organization have jointly identified and designed some programmes to satisfy some

requirements and common needs of the village. Among these, there are construction or repairing of new or existing roads, obtaining school, library and electricity facilities and utilization of agricultural support services for the purpose of village development were important. Looking at the programmes, the fact that people successfully designed and implemented them indicates that their successful participation in such manner was limited to the projects which provide basic facilities, and in some cases services of outside organizations.

The designing of credit systems for emergencies, as well as loans for income-earning projects has been done by members of the village co-operatives although they were not entirely successful in all the villages. In this regard, the Panabokka Co-operative Society has shown good progress by operating a well designed credit system, where beneficiaries as well as the viability of projects planned to be started were pre-checked by themselves.

The objective of accruing benefits to identified target groups and also making an integrated development approach were not paid much attention to by the development interventions in each village during the initial years. The organizations were encouraged by the project implementing agency in later years to achieve the former objective through field workers appointed at that time. Here encouragement was given to the formation of sub-target groups under separate sub-committees in each co-operative.

In all the villages separate organizations emerged covering target groups of women, youth and children. Separate programmes were designed by these groups with financial and other support from the main co-operative organization, the people of the village, and neighbours as well as Government and other organizations for their benefit as well as of the village. Their capabilities, skills and resources have also been utilized in designing and implementing such programmes. These were related to providing library facilities, development of sports and also skills and capabilities of children.

In this regard, considerable achievements have been made only in the Panabokka village. In the other two villages too, separate target groups emerged and were involved in designing and

implementing some programmes similar to those of Panabokka. But with the malfunctioning of co-operatives these target group organizations also have become defunct. The establishment of a library and a sports club with facilities to play volleyball and holding competitions among children for essay writing, debating, acting, dancing, arts and craft etc. are some diverse development activities that have been carried out in Panabokka village. These have expanded until they become inter-village competitions sometimes with other project villages.

In the Akkaraseeya and Pahalatambavita villages also the co-operatives have carried out diverse development activities under a common development programme, even though they were not commenced by or focussed on separate target groups. For example, in Akkaraseeya in addition to the provision of credit facilities and commencing income-generating projects, other activities related to general household life such as construction of a road and obtaining electricity facilities have been done. In Pahalatambavita also in addition to credit facilities and income-earning projects, activities in relation to a road, school and extension services of the Department of Agriculture have been carried out.

The encouragement of community members to arrange their own credit system to provide credit for self-employment and income-earning activities has been successful. Although the credit systems in all the villages did not operate with long-term sustainability due to various reasons, there were well developed credit systems in all the villages based on people's savings and under the rules, regulations and guidelines of the Co-operative Department. Those who wanted to commence income-earning activities could easily obtain a production loan within one or two days and sometimes within a few hours as the community savings and credit scheme was operating as a bank in the village. Although there were no strict rules and regulations to prevent them from obtaining loans until later, restrictions were made to prevent them from obtaining credit for unnecessary purposes. Later, except in Panabokka, the other two village credit systems completely broke down due to weaknesses in repayment on many occasions associated with the failure of income-earning activities.

The objective of promoting income-earning/self-employment activities could not be realized as expected. There were a substantial number of community members in each co-operative society who have shown an interest and also have obtained credit for commencing an income earning activity. However, only a very limited number of income earning projects were successful. Compared to others more projects were successful in the Panabokka village. (See Table 13 for more details).

There were many reasons for the failure of generating income earning activities. One major reason was the non-availability of a better resource base in these villages. The land, which was the only significant resource of these communities, consisted of small plots and also was infertile. For example, in Panabokka as well as in Akkaraseeya the majority of villagers operated land less than .2 hectares in size. The isolation, remoteness and access problems have deprived them of the necessary extension and marketing facilities for improved production.

The area is not suitable for investments other than goat and dairy farming. Even these were possible more in the Panabokka village. Regarding extension services and marketing, the locational setup of Panabokka was comparatively better than the other two villages. Here there is a milk collecting system operated by a co-operative organization. Even with these facilities in Panabokka, and with lesser facilities in other villages, the villagers, were not much interested in investing on such activities. One reason was the low income that could be earned from them and the other was disinclination to work hard. Detailed information about income-earning activities will be provided in a separate section.

The study proved that the involvement of experienced and capable persons as facilitators can do much improvements in self-reliant development in rural communities. At the beginning, except in one village, there were no field workers in other villages. Only in Pahalatambavita, the service of one experienced, mature and capable person of the adjoining village was linked to guide the MVRD co-operative. He managed to link many outside government as well as non-government agencies with the village co-operative and arrange for their services to be brought to the village. Under his guidance and coordination, the village obtained a school,

road facilities by linking the village to the nearest town and also other services for agricultural development e.g. fertilizer and seedlings for coconut development, plants of banana and lime cultivation etc.

In a later stage, when the MVRD project was stagnating, two qualified graduates were appointed as field workers in order to accelerate the village development work by encouraging more and more people to join in. They managed to make the cooperative organizations more stronger by encouraging more members to join. In addition, they also promoted separate homogeneous groups as target group organizations e.g. women, young and children.

According to Table 11, the number of members who joined the main co-operative and other target group/sub organizations during the year 1995 appear to be progressive. The aforesaid field workers were appointed at the beginning of the year and their appointment was specifically meant for the upliftment of the target groups.

As Table 11 indicates, out of all members, namely 68 in Panabokka Co-operative Society, half has joined it in 1995. Almost all the sub group organization members have joined and formed them during the same year. Out of all members of co-operatives as well as sub group organizations in all villages, 68 percent have joined them after the field workers were appointed.

**Table 11**  
**Number of Members who Joined Co-operatives**  
**and Different Sub-Organizations in Different Villages**  
**in each year**

	1991	1992	1993	1994	1995	Total
<b><u>Cooperatives</u></b>						
Panabokka	-	16	10	8	34	68
Akkaraseeya	27	9	5	1	0	42
Pahalatambavita	32	0	0	5	2	39
<b><u>Children's Society</u></b>						
Panabokka	-	-	-	-	64	64
Akkaraseeya	-	-	-	-	34	34
Pahalatambavita	-	-	-	-	27	27
<b><u>Sports Club</u></b>						
Panabokka	-	-	-	-	31	31
Akkaraseeya	-	-	-	-	31	31
<b><u>Women's Organization</u></b>						
Pahalatambavita	-	-	-	-	15	15
<hr/>						
Total	59	25	15	14	238	351
<hr/>						

Source: Records of Co-operative Organizations in MVRD Project Villages

The field workers appointed from outside could mobilize people much better due to a number of factors:

1. They were complete outsiders and people got used to not only look at them with a new attitude, but also to act according to what they said.
2. They had no prior connection with the people; so they could work without any bias and give directions to anyone.

Another specific objective of this study, namely developing a mechanism to ensure continuity of this participatory development programme in each village could not be fulfilled as yet. A supervisory and advisory committee was established at the end of the project which consisted of the village monk, *Grama Niladhari* (village headman), selected well wishers of the village and co-operative and rural development officers in the region. Its members were expected to meet quarterly in a year and to examine the progress of the community co-operative and give necessary advice to solve any issues. The success of this could be seen some time later.

#### **4.2 Participation of Villagers in the Project**

The MVRD project being a participatory development initiative, the participation of villagers in the project is very essential. Throughout the whole period of the project, the participation of the people in it was not much satisfactory. Their participation varied in different periods of the project. It was better in the early period and weaker in the latter period in Akkaraseeya. Meanwhile it was the reverse in Panabokka. The nature of this type of participation is caused by a number of reasons as explained here.

The number of individuals who joined the project co-operatives and other sub-organizations yearly are indicated in Table 11. Accordingly, over 70 percent of the households (149 persons) have been represented in the co-operative organizations. In some cases, both husband and wife or two other people have joined it. However, numerically, the participation level seems to

have been satisfactory. But the participation of these members in organizational meetings as well as in other project activities was not satisfactory. In the case of Panabokka village, the participation level of the people in the project was very weak in the first few years. Even in 1992 when their cooperative society was legally registered, only about 15 percent of the households (16 persons) were represented. As much as 32 percent of the households in this village joined the cooperative in 1995. By that time, much of project period had already passed.

The researchers experienced that encouraging people for self-reliant development was not an easy task. They viewed self-reliant development as a general statement. The practice had been for people in the project area to become dependents of government or other agencies. They have got used to freely benefit financially or materially from any project or development intervention of government or non-governmental organizations. The people in Akkaraseeya and Pahalatambavita and a part of Panabokka settlers have been settled by the government giving them land and other essential facilities freely. Even after settling, they have been benefitting from different subsidy programmes of the government including the food stamp scheme. After the liberalized economic policies were introduced in 1977, non-governmental organizations involved in various types of development activities mushroomed in the rural sector. Granting of a lot of free inputs and material is an important feature of these projects. MVRD villages had also been earlier covered by a number of programmes of NGOs, which include CARE International, which tried to improve the income level of the people by distributing tea saplings, while PINIDA promoted toilet facilities by giving materials and instruments. Even under the name of self-reliant development, they used to provide a lot of free inputs, which had shaped the mentality of the people in MVRD project villages to depend on others than on themselves.

The initial meetings held at each project village in order to introduce the project were attended by a satisfactory number of people and a gradual reduction of this later indicates that their objective of coming to such meetings was not realized. When people understood that MVRD was not a project like the others they used to benefit from, the attendance became poor. This was very clear in the case of the Panabokka village where no similar development intervention

initiated by the implementing agency like in the other two villages was experienced. Until after one and half years it was not possible to collect a fairly sufficient number of people to actively participate in the MVRD project. Even at that time, not more than 15 percent of the households in that village, where the percentage of families at a low standard of living was higher, were represented in the village co-operative organization. From among them, most were young unemployed.

In Akkaraseeya and Pahalatambavita, at the beginning of the project, there was a reasonable number of people (56 and 65 percents respectively) representing their households in the co-operative by participating in the project. Encouraging people for self-reliant development by changing their attitudes under CIPS projects, which had already been initiated by the MVRD implementing agency, had been one major reason for better progress in people's participation in these two villages.

Participation of the people in the project went up and down at different times of the project. There were some other projects like the Janasaviya Poverty Alleviation Programme of the government, which had similarities with the concept of the MVRD, implemented covering all these villages in different periods. The change agent programme of the Ministry of Rural Development implemented in Panabokka was also similar. People were involved in the same activities like fund raising, collective work and income-earning activities under these projects as in the MVRD. In order to benefit from Janasaviya, which usually pumped more attractive benefits, they would have had to compulsorily get involved in those activities. MVRD did not create such an attractive environment for people to get involved in it. So, much of the meetings, collective work, official activities related with service institutions and offices and other activities did not leave them much time to get involved in the MVRD in those periods. Always people were chasing after new projects and interventions of NGOs.

Unsustainability of income-earning projects financed from the co-operative revolving fund, was the cause for many beneficiaries becoming defaulters, which prevented a large number of people from actively participating in the project in Akkaraseeya and Pahalatambavita villages

in the latter part of the project. At the same time, peoples' participation increased towards the end of the year, especially in Panabokka due to a field worker being appointed.

Looking at the ways and means of participation, the degree of people's participation in designing projects and taking decisions have been negligible, especially regarding Akkaraseeya and Pahalagambavita villages. The low educational standards and the backward nature of the majority of the villagers have provided the opportunity for a one or small groups of people to take all decisions regarding their own development. In implementing projects designed for their common development, like construction or repairing of roads, members in almost all families in the village have participated without considering the membership of the MVRD project co-operatives.

#### **4.3 Input for Implementing Project**

Local expertise, CIRDAP seed money and also financial and material contributions from the local people such as donations as well as services of government institutions were the inputs to the MVRD project.

Out of the total financial inputs granted by CIRDAP to be utilized as seed money, which was equivalent to Rs. 245,000, almost Rs. 220,000 was released to the community co-operatives in each project village, especially to be utilized for commencing income-earning projects. After examining the progress of income-earning projects started in the earlier period, the research team felt that there was no point in releasing the full amount of the CIRDAP seed money for income earning projects, as they did not show much progress. Utilizing a part of it to purchase necessary instruments and other things to stimulate community members and to draw their attention towards the project at the beginning was seen as a more useful action.

The release of CIRDAP seed money to each community co-operative was done at different times as indicated in Table 5. This was due to delaying the issue of funds until they got qualified for it. Except for Akkaraseeya, the other societies required more time to show their worth for

handling funds. Other ways in which CIRDAP seed money was utilized are also indicated in Table 5. According to this Table, Rs. 5000 has been utilized for donating instruments to the Akkraseeya village. The implements donated on the occasion when a large number of people got involved collectively in construction of a new road to the village included 10 mammoties, 1 pick axes, 2 irons and a wheel barrow. In addition to providing these inputs, tea and snacks were also given. These implements and the other support given helped to grow the confidence of the people and also encouraged them to get involved in activities already commenced until a sufficient volume of work was completed. The same implements were utilized as common properties even in later works.

Out of the CIRDAP seed money utilized for donating implements/equipments, Rs. 5000 was used for buying a volleyball and a net and also for acquiring desks and other wooden furniture for the library and the nursery school in the Panabokka village. The sports equipment was very effective in attracting young girls and boys not only to play daily, but also to join in other project activities.

Compared to the financial inputs provided by CIRDAP, the counterpart contribution was not so much. Counterpart funds were found by co-operative members themselves in different ways; some were found by organizing drama festivals, fairs etc. There were also donations of money on such occasions by elites, responsible government officials and politicians who were invited to these occasions. Details of funds raised are given in Table 10.

The value of material inputs given to each project village by government institutions was very high compared to all the other types of project inputs. Panabokka village was provided with a primary school worth over Rs. 400,000. The use of heavy machines was also made available to expand the road constructed by people in Akkraseeya and to construct a new road in Pahalatambavita. A library building to the value of Rs. 75,000 has been approved for Panabokka by the Central Provincial Council. There were a number of occasions when material benefits provided by the government, which were arranged under the project, especially to Pahalatambavita. They were applicable to cultivating coconut, banana, lime and pepper.

Plants and fertilizer for cultivating 20 acres of land under coconut were provided free of charge. Eighteen people benefitted from this. For cultivation of pepper, fertilizer was given free and for saplings a payment (Rs.3 per plant) was made. Twenty eight people benefitted from this. Twenty two people were provided lime plants at the rate of 40 plants per person.

#### 4.4 Output of the Project

The Community Information and Planning System (CIPS) method developed at CIRDAP was applied for promoting participation of community members for their own development. The construction and development of roads in all villages and establishing a primary school in Pahalatambavita were some of the requirements prioritized by the community members who designed and implemented programmes. When designing a savings and the credit system and also commencing income earning projects, they utilized their knowledge and capabilities. Participation of a group of people at the bottom in the social strata in each project village to solve some of their day today problems is the impact expected in the application of the CIPS method.

The training, seminars and workshops organized to give some knowledge and also to develop skills and capabilities of the community members have had some positive impacts. The number of people (indicated in Table 4) who participated in each programme were able to enhance their knowledge and capabilities in the subjects covered. Some of them practically applied this knowledge for commencing income earning projects such as cattle farming and rearing of goats. There were some indirect beneficiaries of training, who received useful knowledge from participants and applied it. One example was the number of people who practised the methods, of organic farming, trained at one NGO, "*GAMI SEVA SEVANA*". Only 15 people were trained there, but more than 25 people, especially women practised those methods in their home gardens to produce vegetables especially for home consumption. Observations revealed that because of home gardening a family could save money at least Rs. 150 per week usually spent on vegetables for a period of about two months. Even after peak periods they provide vegetables and leafy vegetables to beneficiarie's households on long term basis.

Looking at the progress of fund raising people did not show much progress as expected. Even for the Akkaraseeya Co-operative, which showed better progress in fund raising at the beginning, required more than two years<sup>4</sup> to collect the full amount Rs:15,000/- which consists of both savings and interest charged for emergency credit issued from the fund. It required nearly three years for the Panabokka village to collect Rs. 900/-

One reason for the slow progress of fund raising was the acute poverty in these villages which discouraged savings. It has been done in a fairly progressive way by the people in Akkaraseeya where a considerable number of people were working in the nearby tea estates for daily wages. The other reason for poor savings was the virtual discouragement by other projects, which pumped benefits without pushing them to save.

The main output of fund raising as well as CIRDAP seed money was the revolving fund set up in each project village. Emergency as well as project loans were issued from the revolving fund. By the end of 1995, as much as 79 project loans valued at Rs. 427,500 have been granted to project beneficiaries to commence income-earning activities (see Tables 8 and 9 for details). The number of emergency loans granted for various purposes of the community members was 223 and their value was Rs. 117,000. The details are given in table 12.

Further development of the size of the revolving funds has remained stagnant due to the high rate of default of emergency and especially production loans (project loans) about which some information will be given in next part.

---

<sup>4</sup>This society has been encouraged one year before the MVRD project initiated was in 1991.

Table 12

Number and Amount of Emergency Loans  
Granted by Each Village Cooperative

Village	No. of loans	Amount (Rs.)
Panabokka	54	29,950
Akkaraseeya	142	79,650
Pahalatambavita	27	7,400
Total	223	117,000

Source: Records of Co-operative Organizations in MVRD Project Villages

Another reason for this backwardness is the decline in the savings habit of the people in the cooperatives, due to lack of benefits received from their earlier savings; at least an interest for their savings has not been added due to the fact that the necessary knowledge to calculate interest earnings has not been imparted to the officials in village co-operatives by the Co-operative Department officers. Attempts of the project implementers during the first five-year period of the project to accompany co-operative officers to village cooperatives to audit accounts and also to make the officers in village cooperatives knowledgeable on the calculation of interest and profits on savings were unsuccessful due to administrative problems and weaknesses in their service.

As far as the output of income generating activities of the project is concerned, it does not appear to have been at a satisfactory level. All project loans obtained by co-operative members have not been utilized for commencing income-earning activities while all projects commenced by utilizing production loans have not been successful.

The Table 13 gives details about all income-earning activities of the MVRD project. According to this Table, out of 87 project loans issued, only 77 (88.5%) have been utilized for commencing income earning projects. Out of the 77 projects started, only 34 (44 percent) are still operating, while 44 (57 percent) out of all projects started have been discontinued mainly because of their failure. A limited number in this category has not been rescheduled again after completing them with little or no attractive incomes or benefits.

Looking at the available resources in villages, land size and other factors of production such as extension and marketing, there are very limited income earning activities that can be operated at some level of sustainability subject to a lot of problems in the area. Goat keeping in all villages and dairy farming in Panabokka can be mentioned as examples. Poor extension facilities and marketing problems caused by difficulties in physical access to project villages, which are located at long distances and remote places from the extension offices as well as from main roads have not only discouraged goat keeping in Akkaraseeya and Pahalatambavita, but also contributed to the failure of most of the projects started. About 78 and 53 percent of cooperative members in Pahalatambavita and Akkaraseeya respectively who commenced income-earning projects, mentioned during our survey that the death of animals due to diseases is a major reason for the failure of their projects. Difficulties in seeking the help of veterinary doctors in emergency situations has become a major issue in solving this issue.

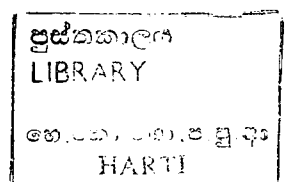


Table 13

State of Income Earning Projects Started by  
Co-operative Members by Utilizing Project Loans

	Panabokka No.	Akkaraseeya No.	Pahala- tambavita No.	Total No.
No. of projects for which loans were issued	31	40	16	87
No of projects started by utilizing credit funds	31	33	13	77
No. of projects still operating	25	6	3	34
No. of Projects completed and converted into another activity	-	1	-	1
No. of projects completed and not started again due to completion of their period or their failure	6	26	10	42

Source: Survey conducted for final evaluation of the MVRD Project, 1996, March.

One other reason for the failure of income-earning projects started by the people was their mismanagement. When they need money for emergency purposes or for some other thing like the construction of a house, villagers sold animals (goats or cows) and utilized the money for such purposes, but not repaying even a part of the loan in most of the cases. In this way some villagers who received project loans have benefitted, but simultaneously have become defaulters of the community cooperative, although they have said that the project was a failure.

The number of projects currently being operated was 34 (44 percent out of all) and the majority of them (25) were in Panabokka, because of fairly better marketing facilities for cow milk and goats. This represents the output of most of the projects commenced there.

The projects which are sustainable (or still operating) have provided different amounts of income for the families who have invested in them. Some times these incomes have been attractive when occasionally cows/goats are sold, say in every 6 months, for a lump sum of Rs. 10,000/- or the amounts may be small and regular say Rs. 300 for a month, which is normally the income received from selling milk. Some activities like timber sawing have generated employment for others too. Dairy farming has improved milk consumption and thereby the nutrition standards. Cow and goat dung have provided free fertilizer to be utilized for vegetables and other cultivations.

The major attention of the project was to develop the poor in general and some identified target groups in particular. As far as specific target groups are concerned, women, youth and children have received some benefits depending on the village. Particularly in Panabokka village, the majority of the members as well as the office bearers in the community co-operative society were women. Out of 69 members in the Panabokka co-operative, 41 members (or 59 percent) are women. In the Akkaraseeya and Pahalatambavita societies, representation of women in cooperatives is very poor compared to Panabokka which amounts 12 and 18 percent respectively of their membership.

From the beginning women got prominency in initiation and also development of the Panabokka co-operative. This happened automatically as there was a closely associated age-wise homogeneous group that emerged from their involvement in welfare activities for a fairly long period of time.

Out of investment funds released from co-operatives as loans (project loans), nearly 22 percent have been utilized by women while in Panabokka village, 57 percent of the funds released have been utilized by them for their involvement in dairy farming, rearing of goats and vegetable cultivation.

Young people and children also have been identified as target groups to be developed. The origination of sports clubs in Panabokka and Akkaraseeya villages with a membership of 31 in each of them was the major output of the efforts in developing young groups. Their daily get-together to play cricket or volley ball has developed a close co-operation among them while increasing their participation in social activities.

As a beneficiary group, children were involved in project activities progressively and have benefitted much. The major output of all efforts taken to enhance the benefits to this group was formation of children's societies in all the project villages. Their membership being 64 in Panabokka, 34 in Akkaraseeya and 27 in Pahalatambavita, these societies are being managed by children themselves under the advice and guidance of adults. Through their involvement in such activities children are getting a forum to develop their personalities. They also gain capabilities in operating societies, conducting meetings and organizing various functions. Their meetings are held once a week which provide an opportunity for them to discuss their future programmes and also to hold oratory singing, dancing and debating competitions. In addition to this they are involved in saving money which promotes their saving habits (see Table 14 for details). They also get involved in other development work of the village. Their involvement in common work to repair village roads in all the villages and also to establish a library in the Panabokka village was an important output. The Central Provincial Council has already planned to provide a permanent building for this library.

Table 14

Amount of Money Recorded as Savings Each Year Under the  
Children's Savings Scheme of Panabokka Village

1991	1993	1994	1995	1996 (Until February)
(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
174	85	1062	3846	2200

Source: Records of the Co-operative Organizations in MVRD Project Villages.

NB: These savings have been made under the main community co-operative, where a separate savings scheme for children is in operation.

Regarding village institutions and committees, the main output of the project is of establishing a co-operative society in each village with the majority (or the poor) being members of it. These societies represent a homogeneous group and have common needs and goals to achieve unlike the different groups with different goals like the rural development society and other societies there during the pre-MVRD period. Instead of the elites and different power groups in some other societies, in the MVRD cooperatives office bearers were the poor or the general public. So integration achieved among the poor by the MVRD project has provided the opportunity for the poor to act on their own for their development. The sub-target group organizations established for the betterment of women, youth and children were also provided with opportunities to act on their own for their development.

Construction of new roads within Akkaraseeya and Pahalatambavita villages by connecting these villages with outside road networks and towns was a very important project output in regard to community development. Both roads stretch far more than one Kilometer inside the village. These two roads were constructed by utilizing community labour provided on collective basis

and also heavy machinery provided by the government. In Pahalatambavita the constructed road was taking a long route to reach the nearest town, Hemmathagama. So people were not using it much. But the stretch of road inside the village is well utilized and it can be connected to the town by a short route which has already been planned by utilizing machinery as well as collective community labour. The road in Akkaraseeya has become a useful access road to the village by vehicle which was not possible earlier. Erecting electricity lines in Akkaraseeya, which was planned by the cooperative as another community development activity was made possible because of the new road.

Setting up a school with primary grades in Pahalatambavita was another important output of community development. Since there was no school, children had to travel a long distance for primary education. The community co-operative society was able to obtain a primary school for the village in the first stage. It started with about 30 students and has added a class each year upto Grade 5. In the second stage, a permanent building of the size of 80' x 20' has been provided. In addition to the teacher who served earlier another two teachers and a teachers quarters have also been approved.

#### **4.5 Findings From the End Survey**

The final evaluation survey tried to obtain information related to general socio-economic conditions of the community members in the project as well as the control villages in order to compare them with their earlier condition.

This information includes education standards, household conditions and amenities, sanitary facilities and drinking water, saving habits and participation of the people in organizations (see Table 15 for details). Almost all these aspects show progress compared with the pre-project period. The MVRD as well as the other projects of the government and of the NGOs had contributed much towards this upliftment.

The progress achieved indicates that the saving habit is significant which shows a 40% improvement than in the pre-project period compared with the control village which indicates only a 22 percent improvement rate. The MVRD project has contributed much towards this progress by encouraging people to initiate their own credit funds centered on their community organization. Simultaneously, traditional saving systems have disappeared.

**Table 15**

**Different Aspects of the Socio-economic Conditions of Households in the Project as well as the Control villages between pre and post project period.**

	<u>Project villages</u>		<u>Control Village</u>	
	<b>Pre-project period</b>	<b>Post-project period</b>	<b>Pre-project period</b>	<b>Post-project period</b>
<b>Educational Level</b>				
Literacy rate	86	93	87	86
Had education between:				
Grade 10 - GCE(A/L)	16	15	14	11
Above C.G.E. (A/L)	01	01	-	-
<b>Household Conditions</b>				
Availability of electricity	13	31	23	35
<b>Sanitary Facilities</b>				
No toilet	11	02	06	10
<b>Condition of toilet</b>				
Pit	21	02	22	12
Waterseal	68	85	72	76

**Source of Drinking Water**

Well	78	87	63	62
Tube wells	01	01	21	18
Pipe	03	06	13	-
Well and pipe	13	-	-	-
Streams	05	06	03	18

**Basic Household Amenities**

Radio	49	56	57	67
Television	07	18	09	14
Sewing machine	07	10	13	08
Push bicycle	03	04	06	04

**Savings**

Household reported savings	52	92	43	65
----------------------------	----	----	----	----

**Method of Saving**

State Banks	77	57	91	91
Non state firms	-	03	-	6
Rural Credit Societies	31	39	07	-
Seettu (Group savings)	15	01	02	01
Owned tills	04	-	05	-

**Participation in Organizations  
(by Household Heads)**

Rural Development Society	54	14	09	17
Death Donation Society	50	45	44	77
Credit Society (Sanasa)	14	02	03	07
Sports/Youth Club	-	.5	08	-
Farmer Organization	33	10	-	-
CIRDAP Co-operative Society	-	30	-	-
Youth Society	-	08	-	63
Janasaviya Society	-	09	-	-
Women Society	-	03	-	-
Gramodaya Society	-	09	-	17

Source: Data from the Baseline and final evaluation surveys of the MVRD Project.

**4.6 Impact and Lessons Learned from the Project**

Despite the fact that the MVRD could not achieve the desired results, it contributed a lot to learning lessons and gaining experience on rural development. As the project was a participatory development experiment, attention should be focussed first on its realization. The project experience is that it is not an easy task to attract people towards self-reliant development, especially under liberalized economic policies and individualism in society is widespread. The aim of the community people is always to gain financial as well as material benefits, without sacrificing anything. Self-reliant development, from which one can benefit only through devotion, would not have the capability to make people satisfied or to keep them at it until something is developed for them to benefit. When the MVRD was being implemented, community members always used to run behind other projects of NGOs or the Government (e.g. Janasaviya Poverty Alleviation Programme) from which much benefit could be derived as aid.

The experience of the involvement of Pahalatambavita people with the project reveals the same. At the beginning they were quite familiar with the project and in the latter two-year period they were not and so participated in 'Janasaviya'. When it ended, they again showed an interest in the MVRD project.

This type of environment is completely unsatisfactory for encouraging people to save their own money and establish revolving funds. When funds are easily available from one source, people do not want to save for their future. Under the same poverty alleviation programme there were ways to obtain credit under flexible rules and regulations and repayment was also not strictly enforced. This has affected savings under the MVRD project.

Although, generally the participation of the people from the beginning to the end of the project was unsatisfactory, their participation was satisfactory in fulfilling some necessary requirements of the village including roads, schools etc. This reveals that participation of the people can be easily harnessed for work related with the provision of their basic needs.

The study revealed that organization of the grassroot people will strengthen their capability to obtain or improve access to major welfare facilities and services of the government, including roads, schools, electricity and other services etc., which could not have been received otherwise.

The provision of credit alone was not meaningful in promoting income-earning activities sustainably. Lack of resources, insufficient infrastructure facilities such as roads, transport, poor extension and marketing facilities have contributed to their failure. The managerial or entrepreneurial capabilities and motivation of the people to develop such activities both of which were at a lower level in the project villages, also seem to have been important aspects in operating income-earning activities successfully. The MVRD project has provided useful lessons for the utilization of seed money or outside funds in order to promote income-earning activities/self-employment among poor communities. In addition, guidelines which are important in establishing a sustainable credit system or a revolving fund have been developed. Accordingly, until the people establish a revolving fund using their own savings and inculcate

credit discipline among members, seed money or outside funds should not be handed over. Even after establishing a revolving fund, credit disbursement should be entrusted to its members by utilizing outside funds or its own funds, under close supervision.

If possible, instead of releasing the full amount of money in a single payment, doing so in several stages by examining the suitability of applicants to obtain money and the viability and the amount required for planned income-earning activity should be examined. Also the utilization of funds obtained at the early stage for the proposed activity should have been looked into. Such action would have been more appropriate and produced better results. Encouragement regarding repayment, just after obtaining credit, instead of waiting until a new income-earning activity would bring in an income, is a very important guideline especially for a credit fund for the poor. This is a vital procedure from different aspects viz: (i) it provides an opportunity to release some more credit in the early stage which would be beneficial for more people; (ii) the borrower does not want to take an additional burden to repay a loan while a sufficient amount earned from an income-earning activity can also be saved.

Although the project did not show much progress in terms of pumping the bulk of the money to the grassroot level in order to commence income-earning projects the achievement of social benefits under the project has been more progressive. In addition to grouping all villagers or the poor, together with grouping of homogeneous categories such as women, youth and children as separate sub-groups or sub-organizations, the project has provided an opportunity to utilize not only their capabilities, skills and strengths, but also the limited resources in a systematic way in order to solve their problems and also to enhance their standard of living.

A close touch with the project and its supervision at least by a field worker stationed in the locality seem to be necessary to derive successful results from a project like the MVRD, initiated to promote the wellbeing of the grassroot people. On all occasions there has been no close touch and adequate supervision which shows that the co-operatives or the community people of the MVRD project were inactive. Close supervision and guidance helped to develop their confidence and courage. Of all these, close supervision is essential because it provides

an opportunity for the project implementers and the supervisors to resolve any conflicts in the village which have likely to disrupt the proper implementation of the project. Such instances have taken place on several occasions in the MVRD project villages. Without resolving these conflicts at the village level projects would not operate.

## CHAPTER FIVE

### Conclusion and Recommendations

#### 5.1 Summary and Findings

The main objective of this study was to evolve a method to develop rural communities by obtaining the active participation of their members. Encouragement of the community members to group together in order to take common actions to solve their own problems by their participation in all stages of development interventions including planning, implementation, monitoring, promotion of income-generating activities in addition to examining the effectiveness and suitable characteristics of a field worker in self-reliant rural development and also investigating the sustainability of this type of development when outside interventions are discontinued were specific objectives of the study.

Four less developed villages were selected for this study three of them being the experimental villages from the central hill country. The majority of the households in these villages owned small plots of land and they also worked as temporary labourers or estate workers or share croppers. Low incomes, poor housing conditions and amenities, less education and poverty were the basic characteristics in these villages.

In all experimental villages community organizations were formed (one for each village) and were registered as co-operative societies. The establishment of a revolving fund under each co-operative based on community savings and credit was also an important task performed. In addition to co-operatives, in the latter stage, sub/target group organizations were also established by linking them to the co-operative organization under the sub-committees appointed to take up various responsibilities. Production and credit, youth and women, children's welfare, and health and sports were the areas under which sub/target group organizations were formed.

In implementing the project the function of the project implementors/researchers was limited only to providing necessary guidelines and advice to the community people in addition to

monitoring the project activities. The support of the officers in other relevant agencies such as co-operative development was obtained on necessary occasions. In the last stage, qualified field workers were appointed from outside to function as facilitators.

In order to create an awareness among the people about self-help development and also to motivate them, apart from advice given, a number of training programmes were organized. Another objective of these training programmes was the development of people's knowledge and skills required for various income-earning activities.

In addition to the expertise and training provided, the other input of the project was CIRDAP seed money which was equivalent to Rs. 245,000 out of which Rs. 220,000 was released to the community co-operatives to be utilized as a revolving fund and the rest was utilized to purchase some agricultural, sports and library materials for the project villages. Inputs which were valued more than these have been provided by various government institutions under subsidy and general programmes including a school, roads and electricity facilities and planting materials.

Setting up community organizations as well as target group organizations, formation of revolving funds, construction or repairing of roads in all the villages, establishing a school in Pahalatambavita and providing electricity facilities in Akkaraseeya as well as a library in the Panabokka village and commencing income-earning activities in all villages were the main resultant endeavours of the project.

This experiment which is based on self-reliant development was a micro-level attempt to develop a community by placing emphasis on organizational strategies. It did not expect to introduce any changes in the structure of the socio-economic environment at the bottom level or macro economic policies at the top level which were much effective in determining the results of macro activities. Although the project was unable to show satisfactory results in fulfilling its major objective of evolving a method to alleviate poverty through full participation of the people in a community, it was able to develop some useful elements of such a method and also to contribute useful lessons and guidelines for rural development.

The study findings indicated that under the present environment in villages where a large number of NGO are involved in various types of development interventions by pumping in substantial resources as "aid" with the participation of the people for self-reliant development was not an easy task. The people are more attracted to NGOs as well as government-sponsored projects so as to obtain welfare benefits unlike in the case of the MVRD which encouraged people to rely on their own resources, capabilities and skills.

According to the study, organization of community members and their strength were powerful elements to satisfy their common requirements like roads, particularly when they can get them fulfilled through their own capabilities and resources such as labour. Further, group actions were satisfactory even to access benefits from common welfare measures of the government including education, electricity and other facilities. There must be appropriate organizational strategies in order to mobilize different target groups and also for them to derive benefits. The organizational structure tested under the project and formation of sub-target groups under sub-committees of a single mother organization appeared to be a better system to mobilize different groups of people as well as resources.

Certain experimental actions taken under this study indicated that the participation of different groups can be obtained better for development interventions by some type of strategic action. Under the project handing over of sports materials alone to a group of children was sufficient to ensure the emergence of a Sports Club with a large number of children becoming its members. Establishing a revolving fund from people's savings also appeared to be a strategic action in order to hold the people together. When funds are offered from outside to a community in order it to be utilized fruitfully for development activities, its amalgamation with a well developed group fund in the village appeared to be the better strategy. However, under the existing environment in the village, where people were much used to obtaining credit under flexible repayment procedures, it took a long period of time to develop a group fund with a well developed credit disciplines.

Pumping in the bulk of funds to the community members to encourage them for commencing various income-earning activities was unsuccessful and it showed that the success of promoting grassroot income earning activities were determined by a number of factors such as entrepreneurial abilities and availability of other facilities such as marketing, extension and other services. This further emphasized that credit alone would not be sufficient to make economic advancement, instead of taking a number of inter-related actions by pursuing a wholistic approach.

The project was able to develop ideal guidelines in regard to handling credit among the grassroot people. Regular supervision and encouraging repayment just after obtaining credit was found as a method which can ease the burden of indebtedness earlier so that income received from new earning activities can be saved.

The MVRD project has shown that facilitators can play an invaluable role in motivating and assisting people under programmes of self-reliant development. Appointing educated and qualified people from outside the community was more effective as they can start mobilizing people as a new venture.

## **5.2 Sustainability**

One specific objective of this study was to examine the sustainability of the participatory development method which was intended to be evolved. As the researchers observed, the sustainability of this development mechanism is based on the sustainability of different elements which interact with each other. Among these elements, the organizational system, income-earning activities and the revolving fund are prominent.

According to the study, most of the income earning activities cannot be operated sustainably in the project area due to several reasons. The failure of many income earning projects in the two project villages has discouraged the repayment of loan installments by breaking the sustainability of the revolving funds there. The same has become a reason for the people to keep away from participating organizations and also for the failure of their operation.

In Panabokka village, where there were many sustainable income earning activities, the repayment of loans has also shown a signal of improving the sustainability of the revolving fund, simultaneously improving the strength of the organizations. However, in this village, the expansion of a number of income earning activities like cattle farming and goat keeping has already become a barrier due to the reason of the limited capacity to absorb more under the condition of scarcity of resources. This is demonstrated by the remaining amount of about Rs:40,000/- in the revolving fund without being utilized by anyone to commence any income-earning activity. This reason will not be an issue for the sustainability of the methods evolved by this study, if they are practised in a location where there are adequate resources, other conditions being equal.

The long term sustainability of community organizations in the village is still a question. There is no top level organization to monitor and supervise the activities in the community co-operatives regularly. The Co-operative Department does not have the resources to do so. To fill this gap, a local committee consisting of local social workers and well wishers of the village was appointed to function in a supervisory and advisory role. Still it is too early to assess the progress of this committee.

### **5.3 Replicability**

The replicability of the MVRD project is not questionable as replication was given more emphasis from the beginning of the study. Most of the work of the project was done by the community members themselves rather than by project implementors and facilitators who mostly functioned as guides. For replication of a similar type of method, a separate organization is required at provincial or national level, to take up the responsibility of implementation through its intervention as a co-ordinator, supervisor and evaluator. The Department of Rural Development is already performing similar work which has to be performed by an institute which would take the responsibility to implement a project like the MVRD.

## 5.4 Constraints

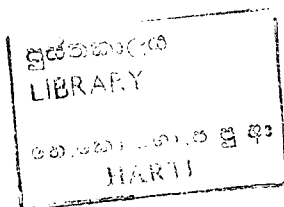
There were many constraints faced in making the MVRD project a success. Some were problems related with project implementation while others were about the sustainability of income-earning activities started. There were internal problems in regard to the people in project villages while there were external problems connected with obtaining services from various institutions.

The attitude of village people and their response to external development interventions were one major internal problem faced in implementing the project. They normally expect attractive benefits from outside development interventions which could not be fulfilled by the MVRD project immediately or perhaps later.

It took a long period of time to get the involvement of the community members for necessary actions, required for them to adapt to credit disciplines, such as saving money, obtaining credit and its recovery etc. This factor led to delaying the issue of CIRDAP seed money to the revolving funds in community co-operatives which contributed to the slow process of commencing income-earning projects.

The factions and conflicts based on kinship, party politics or rival groups became a frequent problem that broke down the social integrity. Especially in periods of Parliamentary or Provincial Council elections, disunity was a basic characteristic in the project villages. These conflicts badly affected the working environment among the community members of the Co-operative Societies. Sometimes this affected the holding of co-operative meetings due to adequate numbers of not attending.

Non-availability of a sufficient number of people with leadership capabilities and skills was a great barrier to implementing the project in the two project villages, Akkaraseeya and Pahalatambavita. The educational level as well as the knowledge of the people was at a low standard. Resultantly the same group of people had to become office bearers of the village co-operative even in a situation where there were complaints against them and, in some



cases, they also wanted to resign. There was no one with capabilities to lead the co-operative by accepting the leadership.

The weaknesses in the provision of services by the various service organizations in the area, including the Department of Co-operatives and the Department of Animal Production and Health constituted a problem in implementing the project properly. These institutions had various issues such as the lack of staff and transport facilities. So, the people who started income-earning activities could not obtain the services of the relevant officers, such as Veterinary Surgeons, in time. This hampered some activities like animal husbandry.

Lack of an attractive market for products already produced and intended to be produced by the people was another problem which affected the development of various income-earning activities which were so important to provide benefits to the people and thereby attract them to the project.

The marketing problem discouraged the growth of incomes and affected the repayment of loan installments of the beneficiaries who commenced various income earning project by obtaining project loans.

### **5.5 Recommendations from the Project**

Developing a successful rural development model village should be a combined effort of various institutions and agencies involved in various aspects of policy or programme formulations, implementation, and service supplies. Individual interventions cannot overcome all the issues which have diverse aspects to be taken into consideration. Hence isolated and adhoc interventions, especially in organizing and promoting people at different directions, would not give gainful results. This type of participatory development interventions must be a part of a district or regional level development programme where all line agencies are involved in development of various aspects. Different organizational strategies should be tested in different locations under such a combined development effort.

Further, experiments are needed in this regard to find ways and means of establishing united organizations with sustainable characteristics to unite all the people in village where there are factions, conflicts and heterogeneous characters developing under the economic transformation taking place at present.

With regard to community development, leadership in the village is considered as a key element. The MVRD project at its end period faced a lot of problems due to lack of leaders in the project villages. So, attention is required to follow the correct methods to develop leadership skills and capabilities of the village people.

There should be some type of control intervention of NGO's in village development on the basis of a clear set of guidelines. Otherwise their intervention by way of pumping a bulk of resources in the form of aid will hamper the possibilities of motivating people for their self help development for which they have to depend much on their own capabilities and resources. All resources provided from outside have to be linked to the community organization, in the village, by preparing a common development programme by taking priority issues into consideration

The availability of a top level institution to carry out continuous supervision and monitoring of the activities of grass-root community organizations and to provide the necessary guidelines and advice in addition to auditing their financial activities is a vital need. In view of the fact that community organizations are registered as Co-operative organizations, the Department of Co-operatives is supposed to perform some duties mentioned above, but it is not doing so in the face of various issues it has including shortage of staff and weak transport facilities etc. However, availability of a separate institute with specific knowledge on rural development is more advantageous for the purpose.

Further attention is needed to create an environment in the village set-up in order to make all efforts in encouraging rural masses for the empowerment process fruitful and viable. At present rural people have no better environment to achieve economic advancement by doing investments on a large-scale. Under the liberalized economic policy framework, infant industries in the village cannot compete with high quality low price products and other

imported substitutes for local products. Government intervention is needed to provide an opportunity to the grassroot industries to compete with imported products. Examination of the type of goods which have a heavy demand locally as well as globally and the provision of timely training and knowledge on viable technology in addition to helping them to establish market links between exporters and local producers or collectors are very important in this regard.

#### **5.6 The suggestions for successfully implementing action research project**

At present all programmes, projects and strategies in relation to grass-root development initiated by all departments, institutions and organizations especially coming under the Ministry of Agriculture, Lands and Forestry have been linked with a programme called "AMA". "AMA" is a participatory and integrated local level implementation strategy of all programmes and projects of all institutions coming under the purview of the Ministry of Agriculture, Lands and Forestry. Under this programme all officers as well as Farmer Organization leaders in a particular Agrarian Services Centre area meet together frequently to take decisions regarding the preparation of a common and integrated development programme and its implementation.

The "AMA" programme won government's fullest support and also it is a programme where all officers in service institutions are joined to provide their services. Considering it as an integrated development programme, there is a better environment to implement the "MVRD" type model village project in an area where the "AMA" programme is operating well and also where resources are available for the people to promote productive investments and income generations.

## REFERENCES

1. Central Bank of Sri Lanka (1996), Annual Report
2. Department of Census and Statistics (1996). Sri Lanka Labour Force Survey, Final report, 1992.
3. Morapaya, R.B. (1989). Integrated Rural Development - Sri Lanka, State of the Art Series (a collaborative study with CIRDAP), Sterling Publishers Private Ltd.
4. World Bank (1993). Social Indicators of Development, 1993.
5. World Bank (1993). World Development Report, 1995.
6. UNDP (1995), Country Human Development Indicators.
7. Rao, V.M., Pairs, G.H. & Tilakaratne, S. (1984). Planning for Rural Development; The Experience of the District Integrated Rural Development Programme of Sri Lanka, ILO Publication.
8. Ratnayake P. (1992). Towards self-reliance and Rural Development; A Policy Experiment in Sri Lanka, Karunaratne and Sons Ltd.

