Participatory Evaluation for Rural Development in Sri Lanka

Two Bank-supported rural development projects in Sri Lanka have proven the value of community participation in both the planning of a project and in the evaluation of its results, according to an impact evaluation by OED*. The two projects, carried out in the 1980s, adopted a top-down, "blueprint" approach and did not involve local beneficiaries in planning and design. The shortcomings of these methods became apparent during the evaluation process, which involved farmers, households, community organizations, and government workers. Through the process of participatory evaluation, there emerged an increased awareness of the ways in which participation in all phases of a project can lead to success.

The two Bank projects did not establish a replicable model for other districts, but they did provide valuable lessons that have since guided Sri Lanka's integrated rural development program. This program has evolved considerably over the past decade. Current projects encourage beneficiaries to participate and use process planning rather than an inflexible blueprint approach. Process planning—a learning by doing approach—requires longer times for pilot testing, implementation, training beneficiaries in participatory methods, and building community organizations, but the results indicate that it is worthwhile.

Sri Lanka's experience in the early Bank-assisted projects makes a very strong case that full local participation must become an integral part of project planning, implementation, and evaluation.

Project objectives

In the 1970s, Sri Lanka launched the Integrated Rural Development Program to support development in disadvantaged areas that had not benefited from major government investments in irrigation or industrial infrastructure. The two projects, supported by IDA credits, were the Kurunegala Rural Development Project (KRDP), approved in 1979, and the Second Rural Development Project (SRDP), approved in 1981. The credits, of $34 million and $40 million respectively, financed a range of investments in productive and supporting infrastructure designed to increase farm production and rural incomes. KRDP was the first attempt at multisectoral planning for an entire district, and was designed to produce a replicable regional development model centered on agriculture.

The projects' objectives were ambitious and their operations extensive and complex. KRDP centered on agricultural development by (1) rehabilitating or improving 500 small irrigation tanks and nine medium and major irrigation schemes; (2) expanding agricultural facilities and services, including credit, to encourage more intensive use of agricultural inputs; and (3) stepping up subsidy programs for replanting, intercropping, and fertilizing small-holder coconut plantings. Complementing the productive components, which accounted for nearly four fifths of project costs, were investments in rural infrastructure for health, education, transport, water supply, and electrification.

SRDP concentrated on two districts bordering Kurunegala—Matale and Puttalam—and had similar objectives to KRDP, with additional components in forestry, fisheries, and export crops. The three districts are among Sri Lanka's poorest, and approximately 90 percent of their populations live in rural areas.

Outcomes

The projects were carried out during a period of significant economic change. In some cases, they were overly ambitious. Despite the poor showing of some of the productive components, the projects were recognized by beneficiaries as having created valuable public assets such as extension services and infrastructure (especially roads), and as having provided credit to finance a range of private capital assets, particularly small tractors.

The results showed that farmers are interested in diversification, but because of widely fluctuating prices for most crops, they are hesitant to take up a new product or adopt different technologies. Escalating labor and input costs, and the collapse of international market prices for important export crops, diminished the success of the projects' agricultural components.

Neither project met its productivity targets, which were too ambitious. Output of paddy rose less than expected for a number of reasons. In the KRDP, the extent to which planted areas could be increased was greatly overestimated. Design and construction flaws in these schemes also reduced benefits. Nevertheless, yields in project areas did increase faster than the national average and those in project schemes increased more than in the districts as a whole (see table). Increases in production of export crops and coconuts also fell short of targets because of rising labor and fertilizer costs, and because of overly ambitious expectations.

Almost all social infrastructure targets were met and many were exceeded. Some 174 miles of new roads were built. Road works greatly improved access to villages, irrigation facilities, and schools, and increased employment opportunities. Other construction included village electrification schemes, wells and tubewells to supply domestic water, equipment and residential quarters for schools and training centers, and equipment for hospitals and health facilities.

The credit component had mixed results. The medium-term credit component was well received, especially for the purchase of two-wheel tractors. However, the number of short-term loans for cultivation fell below expectations because most farmers preferred to borrow from informal sources, which had simpler procedures. The number of farmers obtaining credit from formal institutions increased but never exceeded 3 percent of the rural population (or about 5 percent of the farmers). Thus, the objective of developing a credit system that would reach a significant number of the poorest farmers was not achieved.

Impacts

Economic impact

The impact evaluation found that the project has had a lasting effect on household incomes. In Kurunegala and Puttalam, increases in crop production have boosted household incomes by 20 to 30 percent. In Matale, the corresponding figure may be greater than 50 percent. Paddy yields in project areas have increased more rapidly than elsewhere in the country, infrastructure improvements have provided significant benefits, and line agencies have significantly expanded their capacities. From an economic point of view, paddy has performed better than coconuts or export crops.

Economic rates of return for the productive components, estimated at impact evaluation, were just under 10 percent, compared to the original estimates of between 24 and 34 percent. Changes in relative prices have had a negative effect on paddy and coconut producers. The real value of returns of small producers has dropped as paddy prices have failed to keep up with inflation. Producers of cocoa, coffee, and peppers have fared somewhat better.

Socioeconomic impact

Beneficiaries were clearly dissatisfied with some aspects of the productive components, yet the overall goals of reducing inequality, raising incomes, and improving the living standards of rural populations were partially met.

Important equity issues affected the distribution of benefits. The projects did not have the expected impact on the smallest farms and poorest rural residents. It was originally expected that the majority of beneficiaries would be smallholders with 2 acres or less and with household incomes below the poverty line. However most beneficiaries, particularly coconut growers, had larger holdings than this.
A number of factors diminished the impact of rehabilitation works: lack of beneficiary involvement in project design and implementation; little attention to downstream work; a drought in the late 1980s; and inadequate maintenance. Irrigation structures have deteriorated considerably also because of a shortage of experienced contractors and poor quality control. Major schemes have been maintained more regularly, have undergone subsequent rehabilitation, and are in better overall condition than the minor schemes. There were also problems with the hand-pumps for village water supplies. Many have been rehabilitated with the help of other donors and nongovernmental organizations (NGOs).

Institutional impact

KRDP and SRDP were innovative in that they relied on existing line agencies and departments to carry out the projects, and were in line with the government's objectives of decentralizing planning and budgeting. Their greatest strength lay in their successful improvements in the implementation capacity of line agencies.

The two projects also affected the design and implementation of later initiatives of the Integrated Rural Development Program. However, because project funds remained in the hands of central ministries, decisionmaking remained centralized. Planning and horizontal coordination among agencies was weak, largely because the responsible agencies had been excluded from the original planning process.

The projects did provide useful lessons for later projects, especially in their use of existing institutions and their multisectoral, integrated approach to district-level planning.

Sustainability

The sustainability of the assets created under the projects remains uncertain. The project planners did not consider how benefits would be sustained after the projects closed, and they did not adequately include beneficiaries in planning and design. Thus, local communities did not develop a sense of ownership in the projects and were reluctant to maintain them.

The projects did not encourage the involvement of user groups, which are essential for operation and maintenance. Farmers tended to see user groups promoted by the government as imposed from the outside, and did not often participate. To date, the most successful groups have been initiated and are run by users themselves.

Despite impressive achievements in rehabilitation, replanting, and underplanting schemes, beneficiaries often have not continued with recommended management practices (applying fertilizer, weeding, and conserving soil and moisture through drains and pits). For example, only 11 percent of beneficiaries of the coconut replanting scheme have continued to maintain field drains, largely because of escalating labor costs and limited perceived benefits. Some farmers also mentioned serious delays in receiving the first credit installment as the main reason for dropping out of the scheme.

The views of beneficiaries

According to an independent evaluation of beneficiaries (see box),

**Participatory evaluation**

The goal of the evaluation team, led by Vanda Altarelli of the UN Food and Agriculture Organization (FAO), was to determine the changes brought about by the projects in "real life" situations and to learn from both the successes and failures.

Given the very broad coverage of the projects, the evaluators concentrated on the components aimed at increasing agricultural production, which accounted for about 80 percent of costs in KRDP and 80 percent in SRDP, respectively. The evaluation made an economic analysis of project benefits and covered infrastructure, institutional development, irrigation rehabilitation, coconut and export crops, and credit.

The evaluation team used a variety of participatory techniques to obtain the views of principal stakeholders, direct beneficiaries (particularly farmers), line agencies, project managers, and the government. Information was gathered from observations, individual interviews, and focus groups with farmers and villagers. Quantitative data obtained from these sources, combined with official statistics, allowed statistical inferences to be made about factors such as income and production levels in the project areas.

The evaluation assessed project effects at both the district and household levels. It examined the distribution of benefits, the effects on regional disparities within districts, and the impact of specific components on households. The analysis uses two methods of assessing the impact on households: farm models representing the situations of typical holdings with and without project interventions and estimates from beneficiaries of changes in sources of their incomes after the projects.

The main conclusions of the evaluation report were discussed at a workshop in Sri Lanka in March 1990, organized by the Ministry of Finance and Development. The OED report is based on the report of the FAO team and incorporates the major issues raised at the workshop. Group discussions at the workshop focused on how approaches to rural development had changed since the two projects were designed, and on the implications of experience with these projects for future rural development efforts.
beneficiaries recognized that irrigation rehabilitation works increased the availability of water, allowing farmers to increase yields and enlarging the area in which a second crop can be grown during the spring monsoon season. They also said the new water wells helped improve health, especially among children. Farmers felt positive about the availability of improved seed varieties, the introduction of early maturing varieties, and extension advice. Small electrification schemes, which helped the expansion and growth of small- and medium-sized enterprises, created an estimated 2,000 jobs in the three districts.

Beneficiaries said the roads were the most useful addition to their daily lives, especially in areas where new roads replaced footpaths. The roads allowed buses and trucks to reach villages and permitted villagers to travel to other areas, expanding job opportunities and greatly improving access to markets and health and educational facilities.

However, the majority of farmers felt that the projects missed an opportunity by not involving them more in the design, implementation, and oversight of the rehabilitation works. Farmers often felt that practical issues and concerns they had raised during implementation were not adequately addressed. The design of the Kurunegala project, for instance, was discussed with beneficiaries only after implementation was well under way. For SRDP, preliminary meetings provided an opportunity for farmers to express their concerns, but budget constraints limited the tackling of some important issues.

Farmers also felt that, being physically close to the projects, they could have exercised better quality control over the works. Farmers reported that they had conflicts with contractors in more than half the schemes inspected. When farmers were involved in all stages of the work, as in some other schemes, the structures were being maintained properly. In a few cases, farmers had even contributed group funds to the rehabilitation of the schemes.

**Lessons**

*Flexibility of design and implementation is more effective than a blueprint approach in rural development schemes carried out in several regions with differing conditions.* Today, the blueprint approach of the early projects has been replaced by a more flexible, process oriented approach, in which projects follow one- to two-year rolling plans using a learning-by-doing arrangement that relies heavily on people’s participation (this approach calls for much longer implementation periods than those readily compatible with the Bank’s typical project cycle and procedures, and a more gradual build-up of activities). Sri Lanka’s current rural development projects are poverty oriented, encourage grassroots participation, use process rather than blueprint planning methods, and see monitoring as a management tool.

Participation by stakeholders and beneficiaries in all phases of a project—**including evaluation**—is extremely important for long-term sustainability.

Public sector agencies and village level organizations need to be directly involved in maintenance. Institutional arrangements for these aspects of the projects need to be planned at the design stage. Collaboration with beneficiaries is also needed to monitor a project’s performance and effects. This helps choose truly significant variables for monitoring and ensures sufficient “ownership” of the monitoring process to carry it out effectively.

Participation turned out to be the key to many improvements in project design, and led to considerable changes in subsequent projects. Today, the Integrated Rural Development Program is considered very successful. The 16 projects that have been carried out since KRDP and SRDP (and four others planned) actively involve the private sector and NGOs in bottom-up initiatives conceived and requested by beneficiaries. The government facilitates the provision of services, rather than seeking to provide all the services on its own. In today’s projects, groups of villagers (tank committees, farmer organizations, water user groups) are expected to assume responsibility for operating and maintaining facilities at the village level.

Focus on poverty alleviation. The projects treated the entire rural population of the region as the target group, making no specific attempts to identify and focus development efforts on the poor. Project activities need to be selectively targeted if the most disadvantaged groups are to benefit, and this has received greater attention in later projects.