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## HAMBANTOTA INTEGRATED RURAL DEVELOPMENT PROGRAMME, SRI LANKA

by
Chr. Michelsens Institute

# Evaluation of Hambantota Integrated Rural Development Programme (HIRDEP)

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Final Report

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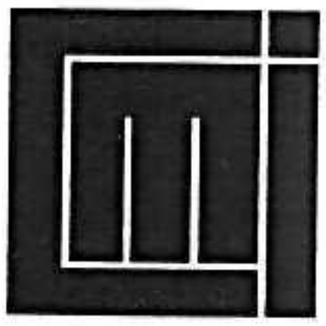

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# List of Abbreviations, Acronyms and Sinhala Terms

| | |
|---|---|
| AD | Assistant Director |
| AGA | Assistant Government Agent (the acronym is used for a specific post, as well as to denote a particular administrative level/area) |
| *chena* | rainfed upland farming |
| DCB | Decentralised Budget |
| (D)PU | (District) Planning Unit |
| DS | Divisional Secretary |
| GA | Government Agent |
| GM | *Gramodaya Mandalaya* (Village Development Committee) |
| GOSL | Government of Sri Lanka |
| GS | *Grama Sevaka* (Village Officer — now called *Grama Niladhari*) |
| HIRDEP | Hambantota Integrated Rural Development Programme (some reports use the name Hambantota District Integrated Rural Development Programme) |
| IDB | Industrial Development Board |
| IMF | International Monetary Fund |
| IRD(P) | Integrated rural development (programme) |
| *Janasaviya* | Poverty Alleviation Programme of Government |
| JVP | *Jathika Vimukti Peramuna* (National Liberation Front) |
| *maha* | the heavy rainy season — the north-east monsoon (Nov-Jan) |
| MP | Member of Parliament |
| MPI | Ministry of Plan Implementation |
| MPPI | Ministry of Policy Planning and Implementation (MPI changed to this name as from 1989) |
| NGO | Non-governmental organisation |
| NOK | Norwegian kroner |
| NORAD | Norwegian Agency for Development Cooperation |
| NYSCO | National Youth Service Council |
| PC | Provincial Council |
| PIO | Planning and Implementation Officer |
| PPU | Provincial Planning Unit |
| PS | *Pradeshiya Sabha* (Divisional Council) |
| RDD | Regional Development Division (of MPPI) |
| RRDB | Regional Rural Development Bank |
| *shramadana* | voluntary labour |

| | |
|---|---|
| SIDA | Swedish International Development Authority |
| TCCS | Thrift and Credit Cooperative Society |
| *yala* | the light rainy season — the south-west monsoon (May-Sep) |

## Exchange rate

1 Sri Lankan rupi (Rs) = 0.15 NOK
1 US Dollar = 40 Rs.

# Preface

This study has been commissioned by the Evaluation Unit of the Royal Norwegian Ministry of Foreign Affairs. It has been carried out by a team of independent researchers under the coordination of the Chr. Michelsen Institute. There was no team members representing either Sri Lankan or Norwegian authorities.

The Hambantota Integrated Rural Development Programme (HIRDEP) was the first of its kind financed by Norwegian aid. Later a number of similar programmes have followed in other countries. They have all to various extent been influenced by the experiences from Hambantota. HIRDEP has undoubtedly been one of the most influential learning grounds for Norwegian aid. It is also evident that the Government of Sri Lanka regards HIRDEP as a programme that has generated and disseminated valuable experiences in the field of rural development.

This experience is well documented, but it is scattered in numerous project documents and sector specific studies. For several years, Programme authorities, NORAD and MPPI have expressed the need for a comprehensive evaluation, as an attempt to get an overall picture of achievements and failures. To what extent are the HIRDEP experiences — "the HIRDEP model" — replicable and sustainable? The study had to be delayed for almost two years due the political violence in the South.

The present study was initiated in June 1990, and it has taken one year to complete it. This report represents the aggregated outcome of an extensive evaluation process, involving a series of part-studies, two seminars, and numerous interviews and meetings with people who have been involved with HIRDEP as implementors or observers.

We have made a conscious effort to design the study in close collaboration with those who will be its main readers. The study comes at a critical moment in the history of the Programme, facing the challenges of rapid transformations in its political, economic and social environment. It is our hope that the study, and not least the process behind it, will be a valuable resource and tool in the work now going on to identify the core elements of a future HIRDEP.

Numerous people have contributed throughout the study. First and foremost we have to thank the authors of the nine part-studies (their names are listed in Annex 4). Their reports constitute the backbone of this evaluation. Special thanks go to the staff of the HIRDEP Office in Hambantota and NORAD-Colombo, for their open and free exchange of views and information, and not least for their

substantial contributions to the practical arrangements for the evaluation. Mr. A.P. Chandrasena, Dr. M. McCall, Mr. R. Weerasinghe and Mr. E. Dahl deserve a special mentioning. Thanks also to the Regional Development Division for their support throughout.

We are grateful to the many individuals, government officers and others, who generously accepted our hectic schedule in Hambantota and gave us their time. We have indeed benefited from the amicable and cooperative atmosphere created in the wake of HIRDEP. Thanks to the Evaluation Unit for a challenging assignment and good cooperation.

Last, but certainly not least, we must thank the staff at the Chr. Michelsen Institute for their expedient service. A special thank to Ms. Lisbeth Ohlen for her assistance and enjoyable company during the fieldwork, and to Dr. Armindo Miranda for his support throughout the study.

Of the many who have influenced the content of this report, some will recognise their findings and ideas, others will no doubt take issue with some of its conclusions and recommendations. While we acknowledge their contributions, we alone are responsible for what it has to say.

Bergen, July 1991

Alf Morten Jerve, Wilbert Gooneratne and John Moore

# Executive Summary

## 1. Background

### *1.1 Aim of the study*

In its twelve years of existence, a comparatively long history for an aid programme, the Hambantota Integrated Rural Development Programme (HIRDEP) has been accorded much attention in Sri Lanka as well as Norway. This concerns the operational model and several of the experiences and strategies emanating from it. Both governments claim it to be a successful programme — a view which has been supported by earlier studies.

Although HIRDEP as not yet been subject to a comprehensive evaluation, its experiences are well documented. It is probably the most studied of all NORAD-funded programmes. From 1978 to 1991 not less than 125 sectoral and project-based studies and reviews were prepared. In addition there are numerous independent research reports.

The past of HIRDEP has largely been depicted as a success-story. From a methodological point of view it is difficult to challenge this image. First of all, there is no reliable yardstick for measuring the development impacts of the programme. HIRDEP's contributions notwithstanding, they remain as drops in the ocean and widely spread out as well. Secondly, much of the positive image of HIRDEP relates to the process of the programme itself. It was conceived as an open-ended programme and not a blue-print design with clear projections as to its tangible effects. It follows from this approach that the goals formulated for the programme have been too general to be used as templates for measuring success.

The primary aim of this evaluation, therefore, has been to better understand the dynamics of the HIRDEP *process*: what have been the key factors involved and the relationship between the process and the outcomes of the programme. This forms a key input to a discussion of the future of HIRDEP. The question is whether the model of the past is an appropriate instrument for meeting the challenges of the future.

### *1.2 History*

HIRDEP was officially initiated on the 30th October 1979, with the signing of an Agreement between Norway and Sri Lanka. The first consultations started two

years earlier, and the first projects had been approved already in 1978. The concept of a multi-sectoral development programme developed gradually. The process disclosed the lack of a coherent policy framework on the part of the Sri Lanka government, despite the launching of a national IRD Programme at the same time.

In addition, the MPI and NORAD did not share the same perspectives on planning and the potential role of the programme. Sri Lanka wanted an efficient financing mechanism for sectoral projects. Norway envisaged a more sophisticated multi-pronge development strategy based on integrated planning. The picture was further complicated by diverging opinions within NORAD on how to implement such a strategy — comprehensive long-term planning or incremental process planning. The Agreement signed, with its lack of specificity, was a compromise. It did not prescribe what HIRDEP should do or what it should achieve, in any precise terms. Its main contribution was a set of guidelines for planning and organisation, which laid the foundations for what later has been termed "the HIRDEP model".

The Programme had invested a total of Rs. 570 million up to the end of 1990, excluding the recurrent costs of the District Planning Unit and certain expenditures paid by NORAD directly, e.g. scholarships, consultants and expatriate advisors. The total expenditure for NORAD for the same period is NOK 150 million. A total of about 400 projects have been initiated, covering virtually all sectors and involving more than 30 different implementing agencies at district level. In addition comes the AGA Divisions and village-based organisations.

## *1.3 Objectives and strategies*

The broad objectives outlined for HIRDEP reflected the lack of specificity in the national IRD programme, as well as the flexibility of NORAD:

> The Programme aims at achieving an *increase in income, employment and production* as well as *improvement of social conditions* and living standards of men, women and children in the Hambantota District, with special *emphasis on the poorest and disadvantaged* groups.(Our emphasis)

Although these objectives are very broad, they do specify a target group. At the same time benefits are not to be denied to the non-target group population and, indeed, many projects do not, in practice, have a specific target-group orientation.

While the objectives of HIRDEP are very broad, the institutional framework within which the objectives were to be achieved, was formulated in more specific terms. This was, in brief:

- an integrated approach inter-relating efforts in different fields;
- a recurrent, revolving plan with an annual cycle;

- evolving a sustainable and self-reliant planning capability for the district; and
- participation by the concerned population in decentralised planning and implementation.

Responsibility for planning, implementation and monitoring was vested in the Sri Lankan Government. To this end provision was made for strengthening the District Planning Unit.

In Sri Lanka HIRDEP was the first IRDP to adopt the recurrent planning approach in preference to a blue print approach. In this respect HIRDEP as been used as an example and teaching ground for other NORAD-assisted programmes elsewhere, e.g. Tanzania and Kenya. Many observers stress the pioneering role of HIRDEP with regard to its flexible planning, and its way of operating within the existing local administration.

Through this approach and its process of learning, HIRDEP over time changed its focus. We can distinguish four different approaches to rural development in HIRDEP. HIRDEP today retains elements of all four, but chronologically their emphasis have differed. These approaches are:

- sectoral programmes (dominated the first years from 1978 to 1981);
- area development programmes (1981 to 1983);
- participatory and local level planning (1983 to 1985); and
- mobilisation of beneficiaries (1985 to 1987).

Two further types of programme, institution building and training, could also be identified, though these are normally an integral part of the broader types of programme.

## *1.4 HIRDEP today*

The current annual and actual expenditure is in the tune of Rs. 75 million, while the budget estimate for 1991 runs at Rs. 122 million. Only 50 per cent of the estimate is projects that have been finally approved by NORAD (as of March 1991). The allocation from Treasury is Rs. 102 million. The Work Programme for 1991 is made up of 64 different projects. At present there are 47 projects under implementation.

The projects range very widely in scale and sectoral coverage. The largest projects are found in Water Supply, Irrigation, Roads, Health, Education and Local Level Planning. The latter covers almost 30 per cent of the budget.

In recent years there have been major disruptions to HIRDEP: caused by civil disturbance; by changes in the administrative structure; by changes in personnel

in both the Planning Unit and NORAD-Colombo; and by redeployment of field personnel. The work load of Planning Unit Staff has also remained inordinately high. It would seem that as a result there has been some loss of momentum in HIRDEP, as well as of rigour in the project identification and planning process. There is also little doubt that salary levels, when weighed against rising costs of living, and the paucity of amenities in Hambantota, do not act as a strong incentive for the staff of planning and implementing agencies.

### *1.5 A changing environment*

The need for a comprehensive evaluation of the programme at this stage is strengthened by a number of factors placing the Programme at a turning-point in its history:

- In 1987 the Government of Sri Lanka decided to introduce a major reform of the regional and local administration of the country (the Provincial Council Act), creating a strong provincial level, weakening the district administrations, where HIRDEP is anchored, and enhancing the role of the AGA Divisions by forming new local governments — the *Pradeshiya Sabhas*.
- The Southern Province is in the process of re-settling after 2-3 years of violent political conflict.
- There has been a general worsening of public financing over the recent years. The growth of the economy has averaged just about 2 per cent, resulting in a loss of revenue. This is coupled with the escalating costs of the war in the north and east.
- Processes of impoverishment are hitting greater segments of the population, which has led to calls for large-scale employment creation and the establishment of a social welfare "safety nets".
- With the liberalisation and opening-up of the economy, the role of the private sector has ben increasing.

Adding to this picture of change, there is an on-going process in Norway of reformulating aid policies and strategies. This may lead to a redefinition of the role of NORAD, which in the case of HIRDEP has been characterised by a very close involvement with the Programme, though not as implementor.

## 2. Assessment of achievements

### *2.1 Organisational perspective*

When evaluating "the HIRDEP model" and its future sustainability, one should bear in mind that the present HIRDEP is not the product of a carefully worked-out development strategy consistently followed over time. What has characterised HIRDEP has been the sustaining of a continuous and constructive learning

process. This has been greatly facilitated by a remarkable high degree of continuity in personnel and policies on the part of all the key actors, and the informal relationship and mutual trust developed between NORAD, MPPI and the HIRDEP administration.

This evaluation concludes that the innovative capacity of HIRDEP stands out as its main organisational achievement. This is first of all a result of the flexible planning process, based on annual revolving plans, but it would not have developed without the build-up of the Planning Unit as something more than a typical government agency. The Planning Unit became a local "centre of excellency", think-tank, catalyst and efficient implementing machinery.

This situation is not unique in aid programmes. The special achievement of HIRDEP is how the innovative processes became integrated with the established system. Innovation has been most remarkable within the area of community or village level development, through experiments with participatory and integrated planning.

This role of the Planning Unit would not have been possible without the special patronage offered by NORAD, which apart from financing has had a great impact by:

- providing an alternative channel for policy dialogue outside the government system;
- giving incentives to workers that were not achievable in ordinary government service; and
- empowering the Planning Unit, formally as well as informally, in project decision-making.

There are reasons to believe that a future HIRDEP will depend as much on this kind of commitment on the part of NORAD, as we have seen in the past.

HIRDEP has not succeed in becoming part and parcel of a district level development planning and coordinating machinery, mainly due to factors beyond its control. But there has also been a noticeable trend of HIRDEP gradually becoming more of an implementing agency rather than remaining as a financing and coordinating mechanism.

Also, the external national policy framework cannot explain the apparent shortcomings within HIRDEP in terms of long-term planning and overall strategy formulation. This situation we mainly see as a consequence of the planning system of HIRDEP, which encourages the short-term and incremental.

## 2.2 *Financial perspective*

The study concludes that HIRDEP has played a very positive and significant role in the financing of rural development in Hambantota District. Achievements which merit particular attention are:

- The financial efficiency of HIRDEP in the management of project funds, the channelling of funds to project activities and beneficiaries; and the keeping down of implementation costs.
- The flexibility of the HIRDEP planning mode which permits and promotes a level of investment in innovation and experimentation denied to other government agencies, and investment unconstrained by narrow sectoral considerations, thus including hitherto neglected areas.

At the same time, however, there are negative trends, resulting from factors both internal and external to HIRDEP. These trends raise issues which must be faced in succeeding phases of the project. Of these the following are of most concern:

- HIRDEP investments have become characterised by a very wide spread but with only very weak functional interconnections between them. This may reflect the lack of an overall-strategic framework and hence an attempt to cover too many problems in isolation, and pressure from underfinanced government agencies for HIRDEP to act as a gap-filler. A more focused approach to specific problem areas may avoid these dangers while retaining HIRDEP's scope for innovation.
- The increasing financial constraints on government agencies which will exacerbate the threats indicated in above, and also adversely affect the sustainability of assets created under HIRDEP. This suggests the need not only for a reexamination of the pace and pattern of asset creation but also for a more systematic search for sustainable methods of local resource mobilisation.

## 2.3 *Development impacts*

A major conclusion of the study is that HIRDEP interventions have contributed significantly towards building up the resource base of the district. As regards the productive resource base, the main impacts have been in improving smaller tank-based irrigation schemes and the development of coastal fisheries. The extent of physical assets created is remarkable, particularly in the areas of social and administrative infrastructure.

HIRDEP's support to human resources development has been considerable. Much of it has been channelled to district-based public agencies, which are now in a volatile situation. The most lasting impact will therefore come from the support to strengthening of local institutions, and the training of local leaders, entrepreneurs, women's groups etc..

The impacts of HIRDEP on standards of living are difficult to measure, but some indications are given in the socio-economic follow-up studies carried out as part of the evaluation. These show that the social welfare impacts of HIRDEP have been far more important than other impacts. There have been considerable welfare improvements (i.e. access to safe drinking water, education and health services) over the last 10 years, much of which can be directly attributed to HIRDEP interventions.

Impacts on level of production, on the other hand, have been rather limited and localised, and the specific contributions of HIRDEP are not easily discernible from other impacts, except in areas such as fisheries and specific irrigation schemes. Direct impacts on employment trends in the district have been negligible, which seem to highlight a number of problems in stimulating off-farm employment creation that need to be addressed in the future.

There has been a significant improvement in average per capita income over the last decade, and there is evidence of a close correlation between improvements in income and the nature of HIRDEP interventions in the areas studied. From the data available, however, we cannot assess the general impact of HIRDEP on the economic situation of the poorest segments of the population.

## 3. HIRDEP in the future

This Evaluation concludes that HIRDEP on the whole has been successful, and as such fall in line with most previous observers. The investigations have not disclosed any so far "hidden" characteristics or effects of HIRDEP, that is tainting the generally positive image of HIRDEP. The critical issue at this juncture is nevertheless whether Sri Lanka's IRDP-model, in general, and the HIRDEP-model as a special case, is feasible under the changing socio-economic and administrative-political environment. Notwithstanding past achievements, there is a need today to create some distance to existing models and strategies.

### *3.1 Main challenges*

The following are the main development challenges that need to be addressed forthrightly by HIRDEP:

- alleviating the crisis in employment;
- strengthening and broadening the strategies for poverty alleviation;
- meeting the challenge of emerging resource constraints in public sectors;
- moving towards a greater integration of the rural and urban economies; and
- addressing the need for long term planning for the development of the district on a sustainable basis.

The identity of HIRDEP has largely been formed on the basis of its organisational model. Evidently, this model, and not only the overall objectives and strategies of the programme, has to be challenged. The following issues are of particular concern:

- making HIRDEP an integrated part of the emerging system of decentralised development;
- securing a continuation of efforts in human resource development;
- sustaining the innovative character of the Programme; and
- extending the present role of NORAD.

## *3.2 Proposals for a new framework*

The initial objectives formulated for HIRDEP were virtually all-inclusive. The programme has no formal restrictions as regards sectoral coverage. The openness of the objectives have made them a poor mechanism for guiding action. NORAD, on its part, has been equally elusive with respect to guidelines for its funding policy, and has hardly ever rejected proposals on principle grounds.

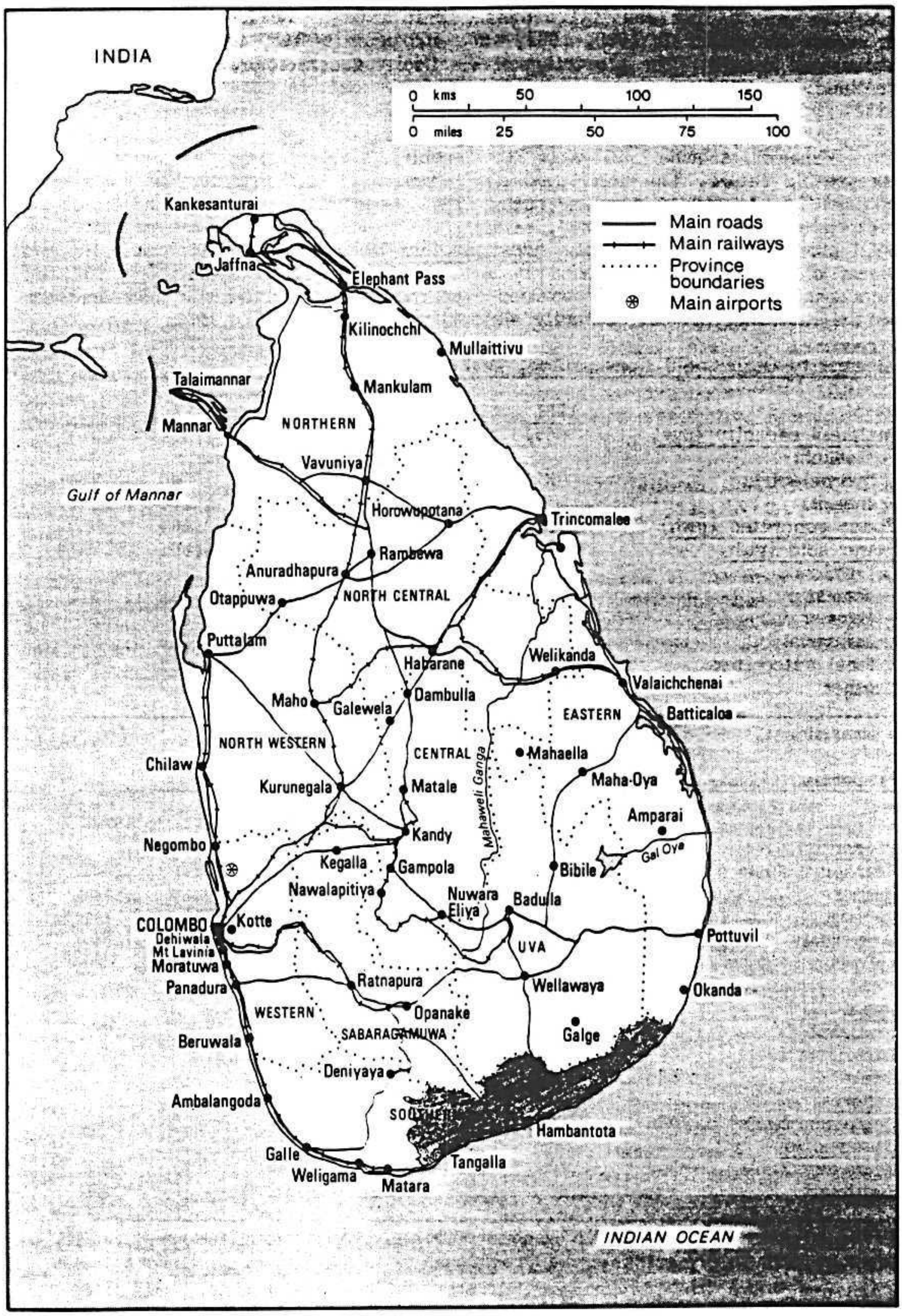
This evaluation clearly see the need for giving the programme a sharper focus, that is less ambitious, more manageable, and recognises the comparative strengths of the Programme as it is today. It is a recommendation to transform HIRDEP from a general support fund covering the whole spectrum of public agencies in the District, to a collective of a limited number of strategies or sub-programmes. It is suggested to concentrate on activities that can be subsumed under the following five strategies:

- Support to local self-government
- Public works with emphasis on employment creation
- Stimulation of private sector productive investments
- Extension, credit and service delivery to special target groups
- Strengthening of policy formulation and planning

It is suggested that the first four of these areas lend themselves to be organised as separate programmes, which we tentatively have labelled: Local Government Support Programme, Rural Employment Programme, Village Mobilisation Programme and Enterprise Development Programme. The main reason for this split-up is that the strategies all involve a different set of implementing agencies and beneficiaries, which again call for rather different operational mechanisms.

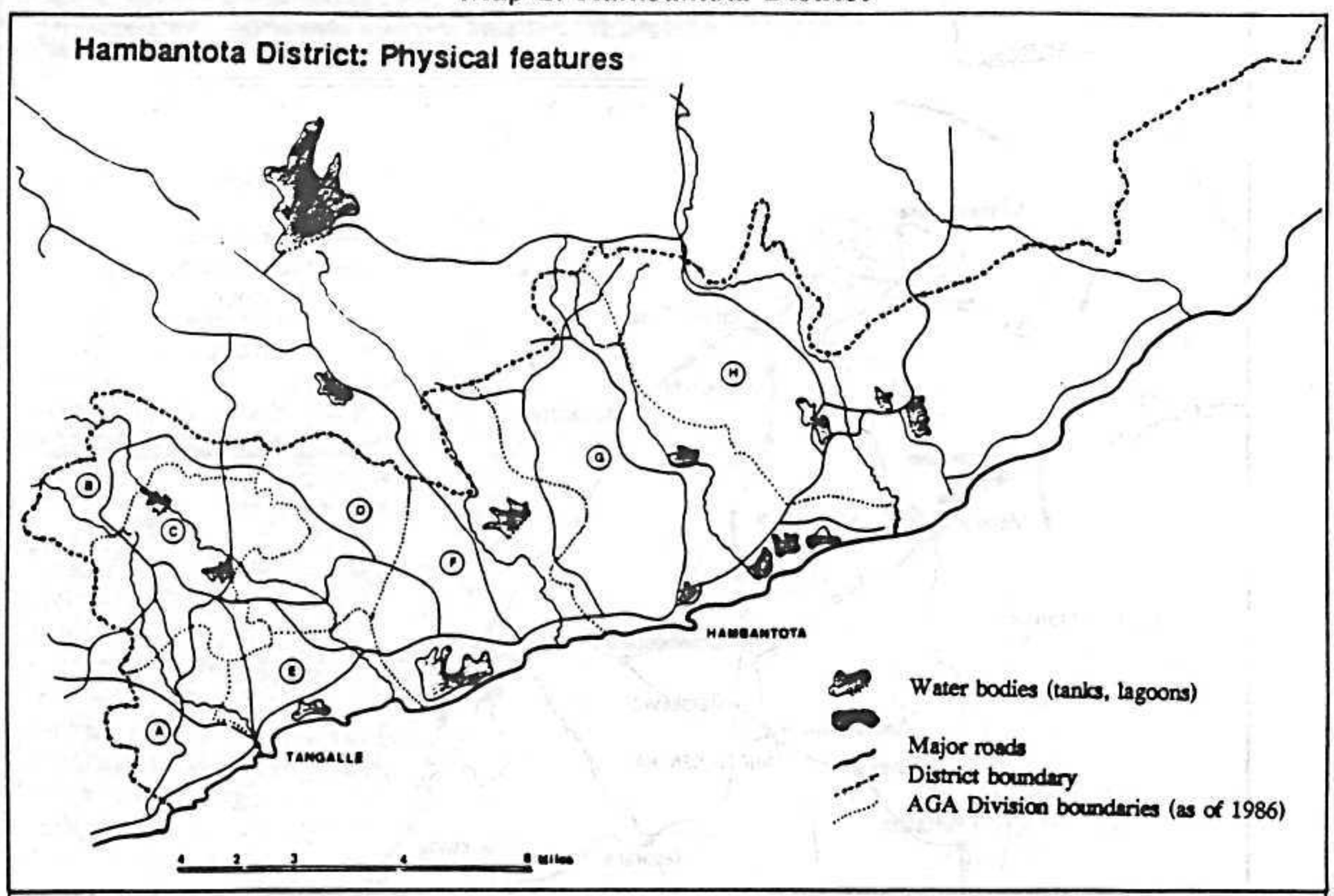
The need for a coordinating office still remains, and it is recommended to keep a HIRDEP Office in Hambantota, formally attached to the Provincial Planning Unit, that monitors the different programmes and liaises with provincial and central authorities, and NORAD.

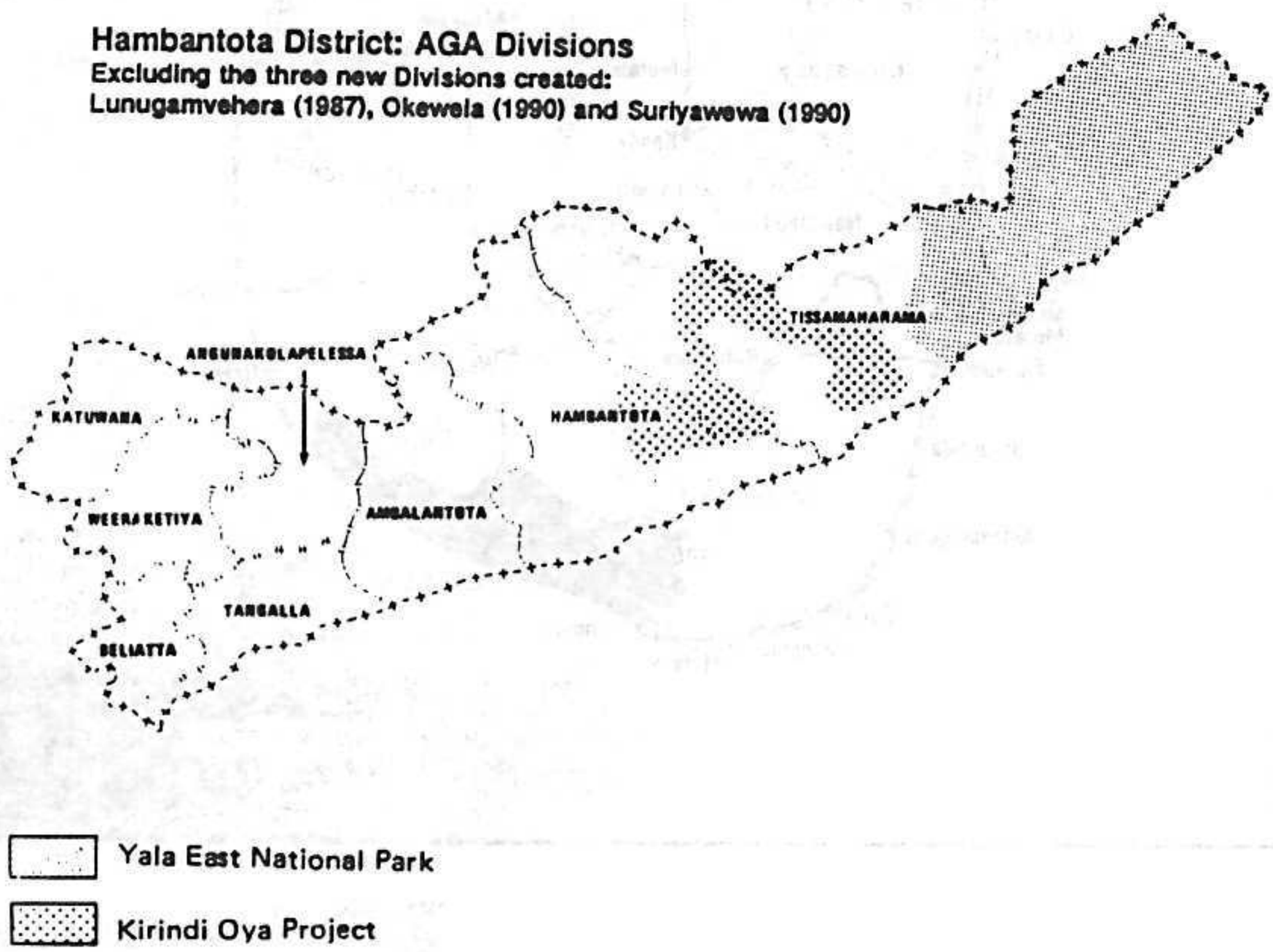
Map 1: Sri Lanka




Hambantota District

Map 2: Hambantota District



# Chapter 1
# The Evaluation: Why, How and What?

## 1.1 HIRDEP — a well-documented case

The Hambantota Integrated Rural Development Programme (HIRDEP) is currently in its twelfth year of operation. When Norway in 1976 initiated discussions with Sri Lanka on the first bilateral country programme, the interest of the donor was primarily to identify suitable sector programmes. It was the Sri Lanka Ministry of Plan Implementation (MPI) that suggested to NORAD an "area development project" under the newly formulated national programme for Integrated Rural Development. In 1977 the idea was accepted by both parties and Hambantota District was selected largely because of its coastal fisheries. This was an area were Norwegian expertise was considered particularly relevant. A number of planning studies were initiated, and by the end of 1978 the Board of NORAD approved the first allocation (NOK 5 million) to projects in Hambantota District. The first formal agreement between Norway and Sri Lanka regarding HIRDEP was not signed, however, until 30th October 1979. The current agreement formally expires by the end of 1992, while the funds approved probably will last untill middle of 1993.

From a modest start in 1978 with support to the Kirama Oya Irrigation Project, HIRDEP has evolved into a very complex programme, in terms of its scope, its strategies, its organisational set-up, and its many individual components. This reflects also another characteristic of HIRDEP, namely its complex evolutionary process. The Programme has never been guided by an overall, long-term plan. The road has been built while walking, also allowing side roads to be created.

Nevertheless — or others would say because of this mode of working, it is a programme which is extraordinary well documented, as regards both plans and progress. HIRDEP has been the subject of numerous studies, assessments and reviews over the years. It has figured prominently in the rich and lively debate on rural development in Sri Lanka, in general, and on Integrated Rural Development (IRD) in particular.[1] But even more significant is the impressive number of

[1] This debate is reflected in the following publications: Fernando & Perera (1980), Rao, Peiris & Tilakaratne (1984), Gunawardena (1985), World Bank (1986), Ramakrishnan (1987), Dale (1988), and *Economic Review* (Jan/Feb 1989).

studies initiated by the Programme itself or by NORAD as the donor,[2] making HIRDEP, undoubtedly, the most studied of all NORAD-funded programmes. In addition there is a wide range of development related literature focusing on the District in general. A bibliography prepared by HIRDEP (McCall 1991) lists about 230 different publications.

Against this background, it is prudent to ask what this Evaluation has to say that has not already been said. According to the Terms of Reference for the study, it shall focus on "overall issues pertaining to development goals and strategies, inter-sectoral relationships and organisational aspects" (see Annex 1). While it is true that the bulk of the studies referred to above do not deal with overall issues of this nature, being mostly project and sector specific, it is not correct to say that studies of the Programme as a totality are absent from the literature. True enough, there has been only one previous study that was officially labelled "evaluation of HIRDEP" (i.e. Marga Institute, 1980), but several others have clearly been of an evaluative nature.[3] Adding to these are the Annual Programme documents prepared by HIRDEP that contain both quantitative information about progress, and more subjective assessments about problems of implementation and issues for the future. Another rich source of information of a more general and evaluative character, is the papers and proceedings from three major workshops arranged by HIRDEP in 1982, 1985 and 1987.[4]

Evidently there is no dearth of information on HIRDEP. Even the effects of the programme, an aspect that is often poorly analysed in project reviews, are reasonably well documented. Adding to this picture is the extraordinary continuity of personnel associated with the Programme in Sri Lanka as well as in Norway.[5]

2 Dale (1990) presents a list of 99 studies and reviews commissioned between 1978 and 1987. McCall (1991) lists another 26 studies and reviews registered between 1988 and early 1991.

3 There are four previous studies which explicitly have assessed overall performance and impacts of HIRDEP: Marga Institute (1980); Rao, Peiris & Tilakaratne (1984); Whist, Gamage & Gunawardene (1984); and Sørbø et al. (1987). In addition there are three studies of particular relevance to the planning approach and administrative set-up of HIRDEP: Dale (1985), Bandulla (1985) and York Smith (1986).

4 The 1982-workshop, titled "Seminar on Experience with HIRDEP", was a review of what had been primarily a sectoral approach sofar. The workshop signalled a shift in emphasis towards local level planning and target group oriented projects. The 1985-workshop reviewed the experiences from the first pilot project on "AGA/GM Level Development Planning and Implementation", while the 1987-workshop on "District Development Strategies" took a much broader outlook and one which was not limited to HIRDEP (for more detailed information see Dayaratne 1991, pp. 23-35).

5 HIRDEP appears to be the exception that confirms the rule of extremely high turn-over of staff in aid projects. HIRDEP has only had two Project Directors in its twelve years, and the former director is today a Senior Programme Officer at NORAD-Colombo. At NORAD headquarters, the three most central programme officers all have previous working experience with HIRDEP and the IRD Programme in Sri Lanka.

Altogether there is indeed an impressive and updated knowledge base on HIRDEP, not merely on bookshelves, but also with the people working on HIRDEP at present.

## 1.2 HIRDEP — the image of a success story

By consulting previous studies of HIRDEP that provide overall assessments, and by talking to people who have played a central role in the history of HIRDEP (from Rural Development Division of MPI, NORAD and HIRDEP itself), a picture emerges of a programme that on the whole has been successful, and several refer to HIRDEP as an example to follow, in particular when it comes to planning.

It is useful, therefore, as a background to this evaluation to recapitulate what some previous studies have concluded when assessing the Programme. Below follows a summary of the main findings from those studies, six in all, that have an overall perspective.

(1) *Evaluation Report on the Hambantota District Integrated Rural Development Project*

The first evaluation report on HIRDEP (Marga Institute 1980), was prepared at a time when the Programme was still in its formative stage, with only 10 ongoing projects. In relation to the overall issues of the Programme, the following observations were made:

(a) The initial selection of projects was made in the absence of an overall plan framework for the District, and the report states as an urgent need to finalise the work which had started on a District Development Plan. The draft that existed[6] is criticised for a number of deficiencies: no mentioning of programmes funded by other agencies (e.g. DCB, national ministries, corporations, private sector, etc.); insufficient attention to variations within the District itself; no identification of under-utilised capacity; inappropriate analysis of and estimates on employment; no assessment of impact from major national projects; no consideration of environmental issues; and no mentioning of issues of urban development.

(b) The study also raises doubts about the quality of several project plans: inadequate feasibility assessments; unreliable cost estimates; exaggeration of anticipated benefits; and lack of well-defined implementation plans.

[6] This draft plan had been prepared by the Planning Unit taking into consideration the recommendations from Resource Development Consultants (1980) and Whist & Sandberg (1978). The plan was not completed and hence had no official status.

(c) The main recommendation is to enhance the role of the District Planning Unit, and to support the preparation of a District Master Plan.

(d) The study commends the decision to initiate a small number of projects, even in the absence of proper plans, since this "has been helpful in developing and strengthening the machinery for both project planning as well as implementation at the District level" (p. 2).

(2) *Planning for Rural Development: The Experience of the District Integrated Rural Development Programme of Sri Lanka*

In 1982 the Ministry of Plan Implementation requested the ILO (ARTEP) to undertake a comprehensive policy review to formulate guidelines for a future strategy of the national IRD Programme. The study (Rao, Peiris & Tilakaratne 1984) reviewed the first 4 years of experience with district IRDPs, and HIRDEP was one of the cases selected. As an overall conclusion the study commends the IRD Programme for having been the nesting ground for "a series of innovative approaches in rural development with a large measure of freedom being given to the districts for trials and experimentation" (p.100). Other observations are:

(a) The IRDPs fall within two broad categories. On the one hand there are the World Bank financed programmes with principal emphasis on production and income growth. The programmes are based on five-year plans with annual targets for expenditures and achievements. The programmes sponsored by bilateral donors, on the other hand, tend to focus more on selected target areas and groups, with a special emphasis on improving the "quality of life" of the poor. These programmes typically work within short time-frames, and with more flexibility in terms of expenditure and actual activity content.

(b) The study documents significant diversities in the scale of financing among the different IRDPs, and in the actual investment priorities, and only a part of this diversity can be attributed to genuine differences between the districts in terms of development problems and potentials. A large measure is determined by extraneous factors, such as donor aid policies, the negotiable level of aid from different donors, and the development needs as perceived by district advisory personnel. The multiplicity of IRDP activities do not reflect a coherent national IRDP policy as regards scale and composition of expenditures, and neither does it correspond to natural and socio-economic disparities among the districts selected.

(c) On the issue of planning the IRDPs represented already in 1984 a considerable learning experience. The study points at important areas of planning where the IRDPs have produced valuable insights and experiences: long-term planning and priority setting; local level planning; participatory planning; and target group planning. The study also points at specific areas

of deficiency, which are: planning for employment generation; and monitoring and evaluation. As regards the first set of experiences, it is important to note that HIRDEP is credited for its innovativeness as regards sub-district level planning, embracing serious attempts at identifying specific target groups and involving local communities through the *Gramodaya Mandalayas*. HIRDEP is weak, however, in its ability to create long-term plans. This is, according to the study, largely a reflection of the rolling plan approach, which "seems to involve the more difficult trick of keeping one's long-term perspective also rolling" (p.70). The so-called "blue-print approach" of the World Bank funded IRDPs seem to be a better tool for planners and decision-makers to focus the attention over time on the principal development issues of the area, to rank schemes, and to provide for the necessary balance between productive-oriented and welfare-oriented investments.

(3) *Review: Hambantota District Integrated Rural Development Programme (HIRDEP)*

At the Annual Meeting of 1984 it was agreed to undertake a review of the programme as a whole, and in particular of the administrative set-up and planning methodologies. Some of the major findings of the study (Whist, Gamage & Gunawardene 1984) are:

(a) About the role and functioning of the Planning Unit, the report states that:

- The Unit has made important achievements regarding integration with other agencies, although the authors notice a lack of vertical communication within the PU — i.e. among the planners in-charge of different sectors.
- The Unit has come to play a much more active and direct role in implementation than what was originally intended. This is first of all seen as a consequence of the local level planning project. A further expansion of this approach rests on possibilities for increasing the capacity of the offices of the AGAs.
- The system for reporting on and monitoring of project implementation was not satisfactory. The most critical issue is financial monitoring, and the review suggests the establishment of an internal audit unit to the Planning Unit.
- The PU has not been able to initiate the formulation of a more comprehensive district plan, and the study recommends that a special task force should be formed to prepare such a plan. It may be counter-productive, according to the report, to initiate numerous village level projects, in the absence of an overall plan which identifies priorities and inter-sectoral linkages. To facilitate this work the PU has to improve the organisation of the fairly substantive data base that already exists for the District.

- The review team notes the very heavy work load carried by the Planning Unit staff, and stresses that the Project Director and other key planning staff should be relieved from some of the routine administrative work which takes much of their time.

(b) The review gives credit to HIRDEP's participatory approach to local level planning through the *Gramodaya Mandalaya* (the Katuwana Local Level Development Project). Its a promising and novel approach, that deserves to be extended to other divisions. It is noted, however, that there is a need for a more strict appraisal of village level project proposals. The study further recommends that more emphasis should be given to motivational work and to stimulating different kinds of beneficiaries to organise themselves. The review team points at several shortcomings as regards the involvement of and out-reach to women.

(4) *Sri Lanka: Country Study and Norwegian Aid Review*

This study (Sørbø et al. 1987) is a review of Norwegian aid to Sri Lanka against the background of general Norwegian aid policy, and the political, economic and social situation in the country. Addressing itself primarily to a Norwegian audience, we suppose, the study concludes that in the field of integrated rural development.....NORAD has made pioneering efforts in Sri Lanka and clearly deserves the role often ascribed to it as a "lead agency" (p.161). This is substantiated by the following observations:

(a) The Planning Unit has succeeded in developing approaches that transcend the scope of sectoral line agency projects, in addressing beneficiary needs and promoting participation.

(b) HIRDEP has facilitated improved coordination and inter-agency collaboration at district level. A major factor has been the decision to make the District Planning Unit responsible for HIRDEP, as opposed to the establishment of a separate Project Office, as is the case with most other IRDPs.

(c) The Programme has from its inception placed great emphasis on training.

(d) NORAD has played an important catalytic role in the development of HIRDEP. The relationship between the donor and the main partner institutions, i.e. MPI and the Planning Unit, has been close and informal. However, the study also pointed out the following shortcomings:

(e) There has been little progress towards developing a district-wide plan or framework of priorities.

(f) The Planning Unit suffers from a very high work load, as a direct consequence of its involvement in developing and implementing special projects that cut across the established departmental framework.

(g) The problems of adequate maintenance of assets created and financing of operational costs and cost recovery, are still largely unaddressed.

(5) *A Case Study on the Administrative and Planning Model of HIRDEP, Sri Lanka*

The study (Dale 1985) addresses itself particularly to the planning model of HIRDEP, which, in several important respects, is said to be different from those practised in other IRDPs (p.7). The study is an account of experiences and procedures rather than a critical assessment. Some main points are:

(a) Integration between projects has become more evident as the Programme developed, and the present (1984) set of projects exhibit a high degree of complementarity (half of the existing projects have a direct functional linkage to preceding projects).

(b) Considerable efforts are being made to promote participation by the target population.

(c) NORAD has revised internal administrative procedures to comply with the process planning approach of HIRDEP. The most important changes are the transfer of decision-making authority to the Resident Representative, and a two-step approval procedure with "approval in principle" of a Project Sketch at Annual Meetings and "final approval" of a Project Proposal that can be given by NORAD-Colombo at any time.

(d) Critical issues for the future are: improved systems for monitoring and evaluation; operation and maintenance of assets created; more attention to larger scale development trends; and sustainability of the HIRDEP model.

(6) *Towards a Methodology for Integrated Rural Development Planning: Lessons from the Hambantota Integrated Rural Development Programme in Sri Lanka*

This is a MSc-thesis prepared by a former planning officer in HIRDEP (Bandula 1985), and like Dale (1985) it focuses at planning methodology. The study identifies the following important lessons:

(a) The process oriented planning approach of HIRDEP is more appropriate than the preparation of blue-print plans, but there is a need for "a comprehensive district perspective" in HIRDEP (p.73). It is recognised that process planning may lead to greater management problems.

(b) To succeed in integration and coordination of development activities the IRDP must be placed within the existing sub-national organisational structure.

(c) With poverty orientation as the main objective of HIRDEP, there is a need to shift the planning approach from large sectoral or production oriented projects to small scale target group oriented projects.

(d) Meaningful participation of the people can only be achieved by extending the planning system to the local level.

These six studies convey a picture of a programme that is in a continuous process of change, that has been able to expand its scope and adopt new strategies in the process, that has contributed considerably to enhancing the magnitude and quality of development work in the District, but that despite its location within the district administrative structure has neither been functioning as a part of an overall development strategy for the area, nor has it been able to spearhead the formulation of such a strategy, although it has had a general influence on development thinking.

## 1.3 Why is there a need for this evaluation?

It follows from the above that, in the case of this Evaluation, the rationale for commissioning the study has neither to do with the lack of knowledge and understanding about the development of the Programme, nor that there is uncertainty as to its usefulness and the justification of expenditures. There is of course an obvious need to take stock of impacts and achievements of HIRDEP, before extending the present agreement beyond 1992, but the primary rationale for this study is to be found outside the realm of a conventional programme evaluation. The need is determined first and foremost by a set of circumstantial factors that place HIRDEP today at a turning-point in its history. The past few years have seen certain major directions of change at the national level as well as at the level of the district. These trends and developments have major implications for any next phase of HIRDEP:

- The country's decentralisation programme has progressed at a rapid pace, and the *first* and probably most critical factor, are the substantial reforms of the regional and local administration of the country enacted in 1987. The primary objective of the reforms is to approach a federal system based upon a strong provincial level, a corresponding weakening of the district administrations, and an enhanced role for the AGA Divisions developing them into local government institutions. With this scenario it follows that all the district-focused IRD programmes shall have to undergo organisational changes.

- A *second* factor of change is the cessation of political violence in the Southern Province. Hambantota was one of the strongholds of JVP during its violent campaign against the government and the establishment, which seriously affected project fieldwork for almost 3 years. Following the successful but equally violent crackdown on JVP by the military, the region is now in the process of re-settling. The recent unusually peaceful local government elections and the high voter turn-out are a clear testimony of this trend. It has become possible for HIRDEP to shift to the next stage of consolidating the gains from its past interventions, and make its contribution to the arduous task of healing the wounds inflicted upon people and their organisations, and on the government apparatus and its civil service during this period.

- *Thirdly*, there has been a general worsening of public financing over the recent years. The economy has been on a worsening track, particularly since 1987. During the last few years, the growth rate averaged just about 2 per cent. The traditional revenue base has been shrinking. This is coupled with the escalating costs of the war in the North and East. The problems manifest themselves in the form of cuts in the development and recurrent budgets of line agencies important to HIRDEP, and hence an increasing dependency on foreign aid to keep up levels of activity. There is a growing inability to finance the maintenance of the infrastructure and other assets that have been created during a period of heavy investments. Significant to the performance of the public sector is also the decline in the real wages of civil servants.

- Sri Lanka has adopted policies for restructuring the economy much along the advice and the conditionalities of the World Bank and the IMF. These represent a *fourth* significant factor of change. The liberalisation and opening-up of the economy has led to increased activity in some sectors, but has speeded up processes of impoverishment of marginal groups, which is further reinforced by the general slowing down in the economy. There is a rise in poverty levels. Reduced employment opportunities and high inflation have affected the poor most — and the poor are the primary target group of HIRDEP. Despite major investments by HIRDEP, Hambantota district itself has shown signs of growing poverty and unemployment.

- A *fifth* significant factor is the increasing role of the private sector. At the national policy-making level, the trend in thinking is that, in the long-run, poverty can be alleviated only through a growing economy and therefore an economic policy with a greater role for the private sector has to be pursued with increased commitment. This is a recognition that has clearly emerged in HIRDEP as well, as a result of the growing difficulties in promoting rapid increases in production and employment through public programmes only.

Adding to the picture of change on the Sri Lankan scene, there is a wind of change in Norway as well. NORAD is in the process of reformulating its aid

strategy, emphasising more strongly the recipients' responsibility for their own development and the aid they receive, and the obligation of the donor to give long-term commitment to development strategies developed in a dialogue with recipient countries and organisations. There is a renewed discussion on the role of NORAD in what one envisages as a partnership in development.

- In this perspective HIRDEP constitutes an important case to study and to learn from. And it is expected that this Evaluation shall synthesise and assess the relevance of the lessons from HIRDEP in this perspective. Such an exercise is in part a follow-up on one of the recommendations of the Sri Lanka Country Study,[7] i.e. that NORAD, after a decade of very close involvement with HIRDEP, should redefine its role, both as a policy partner and a donor.

- We would also mention the significance of the image ascribed to HIRDEP over the years as a "success story". Such stories tend to be few and far between in the public aid debate, making them even more important to document. And since the lessons from HIRDEP already have inspired the design of other development interventions in Sri Lanka as well as in other countries, there is a need to assess the sustainability and replicability of what has been termed the "HIRDEP model" or "HIRDEP approach".

It is evident that this Evaluation has been greatly influenced by the factors mentioned. This accounts not only for prompting the decision to undertake it, but also in the design and focus of the study itself. Some of the factors will have far reaching consequences, and may in reality remove basic pillars upon which the HIRDEP model and the thrust of the present programme of work are built. Not surprisingly, therefore, the majority of the officers and decision-makers involved with HIRDEP have been stressing the need for focusing the analysis on future perspectives, even at the expense of a retrospective review. In the terminology of evaluation methodology, that is to ask for a "formative" rather than a "summative" evaluation. *Formative* evaluations focus on "providing information to planners and implementers on how to improve and refine a developing or ongoing programme". This is contrasted with a *summative* evaluation "which seek to assess the overall quality and impact of mature programs for purposes of accountability and policymaking".[8]

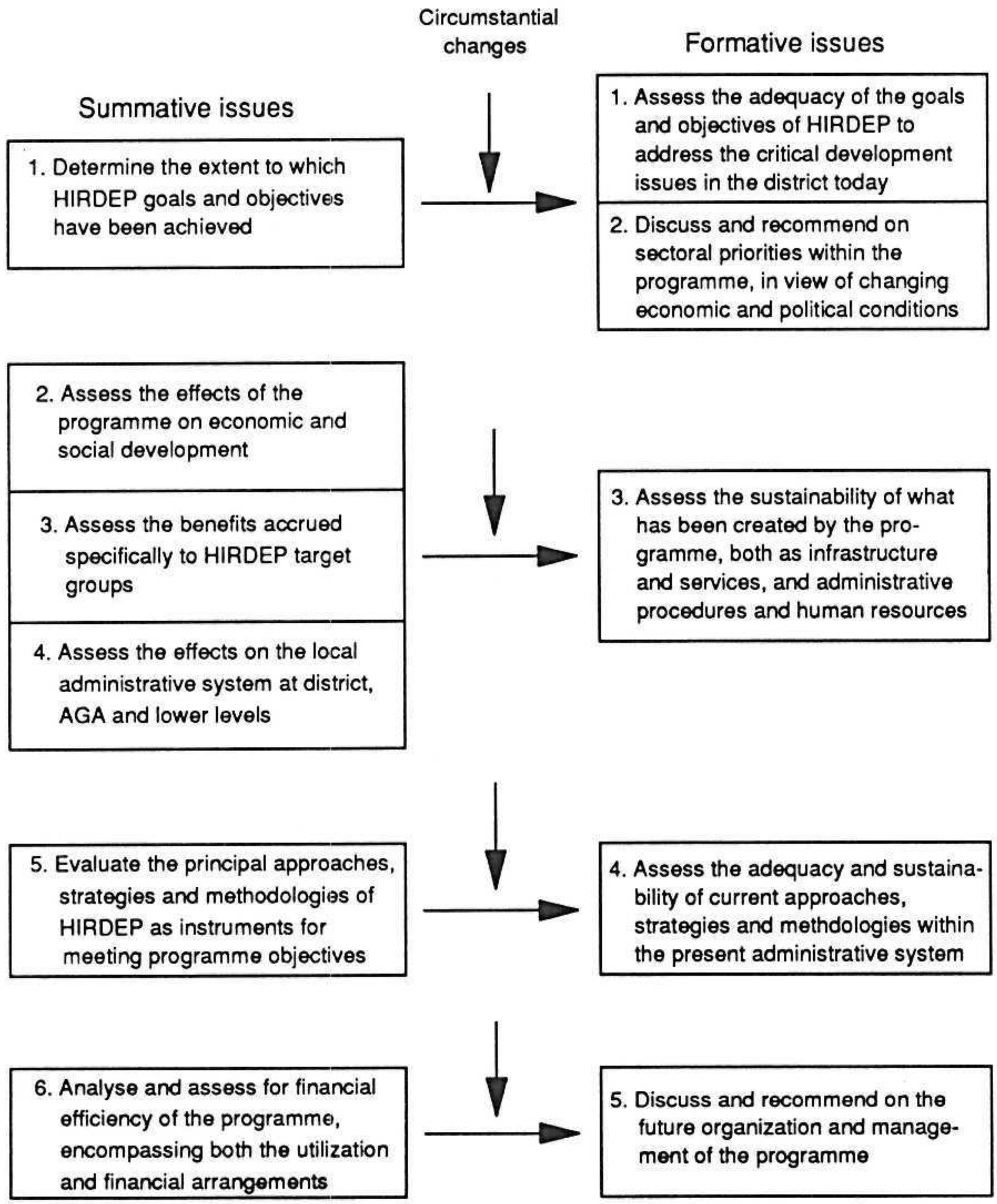
While acknowledging this bias among those who constitute the primary "target group" for the evaluation, the Terms of Reference outlines a combination of the two evaluative perspectives. In Figure 1 we have analysed the objectives and scope of work of the Evaluation, as stated in the Terms of Reference. We can see how both a summative and a formative perspective has been formulated for most

[7] Sørbø et al. (1987), pp.115-6.

[8] These definitions are taken from Herman, Morris & Fitz-Gibbon 1987, p. 26.

issues of inquiry. The main challenge to this study is to link the two in view of the major changes that will create a context for a future HIRDEP that is rather different from the past we know.

Figure 1
Summative and formative issues for the evaluation



## 1.4 Methodology of the evaluation

The issues listed in Figure 1 provides indeed for an all-embracing agenda for an evaluation, and efforts have been made to sharpen and narrow down the focus. Admittedly this was found to be a difficult task, and the approach chosen warrants some further explanation.

Although evaluations are generally seen as indispensable components of a project cycle, there is no common consensus on the exact purpose of evaluations. What kind of results are expected? Who shall make use of the results and for what? Who is evaluating whom? The potential usefulness and the impact of an evaluation are further compounded by the obvious methodological problems of assessing the impacts of a project that constitutes only a few drops in the stream of societal development. How to discern the parts from the whole?

The general limitations and ambiguities of any project evaluation, become even more obvious in the case of integrated or multi-sectoral development programmes. The range of programme interventions, as in the case of HIRDEP, covers virtually the whole spectrum of public investments and government agencies. There are few, if any, reliable yardsticks for measuring the impacts of such diffuse and varied patterns of investments, more particularly when looking at the totality of the programme.

Some IRDPs in Sri Lanka did set tangible targets in their planning documents, based upon verifiable indicators, e.g. no. of acres under irrigation, no. of loans issued, no. of tree seedlings planted, or even more complex ones like productivity per acre of paddy land. Such targets can function as yardsticks for monitoring and evaluation exercises focusing on project implementation progress. As development indicators, however, such quantitative data do not relate directly to the overall objectives of most IRD programmes.

In the case of HIRDEP no attempts were made to formulate quantifiable targets at the programme level. For the entire period of HIRDEP the only guidelines giving direction and composition of the programme as a totality, were in the very general formulation of objectives found in the Agreement of 1979: *increased levels of income, employment and production, improvement of social conditions and living standards*, with special *emphasis on the poorest and disadvantaged* groups.[9] (Individual projects of course had more specific objectives.) There are obvious problems associated with measuring goal attainment of HIRDEP in such terms.

In contrast to the formulation of development objectives and targets, the formulation of principles of planning and of organisational issues is far more

[9] Agreement of October 30, 1979.

specific. As opposed to the World Bank financed IRDPs, HIRDEP was conceived as a process, rather than a pre-programmed set of interventions where the anticipated outputs and overall impact were to be specified in advance. The initial agreement of HIRDEP can be seen as document that had as its primary function to set the institutional and procedural framework within which HIRDEP should operate as a development process.

The concept of process planning embraced by HIRDEP, is closely linked to questions of participation and empowerment. Facilitation of local involvement in decision-making on the utilisation of programme funds, becomes an objective in itself. Those to be involved include government institutions in the District, local political representatives and institutions, and the intended beneficiaries. Obviously, a strategy of devolution of decision-making authority of the Programme and empowerment of beneficiary groups contradicts a strategy that entails blue-print planning and centralisation of authority. This is the classical conflict between a top-down and a bottom-up approach. Although in real life there is never a question of either-or, it has implications for an evaluation of this kind whether we tend to place HIRDEP towards one or the other end on a continuum between the two extremes of centralised planning and peoples' power. In methodological terms there is a considerable difference between the evaluation of a pre-programmed set of interventions and what is essentially an open-ended planning process and a financing mechanism, or in other words, what is conceived as a programme *for* the people as opposed to a programme *by* the people (see also 1.5).

These processual and participatory aspects of HIRDEP have also influenced the design of the evaluation. *First* of all, it was imperative to see the evaluation itself as an element of the overall planning process of HIRDEP, and have it tuned to the planning requirements of HIRDEP. This is why we have termed this evaluation as mainly formative. The Evaluation shall provide an important input to the preparations for the next phase of HIRDEP, commencing from 1992.

*Secondly*, efforts were made to involve the key partners in the programme: MPPI, the HIRDEP office, and NORAD Colombo. There have been several occasions during the one year planning and implementation period of the evaluation, where these parties have been given the opportunity to influence the design and contents of the study.[10] Discussions were held in Hambantota with all key agencies receiving support from HIRDEP (cf. Annex 2). Admittedly, the involvement of

[10] There have been four occasions: a planning tour to Sri Lanka made in August 1990; a study tour of representatives from all three parties to Norway, including a visit to CMI, in September 1990; a two-day evaluation workshop held in Colombo on March 14-15, 1991, with participation from about 30 persons who have been associated with HIRDEP over the years (see Annex 3); and a one-day workshop held in Colombo on June 13th to discuss the preliminary draft of the final report.

other groups in the main study of the evaluation has been less. We are then referring to defined beneficiaries or target groups, and those who indirectly have an interest in HIRDEP, such as local politicians, business people and voluntary organisations.

*Thirdly*, acknowledging the sheer complexity of HIRDEP, the wide scope of the Terms of Reference, and the need to broaden participation in the evaluation exercise, it was decided to divide the Evaluation into several independent studies, each focusing on key elements of the so-called HIRDEP approach. The part-studies, 9 in total, have provided substantial inputs to the main report, but should also be read as independent studies that cover parts of the Terms of Reference. In this way it was possible to design a Main Report that is less exhaustive in coverage and documentation, and more analytically focused — more formative rather than summative. The part-studies are:

Study 1: *Evaluation of Local Planning Programmes of HIRDEP and MONDEP (Dias 1990).*

The objective of this study is to compare the experiences from Hambantota and Moneragala districts in local level planning and community participation within HIRDEP and MONDEP. Data collection was concentrated on the Katuwana Local Level Development Project of HIRDEP and the Kotaweheramankada-Hambegumuwa Area Development Project (KOHAP) of MONDEP.

Study 2: *Baseline Follow-up Studies in Hambantota District (Atapattu 1991).*

This study has two objectives. Firstly, to assess and possibly quantify the economic and social changes that have taken place in areas where baseline studies were carried out previously (around 1980). Secondly, to ascertain to what extent these changes can be attributed to project investments under HIRDEP.

Study 3: *Review of the Demographic Situation in Hambantota District (Miranda & de Silva 1991).*

There are three interrelated objectives in the study. First, to get the best possible quantitative estimates of demographic processes that have a bearing on income/job creation in the district, and provision of essential services. Secondly, to highlight the impact of HIRDEP upon the demographic situation and trends in the area, and thirdly to assess the extent to which demographic factors have been taken into consideration in the planning of HIRDEP.

Study 4: *Study of Assets and Operation and Maintenance in the Education and Health Sectors in the Uva and Southern Provinces (Gamage, Rodrigo & Jayasuriya 1991).*

This study was commissioned independently of the Evaluation, and does not specifically address HIRDEP. The objective is to establish an adequate and reliable basis to assess the total resource needs for operation and maintenance of the existing service delivery system in the health and education sectors.

Study 5: *Financial Analysis of Selected HIRDEP Projects (Rahubadda & Fernando 1991).*

The study analyses the flow of funds and type of expenditures in four different HIRDEP projects, to identify actual overhead costs, cost efficiency and direct beneficiaries from project employment and purchases of goods and services. The study also compares similar HIRDEP and non-HIRDEP projects (in road construction and tank rehabilitation) in terms of expenditure pattern and output unit-costs.

Study 6: *Assessment of Strategies for Off-farm Employment in Hambantota District (Wickramasekara 1991).*

The main objective is to assess present (e.g. HIRDEP and other) and future strategies for government/donor interventions in support of wage employment creation in Hambantota. Emphasis is placed on organisational, legislative and procedural issues.

Study 7: *Assessment of Target Group Approaches under HIRDEP (Kodituwakku, Amerasekara & Wijayathilake 1991).*

The study describes and evaluates the problems of operationalising target group approaches within HIRDEP, in particular, and Hambantota District, in general. It discusses alternative formulations of target group definitions and approaches, given a shift in emphasis of HIRDEP towards employment generation, basic industry development, environmental conservation and maintenance of existing services.

Study 8: *Evaluation of HIRDEP Project Reviews (Dayaratne 1991).*

The main objective is to evaluate how and to what extent the many project reviews within HIRDEP have been used as instruments for monitoring and reformulation of plans and strategies. The study discussion on whether the reviews have been indispensable in the learning process of HIRDEP, and whether the amount of resources put into them can be justified.

Study 9: *NORAD's Role in the Development and Operation of the Hambantota Integrated Rural Development Programme (Børhaug 1991).*

This is a study based on documents available in the archives in NORAD-Oslo, and various reports on HIRDEP. The aim is to describe and analyse how NORAD influenced the development of the HIRDEP approach, including goal formulation (e.g. poverty orientation, women orientation etc.), and mode of planning (e.g. integrative and recurrent planning, decentralisation and popular participation). Based on an analysis of the role of NORAD, the study assesses the sustainability and replicability of the HIRDEP model.

Table 1.1 shows which of the eleven issues listed in Figure 1 that are emphasised in the various part-studies. The main conclusions and recommendations from these studies are presented in Annex 4. In total these studies give a fairly broad coverage of the *summative issues* of the evaluation, even though there are obvious

gaps. Some of these gaps have to be left open, taking into consideration time, resource and methodological constraints, while others are covered by the Main Report.

The *formative issues* mentioned in the Terms of Reference are to a lesser extent covered by the part-studies. This is intentionally so, since it was decided to give the Main Report a bias towards policy issues for the future.

## 1.5 Outline of the report

This evaluation is based on the assumption that HIRDEP's main objective has been to develop and sustain a development approach characterised by processual planning, decentralisation and popular participation in decision-making. The achievements of HIRDEP should first of all be measured against this goal, which inevitably entails and assessment that is qualitative rather than quantitative. Our principal question for this evaluation then becomes:

- To what extent has HIRDEP succeeded in establishing *a framework for development planning and financing* that facilitates (1) focusing attention on the most critical development problems, and (2) engaging local institutions and beneficiaries in a development process characterised by self-determination and self-reliance?

Secondary to this comes the question common to any programme evaluation:

- To what extent has HIRDEP succeeded in achieving the more *tangible development objectives and targets* specified at the beginning of the programme, such as increased standards of living?

The report is organised to reflect these two questions, and forms an analytical exercise that moves from a study of the planning and policy framework, addressing the first question (Chapter 2), via a study of the volume and direction of financial flows, as a yardstick to measuring the effectiveness of the planning process (Chapter 3), to a study of the impact of investments, addressing the second question above (Chapter 4). Finally, we offer some suggestions as to future direction and organisation of Norwegian development assistance to the district of Hambantota (Chapter 5).

The three core chapters (2-4) look at HIRDEP from three different, but interrelated perspectives. Each of these perspectives bring into account processes of change that take place independently of HIRDEP, while at the same time they represent key aspects of HIRDEP today. The aim of the Main Report is to map and project both the exogenous factors that constitute the environment of HIRDEP, as well as the processes endogenous to the programme itself.

Table 1.1
The main focus of the part-studies in relation to the Terms of Reference

| No. of part-study: | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|
| Summative Issues: | | | | | | | | | |
| 1. Determine the extent to which HIRDEP goals and objectives have been achieved. | | x | | | | | x | | |
| 2. Assess the effects of the programme on economic and social development. | | x | x | | | | | | |
| 3. Assess the benefits accrued specifically to HIRDEP target groups. | x | x | | | | | x | | |
| 4. Assess the effects on the local administrative system at district, AGA and lower levels. | x | | | | | | | | x |
| 5. Evaluate the principal approaches, strategies and methodologies of HIRDEP as instruments for meeting programme objectives. | x | | | | | x | x | x | |
| 6. Analyse and assess the financial efficiency of the programme, encompassing both the utilisation and financial arrangements. | | | | | x | | | | |
| Formative Issues: | | | | | | | | | |
| 1. Assess the adequacy of the goals and objectives of HIRDEP to address the critical development issues in the district today. | | | x | | | x | | | |
| 2. Discuss and recommend sectoral priorities within the programme, in view of changing economic and political conditions. | | | | | | | | | |
| 3. Assess the sustainability of what has been created by the programme, both as infrastructure and services, and administrative procedures and human resources. | x | | x | | | | | | x |
| 4. Assess the adequacy and sustainability of current approaches, strategies and methodologies within the present administrative system. | x | | | x | | x | | | |
| 5. Discuss and recommend on the future organisation and management of the programme. | | | | | | | | | |

The main analytical challenge has been to match the two in an attempt to outline alternative scenarios for the Programme. Admittedly, parts of this analysis border on speculation, but this is nevertheless a necessary element of a formative evaluation that aims at improving the basis for policy making. This being said, the

point of departure for our future assessments has been the summative parts of the evaluation, in which we have identified those activities, strategies and organisational structures of HIRDEP worth pursuing.

## 1.6 The setting of HIRDEP: Some key features

The HIRDEP we know today has evolved in a context that represents both options and constraints. It is a context which has been an object for change, and which has changed HIRDEP. For the readers unfamiliar with the district of Hambantota, we have summarised what we consider as its main characteristics.

### *1.6.1 Administrative features*

The district of Hambantota is located along the Southern coast of Sri Lanka and accounts for approximately 2,600 sq.kms, which is 4 per cent of the Island's total area. In terms of surface area Hambantota is the twelfth largest district in the country and is double the size of the adjoining Matara district (see Map 1). Together with the districts of Galle and Matara it constitutes the Southern Province. The administrative centre of the district is Hambantota. Economically and demographically, however, Ambalantota and to a lesser extent Tangalle are more prominent; Ambalantota is also growing faster than Hambantota.

With the introduction of Provincial Councils the formal authority of the District as an administrative unit has diminished, but the public administration established at this level over the years still remains virtually intact. The Government Agent (GA), appointed by Central Government, has been retained as the head of district level public administration, with his office (the *Katchcheri*) located in Hambantota town, where many (but not all) line agencies also have their representatives.

The district has an important political function as an electorate for Members of Parliament. Since 1989 there are 7 district MPs elected on a district-wide slate Before Hambantota District had 4 constituencies and 4 MPs, but most MPs have retained a localised eloctoral support also under the present system. This is reflected in the one important function of the MPs in local development, namely their control over the Decentralised Budget (DCB). The budget is administered by the GA.

The district is today divided into 11 divisions, normally referred to as AGA Divisions (see Map 2). This level has been designated as the level of local government (the *Pradeshiya Sabha*), while at the same time it is a nodal point in the Provincial Council set-up, and also represents an extended arm of the central government. One and the same officer functions today as the administrative head of all three systems: as Secretary to the *Pradeshiya Sabha*; as Divisional Secretary

to the Provincial Council; and as Assistant Government Agent (AGA) subordinate to the GA and representing central government.

The AGA Divisions are again divided into very small *Grama Sevaka* Divisions, headed by a *Grama Niladhari*, who represents the lowest level of governmental development related extension service. There are in total 576 GS Divisions. Previously (before 1989) the number was 168, and each had a development council (*Gramodaya Mandalaya*) with representatives from local NGOs. The role and function of GMs under the new and substantially smaller GS Divisions are still undetermined. Most GMs ceased to function during the violence of 1987-89.

### *1.6.2 Physical features*

The topography of Hambantota is characterised mainly by undulating coastal lowlands with higher foothills of the central highlands in the extreme North Western part and a few isolated hill outcrops in the east. Reddish brown earth is the predominant soil type on the undulating lands, with alluvial soils on the valleys and sandy soils along the coastal belt.

There are very few mineral resources known and even fewer being exploited at present. Hambantota produces 30 per cent of the country's salt from three salterns. Apart from salt, other known minerals include clay deposits in valleys in higher areas, coral and shell deposits along the coast, and a garnet sand belt in the Bundala sand dunes. Some gem deposits are also found in some parts of the district.

The climate of the district is characterised by considerable variety. The district has almost all the climatic zones found in the Island, with rainfall decreasing sharply from west to east, thus creating three distinct climatic zones, namely wet, intermediate and dry, stretching from west to east. The dry zone which occupies nearly 70 per cent of the area east of Tangalle receives less than 1270 mm of rainfall per annum, most of it coming from the north-east monsoon (*maha*) from November to January. The wetter western part of the district receives most of its rainfall (wet zone 1900 mm and above and intermediate zone 1270-1900 mm) from the south west monsoon from May to September (*yala*). The drier parts of the district receive much of the rainfall within a short time and experience periods of water deficit ranging from two and a half months between early January to late March and of up to four and a half months between early May and early September. The average annual temperature in the district is between 27-29 degrees centigrades.

The drainage system of Hambantota consists of three main rivers (Walawe Ganga, Kirindi Oya and Menik Ganga) and three lesser rivers (Kirama Oya, Urubokka Oya and Malala Aru), all having their sources in the central highlands. Most of

these rivers have been dammed to create tanks and a few large reservoirs or their water diverted via anicuts for irrigation purposes. In the eastern part of the district there are large numbers of abandoned tanks, suggesting the experience of a well developed irrigation system in the past. The Irrigation Department considers that much of the surface water resources in the district are already fully exploited. The district has considerable ground water resources to be further exploited, but much of it in the eastern part is saline.

### *1.6.3 Demographic features*

The 1981 census found that Hambantota district had a population of 424,102 persons. The population as of mid-1991 has been estimated at 527,000 inhabitants (Miranda & de Silva 1991, p.28), and is projected to increase by less than one third of its present level (to approximately 690.000) during the coming 20 years. This is equivalent to an average growth of less than 1.4 per cent per year, which is not at all alarming. The main challenge is not the growth of the population as such, but the challenges that are likely to come from dramatic changes in terms of age structure, and spatial distribution among ecological zones and between urban and rural areas (see Miranda & de Silva 1991).

The population density of the District is approximately 200 persons per sq.km (density in 1981 was 163 persons per sq.km). Hambantota is further characterised by the following major demographic features:

1. A higher population growth rate than the national average (2.4 against 1.7 per cent in 1971-81).

2. Heavy population concentration in the wetter west and north-west parts of the district. Beliatta, Katuwana, Tangalle and Weeraketiya AGA Divisions with less than a quarter of the area hold over half the population of the district. Population densities are in the range of 800-1200 per sq. mile. The driest AGA Divisions with Hambantota, Tissa and Lunugamvehera have 200 persons per sq.mile and much higher growth rates of population due partly to in-migration from other areas. The two mid-rainfall AGA Divisions (Angunakolapelessa and Ambalantota) have densities of approximately 500 persons per sq. mile.

3. A low level of urbanisation with only about 10 per cent of the population found in a few small towns. The district has remained essentially rural.

4. The population of Hambantota is young with 33 per cent of the total below the age of 15 years (1991 estimate).

### *1.6.4 Production pattern*

The above noted physical features and population distribution are reflected in the land use pattern of the district. Approximately 35 per cent of the land area is protected under National Parks (Yala, the largest National Park of the country is located here), sanctuaries and forests. Another third of the area is in agricultural use while the rest has other uses. Much of the latter is mainly uncultivated scrubland, grassland and degraded forest, where much of the *chena* cultivation is practised. Paddy, chena and highland cultivation and coconut plantations claim almost equal shares of the agricultural land. Some citronella, cinnamon and pepper are grown in the north-western part of the district.

Hambantota has a coastline of approximately 137 km giving it a coastal zone (2 km wide) which covers an area of about 280 sq.km offering a considerable fisheries resource base, although precise information on the potential is lacking.

The economy of Hambantota is heavily dependent on primary sector activities of agriculture, animal husbandry, forestry and fishing. It is estimated that nearly 75 per cent of the economically active population is engaged in the primary sector. Industrial activity in the district is largely confined to cottage and small scale industries such as carpentry, textile weaving, coir work, pottery, brick and tile work. Perhaps not more than 10 per cent of the employed population find work in these activities including construction. The residual is engaged in the service sector. The scarcity of remunerative employment opportunities is a major problem of the district. The unemployment level is high, being around 20 per cent and there is considerable seasonal underemployment in agriculture.

### *1.6.5 Economic and social features*

Hambantota still remains one of the least developed districts in Sri Lanka, despite the significant advances that have been made in a number of areas such as education and health. Some of the major economic characteristics of the district that deserve to be noted are as follows:

1. Hambantota is a peripheral district, located away from major markets. Even in the context of the Southern Province, its location is peripheral. Relatively poor development of major infrastructure facilities adds to its disadvantageous location. These have serious implications for economic development, especially industrialisation.

2. Hambantota is a predominantly agricultural and rural district. The low urban development manifest itself as poorly developed infrastructure for marketing and processing of local produce, and a small class of entrepreneurs and capitalist capable of promoting industrial development, appears to act as a major bottleneck to expanding production.

3. Hambantota suffers from high levels of poverty. Over 70 per cent of the families in the district are food stamp recipients. In some AGA Divisions such as Katuwana and Beliatta, the figure is over 90 per cent.[11]

4. A large proportion of agricultural holdings are too small to provide a sufficient income or employment opportunities for all family members. The average size of nearly 50 per cent of the holdings in the densely populated wet and intermediate zones is less than 0.5 ha. Although, the average holding size is somewhat larger is the eastern part, productivity and hence incomes are constrained by low and uncertain rainfall.

The socio-economic profile of the district on the whole shows a pattern quite similar to the national average. There are, however, some differences that deserves to be mentioned.

1. In 1981, only 15 per cent of the population had access to pipe-borne water, and 45 per cent of housing units did not have toilet facilities. Less than 5 per cent of the houses had access to electricity. There are no recent census data, but case-studies indicate that sanitary facilities have improved considerably over the last decade, and that there has been a steady, but less remarkable, growth in household connections of electric and pipe-borne water.

2. The situation of women seem to be more difficult than in most other parts of the country. Nearly 20 per cent of the households in the district were headed by females (1981). They constitute a major poverty group. The educational level of women is lower in Hambantota than in the rest of the country.

3. The unusually high unemployment levels in the district are a major feature. In 1981, it was 18.6 per cent (national level was 17.9 per cent), but increased to a level of 20 per cent in recent years. Some 73 per cent of all unemployed are youth.

### *1.6.6 Cultural and political features*

The population of Hambantota District is almost entirely Singhalese, i.e. buddhist and singhala-speaking. There are pockets of Muslims (Sri Lanka Moors and Malays) as well as some Tamils, but altogether the non-sinhala constituted in 1981 less than 3 per cent of the population. Ethnicity seems to play a marginal role in politics, although there is a sense of distinctiveness based on the long history of

[11] In the absence of accurate data on per capita incomes, eligibility for food stamps is a rough indication of the levels of incomes; Rs. 700 per month or less constitutes the threshold for eligibility, although it is widely recognised that many food stamp recipients have higher incomes.

actual and perceived neglect of the South supported by a strong Sinhala Buddhism.

The main line of political conflict divides radicalised youth, mostly rural, on the one side, and the established elite well connected to the government set-up and centres of power and influence in Colombo, including both major political parties. Although the activities for JVP have almost come to an end (at least for the time being), the causes that fuelled the support to JVP in rural Hambantota have not at all been removed.

Hambantota has been noted in the past for its peculiar agrarian social structure, dominated by a system of absentee landlords controlling large extends of paddy land which were cultivated by a large number of tenants supervised by resident intermediaries called *gambarayas* (literally meaning village guardian). The system tied large numbers of tenants to *gambaraya* and landlord through rent, credit, seeds etc.. Large livestock owners have always been another powerful group in the district.

This traditional rural economic elite still wields considerable influence, but several factors have contributed to the weakening of their power:

- the demise of the Gambaraya system began already with the passage of the Paddy lands Act of 1958, which drastically altered the landlord tenant relations and controlled rents, and to a lesser degree the land reform Law of 1972, which imposed an upper ceiling of 25 acres on paddy land ownership;
- access to *chena* land effectively prevented the emergence of a landless class;
- increasing profitability of HYV paddy under irrigation, helped creating a middle level elite in areas such as Tissamaharama and Ambalantota; and
- increasing availability of institutional credit has reduced the dependency on traditional forms of credit.

## 1.7 HIRDEP today: A brief presentation

What follows is a description of *status quo*. It is an attempt to familiarise the readers who are not involved in the day-to-day operations of the Programme, with the "object" that is up for evaluation. This is considered a necessary background to the more analytical chapters that follow.

### *1.7.1 Main objectives*

Even at the time when the formal programme agreement for the establishment of HIRDEP was approved in 1979, the objectives set by the Government of Sri Lanka, both for rural development in general and for Integrated Rural Development Projects in particular, were ill-defined. IRDPs were seen primarily as filling a need for sub-national development efforts to benefit those districts which were not part of the major national lead projects, especially the Mahaweli

Ganga Development. The objectives were stated as being to bring about balanced regional development, to widen economic opportunities and to enhance living standards in rural areas. There was no attempt to clarify the concept of *integrated* rural development. Similarly there was no identification of a strategy. The IRDP was seen as a multi-sectoral mix of projects with short gestation periods and aimed at increasing agricultural productivity, removing bottlenecks and filling in gaps in the provision of economic and social services.

As seen from the agreement signed in 1979, the broad objectives outlined for HIRDEP reflected the lack of specificity in the national programme:

> The Programme aims at achieving an increase in income, employment and production as well as improvement of social conditions and living standards of the men, women and children of the Hambantota District, with special emphasis on the poorest groups.

Although the objectives of HIRDEP, as defined in the agreement, are very broad, they do specify a target group, and a participatory orientation. At the same time benefits are not to be denied to the non-target group population and, indeed, many projects do not, in practice, have a specific target-group orientation.

While the objectives of HIRDEP are very broad, the institutional framework within which the objectives were to be achieved, was formulated in more specific terms. This was, in brief:

- an integrated approach inter-relating efforts in different fields;
- a recurrent, revolving plan with an annual cycle;
- evolving a sustainable and self reliant planning capability for the district; and
- participation by the concerned population in decentralised planning and implementation.

Responsibility for planning, implementation and monitoring was vested in the Sri Lankan Government. To this end provision was made for strengthening the District Planning Unit.

Because both the objectives themselves and the framework specified for their achievement are broad, there is scope for differences in their interpretation. That this is so is evidenced by Børhaug (1991), who documents and analyses the progress in the dialogue between NORAD-Oslo, NORAD-Colombo, HIRDEP and the Regional Development Division. In practice, however, few new objectives have emerged from that dialogue, or from HIRDEP experience, and very few have been formally institutionalised, except for the general emphasis by NORAD on women in development and protection of the environment.

A recurrent theme in this dialogue has been the perceived need to formulate a comprehensive district development strategy or plan. In recent years there has been

a growing emphasis on this objective, based on a recognition that several of the major problems confronting the area cannot be adequately tackled only through local level planning and community based initiatives. This includes poverty alleviation, environmental problems and employment generation.

### *1.7.2 Main strategies and approaches*

The objectives of HIRDEP are generally regarded as so broad as to provide little guidance regarding the actions which should be taken or to the level of priority accorded to each element. Thus, virtually no type of activity is excluded from consideration.[12] On the other hand the flexibility allowed by the objectives does give the freedom to experiment over a wide range of project activities. In practice, however, the most distinctive features of HIRDEP have been those projects which directly address the objective of participation, that is its integrated local-level participatory planning and its target-group mobilisation approaches.

Another significant feature has been the absence of an overarching district development strategy framework in which HIRDEP could locate itself. The real capability of HIRDEP to direct other district agencies and sources of development finance has been limited, and this situation is unlikely to change. Hence HIRDEP's strategy was set within the limits of its capabilities, drawing on elements of sectoral strategies and on studies on key policy areas in the district. It needed to be recurrent within a relatively short planning cycle and responsive so that changes in approach and in demands could be readily incorporated. Being innovative and having very broad objectives it also required a constructive learning process with a high input of information through studies, reviews and evaluation, and of training.

Through this process of learning and its flexible planning approach, HIRDEP over time changed its focus. We can distinguish four different approaches to rural development in HIRDEP. HIRDEP today retains elements of all four, but chronologically their emphasis have differed. These approaches are:

- sectoral programmes (dominated the first years from 1978 to 1981);
- area development programmes (1981 to 1983);
- participatory and local level planning (1983 to 1985); and
- mobilisation of beneficiaries (1985 to 1987).

Two further types of programme, institution building and training, could also be identified, though these are normally an integral part of the broader types of programme.

[12] It is reported that rural electrification and operational costs of government institutions are the only "projects" that have been rejected by NORAD by referring to general objectives.

The *sectoral programmes* or projects are mostly those aimed at providing essential infrastructure to support the general socio-economic development of the district, and which cannot be provided at community level. They include projects for health, education, major roads, major water supply schemes. Most have incorporated elements of institution building, including training, and have in many cases been the outcome of preliminary studies and Logical Framework Approach workshops.

*Area development programmes* emerged as the outcome of sectorally bound irrigation projects such as the Kirama Oya Scheme, in the early phase of HIRDEP, and the problems of integration with other components associated with the project. The area-based programmes were built around clusters of abandoned tanks where the allocation of land to new settlers would require the build up of associated infrastructure and of community facilities. It also involves the promotion of community organisations in the area as a whole, not only to coordinate the various agricultural and water management activities but also to provide a framework for involving the community in the planning and implementation of community facilities.

*Local level planning programmes* represent the main approach to decentralising the planning decision-making and implementation process, and to creating a sustainable framework for people's participation in that process. The approach was first tested at *Gramodaya Mandalaya* level at Ethgalmulla and was later elaborated at AGA Division level in Katuwana. The key components of this approach are:

- training and sensitisation of officials at AGA and GS/GM level and of village leaders;
- data collection at village level by a locally formed planning teams;
- village meetings to discuss problems and identify solutions; and
- the formulation of a plan for village development, identification of beneficiaries, establishment of an implementation schedule and associated procedures.

An important element of this approach is the reorientation of development thinking away from the top-down delivery of services and inputs towards empowering the community to take control of outside intervention, to access external resources and to mobilise local resources for the implementation of community initiatives.

*Mobilisation of beneficiaries* takes place using the Social Mobiliser approach. This approach recognises that there are individuals in communities, or even whole communities, who, by virtue of poverty and social disadvantage, are unable to participate in the type of processes initiated under local level planning. Such people need a more intensive form of empowerment than what can be achieved by attendance at meetings. Working through groups, the Social Mobiliser stimulates the beneficiaries into improving their economic status through

productive activities and raises their level of awareness and consciousness so that they may achieve the types of empowerment indicated above.

Not all projects under HIRDEP can be immediately identified with any one of these four approaches. Many have elements of one or more. For example, the fisheries programme seeks to benefit target-group beneficiaries by the delivery of production inputs through Cooperative and Social Development Societies, but the concept of empowerment is largely absent; the projects for chena cultivators and encroachment regularisation have some elements of an area development approach. However, the four categories do give a reasonable indication of the strategies through which HIRDEP has sought to fulfil its objectives.

Finally, a significant feature of the thrust of HIRDEP strategies has been the initial heavy investment in production infrastructure and a progressive increase of investment in social infrastructure and services. Sector oriented welfare programmes have seen a steady increase in investment (the proportion was 25 per cent of the total in the 1979-86 period, but climbed to 45 per cent for the last years 1987-90). Drinking water and health facilities have been important all along, but education started attracting increasing investments from 1987 onwards. Thus education accounted for 19 per cent of all investment allocations during the period 1988-90, the highest for any one sector outside settlement and community development.

### *1.7.3 Summary of main achievements*

This is not a comprehensive analysis of what has been achieved through HIRDEP, which is to follow in the subsequent chapters. It is merely a quick synopsis of HIRDEP's recorded achievements to illustrate the wide range of impacts that is up for evaluation. In so doing a first distinction needs to be drawn between the tangible performance and the more intangible attainments of the project.

As regards *tangible benefits* it is sufficient to state that HIRDEP has been responsible for substantial increases in the stock of social and economic assets. HIRDEP has been able to bring direct benefits to large numbers of beneficiaries in the form of latrines, fuel efficient stoves, permits for encroachers, fishing vessels and crop planting materials. In all of this, HIRDEP has made very considerable progress. The physical output from HIRDEP investments is impressive (see Table 3.7). The list contains more than 450 buildings for various purposes, some 750 water supplies of different size, more than 50 irrigation tanks which have been improved, about 300 km of new roads, the provision of planting material for 1600 acres of agricultural or forest land, and some 25.000 private and public latrines.

Less easy to measure is the impact of HIRDEP on income, employment, production and general social conditions. There is little doubt that the income and production effects of project activities have been positive and substantial, and this will be reflected in the social conditions of many people. It will also have led to secondary income benefits for others.

Perhaps more important for the future of HIRDEP than the tangible benefits outlined above are the more *intangible achievements*. Let us give a brief account only of some of the main type of achievements, bearing in mind, however, that these types are most vulnerable to the disruptions which have affected the district in the past.

In relation to *planning* two aspects are important. Firstly there is the planning mode and methodology adopted by HIRDEP itself. Secondly there is the contribution of HIRDEP to the enhancement of planning capabilities in the district as a whole. HIRDEP has succeeded in setting up a system for recurrent and revolving planning. It does not constitute comprehensive district level planning although it lends itself to such a process if the circumstances were more favourable. It is supported by a system of monitoring, studies and data collection which gives it flexibility and the ability to build on experience, but has not generated sufficiently viable procedures for the systematic analysis of problems. HIRDEP has also put considerable effort into developing and disseminating methodologies of project planning. Training programmes have been organised for the personnel of collaborating agencies including line departments, AGA Divisional cadres and local level officials and leaders of village-level organisations. The sustainability of this effort has proved more vulnerable to changes in personnel and to the effects of civil disturbance.

The objective of *integration* was achieved primarily through the incorporation of HIRDEP planning, management and administration into the District Planning Unit hence establishing firm links with the Government Agent and thereby integration into his coordinative role. This role has become less secure with the devolution of powers to Provincial Councils, but there are already strong integrative links with the AGA Division. There has also been integration with line agencies in the planning and implementation of IRDP projects, though not of other investments. Integration in the sense of interrelations and mutual reinforcement between project activities has principally been achieved in the area-based activities. One example would be the link between irrigation works and reafforestation of catchment areas.

*Decentralisation* has been achieved in the planning mechanism for people's participation and in the progressively increasing role of AGA Divisions in planning, implementation and monitoring.

The *target group* focus has been strong but not all-embracing. It is at its most effective in the village mobilisation and area-based projects. It is also effective in

the local level planning approach but does not aim to focus exclusively on the poorest groups. It is weakest in the sectorally-based social infrastructure projects, especially education and health. A considerable effort has gone into the problems of identifying target groups and methods of empowerment. The latter led to the development of the social mobiliser programme which has become a model of its type.

Overall HIRDEP has not attempted to achieve every objective in every project. This would be unrealistic. What it has achieved quite effectively is a reasoned, balanced approach to rural development planning and the amelioration of social and economic conditions.

### *1.7.4 The 1991 programme: Some characteristics*

The Work Programme for 1991 is made up of 64 separate projects. The total planned expenditure is Rs. 121.6 million as against the allocation to the Ministry of Plan Implementation of Rs. 102 million. The programme includes 13 new projects, some of which had also been part of the 1990 Work Programme, but had not been taken up. Projects are presented under 16 headings which have also been incorporated into the financial monitoring system (FINMOD) (Table 1.2).

The projects range very widely in scale. The project with the lowest total estimated cost is Field Training for Fishermen which required just Rs. 135,000. The largest project is Improvements and Rehabilitation of Irrigation Schemes II, which required Rs. 67,230,000. Altogether 16 projects require more than Rs. 10 million. These are found particularly in the social and economic infrastructure fields — Water Supply, Irrigation, Roads, Health and Education, or under the heading of Settlement and Community Development.

Other characteristics of the work programme are:

- Amongst the 14 sectors listed, the one which commands the highest allocation for 1991 is Settlement and Community Development with 11 separate projects totalling Rs. 33.1 million, or 27.3 per cent of the total allocation. This sector covers a wide range of projects which may be divided into those which relate to area development — particularly the irrigation tank-based settlement schemes — and those related to local-level planning and village mobilisation. They include credit support to be channelled either through the Thrift and Credit Cooperative Societies or through the small producer-group funds. By far the biggest allocation in this sector is AGA Division Planning, with each of the 11 divisions being allocated around Rs. 2.5 million.

Table 1.2
HIRDEP: Planned expenditure, sectorwise, 1991

| Sector | Allocation | Per cent |
|---|---|---|
| 1. Project Co-ordination | 3669 | 3.0 |
| 2. Machinery/Equipment | - | - |
| 3. Water | 10339 | 8.5 |
| 4. Forestry | 2598 | 2.1 |
| 5. Fisheries | 12750 | 10.5 |
| 6. Irrigation | 12242 | 10.1 |
| 7. Settlement/Community Development: | | |
| a: Existing | 8724 | 7.2 |
| b: New | 24407 | 20.1 |
| 8. Roads | 3965 | 3.3 |
| 9. Agriculture | 3760 | 3.1 |
| 10. Industry | 4923 | 4.0 |
| 11. Health | 11740 | 9.7 |
| 12. Social Services | - | - |
| 13. Education | 15309 | 12.6 |
| 14. Energy | 211 | 0.2 |
| 15. Post/Telecommunication | 500 | 0.4 |
| 16. Housing Development | 6476 | 5.3 |
| TOTAL | 121613 | 100.0 |

Source: HIRDEP 1990a.

- Education and health absorb, between them, 22.3 per cent of the 1991 allocation. These are basically infrastructural projects with the provision of buildings and equipment. Both incorporate elements of institution building, including quarters and vehicles, as well as components for the improvement of performance.

- Irrigation not related to settlement schemes accounts for 10.1 per cent of the allocation and largely involves the physical rehabilitation or improvement of irrigation schemes or of abandoned tanks. It also includes the restoration of tanks by labour intensive methods.

- The production orientated sectors — agriculture, industry and forestry — account for only 9.2 per cent of allocation. They cover a wide range of activities, and include some important experimental works in fields such as taungya forestry systems, rainfed upland farming and the Enterprise Development Centre.

- The fisheries sector absorbs 10.5 per cent of funds and is a mix of direct production support, in the form of the supply of fishing vessels, credit funds, training programmes, and Social Welfare supports. It also includes support for income generating activities amongst women.

- The communications sector, which covers Posts and Telecommunications and road works, is principally made up of gravel road construction projects under the *Pradeshiya Sabha*.

- The energy sector is largely constituted by the long-established fuel efficient stoves project, but also includes a new proposal in the form of wind pump for lift irrigation.

- A separate sector has been assigned to women is development reflecting the special prominence given to this subject in the programme agreement and subsequently. This new project is similar in scope to the social mobiliser programme, but has a substantial beneficiary training input.

The range of projects is extremely wide reflecting HIRDEP's flexible planning approach. The projects are at differing stages of maturity reflecting the revolving, annual planning cycle. Many of the projects represent elaborations or extensions of earlier projects.

If we look at the current pattern of allocation from a more analytical perspective, taking some broader categories (see Table 1.3), the following observations can be made:

- In general, with the exception of AGA Division planning, the pattern of allocation suggests little breaking of new ground. Overall, production-related categories dominate the allocations with 30 per cent. These, in turn, are dominated by irrigation and the supply of fishing boats which account for 11.2 per cent and 9.0 per cent respectively.

- Social infrastructure spending of all categories accounts for 29 per cent of the allocation, which confirms the trend already noted above. Institution building is the third highest category of expenditure, but this includes the substantial level of support needed to move HIRDEP more strongly into AGA Division level planning.

- To support the new AGA level planning effort, a substantial volume of resources has been allocated to development activities. These will cover a wide range from both the social infrastructure and the production-related categories.

- Surprisingly low allocations are made for beneficiary training and for production credits other than fishing vessels. However, expenditure on social

mobilisation and staff training will lead to informal beneficiary training, while the allocation to AGA Division planning development activities will include production credits as well as other production activities.

Table 1.3 must, however, be viewed with some caution. 1991 may not be representative of trends in the pattern of allocation. The effects of civil disturbances and of government reorganisation are still being felt in the overrun of projects from earlier stages and, consequently, in the pace and pattern of incorporation of new projects. Furthermore, the incorporation in 1991 of a major new project component — Local Level Planning (all AGA Divisions) — involves expenditures which may not be typical of a normal year.

Table 1.3
HIRDEP: 1991 allocation by category of expenditure

| Expenditure Category | Allocation as per cent of total |
|---|---|
| Institutional overheads | 21.2 |
| Studies | (0.4) |
| Implementation costs: extension, expenses, travel, contingencies | (5.8) |
| Institutional support | |
| - vehicles | (6.5) |
| - equipment | (1.7) |
| - buildings — office, quarters | (6.8) |
| Human resources development | 5.3 |
| Training — staff, officials, etc. | (2.5) |
| Training — beneficiaries | (1.1) |
| Skill training facilities | (1.7) |
| Social infrastructure | 29.1 |
| Building | (16.3) |
| Equipment | (8.0) |
| Credit, housing loans | (4.7) |
| Production | 30.5 |
| Various projects, incl. forestry, research | (2.8) |
| Infrastructure, incl. roads, water management | (17.2) |
| Credit | |
| - fishing boats | (9.0) |
| - other production loans | (1.4) |
| AGA Division Planning — development activities | 14.0 |
| TOTAL | 100.0 |

Source: HIRDEP 1990a.

Finally it should be noted that in recent years there have been major disruptions to HIRDEP: caused by civil disturbance; by changes in the administrative structure; by changes in personnel in both the Planning Unit and NORAD/Colombo; and by redeployment of field personnel. The work load of Planning Unit Staff has also remained inordinately high. It would seem that as a result there has been some loss of momentum in HIRDEP, as well as of rigour in project identification and planning process. There is also little doubt that salary levels, when weighed against rising costs of living, and the paucity of amenities in Hambantota, do not act as a strong incentive for the staff of planning and implementing agencies.

# Chapter 2
# Institutional and Organisational Development: Past and Future Role of HIRDEP

## 2.1 Integrated Rural Development: An elusive concept

From the inception of Sri Lanka's IRD Programme in the late 1970s much attention has been given to institutional and organisational issues, and frequently such issues have tended to dominate the debate (Rao, Peiris & Tilakaratne 1984; *Economic Review* Jan/Feb 1989). The reason is probably to be found in the nature of the concept of IRD itself. IRD is like an empty container that can be filled with anything — meaning any kind of project with virtually any kind of objective. IRD is not a development theory — it is primarily a project format (Birgegård 1987, p.2).

IRD-strategies have commonly been ascribed the following characteristics, or objectives for that matter: development of a specific area; multi-sectoral activities and sectoral coordination; poverty orientation; and popular participation. The interpretation of these objectives, however, vary greatly. The same applies to the organisational framework seen as a means to achieve the objectives. It is also observed that differences in programme design seldom can be traced to differences in an underlying analytical framework (Birgegård 1987, p.2).

This partly explains why the institutional and organisational framework, the programme design, or the shape of the "container", so to speak, could become an issue in its own right — an end in itself not only a means to an end. And this, we would argue, has been a dominant feature of the policy discussions with regard to HIRDEP. Policy makers in Sri Lanka and Norway, as well as independent observers, have tended to focus as much on the shape of the container as on its content. This chapter is an attempt to evaluate this institutional and organisational framework, and the kinds of objectives underpinning it.

As a "container", HIRDEP can be characterised in several ways. It can be seen primarily as an "aid-construct": (1) a mechanism that simplifies transfers of Norwegian assistance to a sub-national geographical area and to rural development. It can also be seen as (2) a national programme for public sector support — a way of giving special subventions to backward regions. Others would argue that HIRDEP first of all is (3) a laboratory for working out new

development approaches, while still others would see it as (4) a multi-sectoral and, ideally, integrated strategy for achieving certain specific goals, or as (5) a programme designed to strengthen decentralised (i.e. district) planning and coordination of development activities.

Although it will be correct to say that HIRDEP carries elements of all these characteristics, it will be wrong to conclude that the institutional development of HIRDEP has been a haphazard process. To the contrary, there has been a conscious attempt to develop a coherent "administrative and planning model" (cf. Dale 1985). Let us look at what is typical of this model and what have been its primary functions and most important effects. Needless to say, the shape of the container has a bearing upon what can be put into it.

## 2.2 Institutional development: HIRDEP objectives and strategies

The first IRDPs in Sri Lanka started in 1979, in the districts of Kurunegala, Matara and Hambantota. It is interesting to note that these three forerunners came to represent examples of different organisational set-ups and planning approaches.

- Kurunegala IRDP, funded by the World Bank (IDA) was seen as combining an independent programme office with blue-print planning;
- Matara IRDP, funded by SIDA, was seen as representing a mixture of blue-print and process planning, while having an independent project office; and
- Hambantota IRDP has been placed at the opposite extreme of a planning ideology continuum, with the existing District Planning Unit designated as programme office, and a system of annual rolling plans.

The many debates on the Sri Lankan IRDP experience were dominated by discussions centered around these issues: integration of the programme in the district administration vs. a separate programme office; and process planning vs. blue-print planning.

The amorphous character of Sri Lanka's national IRD programme is remarkable. Whether intentional or not, it resulted in producing very interesting material for comparative studies. A fully-fledged analysis of that kind, however, goes beyond the scope of this evaluation, where the primary data collection has been concentrated on HIRDEP only. Yet, we have to recognise that the development of the organisational set-up and planning approach in HIRDEP — HIRDEP's own ideology formulation and soul searching, so to speak — was greatly influenced by the presence of other alternative models.

We do agree with the saying that "the proof of the pudding is in the eating", not in the recipe; but the image that has been created of HIRDEP as a model case compels us to take a closer look at the recipe as well, which is often phrased in

terms of "the HIRDEP approach" or "the HIRDEP model" (or "the NORAD formula"[13]).

When people refer to HIRDEP in this way they clearly see it in organisational terms. It is also evident from previous studies (see 1.2) that HIRDEP often has been preoccupied with the means rather than the ends — with the approach and the process rather than the outcome and the effects. The obvious rationale has been that unless the appropriate means are being identified it is meaningless to set specific output targets. This picture emerges already in the initial agreement for the programme. The overall objectives or targets of the programme were formulated in very general terms; e.g. *increased* income, employment and production, and a *raised* standard of living, in particular of the *poorest* segments of the population. There was no mention of what kind of production should be increased, what the critical factors that determine one's standard of living are, or who are the poorest. Likewise there was no attempt to quantify any expected achievements. This lack of specificity in terms of objectives and targets, stands in contrast to the rather detailed prescriptions for a strategy or a specific planning model.

The Agreement of 1979 presents four key elements of a programme strategy. A basic premise was the stress on

(1) *execution by utilisation of the existing government machinery*. The issue was one of institutional integration[14] and institutional strengthening — how to make HIRDEP a tap in the wheels of the government machinery, if not to say an engine. This entailed the following set of organisational development objectives, which have figured strongly especially in planning documents from the 2nd and 3rd period of HIRDEP (see 1.7.2):
   - to *strengthen the implementation capacity* of existing public institutions, referring to physical infrastructure and manpower in quantitative terms;
   - to *improve the quality of management*, by which is understood the procedures and guidelines controlling the most important day-to-day tasks of different institutions; and
   - to *improve individual skills and change attitudes*, through various forms of training.

[13] This expression was used in an evaluation of Dutch financed IRDPs (Hommes et al. 1989), referring to the role of NORAD vis-a-vis the Programme Office.

[14] The concept of "integration" has often been used meaning "working with and within the government system", which must be distinguished from "integration" in the sense of inter-sectoral planning and coordination.

Furthermore, HIRDEP was to follow:

(2) *an integrated approach to development*, whereby efforts within related fields are sought related to each other;

(3) *a method of recurrent planning*, whereby information from ongoing activities is continuously fed into a revolving planning procedure; and

(4) *a method of concerned participation* by the population of both sexes, in a decentralised planning and implementation process.

In the Agreed Minutes of the 1980 Annual Meeting a fifth cornerstone was laid in the HIRDEP planning model, namely:

(5) to prepare *a comprehensive District development plan*, encompassing all important sectors and incorporating all development efforts in the District.

This emphasis placed on strategy and methodology already from the inception of the programme, has remained a characteristic feature throughout. It is fair to say that the means have become objectives in their own right, and in an evaluation of HIRDEP we have to treat them as such. How far has HIRDEP succeeded in achieving these five objectives?

## 2.3 Achievements and impacts

### *2.3.1 Institutional integration*

A decision was made early to make the District Planning Unit the lead agency of HIRDEP. This did not mean coopting an already well-established institution, since the DPU existed mainly on paper, but that the Project Director appointed by MPPI for HIRDEP also was designated Deputy Director Planning for the District and hence the assistant to GA in respect of planning and coordination of development activities. This was a deliberate move to avoid a bypass approach, and as such represented an alternative arrangement to the Kurunegala and Matara IRDPs. Since then, institutional integration and the avoidance of bypass procedures have clearly been among the main objectives of HIRDEP.

The creation of HIRDEP represents an interesting case, where a new and liberal donor, conscious of not imposing its own ideas on rural development (partly as a result of having little experience in this field), gives the Sri Lankan government an opening for exerting its own will-power. The World Bank approach to rural development was a package deal. NORAD however did not have any package to deliver, nor was there in the organisation a lobby that claimed to know the recipe for rural development.

It seems that the initiative to locate the responsibility for programme coordination to the DPU, was a Sri Lankan initiative, and evidently the pressure for this model came from the District and not MPI. The district authorities wanted a recognition of the simple fact that there was an established planning and administrative apparatus at local level which was underutilised, and that they saw a danger in the IRDP undermining it. This argument tallied with the general NORAD policy of "recipient orientation" — i.e. that the aid recipient should have the final responsibility for planning and implementation. The fact that NORAD actually approved several individual projects and that implementation had already started before formulation and signing of a programme agreement, in reality was a tacit acceptance of a model making the existing district administration the lead agency. To the extent that MPI had any policy on organisational issues pertaining to the national IRD programme, it was at the time thinking along the lines of the World Bank approach. It is therefore significant that MPI did accept the argument of the District and NORAD, and opted for the integrated administrative model.

An important by-product of this prolonged discussion on organisational matters, and the nature of the final outcome, we would argue, is that HIRDEP in the years to come was accorded special attention by MPI, and that the informal relationship between MPI and NORAD was quite close throughout.

In later documents on HIRDEP the advantages of this model have been more clearly formulated, the most important being:

- it would enhance the formal authority of the Director of the Programme by benefitting from the authority of the GA;
- this in turn was considered important in relation to the line agencies, for achieving proper coordination and monitoring;
- and also in relation to district politicians, to facilitate coordination at the policy level with other sources of development financing, the DCB in particular;
- it would mean effective utilisation of already existing planning staff at district and lower levels;
- it would mean that resources spent on programme planning and coordination more directly would contribute to strengthening the local administration; and
- it would provide a better opportunity for ensuring that assets created by the programme would be maintained by the appropriate public institution.

After more than a decade experience with the "integrated model" what can be said about the experiences and achievements? To what extent has HIRDEP succeeded in becoming institutionally integrated? And to what extent has this strategy contributed to meeting the other objectives mentioned, i.e. better coordination of district development, better inter-agency coordination, building of district planning capacity, and ensuring sustainability of programme investments?

At this point we are faced with the problem of what yardstick to use and what period to take as the beginning and the end. The political and administrative environment within which HIRDEP operates has significantly changed over the last two to three years. It would have been methodologically more correct, therefore, to limit the analysis of achievements and effects to the period from 1979 to 1987, but since this would tell us little about the sustainability of the model given the present situation, we shall have to refer to the situation as of today.

As an attempt basically to provide a solution to the ethnic conflict, the introduction of provincial councils and the concurrent alteration in the role of the districts were not at all motivated by the experiences with the IRDPs. And if at all taken into consideration, it seems that the model advocated by HIRDEP was easily sacrificed, as was the institutional capacity built up at district level. It is also significant that the policy-makers have indiscriminately viewed the IRDPs as organisational units in themselves. They are subjects to be devolved. The reform has clearly signalled that central government sees the IRDPs as semi-autonomous project organisations and not, like the Planning Unit or NORAD, as integrated *district* programmes. This is why some can claim that the IRDPs only to a limited extent have been affected by the administrative changes. This may well be the case with several of the IRDPs, but with respect to HIRDEP there has been, at least on the policy level, a formidable change.

There is today no District Planning Unit, except for a small unit (or rather one planning officer) attached to GA (*Kachcheri*). The Planning Unit in Hambantota is *de facto* a programme office. Its duties are entirely connected with the planning and implementation of HIRDEP. Informally the Unit provides some assistance to GA or other government agencies, but this is not a line function. Where there existed a formal integration of HIRDEP and the district administration, namely in the combined function of the Project Director also being assistant to GA as Deputy Director Planning, it is now discontinued. The Project Director of HIRDEP is now functionally in the same position as other IRDP directors.

Adding to this picture of change is the new line of reporting institutionalised with the provincial council reform. "Rural development" is now a so-called devolved subject, and as such fall under the authority of the provincial administration. This means that most of the project activities financed by HIRDEP fall under the auspices of the Province, although all negotiations with donors and monitoring of donor-funded projects is a non-devolved function. MPPI is still, therefore, responsible for the national IRD programme, and also effects disbursement to IRDPs (through the Provincial Council), but the line of reporting now goes from Project Director to Chief Secretary of the Province. In this perspective the viability of the Rural Development Division of MPPI and the concept of a national IRD programme is seriously in question.

If we move from the organisational to the operational level, the effects of the administrative reforms seem to have been only marginal. No project has had to be discontinued, and there has been no major change in the profile of the Programme so far. This is a clear indication that we have to play down the importance and possible effects of the past institutional integration on HIRDEP. After twelve years of advocating the major difference between HIRDEP and several other IRDPs, today they stand very much in the same position, and are recognised as such by the national government as well as the public at large. They are seen as special *aid* programmes, with the capacity to initiate projects that the ordinary government system for various reasons is incapable of undertaking.

Even prior to the 1989 reform, it may border on wishful thinking to claim that HIRDEP operated as an integral part of the district administration. It is true that the dual position of the Project Director empowered him to influence the establishment and make use of the existing government structure in a way that would otherwise have been difficult. But rather than developing the role of the Planning Unit as a conventional government supporting agency responsible for overall planning, coordination and monitoring of development activities, this power was used to develop the Unit more and more into a typical Programme Office by taking on responsibilities that were not its original function. If the pristine model ever existed, it must have been in the first years of HIRDEP.

In later years the Programme Office has more and more developed into a project organisation taking on substantial implementing responsibility. This is clearly shown if we analyse HIRDEP's disbursement pattern. In 1989 the HIRDEP Office was directly involved in more than 60 per cent of project payments, while in 1980 the figure was nil (see Table 2.1).

In 1990 the Planning Unit was responsible for disbursing 62 per cent of non-recurrent funds. The bulk of the remaining expenditure was disbursed by the AGAs (13 per cent), Education Department (9 per cent), Agrarian Services (6 per cent), Forest Department (3 per cent) and the Irrigation Department and Provincial Director of Irrigation (5 per cent). Of the total planned expenditure of Rs. 121.6 million for 1991 the Planning Unit is solely responsible for projects amounting to 29 per cent of expenditure and has joint responsibility with other agencies for a further 33 per cent. The remaining 38 per cent is assigned to agencies other than the Planning Unit. Much of the actual disbursement of funds is carried out directly by the Planning Unit, since few of the implementing agencies have authority to open imprest accounts.

The factors mentioned above seem to indicate that the question of alternative administrative models, and its importance in shaping the actual content of the programme (cf. Dale 1990, p. 422), has been overemphasised. First of all, the national IRD Programme never became an integral part of a strategy to build a strong decentralised administration at district level, although the IRDPs to various

extent made contributions in this direction. The HIRDEP model of administrative integration existed in a policy vacuum. It was not backed by a corresponding national policy. And when GOSL eventually took a major step towards decentralisation and devolution of power, the district was actually bypassed and the IRDPs left on the sideline. It is our conclusion, therefore, that institutional integration has not been a major feature of the HIRDEP model. This is an observation and not a value judgement, and we are not arguing that this is a sign of failure. On the contrary, we would argue that the principal successes of HIRDEP have been made possible by a room for manoeuvre that would not have been there if administrative integration had been complete.

Table 2.1
Direct payments made by the HIRDEP Office

| Year | Total expenditure million Rs. | Direct payments by Project Office* | Per cent of total |
|---|---|---|---|
| 1980 | 45.5 | Nil | - |
| 1983 | 42.4 | 4.8 | 11 |
| 1986 | 54.8 | 27.4 | 50 |
| 1989 | 48.0 | 29.8 | 62 |

* The remaining project disbursements are incurred either as imprest released by Project Director to line departments/agencies, or as Ministry expenditure.
Source: Rahubadda & Fernando 1991, Table 1.3 (based on Final Accounts).

### *2.3.2 Integrated planning*

The notion of "integrated planning" derives from systems thinking — the recognition that development involves a large number of interrelated processes, and hence that development interventions should be planned so that several sectoral components complement each other. As such this concept implies a more ambitious task than what is normally understood by concepts such as "overall" or "comprehensive" planning. It is also significant to distinguish between a "strategy" and a "plan". An integrated strategy operates at a policy level and is mainly an analytical framework to guide individual project related decisions. An integrated plan is rather different, in that it aims at determining and coordinating a multiplicity of interventions. It is a master plan, and by its very nature a top-down exercise.

In theoretical terms integrated development sounds rather straightforward, but the experiences of IRDPs show that this is extremely difficult to realise in practice (cf. Birgegård 1987 and 1988; Ruttan 1984). The basic problem is how to obtain the control and management required to move initiatives, components and resources in a coordinated and planned fashion. Success along this line inevitably means

bypassing the established departmentalised development administration, and means a planning and management approach that leaves little scope for empowerment of target groups and local level decision-making. HIRDEP is a telling example of these contradictions.

Only in one case under HIRDEP do we find something which approaches the ideal of integrated planning and implementation. This is the settlement projects. Typically, in this case, we see that the Planning Unit had to take full planning and management control. Other agencies such as the Irrigation Department, the Agrarian Services Department and Sarvodaya were incorporated, but the Planning Unit acted as overall manager and executing office, and not merely as a financing and monitoring agency, which is its line function role.

It is our contention, therefore, that neither HIRDEP as a whole nor any of its major projects (e.g. the Local Level Planning Projects) can be characterised as based on integrated planning. This has been made impossible due to the greater emphasis placed on process planning and participation. In the first case, the main participants are the various public institutions in the District eligible for support from HIRDEP. Their proposals are not submitted in accordance with an integrated strategy. This is not to say that projects are not functionally linked. In fact, they often are (cf. Dale 1985), but they do not systematically add up to an integrated plan.

Also in the case of local level planning projects there is no integrative planning framework. In fact, there is an inherent contradiction between a more democratic, participatory or populistic planning process that is demand-driven, and one which is more controlled by planning technocrats, guided by concepts of overall and integrative planning, and which is supply-driven. Looking at the types of projects that emerged from the participatory planning process — successful on its own terms (Dias, 1990) — there are two trends worth noting: the uniformity across villages and the dominance of physical infrastructure projects (see Table 2.2 for an analysis of the expenditures incurred in the Katuwana Local Level Planning Project during 1985-86, which shows that 80 per cent of total expenditure has been used for small-scale physical infrastructure).

In other words, the pattern which emerged resembles what could be expected from a top-down delivery orientated programme. It suggests that a common package was given to the village as a whole (Kodituwakku, Amarasekera & Wijayathilake 1991), which was not the case. What we see is a planning procees which is heavily influenced by what people perceive government, and HIRDEP in particular, can provide. This aggregate effect may become a development pattern that does not reflect differential needs geographically and socially. We would have expected a technically sophisticated method of comprehensive and integrated planning to have produced a different pattern. The experience from Katuwana is not an argument against participatory planning, but clearly indicates its limitations.

It is worth noting that HIRDEP now recognises the need for a more integrated strategy for local level planning. The deficiencies in the first projects are now sought ameliorated in the new proposal for *Local Level Planning and Development (Divisional Level): 1991-93* submitted to NORAD for final approval. A separate component of this programme is to improve the set-up for "comprehensive, integrated sub-district planning" (HIRDEP 1991, p.3).

Table 2.2
Categorisation of expenditures under Katuwana Local Level Planning Project

| Type of projects | Expenditure 1985 | | Expenditure 1986 | |
|---|---|---|---|---|
| | '000 Rs | Per cent | '000 Rs | Per cent |
| Community social development | 548.9 | 30.4 | 636.1 | 39.3 |
| Dug wells | (277.1) | (50.5) | (344.0) | (54.1) |
| Rural roads | (149.1) | (27.2) | (221.7) | (34.9) |
| Others | (122.7) | (22.4) | (70.4) | (11.1) |
| Individual social development (Mainly latrines) | 911.2 | 50.5 | 646.7 | 39.9 |
| Income/employment generation (Minor export crops, poultry, brickmaking, trade, etc.) | 343.8 | 19.1 | 337.2 | 20.8 |
| Total | 1803.8 | 100 | 1620.0 | 100 |
| Out of which: | | | | |
| Cement, iron pipes etc. | | | 788.9 | 48.7 |
| Fertiliser | | | 146.3 | 9.1 |
| Labour and incentives | | | 171.5 | 10.6 |
| Bricks, sand siphons | | | 327.8 | 20.3 |
| Planting materials | | | 69.9 | 4.1 |
| Transport | | | 87.0 | 5.1 |
| Others | | | 28.4 | 1.8 |

Source: Rahubadda & Fernando 1991, Tables 2.1, 2.2 and 2.3.

As a conclusion we would claim that HIRDEP has reached modest achievements in terms of integrated planning.[15] This should be no cause for distress, however.

[15] In recent years NORAD has introduced the methodology of "logical framework approach (LFA)" for project and programme planning, which in reality, is a methodology for integrated planning. It is too early to assess the impact of this approach on the quality of planning, but it is noted that the recent Health and Education project proposals do not meet the standards one would have expected in the wake of LFA workshops.

In fact, HIRDEP has avoided some of the general disillusionment of many IRD programmes, precisely because it has taken the concept of integrated planning lightly. Integrated planning, as defined above, is meaningful only if and when integrated implementation is possible.

### *2.3.3 Recurrent planning*

Why did HIRDEP from the outset take on a model different from other IRDPs? Was it a deliberate policy decision by MPI? Was it a set of concepts pushed by NORAD as a donor? Our studies indicate it was neither of the two. There is also no evidence to suggest that HIRDEP was purposely created as the antithesis to the World Bank sponsored IRDP in Kurunegala, although many writers on HIRDEP make this distinction as a major point of departure in their analysis (Bandula 1985, Hassendeen 1989, Dale 1990). The events leading up to the HIRDEP agreement seem to indicate that the consensus reached on adopting a flexible planning approach was a compromise between the Sri Lankan push to have immediate start-up of area-focused sectoral projects to be implemented by existing line agencies, and the Norwegian call for more comprehensive strategies and plans (Børhaug 1991).

Once set on this track of flexibility, HIRDEP has made considerable achievements in refining the approach, developing it into a recurrent and annually revolving planning process (see Smith 1985, Dale 1985 for a more elaborate presentation of this model). A significant feature is the two-step approval procedure that has been adopted, with "approval in principle" given at the Annual Meeting between RDD and NORAD on the basis of a Project Sketch, and "final approval" to be given by NORAD (in most cases by NORAD-Colombo without involving Oslo) at any time on the basis of a complete Project Document.

It is evident that this mode of working has had obvious advantages for the people in the field, not least in a situation of "planning without facts". It has undoubtedly been a major factor behind the commitment and high working morale experienced in HIRDEP, and the remarkable innovative capacity of HIRDEP. Having said this, one should be careful not to assume that such positive effects can be sustained or replicated only by keeping to the set of procedures and administrative routines that have been institutionalised. One must be aware that the success of the model has greatly depended on a set of informal relationships supporting the formal system, in which NORAD-Colombo played a vital role.

Regarding the relevance of this planning model today, there are a number of issues to be considered:

1. The recurrent planning model is "planning intensive". By this we mean that it demands a large volume of planning documents to be produced. There is a

danger that the work put into fulfilling the annual planning requirements may exceed what is reasonable given the scale of operations, and may tie up scarce personnel resources that could better be used for other purposes, like supporting implementation, training, etc..

2. It is also a valid question whether NORAD, the Provincial Council and MPPI do have the capacity to properly digest the massive flow of planning documents from HIRDEP. The current backlog of project proposals awaiting final approval (see Table 2.3) underscores this concern. The main problem seems not be the time it takes to process a formal response, provided the proposal is approved, but rather the time and resources it takes to assure in advance that a project document (plan or proposal) once submitted by the Planning Unit for approval meets the requirements set by NORAD and RDD (and possibly also PC). Sending a proposal back and forth through formal procedures in order to improve it, may be counterproductive.

3. The in-built flexibility of this model encourages agencies and actors on the district scene to present new proposals to HIRDEP. Lacking an overall strategy to set priorities, HIRDEP is faced with the situation that it has to accept and forward most of these proposals. This generates considerable extra planning work within the HIRDEP office, since virtually all of the proposals require improvements and editing to fit into the agreed formats for project sketches and project proposals. In March 1991 the situation within the Planning Unit was alarming, as is evidenced in Table 2.3. A striking feature is the apparent mismatch between the number of proposals channelled into the system and the actual capacity of the system to handle them properly.[16]

4. There is a tendency to increase the scope, comprehensiveness and budgets of the proposed projects in order to reduce the total planning work required. This development is fueled both by the need of NORAD to reduce its monitoring and administrative requirements, and attempts by sectoral departments to achieve "bigger deals". Seeking the approval of smaller components separately does increase the amount of work that has to go into preparation of planning documents. Having bigger and more long-term projects approved is indeed less planning intensive, but evidently it means a reduced quality of planning both in terms of detail as well as realism.

[16] It should be noted that of the total planned expenditure for 1991, projects which have only "Approved in Principle" and "Awaiting Approval" status together account for Rs. 60.9 million or 50.0 per cent of total planned expenditure. Those awaiting approval account for Rs. 44.0 million, or 36.2 per cent of planned expenditure. This situation reflects continuing delays in the preparation of project proposals by implementing agencies and the Planning Unit, as well as delays in decision-making and processing of documentation by both the Regional Development Division and NORAD.

5. With the introduction of a provincial system, the district is no longer the apex of sub-national development planning, coordination and financing. In this situation it is a valid question whether the planning model of HIRDEP also should change. Does it make sense to have an annual revolving planning system when it can no longer be attached to such an apex in the national system (viz. the District Planning Unit)? If HIRDEP continues to entertain proposals from virtually any agency located in the District, as if it still was a District Planning Unit (in its proper sense), will it undermine the policy intentions of the new system?

6. There are indications that the informal links between HIRDEP and NORAD during the last year changed in frequency and even content. This seems to have been circumstantial, caused by temporary personnel constraints in NORAD, and not a deliberate policy on the part of NORAD. In fact, the recent NORAD-strategy for the 1990s underlines the importance of dialogue and a clear definition of roles and responsibilities between donor and recipient. The HIRDEP-experience demonstrates the virtues of this approach, but at the same time this experience underscores the importance of close and frequent *informal links*. In this connection it is pertinent to refer to the ambivalence in NORAD with respect to the interpretation of the new role of NORAD. Some see it as a "hands off"-strategy. We would argue that with NORAD in a more *formal* position vis-a-vis HIRDEP, it will be difficult to continue the recurrent planning model in the same constructive and adaptive way. Excessive doses of formalism into this complicated planning process, may lead to much "red-tape" and fossilisation of the system.

Although the experiences with the recurrent planning model are generally positive, we find it necessary to sum up the present situation on a more sceptical note. The questions we have posed suggest that the present model should be modified. A first step would be to differentiate between major strategies or sub-programmes within HIRDEP. It is likely that the planning requirements and the most appropriate procedures will differ from one programme to another. This situation is partly recognised already with the AGA development programme, which is designed to have its own internal planning process parallel to the annual revolving process of HIRDEP as a whole.[17] It is also assumed that this programme will progressively take a bigger share of HIRDEP funds (the allocation for 1991 is 20 per cent of the total).

[17] In the programme proposal for Local Level Planning and Development (1991-93) it is suggested to have block allocations for different components. Individual local projects will be subject to final approval by the Planning Unit, which is responsible for disbursement of funds to village/community level (HIRDEP 1991, p.18).

Table 2.3
The backlog in the HIRDEP planning process as per March 20, 1991

| Step in the planning process | Type of project | Comments |
|---|---|---|
| Project Proposals still to be finalised by Planning Unit/line agencies, on the basis of Project Sketches approved in Annual Meeting 1989 or 1990 | 1. Quality Improvement of Health | Being typed |
| | 2. Irrigation Schemes — III | In progress (by PU) |
| | 3. Development of Education | Little progress |
| | 4. Wind pump | Little progress |
| | 5. Kirinda Area Development | No progress (by PU) |
| | 6. Gravel Roads — III | In progress (by PU) |
| Project Proposals pending approval by NORAD | 1. Local Level Planning | Submitted 07.12.90 |
| | 2. Housing Development | Submitted 03.01.91 |
| | 3. Women in Development | Submitted 20.12.90 |
| | 4. Beliatta Water Supply Scheme | Submitted 08.03.91 |
| | 5. Strengthening NWS&DB | Submitted 08.01.91 |
| | 6. External Research Fund | Submitted 27.09.90 |
| | 7. Vehicles to Project Office | Submitted 30.11.90 |
| | 8. Recruitment of Agric. Officer | Submitted 11.02.91 |
| | 9. Weliwewa Flood Damages | |
| New Project Sketches to be prepared for the Annual Meeting in June 1991 (as was discussed in PU by the end of March) | 1. Tube wells | Only a few of these sketches had been completed, less than a month before they are supposed to be submitted to NORAD. |
| | 2. Fisheries | |
| | 3. Tea factory | |
| | 4. Roads | |
| | 5. Water supply | |
| | 6. Livestock | |
| | 7. Textiles | |
| | 8. TCCS | |
| | 9. Vocational training | |
| | 10. Postal | |
| | 11. Water bowsers | |
| | 12. Market places | |
| | 13. Free exercise books | |
| | 14. Quality education — II | |
| | 15. Tractors for Farmer's Org. | |

Source: Personal communication, Planning Unit.

### *2.3.4 Participation*

As with the other development concepts being discussed here, "participation" is equally ambiguous. It is being used to denote anything from forced labour to popular revolution. And who are the ones to participate, and how are participants selected? Two of the part-studies are grappling with these issues in the context of HIRDEP.

We can identify four main categories of participants in HIRDEP: (1) government agencies, (2) political institutions and representatives, (3) local level organisations

(local NGOs, branches of national NGOs and popular organisations instituted by the government), and (4) designated project beneficiaries. The emphasis on participatory strategies in HIRDEP has mainly been placed on (1) and (4) above.

As regards the second category, HIRDEP for a long time HIRDEP succeeded in keeping a constructive dialogue with influential politicians from the area, to develop support as well as avoid interference (this was eased by their limited number (only 4 MPs, and no popular elected council at district level) and that their political ambitions were mainly focused on the Decentralised Budget. There is evidence that this "truce" has been upset by the introduction of the new system and that political influence on the planning process of HIRDEP is becoming more pronounced, which in itself is not a bad thing. The present Provincial Councillors and the newly elected members of the *Pradeshiya Sabhas* have a legitimate role to play in HIRDEP. It should be mentioned that HIRDEP was quite successful in its cooperation with the now largely defunct *Gramodaya Mandalayas* (village councils) in its local level development projects. One can only hope that a similar constructive relationship can develop with the new politicians on the scene even though previous experiences with politisation of local development work in Sri Lanka leave room for scepticism.

Local level organisations (no. 3 above) have not been important participants in HIRDEP, with Sarvodaya as an exception. This is also recognised by the Planning Unit, which stresses that "HIRDEP could work more closely with NGOs in Hambantota" (HIRDEP 1990b, p.23). In recent years the private sector has figured more prominently in HIRDEP planning documents in two respects:

- As partners in the local level development programme. This concerns village based NGOs such as Thrift and Credit Cooperative Societies, farmer's organisations, women's groups and school committees. There are also other local organisations, but more directly controlled by government, such as Rural Development Societies and National Youth Service Cooperatives, that have a potential for mobilising people.[18]

- As the main partners in strategies for industrial development and employment creation. Considerable efforts have been made to identify appropriate mechanisms for promoting private enterprises, but the achievements so far have been modest (Wickramasekara 1991).

We have already stated that the flexible and revolving planning model adopted by HIRDEP has facilitated participation from virtually all government agencies (no.

[18] HIRDEP held a District seminar in April 1991 to meet NGOs and voluntary organisations to discuss AGA-level development projects and a possible district NGO umbrella.

1 above) in the District. HIRDEP enlists the collaboration of a large number of implementing agencies. The Work Programme for 1991 requires at least 29 different agencies, considerably more if each AGA/Divisional Secretary and *Pradeshiya Sabha* is regarded as a separate agent, and there is informal cooperation with even more. Taking into consideration the limited statutory powers of the present HIRDEP Programme Office, the network of cooperation is indeed impressive.

The main thrust of what has been labelled participatory strategies in HIRDEP has concerned attempts to involve special target groups (cf. no 4 above). These were broadly defined as the poorer segments of the population, with women as a special group. There have been attempts to give more precise and operational definitions, e.g. food stamp holders that live in temporary houses and own less than 1/2 acre of land. The validity of such socio-economic indicators for measuring poverty can easily be challenged (cf. Kodituwakku, Amerasekara & Wijayathilake 1991). Nevertheless, some cut-off points have to be established when "goodies" are to be distributed.

Strategies for participation of beneficiaries have mainly been tried out in the following projects:

- Local Level Planning projects (Katuwana, Weeraketiya and Hambantota)
- Settlement schemes
- Social Mobiliser Project
- Housing Development Project
- Women Development Project

The latter two are very recent projects, and our assessment is therefore based on the first three types of projects.

Looking at the findings from part-studies 1 and 4 the following picture emerges as regards the local level planning projects:

(a) The initial identification of needs and development problems was undertaken by a planning team through a social survey, the result of which was brought forward for discussion in public meetings. The attendance at the meetings was good, but poor people, and women in particular, were mostly silent, not surprisingly. Participation in this form of *project identification* was therefore largely dominated by the village leadership. This may partly explain the bias towards social infrastructure. In any case, the involvement of the local leadership is of course fundamental for implementation of community level projects.

(b) Participation in *project formulation* was constrained by lack of technical expertise at the local level. An improvement over time was observed as a result of training and adoption of technologies which were locally known.

(c) Participation in *implementation* was gradually expanded, and in many projects very substantial. A positive result from this was the cuts in capital costs of civil works (see 3.3.2), not least due to the voluntary labour contributions, but also that it was possible to avoid the usual mark-up involved when engaging local contractors.

(d) The facilitation of self-help schemes is however not entirely unproblematical when the poor are the target group, because such schemes may well compete with income generating activities. While the problem may not be very serious for individual social services such as latrines and housing, poor people are in a more difficult situation when it comes to communal social services . It is reported that the majority of the participants in such *shramadana* work come from poor families, while they are not the main beneficiaries and could better have used their time otherwise. It has been is recommended to make such communal works more remunerative to avoid exploiting the poor (Dias 1990). In the proposed AGA-level Development Project it has been explicitly stated that poor should be paid when working for communal benefits.

(e) Participation in *monitoring and evaluation* is deficient, and there is a need to develop methods as well as organisational mechanisms.

In the irrigation-based settlement schemes there was no application of a special target group approach, except that beneficiaries were people who had encroached on Crown Land as *chena* farmers. The families that received paddy land have greatly improved their standard of living (see the study on Weliwewa in Atapattu 1991). Participation has been considerable, first and foremost in connection with private asset building; e.g. land preparation and house construction, but also in some communal projects such as tank rehabilitation. Still the settlement communities have been very much on the receiving end, and there exists a dependency syndrome based on the links to the Planning Unit.

In some programmes with a target-group orientation it has been noted that the poorest groups are unable to take advantage of the benefits on offer. This would appear to be the case on settlement schemes, where, despite the support given, the poorest still lack the resources to make the contribution required of them. Selection is also such that a significant number of beneficiaries do not belong to the target group proper of HIRDEP (Kodituwakku & Wijayathilake 1991).

The Social Mobiliser Programme has been the kind of intervention by HIRDEP that most directly has reached the primary target group. In a project review it is

reported that the Social Mobilisers have been extremely successful in identifying, mobilising and helping poorer people (Hewage & Karunaratne 1987, p.17), and they recommend extending the programme. As of December 1990 there are 64 social mobilisers of whom 54 are women. There are 316 organised groups with a total membership of about 1900 of which 75 per cent are women. 21 of these groups have formed banking societies providing credit at a low interest rate to their members.

There is a general consensus that this is the only approach that can mobilise segments of the population that are marginalised in relation to the mainstream politics and economic development. A critical aspect with such approaches, however, is that they are more like popular movements than public sector programmes. Further expansion of the Social Mobiliser Programme within the framework of the government system is likely to stifle the spirit and dynamism that have been typical of the Programme when it was still small enough to sustain close and personal follow-up by the Planning Unit.

We can safely conclude that participation has been one of the strong areas of HIRDEP, but we should not idyllise. There are still hurdles to pass. Besides, there is no perfect state of affairs when it comes to participation. Participation is a never-ending process and struggle. It is evident that HIRDEP has been in the forefront of this struggle in Sri Lanka and has produced experiences which are highly relevant in the new national decentralisation programme.

### *2.3.5 District planning*

When GOSL in 1977 suggested to NORAD the possibility of supporting a district-based area development programme, an IRDP was considered mainly as a gap-filling exercise — a means to secure development financing to rural areas outside other national programmes, and a mechanism for financing area focused sectoral projects to be implemented by existing line agencies.

It is also significant that GOSL never suggested to NORAD a planning model along the lines of the World Bank. It's primary objective in the initial negotiations was to secure Norwegian commitment to specific project proposals emanating from district line agencies, not to agree on a coherent programme. Representatives of MPI in fact argued that this was premature. A request from NORAD in 1978 to Sri Lanka for more specific guidelines and policies for a programme in Hambantota reportedly resulted in the submission of a proposal for more than 30 individual projects, that clearly did not represent any strategy for rural development (Børhaug 1991).

NORAD was from the beginning concerned about this lack of policy and overall planning, and was even suggesting at a point to have a Norwegian Project

Supervisor and to provide a planning team for the district. The former was rejected by GOSL while the latter proposal was greatly scaled down. NORAD had no problems in accepting that planning was a Sri Lankan responsibility. It was more difficult, however, to accept the low quality of planning, especially overall and integrative planning. On this issue NORAD was definitely following similar arguments to those supporting the so-called blue-prints of the World Bank. The reasons why NORAD renounced their demands on this issue, seem to have been pragmatic rather than methodological. The HIRDEP agreement came to represent a compromise. It accepted that the District agencies did not have the capacity nor the qualifications to prepare the kinds plans required for an IRD-programme, and that project implementation should not await the establishment of such a capacity and be conditioned on the existence of such plans. But the agreement implied that it was a clear objective of the programme to build this capacity and to prepare a comprehensive district plan.

As already indicated above, this is an area where HIRDEP has not been successful, despite frequent reminders in previous studies (cf. chapter 1.2). Overall planning was at best achieved only within programme areas of HIRDEP itself, and not within the context of all development activities being undertaken in the district. The District Co-ordinating Committee, under the Government Agent, had limited powers to enforce any form of consistent strategy in the allocation of capital expenditure across the district. Its position is now even weaker with the responsibility for devolved subjects passing to the Provincial Council.

The Planning Unit never had a real mandate to prepare an authoritative plan for the District as a whole. Apart from this, there is also the inherent conflicts between master planning and participatory planning, on the one hand, and on the other hand, between the long-term perspective needed in a district-wide plan and the one-year horizon of the revolving planning of HIRDEP.

In retrospect we do agree with the choices made by HIRDEP in terms of planning perspectives, but time has now come to focus the attention more on overall priorities. The old objectives are too vaguely formulated to act as policy guidelines. This is not the same as arguing for a reinforcement of a district planning framework. In fact, Hambantota is neither an economic unit, nor an ecological zone, nor a unique cultural region. Although we have to recognise that Hambantota District is not a functional planning zone for a number development issues, and we have to wellcome both the provincial and divisional frameworks, Hambantota will in the forseeable future remain a resource centre for overall planning.

## 2.4 Recent development trends: impacts and future perspectives

### *2.4.1 Administrative restructuring*

In November 1987 the Parliament amended the Constitution[19] to open up for a political process towards a state organisation based on a high degree of provincial autonomy.[20] The Provincial Council is elected through direct popular vote, it has wide legislative powers, a separate Provincial Public Service, and considerable autonomy in the fields identified as devolved functions, which covers the whole range of development activities excluding only those of national and inter-provincial concern.

What is of particular concern here is the specified authority of the PC to establish a framework for provincial planning. Under the list of devolved subjects is the implementation of a Provincial Economic Plan and the formulation and appraisal of plan implementation strategies. In the Southern Provincial Council the subject of planning comes under the Chief Minister who heads a Planning Commission which forms the apex of the planning process. The administration of planning comes under the Chief Secretary supported by a Provincial Planning Unit headed by a Deputy Secretary. The PPU through the Chief Secretary extends its line of command directly to the divisional level (see Figure 2).

The new system is still in a formative state, and a number of organisational problems have already surfaced. A planning workshop organised by the Southern Provincial Council identified the following areas where further clarity is required (Southern Provincial Planning Unit 1989):

- the relationship between PC and the *Pradeshiya Sabha*;
- the position of municipalities and Urban Councils which form parts of *Pradeshiya Sabhas*;
- the role of the Government Agent who has no real role to play in the provincial planning system;
- the relationship between donor agencies and the Provincial Council; and
- the role of the IRDPs.

The role of the district as a unit for area-based planning has diminished. There appears now to be much less scope for integration, with three almost independent planning structures running parallel: (1) the provincial system controlling divisional funds and Provincial Council Member funds (see Table 3.3), (2) the IRDPs which operate rather independently, and (3) the departmentalised central

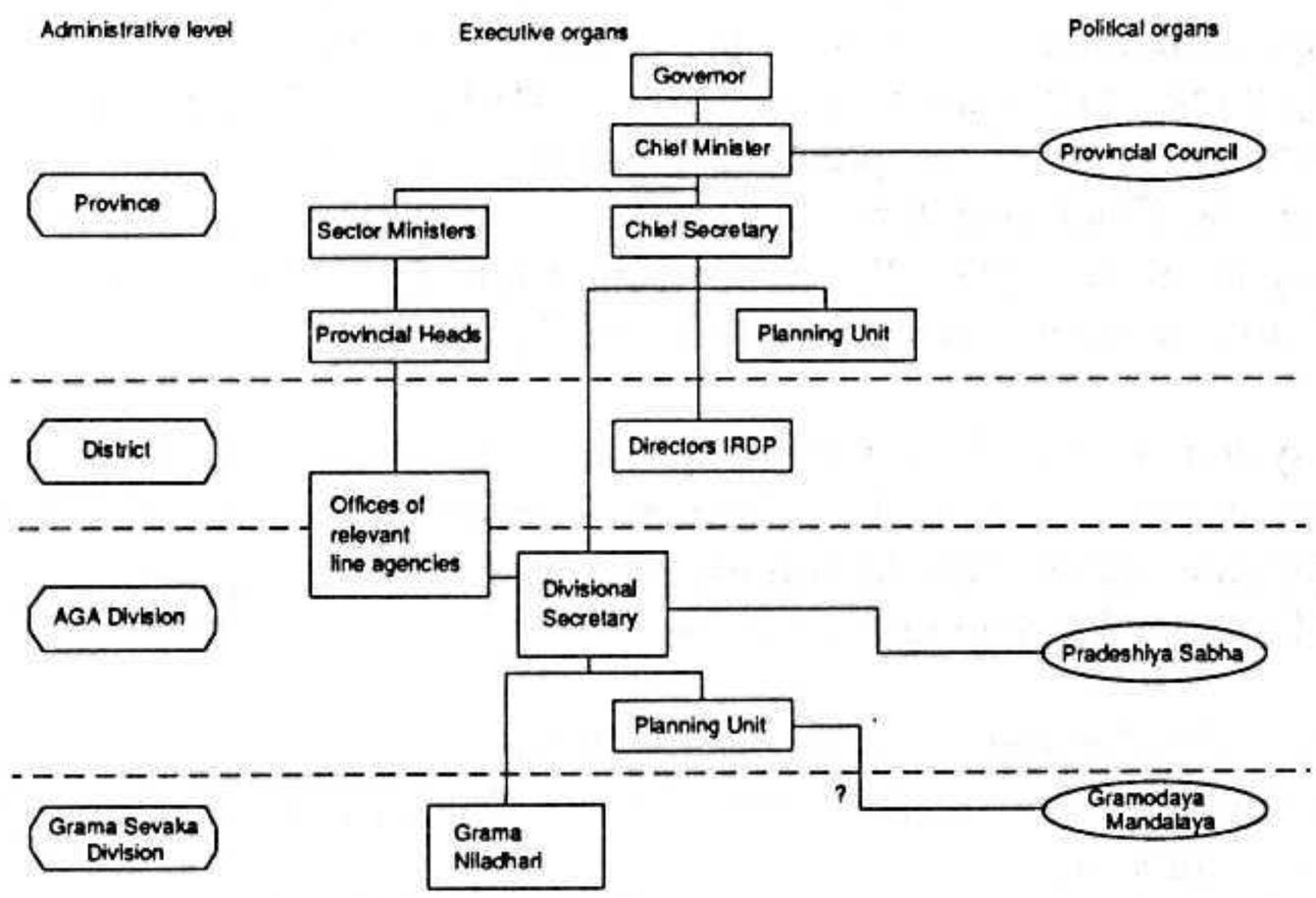
[19] Thirteenth Amendment to the Constitution, and Provincial Councils Act No. 42 of 1987

[20] According to the Act there is a total of nine provinces, but the two provinces in the North and North-East, to the extent that normal public administration is in operation, function as one.

government funds (DCB and non-devolved subjects) with the District Co-ordinating Committee responsible for coordination. In financial terms the PC still plays a marginal role, but as a focus of resource allocation and co-ordination it is going to be more and more important.

There is, therefore, an increasing scope for a regional development strategy which will guide the planning process in the component sub-provincial units — that is primarily the AGA Divisions, but could include agro-ecological zones or some form of functional zoning.

Figure 2
Organisational structure for provincial planning




Source: Adapted from Southern Provincial Planning Unit 1989, p. 51

With the new administrative structure there are four important considerations for planning of a next phase of HIRDEP:

(a) The primary strategies of HIRDEP need to function within in a provincial policy framework. Such a framework is not existing,[8] and it is doubtful whether the Province in the near future will be able to establish one. That this is a matter of urgency is amply illustrated by the recent negotiations with the Asian Development Bank for a Southern Development Programme, which seemingly is dictated by a general need for funding, and not specific

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(b) The experimental nature of HIRDEP has been one of its principal strengths. This should not be sacrificed by imposing a straight-jacket on HIRDEP planning and implementation. It would appear that the inflexibility of government institutions and of government procedures continues to constrain the absorption of new approaches towards rural development, especially those of a multi-sectoral and integrative nature, promulgated by HIRDEP.

(c) It is clear that the Planning Unit has a very high, direct involvement in project implementation, despite a heavy commitment over the past to strengthening the planning and implementation capabilities of government and other institutions in the district. To a considerable degree this reflects the innovative character of HIRDEP and its promotion of activities not readily identifiable within the purview of any existing institutions. Nevertheless there is a danger that HIRDEP may fail to identify alternative implementation channels, whether people's organisations, government institutions or other agencies, that can emerge in sufficient strength to take over the implementation tasks of the Planning Unit. This has serious implications for long-term sustainability of HIRDEP's rural development efforts.

(d) It is possible that the emergence of the AGA Division as a focal point for rural development funding may provide an opportunity for HIRDEP to overcome some of the constraints imposed by narrow sectoral and bureaucratic interests and to enlist the support of alternative institutions in the implementation of project activities. The recent authorisation of AGAs/Divisional Secretaries to open imprest accounts will contribute to

[21] There exists a study from 1988 titled *Southern Province Accelerated Development Strategy*, but it has no formal political approval.

rationalising the financing of local level planning which was previously funded directly by the Planning Unit or through multiple small accounts held by *Gramodaya Mandalaya*.

### 2.4.2 *Declining capacity of the Planning Unit*

Since the early days of HIRDEP a very heavy work load on the part of the Planning Unit is documented. This seem not to have affected the momentum of the Programme to any significant degree, until recent years. A number of factors seem to have contributed to a reduction in the institutional capacity of the Planning Unit:

- reduction in staff levels;
- several of the most experienced officers leaving at the same time;
- uncertainties with regard to the position and destiny of HIRDEP in the provincial system;
- uncertainties as regards the role and commitment of NORAD;
- organisational bottlenecks within the Unit, in terms of organisation and distribution of workloads, management routines and internal mechanisms for communication; and
- a general frustration shared by most public servants due to falling levels of payment and increased political interference.

Most of these issues are dealt with elsewhere. It is sufficient here to substantiate the first factor mentioned. In March 1991 HIRDEP reports that 3 out of an approved cadre of 7 senior planning officers are vacant. 4 out of 8 PIO-positions are also not filled. HIRDEP has attempted to recruit 3 AD-level staff from outside, but so far there is no success. The post of Monitoring and Evaluation Officer needs to be filled. In addition, and also on contract terms, the Planning Unit has requested for an Agricultural Specialist and a Statistical Officer. Outside the Planning Unit, but of relevance to HIRDEP projects, there is a dearth of planning officers at divisional level (of a total approved cadre for ADs and PIOs of 33 only 20 are filled and non them having AD-qualifications).

Sustaining the present level of the Programme requires additional staffing. Attempts must be made to expedite the preparation and processing of project proposals selected for inclusion in the Annual Work Programme. Current administration seem to have been less affected. By and large arrangements for the administration of finance — disbursements, imprest renewal, reimbursement, financial monitoring and accounting — are functioning satisfactorily, but the absence of accounting officers in district-based line agencies and the highly diffuse pattern of project expenditures, geographically as well as in terms of the number of projects, puts an excessive burden of monitoring, accounting, auditing and

disbursement on the Planning Unit. Project proposals should consider the implications for these.

Furthermore, the learning process which characterises the recurrent, revolving planning mode is one that requires mutual reinforcement amongst members of the planning and technical support teams. Of critical importance, in sustaining the planning approach and innovativeness of HIRDEP, is staff interaction, both within the planning unit and between it and other agencies, for the purpose of overall planning and policy formulation, rather then implementation. This seems especially pertinent when there are major changes in personnel.

Finally, the heavy burden of implementation and monitoring placed on the Planning Unit must necessarily undermine its capacity to undertake other essential work, especially in planning, co-ordination and evaluation. It is perhaps of significance that in none of the project proposals available for examination are the implications of the proposed activities for the utilisation of Planning Unit staff time given any consideration. Nor is any consideration given to the implications for financial control — accounting, audit, and financial monitoring. These are not inconsiderable matters. The fact of planning and technical staff being overworked has consequences for the sustainability of HIRDEP.

## 2.5 Main findings and conclusions: What challenges to HIRDEP?

Its innovative capacity stands out as the main organisational achievement of HIRDEP. This has been greatly facilitated by the revolving planning process. Innovation has been most remarkable within the area of community or village level development, through experiments with participatory and integrated planning.

HIRDEP has not succeed in becoming an integral part of a district level development planning and coordinating machinery, mainly due to factors beyond its control. There has been a noticeable trend, however, of HIRDEP gradually becoming more of an implementing agency rather than remaining as a pure financing mechanism. Also, the external national policy framework cannot explain the apparent shortcomings within HIRDEP in terms of overall policies and strategy formulation. This trend should mainly be seen as a consequence of the planning system of HIRDEP.

The main challenges of HIRDEP in the years to come are first of all to consolidate and, in some respect, revitalise its capacity for innovation. Secondly, HIRDEP should develop a policy and strategy framework that places its main thrust of activities in the context of provincial and *Pradeshiya Sabha* (local government) planning.

# Chapter 3
# Development Financing: Past and Future Role of HIRDEP

## 3.1 HIRDEP as a source of finance

HIRDEP derives its rationale as a mechanism for financing development. The outcome of the planning process is a flow of funds into a series of activities aimed at achieving specific objectives.

The volume and direction of financial flows may be mapped and the resultant patterns used as a yardstick by which to measure

(a) the effectiveness of the planning process in identifying an appropriate set of projects; and
(b) the efficiency of the organisational structure in project implementation.

It is these aspects with which this chapter is concerned. The focus is, therefore, on the allocation of finance rather than on the impact of investments which is taken up in the next chapter.

Financial flows may be analysed from a number of perspectives. Those considered of most importance to evaluating the effectiveness of HIRDEP and to charting its future course are:

- the pattern of allocation as a reflection of HIRDEP's objectives and planning methodology;
- the efficiency with which funds are utilised and their implications for future financial needs and sustainability; and
- the compatibility and implications of existing patterns of allocation with recent development trends in the country at large.

Before addressing these issues, however, it is useful to consider the status of HIRDEP, as a source of finance, in relation to the overall system and pattern of development financing in the district. This serves to emphasise the fact that HIRDEP does not operate in isolation; but coexists with a number of sources of finance which may have complementary, overlapping or contradictory objectives. HIRDEP also works in conjunction with the established government system of development financing, upon which it frequently has an impact in the form of demands for capacity, new liabilities and creation of dependency. It may also, by

virtue of its size, position and experiences influence policies of development financing.

In total, NORAD has from 1979 to 1990 spent NOK 150 million on HIRDEP (Table 3.1). The accumulated expenditures of HIRDEP as per their own accounts stand at Rs. 570 million per end of 1990 (excluding the recurrent costs of the District Planning Unit), which is in the range of NOK 125 million. The remaining balance is made up of payments directly incurred by NORAD, such as scholarships, consultancies, and expatriate project advisors. In addition NORAD has also to a minor extent supported other agencies operating in the area (e.g. Redd Barna, Savodaya, District Environmental Agency). All in all this is not a staggering amount considering the time span, the size of the area and the population involved. Nevertheless, while in relation to total recurrent and capital outlay by all government agencies the HIRDEP contribution may be small, as a source of capital spending it assumes greater significance. If expenditure on major capital works such as Kirindi Oya and Uda Walawe are excluded as special cases, then HIRDEP becomes the major source of general development finance in the district. We would argue, however, that the importance of HIRDEP derives not so much from its financial size but from its coverage and its potential for gap-filling. The flexibility of its institutional setting and its lack of sectoral or other ties places it in a unique position to impact on the course of rural development in the area.

Table 3.1
Allocations to HIRDEP (million NOK)

| Year | Actual | Accumulated |
|---|---|---|
| 1979 | 0.2 | 0.2 |
| 1980 | 6.6 | 6.8 |
| 1981 | 11.7 | 18.5 |
| 1982 | 10.4 | 28.9 |
| 1983 | 11.7 | 40.6 |
| 1984 | 15.1 | 55.7 |
| 1985 | 15.9 | 71.6 |
| 1986 | 18.6 | 90.2 |
| 1987 | 16.0 | 106.2 |
| 1988 | 18.1 | 124.3 |
| 1989 | 14.5 | 138.8 |
| 1990 | 10.5 | 149.3 |
| 1991 (planned) | 13.5 | |

An analysis of major capital expenditures in 1984 yielded the results shown in Table 3.2. If we look at the situation today the pattern remains (Table 3.3), taking into consideration the fact that we lack data for line ministries and departments. A note should be made that actual subvention from central government to DCB and, in particular, the Province are likely to fall short of the budgetary allocations given.[22]

Table 3.2
Major capital expenditure in Hambantota District, 1984

| Agency | Amount (Rs. million) | Percentage |
|---|---|---|
| Line Ministries & Departments | 34.1 | 9.3 |
| Kirindi Oya Scheme | 268.3 | 73.1 |
| Decentralised Budget | 9.7 | 2.6 |
| District Development Council | 8.0 | 2.2 |
| HIRDEP | 47.0 | 12.8 |

Source: York Smith 1986.

Table 3.3
Major capital expenditure in Hambantota District, 1990

| Agency | Amount (Rs. million) | Percentage |
|---|---|---|
| Line Ministries & Departments | n.a. | |
| Kirindi Oya Scheme | 66.4 | 18.9 |
| Uda Walawe Special Area | 164.4 | 46.9 |
| Decentralised Budget | 17.1 | 4.9 |
| Divisional funds (Province) | 11.0 | 3.1 |
| Funds, Members Provincial Council | 17.0 | 4.9 |
| HIRDEP | 74.5 | 21.3 |

Source: HIRDEP 1990b.

[22] The allocation to the Decentralised Budget for 1990 remained at Rs. 2.5 million for each of the 7 members of Parliament. The District Development Council no longer functions but two additional sources of capital expenditure have been made available. Under the Provincial Council system a development budget of Rs. 1.0 million is allocated to each of the eleven AGA Divisions. In addition each of the 17 district members of the Provincial Council is allocated Rs. 1.0 million to be spent on small-scale capital projects in the district. Appraisal and monitoring of such projects are carried out through the Provincial Planning Unit.

Other sources of data, in addition to these, also suggest that dependency on aid is on the increase. HIRDEP funds account for a substantial part of the capital expenditure in a number of government agencies: Rs. 4.3 million or 74.7 per cent of the total capital expenditure of the Agrarian Services Department, and 48.3 per cent of that of the Regional Education Office, Tangalle (1990 figures).

At the local level HIRDEP contributions varied considerably. In the case of Weeraketiya AGA Division HIRDEP funds made up Rs. 2.2 million of the total expenditure of Rs. 5.1 million in 1990, while for Lunugamwehera Division, where total expenditure for the year was Rs. 1.1 million, HIRDEP accounted for only Rs. 0.1 million. However, with an intensified effort in the field of local level planning HIRDEP is likely to have a considerably greater impact on divisional expenditures, with implications not only at the local level but also in the context of any emerging strategy at provincial level.

How far the level of dependency of some agencies on HIRDEP funds is in line with overall government policy is not known. Funding at present is in a state of flux, not only as a result of decentralisation but also through the allocations being made available for the rehabilitation and reconstruction programme. With new policies emerging at both national and provincial level it will become necessary to ensure that institutional allocations through HIRDEP do not run counter to those policy trends.

A significant omission from Tables 3.2 and 3.3, due to lack of data, is the funding available to the district from other external agencies besides NORAD. Some of these funds may have been subsumed under line agencies' expenditures. Some of these funds may be quite significant, as in the case of the World Bank-funded National Irrigation Rehabilitation Programme. Such external dependency will increase in the future with programmes such as the Janasaviya Trust Fund and the Southern Province Development Programme under World Bank and Asian Development Bank-funding respectively.

Although in relation to total recurrent and capital outlay by all government agencies the HIRDEP contribution is small, the project is, as an untied, non-sectorally-bound source of capital spending, in a unique position to impact on the course of rural development in the area.

## 3.2 The pattern of HIRDEP financing

In this section we analyse the pattern of HIRDEP expenditures over the life of the project. The patterns are considered both in aggregate, as an evolving package of projects reflecting HIRDEP's planning response to the overall problems of the district, and in terms of the orientation of individual projects reflecting strategies to meet specific objectives.

The accumulated expenditure of HIRDEP is distributed amongst a total of 400 separately identified projects, spread out to most areas of the District (expenditure in 1990 amounted to approximately Rs. 144 per head of population in the district). These projects are guided by four principal areas of objectives: improving social conditions; raising incomes, employment and production; special emphasis on the poorest and disadvantaged; and the incorporation of people's participation in planning, implementation and monitoring. Both the objectives and the range of activities are very broad, and associated strategies have evolved progressively in response to experiences and to changing circumstances. It would be impossible to map, in detail, the structure of all expenditures undertaken, even were the data are available. As it is, evidence must be drawn from a variety of sources which give only a fragmentary picture of the past and present situations.

### *3.2.1 Allocation in relation to sectoral priorities*

The breakdown of total HIRDEP expenditure by sector, for selected periods is given in Figure 4 and Table 4.1. Such sectoral summaries are difficult to interpret. Not only do they mask the very considerable changes in orientation, planning methodology and scale of interventions which have occurred in HIRDEP, but also the means by which projects are assigned to sectors makes annual and intersectoral comparisons difficult. Thus, for example, machinery and equipment expenditures are now subsumed under individual sector headings. Irrigation expenditures are found under both the irrigation and the Settlement and Community Development headings, while also under Settlement and Community Development are found substantial investments in afforestation, water supply (dug wells), village access roads, agriculture and small-scale industry.

It is recognised that investment in any one sector in any year does not necessarily reflect either the importance attached to it or the time devoted to it. In general terms, however, we must assume that the pattern of sectoral investment over time will reflect the level of priority assigned to a sector. In the case of HIRDEP it suggest some consistency of purpose in the programme. There has been a steady commitment to the critical problem sectors of water supply, irrigation and roads. Although subject to some fluctuation, investments in agriculture, industry, forestry and fisheries have remained at similar, but relatively low, levels over the life of the project. Since 1982, Settlement and Community Development has consistently absorbed the highest level of investment, reflecting the growing commitment to participatory, target-group oriented planning approaches as opposed to the specific sector-bound programming of the first few years of HIRDEP. A notable feature of investment allocation since 1983 is the growth in importance attached to the health and education sectors.

The high and increasing level of investment in social and economic infrastructure is confirmed in the breakdown of expenditures according to the classification

recommended in Regional Development Division guidelines and given in the Annual Programme for 1989 (see Table 3.4). On the other hand investment in production has remained static or declined slightly, with only a relatively small allocation to non-agricultural production. The allocation to agriculture includes important innovative investments, especially in rainfed upland farming, vegetables on fallow paddy land and taungya forestry, as well as more conventional attempts to raise paddy production and fisheries output. Non-farm production, on the other hand, has received less attention. Recorded management costs have reduced to a very low proportion of total expenditure, although some elements of these are absorbed under other cost categories. Credit components are subsumed under production and do not appear separately. The substantial contribution of HIRDEP to human-resources development is not reflected in these figures.

Figure 3
Sectoral distribution of total HIRDEP expenditure, 1979-90 (in percentages)

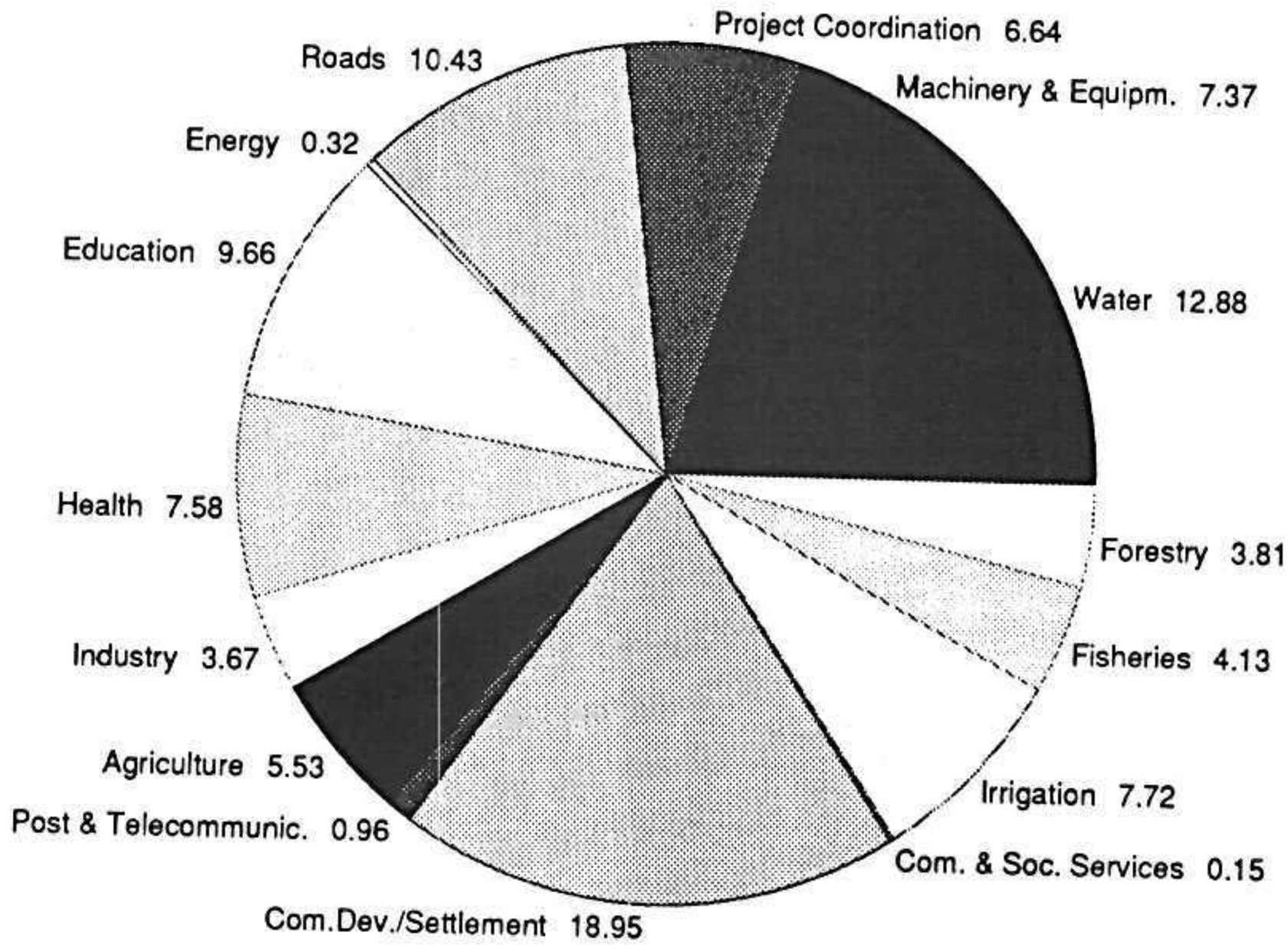


Figure 4
Sectoral distribution of HIRDEP expenditure by 4-year periods (in Rs.)

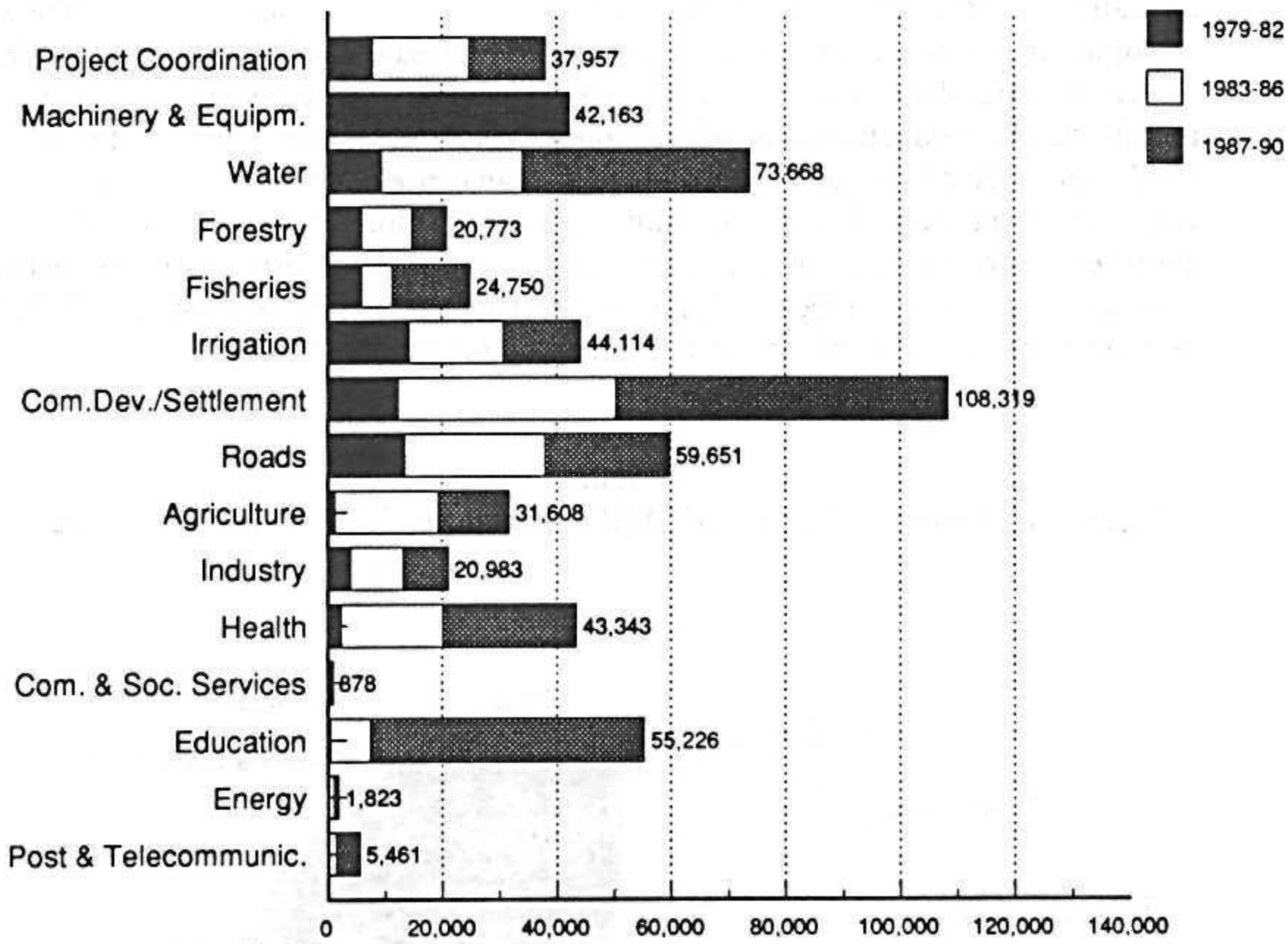



Table 3.4
HIRDEP: category of expenditure, 1979-1988

| Category | Percentage of Annual Total | | | | |
|---|---|---|---|---|---|
| | 1985 | 1986 | 1987 | 1988 | 1979-87 |
| Agriculture (with forestry, fishing etc.) | 19.4 | 16.4 | 11.7 | 14.3 | 14.3 |
| Other production | 4.8 | 4.2 | 4.2 | 3.2 | 4.3 |
| AGA/GM activities | 5.9 | 9.4 | 6.6 | 6.1 | 4.5 |
| Credit | - | - | - | - | - |
| Economic infrastructure | 32.9 | 30.0 | 27.3 | 32.7 | 44.7 |
| Social infrastructure | 22.7 | 26.2 | 43.4 | 37.3 | 24.6 |
| Management | 12.4 | 11.4 | 5.4 | 2.8 | |
| Human resource development | 1.9 | 2.4 | 1.3 | 3.6 | 7.6 |

Source: HIRDEP 1988.

The current orientation of HIRDEP may be indicated by new projects incorporated into the programme over the past two years. In the 1990 Annual Programme a total of 33 new projects were proposed as against 19 in 1989. 17 of the 33 proposals reached the Annual Work Programme for 1990, not all of them drawn from the original set, and 5 of those failed to receive final approval. Effectively 15 new projects, including those which were approved in 1989 but not started, were introduced in 1990. Some of them most significant of these were:

- Improvements/rehabilitation of irrigation works (Rs. 26.0 million)
- Services for the fisheries sector (Rs. 4.8 million)
- Village mobilisation III (Rs. 2.9 million)
- Model settlement, Kotakumbaka (Rs. 2.1 million)
- Gravel roads II (Rs. 4.5 million)
- AGA Level development (Rs. 6.6 million)
- Small-scale industry and business development (Rs. 3.6 million)
- Restoration of tanks by labour intensive methods (Rs. 3.0 million)
- Anti-malaria campaign (Rs. 2.7 million)

There were also projects for Project Coordination and Management, Water Services, Thrift and Credit Cooperative Societies and credit supply to producer groups.

On the 1991 Annual Work Programme 12 new projects have been allocated funds, though final approval had not been received. Some of these were first put forward in the 1990 Work Programme. Amongst the most significant are:

- AGA level development, revised (Rs. 52.0 million)
- Improvement/Rehabilitation, Irrigation Schemes II (Rs. 67.2 million)
- Services for the fisheries sector II (Rs. 30.0 million)
- Quality improvement of health (Rs. 30.0 million)
- Development of Education II (Rs. 50.0 million)
- Kirinda area development (Rs. 20.0 million)
- Women in development III (Rs. 8.4 million)
- Housing development (Rs. 6.5 million)
- New forestry project (Rs. 4.0 million)

There are also new projects in the water, roads and energy sectors. In addition, project documentation has also been submitted for expansion of Water Supply Schemes, support of TCCSs, Skill Development and Vocational Training Centre, tea smallholdings development and hand-loom textiles industry development for inclusion in the 1992 programme. There has been a major study of environmental concerns but no formal project proposal has been prepared.

Taking all these new projects and proposals together a broad pattern emerges:

- A substantial number of project represent renewed commitment to on-going activities of long standing especially in the fisheries, irrigation, roads and settlement and community development sectors.

- Other projects represent intensification, refinement or evolution of approaches for target-group participation and development as in the case of AGA-level planning, village mobilisation and women in development.

- Particularly, noticeable as the marked rise in demands from the health and education sectors and the inclusion of a general housing development project.

- There are very few innovative proposals in the field of production-related activities. Agriculture receives little attention, while apart from the newly commenced Enterprise Development Centre, projects in the industrial sector do not break new ground. In the fisheries sector the bulk of the planned new expenditure is for the purchase of new vessels, although provisions are made for associated support services in the package. Support for production financing is small, although some is subsumed under the AGA level development project.

- The growing concern for environmental issues currently expressed in projects incorporating reafforestation, tree-based settled agriculture and rainfed upland farming, is an important development, although HIRDEP has now lost a major input with the departure of the Senior Planning Officer.

The pattern of allocations for 1990 and 1991 serves to highlight a trend which has become apparent since about 1988. Prior to this time projects tended to be relatively small and focused on specific objectives. In contrast, since 1988 there has been a marked increase in very large-scale projects, typically associated with those departments which have a strong district-level organisation.

While it may be argued that major investments in human resource development and quality improvement are required to reinforce earlier investments in production infrastructure, it could also be suggested that, in the absence of a long-term development strategy, the recurrent planning mode of HIRDEP is vulnerable to capture of substantial financial resources by the more powerful government agencies backed up by political pressures.

In this context it would be pertinent to raise the following issues as a word of caution for future programming:

(1) The programme for the immediate future includes a substantial component of larger-scale sectoral projects which seem inadequately focused and to lack sufficient safeguards to ensure maximum impact and consistency with HIRDEP objectives. These would include the proposed major infrastructural developments in health and education and the provision of boats under the

fisheries project. Even in the case of the proposed improvements and rehabilitation of irrigation schemes there may need to be a closer scrutiny of proposed works in terms not only of their impact on the target group population of the areas concerned but also in terms of the appropriateness of the technology used.

(2) Top-down projects of the type indicated above can, if not carefully filtered, come to capture considerable proportions of HIRDEP finances. But they involve neither popular participation nor decentralised planning and implementation. They tend to have only limited integrative aspects and are generally bureaucratic in nature with assumptions that equate quality with an increase in physical plant. This is, to some extent inevitable in a resource-deficient district such as Hambantota. Such projects can absorb finance rapidly and almost indefinitely, and can always find some justification. Whether that finance should come from HIRDEP may by questioned. It may be possible for the planning, implementation and monitoring of such projects to be decentralised, at least in part, and become more responsive to real need. On the other hand, the policy framework for such major sectors needs to be set in the context of a provincial development strategy.

(3) Large-scale infrastructural projects inevitably lead to the rapid accumulation of new assets which place additional burdens on agencies already adversely affected by cut-backs in the finance available for operation and maintenance.

### *3.2.2 Allocation as a reflection of the planning model*

There is no overall, comprehensive plan for the prioritising of development investments in Hambantota District. In the first phase of HIRDEP projects emerged in an ad hoc manner on the initiative of line agencies. Subsequently, from a combination of data collection, problem analysis, training, institution building and the mobilisation of government agencies the foundation was laid for the emergence of a more consistent pattern of investments, keeping with HIRDEP's objectives. Projects do emerge, however, through a number of mechanisms:

(1) Many projects still come *from the line agencies*, whether spontaneously or by invitation, but, in contrast with the initial phase of the project, HIRDEP has, through the medium of workshops, seminars and informal discussions, been able to influence the orientation and form of projects and to impose a discipline on their detailed specification. Nevertheless, evidence from recent submissions of projects of this type, often of a very large-scale, suggest a lack of rigour in project specification, focus and justification.

(2) Many important projects have originated *in the District Planning Unit* itself. These are usually projects designed specifically to meet particular objectives, as defined in the terms of agreement, or to solve particular problems. For such projects there may be no appropriate agency under whose purview the project comes, or the project demands a level of integration between several agencies which is absent and hence inhibits project formulation, or the project demands a type of expertise which is not currently present in the agency concerned.

(3) Few HIRDEP projects emerge directly from a participatory process, even though many individual activities do respond to demands articulated by the community. Projects designed to promote peoples' participation typically emanate from the Planning Unit, and it has proved difficult to establish a sustainable, autonomous project identification mechanism at the local level.

Although attempts have been made to formulate a coherent and integrated district development strategy, these have been frustrated by the compartmentalised nature of government agencies and of sources of development finance and more recently, by the division of devolved and non-devolved subjects between the Province and Central Government respectively. This compartmentalisation, compounded by the limited authority of HIRDEP inhibited the emergence of coordinated, intersectoral approaches to development.

The flexibility of HIRDEP financing has been valuable in engendering projects of an experimental nature. However, in the absence of strategic guidelines, this very flexibility could encourage amongst agencies a view of HIRDEP as a general fund for government activities and contribute to a dilution of its objectives. The range of proposals floated for the 1992 annual programme and their content, indicates that district-based agencies increasingly look towards HIRDEP as source of funds that can compensate for the general cuts in both development and recurrent budgets.

The combined effect of over-planning, delays in final project approval and of limited implementation capacity, as well as of pressure to meet financial targets, results in a substantial overflow of expenditure on individual projects into subsequent years, while surpluses from delayed or slow-moving projects are transferred to high-achieving projects during the course of the year. This, in turn, could lead to imbalances in project expenditure especially where functional linkages between projects are involved. There is also the temptation, in order to meet financial targets, to allocate a greater volume of funds to more easily implementable, but perhaps less essential activities. This may partly explain the high level of investments in physical infrastructure (see Table 1.1).

A final point may be made with respect to the planning model, although there is no evidence to support any specific conclusions. It is evident that the flexible,

recurrent mode of planning results in a very wide range of projects and project activities covering virtually all possible sectors. This gives the impression of HIRDEP seeking to solve every problem. This lack of constraint may mean that HIRDEP investments are spread too widely and too thinly, especially if there is a lack of integration between them so that they reinforce each other. It may be that a more focused approach, with packages of projects designed to attack specific problems, may result in more effective allocation.

### *3.2.3 Allocation in relation to target groups*

It is not possible to give a detailed breakdown of the allocations according to target-group orientation or to level or people's participation. Table 3.5 attempts to summarise some of the key projects which have focused benefits on particular groups.

Table 3.5
HIRDEP: Project targeting and beneficiaries
(Projects with over 300 beneficiaries)

| Activity/Benefit | Target group/criteria | Number of families benefitted |
|---|---|---|
| Latrines | Food stamp holders | 27,346 |
| Fuel efficient stoves | Women | 25,744 |
| Land regulation | Encroachers/landless | 25,583 |
| Irrigation improvement | Farmers | 4,638 |
| Cluster settlement | Landless/microholders | 2,025 |
| Self-banking | Food stamp holder — social mobiliser group | 1,725 |
| Social mobilisation | Food stamp holders | 1,723 |
| Agricultural credits | Farmers | 1,000 approx. |
| Self-employment credits | Food stamp holders — social mobiliser group — TCCS members | 1,000 |
| Women's projects | Women — women's development societies | 540 |
| Vocational training | Youth | 527 |
| Export production village | Food stamp holders — women — Co-op. Soc. | 490 |
| Fishermen training | Fishermen | 420 |
| Rainfed upland farming | Encroachers, *chena* cultivators | 404 |
| Handloom industry | Women | 350 |
| Fishing industry support | Fisheries Co-operative Societies | 350 |
| Primary Health Care | Women, children, mothers | many |
| Education | Children | many |

Source: Kodituwakku, Amerasekara & Wijayathilake 1991.

Overall exclusive targeting on the poorest groups remains limited and tends to be associated with a small number of specialised projects. Many projects have food stamp holders, or Janasaviya recipients as their target group. However, the proportion of the population which is included in these categories is typically high — up to 96 per cent of the population of some AGA Divisions, so that accurate targeting at the neediest groups is difficult without detailed survey data.

Although *women* benefit directly or indirectly form a number of projects, there is only one project which is designed exclusively for the development of women in the broad sense. In 1991 it receives 1.23 per cent of the total allocation. A high proportion of the beneficiaries under the village mobilisation project are women, as are all the beneficiaries of the handloom project and the export production village project. These projects, as well as the proposed project for women development, involve the creation of income earning opportunities for the beneficiary women. However, such opportunities are typically in the more marginalised sectors of the economy or in activities with extremely low earning capacity. They are also activities which are particularly vulnerable to changes in government policy or to external economic pressures.

### *3.2.4 Credit as a mechanism of allocation*

As a special problem of target groups in which HIRDEP has been actively involved is *access to credit finance*, especially, but not exclusively, for production purposes. This aspect of financing merits some attention here in view of its likely importance in future HIRDEP activities.

The total volume of credit support given through HIRDEP is not known but there have been a number of projects, especially in the agricultural sector, fisheries, enterprise development and house improvement, in which credit has played a substantial part. There has also been some institutional strengthening of credit agencies, particularly the Thrift and Credit Cooperative Society movement.

Typically, credit funding provided by HIRDEP has not passed through the normal commercial channels. Policy has been to support cooperative and similar institutions in areas where it is assumed that access to commercial credit is denied to, or is inappropriate to the needs of, the target groups. The exception to this policy is credit for house construction or improvement channelled through the National Housing Development Authority. In general, experience with the non-specialised credit institutions has been disappointing. However, the savings and credit activities of the Social Mobiliser Programme do appear to have been one of the most successful innovations of HIRDEP. The overall position of the groups as at the end of 1989 is given in Table 3.6.

Table 3.6
HIRDEP Social Mobiliser Groups: Membership and resources, 31.12.1989

| Indicator | Value |
|---|---|
| Total number of groups | 229 |
| Total number of members | 1,488 |
| Group funds in Rupees | 419,403,00 |
| Loan disbursement in Rupees | 241,584,00 |
| Average number of members/group | 6,5 |
| Average fund raised per group (Rs.) | 1,832,76 |
| Average savings per member (Rs.) | 281,86 |

Such levels of savings are clearly limited. In some cases Social Mobilisers have been able to facilitate the negotiation by members of loans from the commercial banks. However, HIRDEP has also responded to these credit limitations by introducing self-banking societies amongst high-performing groups. A sum approximating to five times the group savings has been given to the groups to form a revolving loan fund to promote group activities. Such societies are modeled on the Grameen Bank of Bangladesh, which several planning Unit and other personnel have visited. The long-term plan is to expand the network of societies and to form associations of societies upwards through an area-based hierarchy to an as yet unspecified district-level non-governmental organisation.

Thrift and Credit Cooperative Societies also offer an accessible credit network, but there are complaints that these societies do not reach the poorest target groups. However, the TCCSs have a good record of lending at the type of level which is appropriate to the HIRDEP target groups (Tilakaratne et al. 1990). HIRDEP is already supporting TCCSs through institutional strengthening and revolving loan fund finance.

In general the conditions attached to and the accessibility of commercial bank loans have moved in favour of the smaller borrower. There is greater provision for loan issue on a group liability basis which avoids the problems of guarantors or of tangible assets as security. It is in relation to the latter that the regularisation of land titles is particularly important. The lending policy and record of the Regional Rural Development Bank is particularly good, although it may not yet be in a position to serve all the needs of the poorest target groups.

In addition to supporting loans for production purposes, HIRDEP has also provided finance to the National Housing Development Authority for house construction and improvement in fishing villages and settlement schemes. There is currently a new project proposal for a wider district housing development project. In recent years recovery at housing loans has been seriously affected by

political factors and by civil disturbances so that recovery rates have been exceptionally low.

Overall HIRDEP has made some headway in improving the access of target groups to development finance. However, the issues which emerges from this discussion revolves around the selection of the most appropriate channels for credit finance.

### *3.2.5 Allocation in relation to spatial distribution*

HIRDEP has no explicit spatial objectives other than to channel finance into rural, as opposed to urban, development. Nevertheless, whether intended or not, HIRDEP finance does flow into the urban sector in the form, inter alia, of:

- institution building-quarters, hospital development;
- purchases of materials;
- contractors fees; and
- the contribution of urban-based staff salaries to the urban economy.

However, these types of funds are not intended to forge any rural-urban connection.

The Annual Programme for 1991 makes clear that spatial redistribution is not an objective, although the spatial dimension of poverty problems is acknowledged. On the other hand no cognisance is given to the broader question of spatial integration. In terms of actual financial allocations, data are insufficient for an analysis of the distribution of allocations on a geographic basis. Table 4.3 in the Annual programme for 1991 suggests that there is some imbalance in allocation if measured by the distribution of food stamp holders. In 1990 some 48 per cent of total expenditure was place specific as opposed to district-wide. Of those specific expenditures 32.6 per cent went to Hambantota AGA Division, where 53 per cent of households are food stamp holders, while Beliatta AGA Division, with a food stamp rate of 96 per cent received only 0.04 per cent of the expenditure.

This is not an adequate base to draw any substantive conclusions. However, it may be pointed out that the newly approved project for local level planning does incorporate an element of spatial discrimination, if only within AGA Divisions and not between them. This discrimination is essentially expressed in terms of direct target group benefits rather than in any structural context.

## 3.3 Financial efficiency and sustainability of HIRDEP

HIRDEP is widely regarded as an efficient project. Its recorded management costs make up a low proportion of total expenditure, while implementation costs are also low.

These are not the sole criteria by which to measure efficiency, as will be discussed below, but it is useful to speculate at this point as to possible reasons for HIRDEP's apparent efficiency.

Amongst others, the following factors would seem to have contributed to the effectiveness of HIRDEP in financial management:

(a) the devolution of responsibility in a meaningful way to the Planning Unit giving it the freedom of decision making and promoting an ethos of professionalism;
(b) strong informal supervision from NORAD-Colombo without detracting from the autonomy and accountability of the Planning Unit;
(c) the appointment of a project engineer and a monitoring and evaluation officer; and
(d) the effectiveness of the project in harnessing local resource mobilisation for project implementation.

Efficiency of overall management and implementation are not, in themselves, sufficient to ensure an effective project. The sections which follow will attempt to broaden the base for evaluation.

### *3.3.1 Investment efficiency*

In terms of generating "good" projects which directly address the objectives, HIRDEP appears to have been efficient. This is difficult to quantify, but it is fair to conclude that HIRDEP is not plagued by redundant projects. However, as has been noted in an earlier section, the increasing range of projects identified in the recurrent planning mode, and the concomitant proliferation of investments in multiple, but apparently unconnected activities, does raise the risk of spreading investments too thinly with insufficient mutual reinforcement between them.

HIRDEP has made substantial investments in institution building and associated human resource development. This reflects the objective of sustainability and it would be difficult to fault, in principle, the types of investment made. It seems likely, however, that circumstances such as political violence in the recent past, turnover of line agency staff and cut-backs in government finance may seriously undermine the effectiveness of those investments.

There is little doubt that many government agencies in Hambantota district are now highly dependent on HIRDEP investment to carry out development programmes. This, in combination with the problem of institutional sustainability would suggest that were HIRDEP to cease operations, much of the development work in the district would come to a halt.

### *3.3.2 Cost efficiency*

There is general agreement that HIRDEP has been very cost efficient. In respect of civil works undertaken by line agencies the Project Engineer has played a crucial role in the scrutiny of estimates and in ensuring "good housekeeping".

The quality of physical work undertaken for HIRDEP is mixed but is generally reported as satisfactory. The work of the technical/engineering group in the Planning Unit contributes very substantially to the maintenance of standards. It is difficult, however, to ensure a uniformity of quality, especially, in the case of work undertaken by communities or individual households. Whenever possible, and especially in activities undertaken through participatory planning, the people should be expected to monitor work carried out on contract basis under the various implementing agencies. However, not all line agencies are amenable to such public scrunity of work under their jurisdiction.

The unit costs of physical works, as shown by the performance indictors in the Annual Programmes, have been very reasonable, particularly those undertaken through local institutions such as *Gramodaya Mandalaya* and those incorporating peoples' participation. However, there will be many new such organisations in the future which will need to be monitored and could throw a major burden on the project. The contribution by people of free labour is now a relatively small component of total costs except in the case of individual household assets, such as latrines, and assets which benefit the whole community such as dug wells and small village roads. The per unit costs of a latrine (1989 figures) were Rs. 460 or about 20 per cent of estimated value. The equivalent figures for a dugwell were Rs. 8800 and 50 per cent (Rahubadda & Fernando 1991, p.14).

In more general terms HIRDEP has achieved a very satisfactory level of efficiency in channelling finance into development activities with the minimum of leakage or wastage. There is little doubt that this is a function of the professionalism promoted by the NORAD-RDD-HIRDEP partnership and the pride taken by project staff in giving value for money.

### *3.3.3 Overhead costs*

HIRDEP's own statistics suggest that management costs have absorbed only a low proportion of total expenditure (see HIRDEP 1988). According to the sectoral breakdown for 1979-80, Project Coordination accounted for 9.5 per cent of total costs, excluding recurrent expenditure for the Planning Unit which is the responsibility of MPPI. Corresponding expenditure for 1989 and 1990 was 3.2 per cent and 7.3 per cent respectively. Coordination costs may be expected to vary over time according to the changing needs for such activities as training and studies.

Table 1.2 presents the planned expenditure for 1991 based upon HIRDEP's own sectoral categorisation of projects. Project Coordination amounts to only 3 percent. This is, however, somewhat misleading since a number of administrative expenditures are concealed under other categories, particularly those involving civil works. I should also be noted that the newly approved project for local level planning may distort the normal pattern.

It has not proved possible to map the flow of finance in sufficient detail to discriminate between purely operational costs and direct expenditures on development activities. Yet, in Table 1.3 we have made an attempt to identify some broad categories of expenditures on the basis of budget figures provided in the Annual Work Programme for 1991. The picture which emerges is less encouraging than that derived from a broad sectoral categorisation of expenditures. Costs which may be regarded as institutional overheads account for 21.2 per cent of the total allocation, or 23.6 per cent if staff training is included. Of these allocations, direct expenditure on management, that is payments to personnel for implementation activities, is relatively low at 5.8 per cent but this excludes the salary component from MPPI and from other collaborating government agencies. Support in the form of vehicles, equipment and buildings, makes up 15 per cent of total allocation which is high considering the stage which HIRDEP has reached. How far such expenditures contribute to the effectiveness of the project is uncertain and cannot be quantified.

The discussion above does suggest that the existing system of monitoring does not allow a meaningful interpretation of the overhead costs of HIRDEP which are, in reality, higher than is normally reported. Thus, the apparent cost-efficiency of individual activities suggested in section 3.3.2 above may be offset by high overhead costs in the system as a whole. While making this point, however, it should be stressed that 76.4 per cent of the planned expenditure for 1991 is allocated to direct expenditure on development infrastructure and to beneficiary support, which may be viewed with some satisfaction.

### *3.3.4 Creation of new liabilities*

Amongst the various effects of HIRDEP investments has been the creation of a very considerable volume of physical assets. This is particularly seen in the case of investments in social and economic infrastructure. Some of these assets are listed in Table 3.7.

While such assets represent a very considerable achievement by HIRDEP, the numbers themselves do not give any indication either of whether the asset fulfilled an urgent need, nor whether the assets are effectively used for the purpose for which they were intended. They do, however, represent liabilities.

Maintenance of assets created under HIRDEP, and hence the sustainability of physical facilities continued to be a problem and little progress has been achieved in finding a solution. Furthermore, the problem will exacerbate in the face of cut-backs in government expenditure.

Table 3.7
Assets created by HIRDEP from 1979 to 1989

| Sector/type of asset | Specification of asset | No. of items/units |
|---|---|---|
| Publications | Handbooks | 2 |
| | Maps | 19 |
| | Films | 3 |
| Buildings | Offices | 21 |
| | Staff quarters | 176 |
| | Workshops, production units | 77 |
| | Educational facilities | 74 |
| | Health facilities | 38 |
| | Stores, garages, community centre etc. | 53 |
| | Private housing | 30 |
| Equipment | Office equipment | 3 |
| | Furniture (schools) | 22060 |
| | Small machineries | 520 |
| | Telecommunication equipment | 20 |
| | Computers | 3 |
| | Motorcycles | 9 |
| | Vehicles | 132 |
| | Heavy plants, tractors | 34 |
| | Water pumps | 15 |
| | Boats | 88 |
| | Solar power unit/centre | 1 |
| | Stoves | 29326 |
| Water supply | Piped schemes | 36 |
| | Tube wells | 381 |
| | Dug wells | 335 |
| Forestry | Tree nurseries | 3 |
| | Plantations (acres) | 6461 |
| Irrigation | Major tanks rehabilitated | 4 |
| | Minor tanks rehabilitated | 40 |
| | Minor tanks desilted | 10 |
| | Rehabilitation/construction of channels/anicuts | 126 |
| Settlement | Families settled | 975* |
| | Encroachment regularisation (permits) | 11607* |
| Roads | Tarred roads - constructed (km) | 83 |
| | Gravel roads - constructed (km) | 41 |
| | Village roads - constructed (km) | 185 |
| | Village roads - rehabilitated (km) | 4 |

| Sector/type of asset | Specification of asset | No. of items/units |
|---|---|---|
| | Bridges improved | 8 |
| Agriculture | MEC plantations (acres) | 380 |
| | Coffee and pepper plantations (acres) | 5000 |
| | Banana plantations (acres) | 821 |
| | Coconut plantations - rehab. (acres) | 3400 |
| | Nurseries | 2 |
| Health | Latrines constructed | 25247 |

* For reasons not known to the authors these figures do not correspond with similar figures given in Table 3.5

Source: Computed from HIRDEP 1990b, Table 4.5.

In the light of this on-going and long-standing problem, the wisdom of engaging in further large-scale asset creating programmes, as, for example, in the health and education sectors, could be called into question.

It is also disturbing to find that maintenance issues are given such light treatment in project proposals, not only those from line agencies, but also from the Planning Unit. Thus in the project proposal for improvement in quality of health, no mention is made of maintenance despite the fact that the bulk of the funding requested is for buildings and equipment.

In the project proposal for gravel roads II it is stated that maintenance will be undertaken by the *Pradeshiya Sabha*. However there is no consideration as to the actual requirement of resources for that task, or of the schedule which would be expected or of the resources available. The project proposal for AGA level planning spells out in more forceful terms the obligations of the agencies responsible, specifically the Southern Provincial Council and the AGA Division. However, it is not clear how far those agencies would be in a position to fulfil their obligations, even if they were willing to take on the responsibility.

Since a considerable volume of new works are planned for the *Pradeshiya Sabha* and AGA Division under the local-level planning project, both institutional strengthening and social and economic infrastructure, the concern for maintenance assumes even greater importance.

### *3.3.5 Local resource mobilisation*

As part of its participatory approach HIRDEP has achieved some measure of local resource mobilisation. The total worth of local resource inputs into HIRDEP activities is not known. However, as indicated in Section 3.3.2, contributions in the form of labour and materials to community and individual infrastructure have been substantial. Experience in the mobilisation of local resources for the

maintenance of productive infrastructure such as irrigation channels has recorded mixed levels of success.

In the context of high rates of public asset creation and of reduced levels of government finance, the role of local resources in operations and maintenance will need to assume greater importance. In this respect HIRDEP has made relatively little headway.

The most viable approach seems to be a search for alternative means to *mobilise local resources*. For example, in the health sector there are Hospital Development Committees and Village Health Committees already in existence in some areas. Such committees could be promoted an mobilised to contribute to the maintenance of facilities. The same is true of School Development Societies in the education sector. An inherent risk here, however, is in widening the gap between better-off urban-based facilities and those of poorer rural areas. This could be offset by discriminatory allocation of institutional resources, though there may be political obstacles to such a course of action. Similar obstacles would also be placed against the introduction of some form of fee levying for services. The proposal by the National Water Supply and Drainage Board to eliminate or reduce the level of non-revenue water supply is an exception.

## 3.4 Recent development trends: Impacts and future perspectives

A number of developments in Sri Lanka are, to a greater or lesser degree, changing the environment in which HIRDEP is operating. Those of most relevance to the Programme, in terms of financial or general funding implications, are:

- the devolution of adminstration and promotion of local government;
- the progressive opening of the economy and commitment to the private sector; and
- severe economic constraints on government finance.

### *3.4.1 Devolution*

The establishment of Provincial Councils has complicated *financial disbursement* to HIRDEP. The Programme now finds itself in an ambiguous situation, in that, as a devolved subject, it comes under the authority of the Southern Provincial Council but for monitoring, overall project approval and for liaison with the donor it has direct functional links with the Regional Development Division. Funds are channelled from the Treasury, through the Ministry of Plan Implementation to the Provincial Council and then to HIRDEP. Although the passing through PC is only a rubber stamp operation, it causes delays. PC sometimes unofficially borrows HIRDEP funds to solve their short-term liquidity problems. There are uncertainties in HIRDEP about what will happen when (or if) the PC takes a firmer control

over financial monitoring. Most of the line agencies which implement HIRDEP activities receive their regular capital and recurrent budgets through the PC, although a few agencies remain undevolved and hence are financed by the Central Government and coordinated by the District Coordinating Committee.

So far a system of *provincial planning* has not been formulated. However, as such a system emerges, it is clear that the resource allocation strategies of HIRDEP, as well as those of Matara IRDP, will have to be incorporated in a provincial development strategy. Given the importance of HIRDEP funding in the uncommitted capital allocations available to the Provincial Council, and given the long experience of HIRDEP in planning, there will be need for dialogue between the province and the IRDPs, so as to formulate the process and strategy of provincial planning. This is particularly critical in respect of HIRDEP objectives, which, as experience seems to show, are not shared with any great enthusiasm by the major line agencies. Furthermore the various implementation and monitoring procedures of HIRDEP may need to be realigned to meet the requirements of a provincial planning framework.

Amongst the many ramifications of this reorganisation is the emergence of *the Pradeshiya Sabha/AGA Division* as a decentralised unit of development planning and budgeting, with a capital account and an administrative and technical cadre empowered to undertake development planning, implementation and monitoring. However, *Pradeshiya Sabha*-level planning cannot ultimately take place independently of provincial planning and of a provincial development strategy. The implications for HIRDEP allocations will only emerge as the provincial strategy emerges.

Since the role of the AGA/DS as an implementing agency has expanded, and the divisional secretariat is still newly constituted, there is a possibility of overburdening the system, despite an input of institutional strengthening. The *Pradeshiya Sabha*/AGA/DS will be involved in the allocation of divisional budgets, funds of provincial council members, line agency funds from Central Government and Provincial Council, *Pradeshiya Sabah* revenue and HIRDEP funds. Unless some measure of integration can be achieved between these, comprehensive divisional planning will not be possible and the efficiency of resource allocation will be impaired.

There are implications for other HIRDEP allocations as well. In particular the planning of investments in the *major social and economic infrastructure* fields could be seen as part of a comprehensive provincial development strategy. This would apply particularly to health and education, as well as to irrigation and environmental issues. All of those lend themselves to at least some element of local level decision-making, but policy-making is clearly a provincial responsibility, as are the integrative aspects.

### *3.4.2 The open economy*

The more open economic environment of Sri Lanka — the liberalisation of the economy, has a number of implications for HIRDEPs allocation strategy. Amongst the more immediate are:

- the proper assignment of responsibility for implementing economic activities;
- the impact of the open market on domestic production and other activities, especially in the small-scale sector;
- the impact of the open market on the location of economic activity and on the peripheral regions;
- the possible increased marginalisation of HIRDEP's primary target groups, including the offsetting of gains in income by increases in costs of living and of production; and
- potential effects on urban-rural and inter-rural disparities.

In respect of the first of these there is a need for a reorientation or rethinking as to who the key actors should be in development planning and implementation and, more particularly, whether those activities belong most properly in the in the public or private domains.

This applies especially, but not solely, in the field of production. The example may be quoted of the handloom industry, for which a major proposal has been submitted by the Textiles Department. The appropriateness of the entrepreneurial role which this department has assumed could be questioned, and it cannot be assumed that the department will continue in that role in the long term. The handloom industry would seem to lend itself to both private-sector and co-operative initiatives, given the back-up of a technological input and support in relation to the export market.

Decisions will also need to be made as to whether support can be given for activities where privatisation is imminent as in the case of tea factories coming under the Tea Smallholdings Development Authority.

The scrutiny of project proposals will also need to take into account the effect of economic policy on the viability of proposed HIRDEP activities. Again the handloom weaving sector is a case in point. The project proposal makes no assessment of the demand for domestically produced handloom textiles, nor of the effects of national policies on the viability of the industry in relation to either the domestic or the export markets. It is still uncertain how far recent changes in policy towards this sector will allow the scale of expansion which is taking place not only in Hambantota but in virtually every other district in the country.

In relation to the general impact of the open economy on regions such as Hambantota, it is likely that locational disadvantage will be exacerbated, perhaps in some areas more than others. Amongst other questions for HIRDEP will be whether its investment policy can contribute to an offsetting of such disadvantages. HIRDEP will also need to identify areas where its objectives may be in conflict with the workings of the open economy. Amongst the implications of such questions for the allocation of HIRDEP funds, the following may be considered of particular importance:

(a) what measures may be taken to reinforce the safety net of target groups most at risk from the workings of the open economy; and
(b) how should economic growth be reinstated as a vehicle for achieving the target-group orientated objectives of HIRDEP.

### *3.4.3 Constraints on government finance*

The economic problems facing Sri Lanka are not likely to diminish in the near future. While the cessation of hostilities in the north and east would release pressure on the economy, structural problems will remain.

HIRDEP, like all such projects, is subject to expenditure ceilings set annually by the Treasury. The ceilings are intended to act as a curb on any "over-heating" tendencies in the economy. Planned expenditure on HIRDEP for 1991 is well in excess of the ceiling of Rs. 102 million. Such "over planning" is normal practice in HIRDEP and is designed to take into account the implementation capacity of the various agencies involved in the project as well as delays in the final approval of new projects. While the Treasury ceilings could act as a constraint on HIRDEP, in practice expenditure has rarely exceeded the ceiling (Table 3.8).

During the period 1988-1990 expenditure was curtailed by the conditions of insecurity prevailing in the country and by the concomitant liquidity problems faced by the Treasury, particularly in 1989. With the removal of those constraints the pace of disbursement picked up, though the implementation capacity of some agencies remains a limiting factor.[23] This can only partly be explained by conditions of insecurity. Evidently there are other structural problems in the planning and implementing machinery of HIRDEP which have led to reduced capacity. The general administrative turbulence in connection with the devolution is a major factor, another the general decline in public financing.

[23] The substantial difference in the pattern of expenditure for 1989 and 1990 as recorded by NORAD (cf. Table 3.1) and HIRDEP (cf. Table 3.8) respectively, can be explained by a large imprest issued by NORAD in the late 1989 to the Treasury. This imprest is recorded as expenditure in NORAD accounts for 1989, while the funds were issued to HIRDEP in 1990.

Table 3.8
HIRDEP expenditure in relation to Ministry Ceilings

| Year | Actual Expenditure (Rs. 000) | Ministry Ceiling (Rs. 000) | |
|---|---|---|---|
| 1981 | 32,371 | 35,000 | |
| 1982 | 36,242 | 40,000 | |
| 1983 | 40,025 | 40,000 | |
| 1984 | 46,966 | 45,000 | |
| 1985 | 50,174 | 60,000 | (raised from 48,000) |
| 1986 | 54,065 | 60,000 | |
| 1987 | 72,039 | 68,000 | |
| 1988 | 68,266 | 70,000 | |
| 1989 | 46,360 | 63,000 | (reduced from 70,000) |
| 1990 | 74,524 | 77,000 | (raised from 33,000) |

Under the worsening economic situation HIRDEP will be under pressure from line agencies in at least two contexts. In the first instance agencies may seek to make good any loss of development funding so as to utilise their capacity. Secondly there will be an intensifying of the problem of agencies financing their operation and maintenance commitments. HIRDEP will find itself having to scrutinise even more closely the financial implications of project investments, particularly from the point of view of operation and maintenance costs.

The risk entailed in the first of these is that there may be pressure to take in projects which do not fit in with HIRDEP objectives, or for which the proposed allocations are out of proportion with the priority attached to the subject area in HIRDEP's development strategy. The result could be an imbalance in allocation and a weakening of the allocative mechanism.

*The issue of maintenance* costs is one which has been exhaustively treated in previous reviews of HIRDEP, and there are virtually no potential solutions which have not been considered already. Despite reassurances from implementing agencies the problem is likely to exacerbate in the near future in the absence of additional funding. There are deficiencies in the technical cadres, ceilings on vehicle running and maintenance costs and limits on the funds available for maintenance work other than essential repairs. Furthermore the concept of preventive maintenance does not appear in be part of any institutional maintenance strategy. At the same time assets are accumulating not only under HIRDEP but also under the Decentralised Budget, Provincial Council members funds and national, provincial and divisional investment programmes.

In the event of a continuing deficiency in resources allocated to the operation and maintenance of HIRDEP-funded assets, it may finally become necessary for the Project itself to take over that responsibility. This would require both the provision of funds and the overseeing of operation and maintenance schedules. This, HIRDEP is not equipped to do. Such a measure would need a fundamental shift in policy and would change the relationship between HIRDEP and the collaborating agencies.

## 3.5 Main findings and conclusions: What challenges to HIRDEP?

It can be concluded from the analysis in this chapter that HIRDEP has played a very positive and significant role in the financing of rural development in Hambantota District. Achievements which merit particular attention are:

(a) The financial efficiency of HIRDEP, in:
- the management of project funds;
- the channelling of funds to project activities and beneficiaries; and
- implementation costs.

(b) The flexibility of the HIRDEP planning mode which permits and promotes:
- a level of investment in innovation and experimentation denied to other government agencies; and
- investment unconstrained by narrow sectoral considerations, thus including hitherto neglected areas.

At the same time, however, there are negative trends, resulting from factors both internal and external to HIRDEP. These trends raise issues which must be faced in succeeding phases of the project. Of these the following are of most concern:

(a) HIRDEP investments have become characterised by a very wide spread but with only very weak functional interconnections between them. This may reflect:
- the lack of an overall-strategic framework and hence an attempt to cover too many problems in isolation; and
- pressure from underfinanced government agencies for HIRDEP to act as a gap-filler.

A more focused approach to specific problem areas may avoid these dangers while retaining HIRDEP's scope for innovation.

(b) The increasing financial constraints on government agencies which will exacerbate the threats indicated in (a) and will also adversely affect the sustainability of assets created under HIRDEP. This suggests the need not only for a reexamination of the pace and pattern of asset creation but also for a more systematic search for sustainable methods of local resource mobilisation.

# Chapter 4
# Development Impacts: Past and Future Role of HIRDEP

## 4.1 The goals of HIRDEP

This chapter looks at HIRDEP from the point of view of the social and economic context. We shall make an attempt to assess the impact of HIRDEP in respect of general development objectives. By this we particularly refer to the part of the HIRDEP objectives that rests on the concern:

- to raise production, employment and income levels in order to ensure sustainable improvements in the living standards, especially of the poorest groups.

From looking at discernable trends and patterns, to the extent data allows, we shall discuss to what degree HIRDEP seem to have been able to contribute towards achieving these stated goals. It must be noted, however, that measuring the impact of HIRDEP strategies in raising production and standards of living in quantitative terms is not an easy task. This is not only because of data problems, but also because of methodological difficulties in impact assessment of a programme whose operational area is also affected by a multitude of other interventions, and whose activities cut across a wide range of sectors.

The basic thrust of the strategies pursued by HIRDEP to achieve its broad goals has had the following characteristics:

- the development of key productive sectors, such as agriculture, livestock and fisheries;
- the development of basic infrastructure to support productive sectors, such as irrigation;
- emphasis on strategies to integrate production, marketing and access to services, especially the development of the road network;
- strategies to expand the social infrastructure base;
- strategies to reach target groups, through the promotion of local level and participatory planning; and
- strategies to upgrade the human resource base of the district, and building the capacity of institutions charged with the responsibility of resource management.

Some overall impression about the evolution and focus of these strategies can be obtained from Table 4.1. We see that production related activities in HIRDEP account for approximately 60 per cent on the average for the whole programme period. The ratio between productive and welfare investments has, however, shown a remarkable change, from 4.6 to 1 in the first period to 1.2 to 1 in the latter. This can partly be explained by processes internal to HIRDEP, such as a shift in emphasis on objectives and changes in strategies, as has been documented in the previous chapters. But there has obviously been changes in the social and economic context of HIRDEP over the years, which also have influenced changes in sectoral priorities within HIRDEP.

In the following we shall make a distinction between impacts on the resource base of the area, and impacts on standards of living. Further strengthening and diversification of the resource base, coupled with improved management, is vital for a more sustainable development of Hambantota District. Whether this also will result in improvements in the standard of living for the majority of the population, is a different issue. There is obviously a correlation between quality and degree of resource management and utilisation, and indices of living standard, but it is not a direct causal relationship. There is ample evidence from many countries that development aid may directly contribute to raise standards of living, e.g. through improved social services, while at the same time national and local economies progressively deteriorate, and loose their capacity to sustain such improvements.

It is beyond the scope of this chapter to provide a comprehensive analysis of economic and social development in Hambantota, but we shall point at what we see as the most critical development trends that will condition any development impacts of HIRDEP in the future.

## 4.2 Impacts on resource utilisation and management

Lexically, a resource is defined as something which lies ready for use, which can be drawn upon in order to accomplish something. In order to facilitate the analysis we shall divide the resource base into three broad categories namely:

(i) Productive resources consisting of land, water and biomas (agricultural land, forests, rivers/lakes, fisheries, livestock, minerals, tourism resources etc.).
(ii) Infrastructure, such as roads, irrigation facilities etc., and social infrastructure in the form of schools and health facilities.
(iii) Human resources, especially skills and knowledge build-up.

Table 4.1
Sector-wise expenditure for different periods, 1979-1990 (per cent of total)

| Sector/category of projects | 1979-82 | 1983-86 | 1987-90 | 1979-90 |
|---|---|---|---|---|
| Irrigation | 11.9 | 8.6 | 4.8 | 7.7 |
| Agriculture | 1.0 | 9.5 | 4.4 | 5.5 |
| Forestry | 4.9 | 4.6 | 2.1 | 3.8 |
| Settlement and community development | 10.2 | 19.9 | 21.0 | 19.0 |
| Fisheries | 4.9 | 2.8 | 4.8 | 4.1 |
| Industry | 3.3 | 4.8 | 2.8 | 3.7 |
| Roads | 9.6 | 12.8 | 7.7 | 10.4 |
| Water | 7.8 | 12.9 | 14.1 | 12.9 |
| Health | 2.0 | 9.3 | 8.3 | 7.6 |
| Education | 0.3 | 3.7 | 17.0 | 9.7 |
| Total | 55.9 | 88.9 | 87.0 | 84.4 |
| of which: | | | | |
| Production | 82 % | 71 % | 55 % | 64 % |
| Welfare | 18 % | 29 % | 45 % | 36 % |

The strong interconnection between the three needs no elaboration. Infrastructure is a critical requirement to put natural resources into economic use, while human resources are even more crucial to ensure the most effective management and utilisation of both, especially from the perspective of long-term sustainability of resources — to balance the needs of different groups and the needs of the present and the future. In discussing the management and utilisation of resources, it is also important to be reminded of the fact that Hambantota is part of the national economy, and at the same time, an integral component of the economy of the Southern Province. There are thus higher level demands to which the district priorities must be subordinated and district resource utilisation related.

During the last 10 years, the achievements of HIRDEP in building up the resource base of Hambantota have been significant. In the following we shall summarise what we consider as the major contributions with respect to natural, infrastructural and human resources.

### *4.2.1 The productive resource base*

HIRDEP investments have significantly contributed to strengthen the directly productive resource base. The district *agricultural* base has received a major boost from HIRDEP investment in the rehabilitation of a major irrigation system (Kirama Oya) and the rehabilitation and improvement of a large number of small tanks (abandoned and working) in the district (e.g. 4 major tanks and over 50 minor tanks, in addition to numerous anicuts). Coupled with several other major irrigation projects in the District this has considerably strengthened the productive capacity of this sector, and paved the way for future agriculture diversification and intensification efforts.

In addition to direct impacts on production and incomes, some of these projects also involved land development and settlement which has benefited about 1000 landless families. The long term contribution of water resource development towards the improvement of the environment in a dry marginal district like Hambantota is not insignificant. Considerable HIRDEP efforts have also gone into improving the *chena* farming system, as a means of evolving a system of stable rainfed farming.

Improved highland farming systems are also seen as a means of arresting the rapid deterioration of *forest resources*. Only 6 per cent of the land area is now under forest and much of this is covered with degraded woodland. HIRDEP projects have included the establishment of 1850 acres of timber and fuelwood plantations (in Eastern part) under Taungya system and 450 acres using direct labour. Other forestry projects have included enrichment planting of smaller catchments, and setting up voluntary groups to run nurseries and do extension (*turulatha* societies). However, efforts in evolving a coordinated strategy for highland farming, forestry development and environmental conservation have not really taken off.[24]

The *fisheries* sector has developed rapidly over the last decade, with recorded landings increasing every year from 1973. The present annual catch is about 12.000 tons, which is estimated at 60 per cent of sustainable yield of Hambantota coastal waters. HIRDEP has made a significant contribution to this development through supporting improvements in landing facilities, fishing gear and boats. It is important to note that the fisheries development programme has moved towards a wider community development concept. It has supported the formation of village based fisheries cooperatives (54 in total), that now act as a vehicle for developing the sector (e.g. issuing credit, input supplies and improved marketing).

[24] HIRDEP Highland Farming Project, HIRDEP, 04.03.1991

### 4.2.2 *Infrastructure*

The extent of physical assets that have been created in the district is truly remarkable. In the area of physical infrastructure, major improvements and expansions have been realised (see Table 1.3 for quantitative summary). The *road network* in the district has received a major boost under HIRDEP (Table 3.7), contributing significantly to raise production and distribution by linking areas of production and consumption (for example, the significant and encouraging improvements in milk collection can be largely attributed to improved transportation facilities). The social welfare impact of roads in improving people's access to other services such as health facilities, education etc. is no doubt highly significant. There are, however, serious questions regarding the quality of roads constructed and their maintenance (see Gjøs, Weerasinghe & Skaiaa, 1989).

The stock of *health infrastructure* has been increased significantly through the construction of a series of primary health care centres and through the improvement of the existing hospitals in the district. The rural household *water supply* situation has improved significantly as a result of major investments in tube wells as well as in dug wells. HIRDEP has also invested considerably in improving the pipe born water supply systems in several urban centres in the district and in coastal settlements. These achievements in water supply infrastructure, notwithstanding, new problems are bulding up making the drinking water problem far from solved. Increasingly larger areas suffer from non-potable water, and the vast number of tube wells need expensive rehabilitation.

Major gaps in *educational infrastructure*, such as school buildings, equipment, science laboratories have been gradually filled. However, parallel investments in the quality of education appear to have been overlooked until now. HIRDEP has also taken up the improvement of *postal and telecommunication* facilities in the peripheral parts of the district. The two latter areas of investments have contributed to further integrate the district economy. Improved communication is a key to better resource utilisation and management.

It is also important to note the considerable build up of the *administrative support infrastructure* base of the district by HIRDEP, in terms of office buildings and equipment, staff quarters, vehicles etc.. These were in considerable deficit and contributed to keep the district development machinery at a low level of efficiency. The improvements that have been brought about in this area as a result of HIRDEP investments have contributed to a major strengthening of the administrative capacity of the district and hence the sustainability of development efforts (Table 3.7).

### *4.2.3 Human resources*

The human resources base of Hambantota had been relatively weaker than in other districts of the Southern Province. This was also perhaps the major reason for the low level of development of the district. Hambantota had long suffered from a dearth of educated and skilled manpower. The peripheral nature of the district and its low development of services, especially education, have prevented a strengthening of the manpower base. Even today attracting experts from outside the region even for short periods is reported to be a difficult task. Ruhuna University located in the adjoining districts has yet to develop its capacity to meet the needs of the Southern Province.

HIRDEP interventions in human resource development have included:

- training programmes and seminars for district officials;
- building up local leadership and institutions, especially by the involvement of NGOs and through the Social Mobilisers programme;
- vocational training programmes for skill up-grading; and
- in more recent years improving of the quality of primary education has emerged as a major area.

The line ministries and other agencies (such as Banks) in the district have benefited from numerous training programmes and seminars organised by HIRDEP as well as from activities involving coordination. HIRDEP concerns with poverty alleviation, target group orientation, participation etc. have contributed to sensitise line agency attitudes on considerations other than mere production. Further, the narrowly sector oriented line agencies have learnt to recognise the importance of inter-sectoral linkages more seriously. In recent years HIRDEP was able to organise a number of specialised committees on such areas as highland farming, settlement programmes, social mobilisers programme etc.

With regard to building the human resource base for sustainable development, we commend HIRDEP's long-standing recognition of and the commitment towards strengthening local institutions as the most effective method of managing and utilising local resources from a long-term perspective. HIRDEP's pioneering local level planning programmes have made a major contribution to realise this goal by involving in its programmes local NGOs such as Sarvodaya, local organisations such as *Gramodaya Mandalayas* (despite major inadequacies in several respects), etc. There have also been efforts to strengthen and support local cooperative organisations (such as fisheries coops). The social mobilisers programme has the potential to evolve in to a dynamic local institution in the future. The recent emphasis given to the improvement of the education system of the district, focusing on quality improvement is a move in the right direction to build the district development capacity in the long-run.

## 4.3 HIRDEP impacts on standards of living

### *4.3.1 Production*

The overall picture that emerges from an analysis of available information on effects on production levels, is one of considerable achievement, although as noted earlier, it is not easy to precisely isolate HIRDEP's role. In order to identify the extent of impact on production we will refer mainly to the primary sector. The past study by Atapattu has clearly demonstrated that HIRDEP's interventions in agriculture, particularly in irrigation, have resulted in remarkable increases in productivity and some improvements in overall production levels. For example, both in Kirama Oya and Weliwewa per acre yield of paddy has increased to between 60 and 80 ton/acre in *maha* (1989) from a low level of 30-40 ton/acre 10 years ago. This is attributed to an increase in the adoption of improved methods such as increased transplanting, fertilizer use etc. made possible by an improved agricultural environment. There has also been an increase in the cultivation of vegetables during the *yala* season. In Katuwana for example, the cultivation of non-traditional crops such as banana, pepper and coffee has grown at a considerable rate, contributing to some production diversification. The three crops mentioned above accounted for only 4.5 per cent of the area under highland crops in Katuwaa in 1982, but increased to 10.4 per cent in 1990 (Atapattu 1991, Table 6.2). The overall production of the paddy sector has, however, not seen a dramatic change because of continuing low cropping intensity and slow crop diversification, especially in *yala*. In Kirama, for example, *maha* cropping intensity increased only marginally from 81 to 85 per cent between 1980 and 1991. *Yala* cropping intensity has remained below 20 per cent.

Although we do not have data on production levels in the livestock sector, HIRDEP-support to this sector to improve milk production and collection has been clearly effective. The establishment of a livestock training centre, two milk chilling centres and six milk collection centres have contributed to raise milk collection in several parts of the district.

In the fisheries sector, where HIRDEP involvement has been strong, production has seen a dramatic increase. The total production that stood at 5,500 tons in 1978 increased to over 11,000 tons in 1988, showing that it is a sector which responds easily to well conceived development programmes.

### *4.3.2 Employment*

Looking at the project portfolio of HIRDEP, it is evident that direct creation of new employment under HIRDEP has been limited, which is commensurate with the low level of investment in production activities. Most of the productive investment, as well as expenditure on irrigation infrastructure, has been orientated

towards income augmentation in the agricultural sector, rather than the formation of new job opportunities.

A related issue is illustrated by the expenditure pattern under the Katuwana Local Level Planning Project (see Table 2.2). In 1986 it was found that as much as 58 per cent of total project expenditure went on manufactured items (e.g. cement, iron pipes, fertilizer, etc.) brought in from outside the district (Rahubadda & Fernando 1991). This means that secondary knock-on effects are also limited.

The Katuwana example has been used here because of the large allocation of funds which will be directed towards local level development. While that trend is reasonable, and a logical outcome of current developments, there are serious quotations as to the economic impact of such interventions.

The employment generating effect of HIRDEP is difficult to quantify. There are basically three kinds:

(i) permanent jobs in HIRDEP or government departments, of which HIRDEP's own estimate is 335 jobs,
(ii) temporary employment especially in construction (HIRDEP's estimate is 8700 man-years), and
(iii) induced employment or income opportunities in trade, services, fishing, agriculture, etc. (HIRDEP's estimate is over 2500 jobs).

We can conclude that the employment generating effects of HIRDEP have been limited. Opportunities for wage employment have not expanded in HIRDEP programmes or as a result of HIRDEP investments. The programmes under local level planning have had little effect in creating new job opportunities. Employment in public works has been short-lived and has, in some cases, been inhibited by the use of capital intensive technology. Unit and per capita costs of physical works have been kept low, for good reasons, but a corollary is the relatively low level of stable employment created in public works and associated activities. Employment generation has only very recently been given high priority on the policy agenda of HIRDEP.

As regards indirect employment HIRDEP's contribution can only be incremental. In a limited sense the programme has played a role in the apparently marked shift in occupational status of heads of households between 1980 and 1990, which was observed in the baseline studies. A drop in the proportion of farmers from 62.5 per cent to 38.7 per cent is accompanied by a rise in non-farm employment, excluding casual labour, from 16.4 per cent to 37.8 per cent. On the other hand similar studies in Kudawella, Weliwewa and Bedigama show little occupational change. These are, however, smaller localities. The study of Katuwana AGA Division, like that of Kirama Oya, shows a considerable increase in the proportion of non-farm occupations, including carpentry, masonry and trading. "Other sources" of

employment representing carpenter, mason, retail trader, driver etc. increased from 7.4 per cent to 26.7 per cent during a decade (Atapattu 1991). This indeed is a clear sign of the beginning of a possible trend towards a diversification of the economic structure of some areas of the district.

HIRDEP has financed a wide range of physical infrastructure, and the Programme derves credit for its deliberate attempts to stimulate associated enterprises in construction, building materials supply and services. This includes the policy of awarding contracts to the lowest tenders, provided that the tender is not more than 15 per cent below the cost estimates prepared by the project engineer, which is likely to benefit the smaller, local contractor using local labour. There has been a marked growth in such enterprises since the inception of HIRDEP. At the same time the business environment in Hambantota (including HIRDEP) seems not to stimulate longer-term expansion of such firms through, for example, access to a wider range of possible clienteles. The firms have remained small and incapable of competing for the bigger jobs in the District with larger contractors from Galle and Colombo.

### *4.3.3 Incomes*

Direct income effects of HIRDEP are difficult to measure. However, the study by Atapattu shed considerable light on income improvement of the target population in some key HIRDEP project areas. The measures used are however of an indirect nature. The study concluded that

> the investigation of long-term trends of important socio-economic parameters confirms that significant and favourable changes have taken place over the last decade with respect to social conditions and living standards as well as productivity and real income. A close relationship between HIRDEP interventions and the improvement of productivity and living conditions is evident in all five study areas under study (Atapattu 1991, p. 55).

The major completed development projects such as Kirama Oya Basin, Weliwewa Settlement project, Kudawella fishing settlement etc. have all contributed to bring considerable production and income gains to most households. There are also perceptible improvements in housing, water supply and toilet facilities in these areas. Major increases in the possession of consumer durables indicate an improvement in the real incomes. In some HIRDEP project areas such as Kudawella, expenditure patterns of households indicate a growth in real incomes (Atapattu 1991). In Bedigama, for instance, Atapattu found a marked shift in the pattern of income distribution towards higher income groups. The possession of consumer durables has seen a dramatic increase in most areas.

The local level planning projects have also had a considerable impact on improving the local socio-economic base of the communities concerned. They have been particularly successful in generating income earning opportunities

among target groups (both individually and at the community level) through numerous small scale activities. The considerable success achieved by the social mobiliser programme has been favourably evaluated recently (Dias 1990).

### *4.3.4 Social welfare*

Social welfare impact of HIRDEP interventions appear far more important than available information seem to indicate and what could be generally observed. The coverage and extent of communal facilities that have been created, such as health centres, drinking water supply schemes, primary schools etc. have benefited large numbers of people in the district. The roads programme has further improved access to some of these facilities. The large number of latrines constructed and the stoves installed have helped to improve the welfare levels of individual households.

Despite weaknesses in reaching the poorest of the poor, some of the largest group programmes have helped to raise the welfare levels numerous marginal groups, such as for example potters. The social mobiliser programme has definitely contributed to organise poor women (75 per cent of social mobiliser programme participants are women) for improving their income and welfare levels. The welfare impacts of most HIRDEP programmes in education, health and participatory projects may take time to be felt, concerning effects on nutrition, family size etc.

## 4.4 Recent development trends: Impacts and future perspectives

A number of recent events at the national level as well as developments within the district are affecting the resource base of the District. A brief survey of these trends would enable us to clarify some of the issues that need to be considered for the next phase.

### *4.4.1 Lack of structural change in the primary sectors*

The primary sectors, agriculture and fisheries, constitute the backbone of the district's economy. Any further development of this economy has to rest primarily on restructuring their capacity for diversification and surplus generation. Even more important is the need for shifting towards high value added production. The present deficiencies in the local economy can partly be attributed to the slow process of restructuring the primary sectors, which *inter alia* will have to include:

(i) promoting intensification and diversification of agriculture, especially in the irrigated areas, including selection of appropriate technology, crop diversification, ownership patterns, and market mechanisms;

(ii) forging of stronger linkages between agriculture, livestock, forestry and fisheries; and
(iii) strengthening linkages between primary, secondary and tertiary sectors.

Many HIRDEP projects have been addressing the first and second issue, while the third issue has been absent. This poses two fundamental challenges to the current HIRDEP "philosophy" — its rural bias and its emphasis on participatory planning. Structural change in the primary sectors is intimately linked to developments of the urban areas as market outlets and intermediaries (see 4.4.4). While participatory planning carries the potential of empowering the poor for their own betterment, it is unlikely to result in any kind of systematic and comprehensive production plan for the local economy. While raising the incomes of the poorest is essential, it is questionable whether this can take place in isolation. The prospects for economic and social enhancement of the poor are intrinsinctly linked to the dynamics of the village economy as a whole.

### *4.4.2 Increasing levels of unemployment*

At present, the most serious concern of Hambantota, as in other parts of the country, constitutes the crisis in employment (and incomes). The district suffers from very high levels of unemployment (and under-employment) especially among the youth. The prevailing unemployment rate is estimated to be around 20 per cent and youth (in the age group between 15-30 years) account for over 70 per cent of the unemployed. The vast majority among the unemployed youth are educated and hence harbour expectations to find work opportunities outside the traditional farming sector. Their numbers are likely to further increase with the improvements in education (as noted earlier on, HIRDEP investment levels in the education sector have been very high in recent years). This situation has developed despite:

(i) a notable trend in the district towards diversification of employment opportunities in rural areas during the last decade; the economy continues to be characterised by a dominance of the agricultural sector, coupled with livestock and fisheries, while growth and expansion in the industrial, commercial and service sectors have been slow or absent; and
(ii) major investments in irrigation and agriculture; employment levels in the agricultural sector, the most important economic sector of the district, have not expanded and indeed there is an increasing tendency towards a decline in labour absorption levels.

The issue of employment generation particularly for the youth, and the general issue of wage employment generation will call for a more important role in this sector by HIRDEP in the next phase. Past HIRDEP strategies for employment generation have not only been insufficient, many of the strategies themselves have lacked adequate recognition of the constraints and potentials for employment

generation in a district like Hambantota. For example, the potentials for employment (and income) generation in the agricultural sector (including livestock and forestry) have not been sufficiently recognised. Employment generation has rarely been incorporated or even sufficiently articulated in agriculture development projects. A glaring absence of analytical studies on the subject has been observed. Policies and strategies in agricultural development appear to have generally underestimated the employment generating capacity of this vital sector. The present strategies are clearly inadequate to utilise the employment potential of this sector. Belatedly, however, a workshop held in 1988 recognised the need to focus more attention on this issue.

We acknowledge HIRDEP's recent concerns on the need to focus on alternative strategies for employment generation, especially for the poor. The recognition of the desirability of promoting wage employment through the adoption of labour intensive methods in the construction, rehabilitation and maintenance of infrastructure (HIRDEP 1990b, pp. 10-11) is an important departure from the past. This is an area which offers a good potential for wage employment generation and at the same time ensuring the maintenance of the assets created.

Irrigation is a clear case in point. It would obviously be rational to transfer maintenance responsibility to the farmers. Contribution to maintenance can be precisely determined in relation to land owned (or land receiving water), and each beneficiary will contribute a certain number of man days of labour to effect regular maintenance. Those not willing to contribute labour will have to hire it. It will thus benefit landless and poor families and provide them with slack season wage employment. It must be noted, however, that proposals to this effect so far have been rejected by the Irrigatuon department as well as the farmers.

Another important measure to be taken regards the formulation of local, regional (district) and provincial strategies for expansion of investment by organised private-sector capital in ventures with high employment generating potential.

### *4.4.3 Limitations on industrial and service sector development*

The present HIRDEP strategies for industrial development are characterised by a lack of a clear perspective on the subject. Past strategies of HIRDEP for industrial development have always ended in disappointment. The strategies adopted were dominated by the prevalent populist policies aimed at creating a few, usually poverty group oriented, jobs in cottage and other small industries. There is no clearly articulated industrial development policy framework for the district, identifying both the major constraints and potentials for industrial development in a peripheral region like Hambantota, as well as the potential comparative advantages of the district, placing it in the context of national and regional parameters. It is felt that it is the absence of such a policy framework that has

zigzagged HIRDEP industrial development strategies from initial enthusiasm to the current disheartened position. This is shown in the declining HIRDEP resource allocation for industrial development. The total expenditure on industrial development for the period 1979-84 was 7 per cent of the total, whereas that for the period 1988-90 was only 2.4 per cent.

An analysis of the constraints and potentials for industrial development in Hambantota is a precondition for the elaboration of a package of development strategies in the future. A note on Industrial Policy for Hambantota, prepared in 1991 by the Planning Unit, is a move in the right direction towards clarifying some of the key issues. A word of caution is in order. Whatever policies and strategies for industrial development that have been discussed or initiated have been conspicuous by their tendency to overestimate the potential for expansion of this sector and employment generation capacity.

There has also been a tendency to overestimate the ability of state programmes to help the district industrialise through the establishment of state-run industries, such as textiles (see 3.4.2). At the same time, however, several evaluation studies and recent Annual Programmes of HIRDEP have acknowledged the disappointing results of state sponsored efforts to promote industrial development. It is thus surprising that the note on industrial policy proposes to explore the possibilities of establishing a free trade zone in Hambantota as a solution to the employment crisis. Feasible areas for local industrial development must be sought in relation to the actual (and potential) resource base of the district and the markets. They need to be linked to the major primary sectors of agriculture/livestock and fisheries and perhaps in relation to tourism development.

The recent HIRDEP moves to set up a small Enterprise Service Centre for the benefit of local small entrepreneurs is a step in the right direction, and so are the proposed plans to expand vocational training facilities. In addition, credit facilities need to be expanded and the proposals by NORAD to set up a (District) Development Fund to support larger enterprises is welcome. To date credit for smaller productive ventures has been channelled through a number of formal and informal institutions in the form of revolving loan funds. Overall the scale of provision has not been large and the level of loan discipline has been variable. HIRDEP could provide more credit support, but should:

- exercise caution in the setting up of additional credit institutions;
- support the TCCS and RRDB which have a good record of reaching the poor and of loan recovery; and
- facilitate the use, by small producer groups and by individuals, of commercial banks and other formal credit institutions.

The peripheral nature of Hambantota and its economy based on primary activities impose constraints on the expansion of service sector activities on a large scale. However, it is important to pay more attention to the possibilities for the

development of *tourism*, both foreign (largely to tap tourists coming to southwest resorts) and local. The Yala national park and the bird sanctuaries, inland water bodies and dry weather during southwest monsoon period, all are important advantages. In addition, the historical and cultural sites of Kataragama and Tissahamarama attract many domestic tourists throughout the year. Hence this is a sector that needs more support and coordinated effort in order to strengthen the potential linkages to employment generation in agriculture, cottage industry, etc..

### *4.4.4 Undeveloped urban system*

An issue of great concern is the haphazard and uncoordinated growth of towns in Hambantota. Most towns are growing as mere centres of distribution and provision of conventional services, such as sanitation and street lightening. Many of them are unable to perform any serious development functions for their hinterlands.

If the current trend in the slow expansion of employment opportunities in the rural sector is to continue, there is a strong likelihood of urban centres growing far too rapidly, creating serious tensions, as the part-study on demographic development (Miranda & De Silva 1991) has warned. The rapid population growth in these towns, lacking any dynamic economic roles (e.g. Suriyawewa), would most likely aggravate the unemployment problem in the future. The emergence of such concentrated pockets of unemployment should be a serious concern, as these unemployed are likely to be mostly the young educated. Surprisingly, there is hardly any information about the towns, their functions and potentials. Even recent trends in population growth are not known.

A trend which is becoming increasingly visible is the weakness and the inability of the present market to generate sufficient demand for agricultural and industrial growth. The desirable and feasible levels of growth in agricultural diversification and intensification appear to be blocked by this constraint. The processing industry, for example, has not progressed sufficiently to create a higher demand for agricultural products. The expansion of markets and industrial/processing activity appear to depend on a system of rural growth promoting urban development. Limits to regional economic growth on the basis of purely agriculture/rural policies appear to have clearly set in.

It is noted with satisfaction that HIRDEP is giving growing recognition to the role of small urban centres in regional development (see for example HIRDEP 1988). But this recognition has yet to be articulated as an objective and translated into a set of strategies, that could pave the way for generating greater economic activity in the towns.

### *4.4.5 Environmental degradation*

One significant trend observed in recent years has been the growing stress on the environmental resources of the district. The carrying capacity of the district has virtually reached its limits under the present levels of development and technology. In this sense, the district is no longer a land surplus area. With a higher than national average population growth rate (2.2 as against 1.7) and the marginality and fragility of a large part of the district, there is a need for judicious utilisation and conservation of physical resources.

HIRDEP has recently taken the initiative to integrate environmental concerns as an integral part of all development programmes in the future, and the programme has been working on a strategy for a conservation oriented resource management and utilisation system. This is also another indication of the maturity HIRDEP has achieved in sharpening its objectives to include long term development concerns. The district environmental study prepared by HIRDEP in 1989 has for the first time brought out, in considerable detail, the major environmental policy issues concerning the district.

The growing concern with environmental issues has also brought to sharper focus the limitations of the District has a framework of planning. Some of the most critical environmental problems extend the boundaries of the District borders, such as for watershed management, while others are very local in nature and should best be tackled at the level of villages or households.

### *4.4.6 Degradation of infrastructure*

Another recent development of growing concern related to resource management, is the poor maintenance and management of infrastructure and assets (a problem endemic to most sectors in Sri Lanka). This is a particularly disturbing development in Hambantota, given the extensive infrastructure/asset base that has been created. The poor quality of maintenance of HIRDEP created assets is already visible in many areas, such as irrigation facilities and roads. Most often, deterioration due to lack of maintenance leads to rehabilitation at a higher frequency than normally required, thus diverting scarce resources away from other urgent productive investments.

In this perspective we generally endorse HIRDEP's present strategy on infrastructure development and creation of productive assets, that is de-emphasising large scale undertaking of new projects and focusing more on improvement/rehabilitation and maintenance of the present stock of infrastructure.

The recognition by HIRDEP of the need to formulate a clear strategy for assets maintenance is a welcome development. Measures to improve the quality of maintenance may include:

- more rigorous criteria for the selection of new assets, together with the monitoring of use of existing facilities;
- encourage agencies to mobilise the resources of user organisations or similar groups;
- promote awareness amongst institutions and people's organisations of the need for maintenance and ways of scheduling preventive maintenance;
- devise feasible systems for the maintenance of community-built assets to be adopted by village organisations and promote the formation of specialist teams to take responsibility for the work; and
- alternative means be found to finance the facility.

Since a considerable volume of new works are planned for the *Pradeshiya Sabhas* and AGA Divisions, and in view of the proposed strengthening of planning capabilities at that level, there is a most immediate need for creation of a high level of awareness of maintenance concerns and for correction of institutional shortcomings.

## 4.5 Main findings and conclusions: What challenges to HIRDEP?

A major conclusion of this chapter is that HIRDEP interventions have contributed significantly towards building up the resource base of the district, particularly in the area of social infrastructure. As a result, social welfare impacts of HIRDEP have been far more important than other impacts. For example, production impacts have been rather limited except in areas such as fisheries, and have been localised. Impact on employment trends in the district has been negligible, and seem to highlight a number of problems associated with off-farm employment creation that need to be addressed in the future, with greater focus on long term strategies.

Given the complexity of the development problems facing Hambantota and the scenarios likely to emerge, the challenges for the next phase of HIRDEP may certainly be of a somewhat different nature than the past interventions. Some of the more important challenges include the maintenance of the infrastructure and the environmental base; employment generation; primary sector diversification, intensification and integration; spatial integration of the district economy; and human resource development for enhancing long term capacity for planning and policy analysis.

# Chapter 5
# A Framework for the Extension of Norwegian Development Assistance to Hambantota District

## 5.1 Why change a success story?

This Evaluation concludes that HIRDEP on the whole has been successful, and as such fall in line with most previous observers. Our investigations have not disclosed any so far "hidden" characteristics or effects of HIRDEP, that is tainting the generally positive image of HIRDEP which has been created over the years (cf. 1.2). The critical issue at this juncture is nevertheless whether Sri Lanka's IRDP-model, in general, and the HIRDEP-model, as a special case, is feasible under the changing socio-economic and administrative-political environment. Notwithstanding past achievements, there is a need today to create some distance to existing models and strategies. Emotionally this would obviously have been easier in the wake of a programme that had failed, while in this case the past cannot, and should not, be written off, and fortunately so. We do not enter the process of reorientation empty-handed.

In this chapter we shall attempt to establish a framework for discussing the extension and possible reorientation and reorganisation of Norwegian development assistance to Hambantota District. The evaluation clearly see the need for giving the programme a sharper focus, and does also suggest organsational changes in order to facilitate this. As is reflected in the previous chapters, the need for change has primarily been created by circumstances beyond the sphere of influence of the Programme, or of MPPI or NORAD for that matter. Our recommendations have been shaped first and foremost by the analysis of these contextual issues, but do, of course, also reflect our assessments of the performance of the Programme.

The initial objectives formulated for HIRDEP were virtually all-inclusive. The programme has no formal restrictions as regards sectoral coverage. There is today much uncertainty as to the specific role and purpose of HIRDEP in relation to the established government system and in conjunction with other development programmes:

- The Government of Sri Lanka, represented by MPPI, has obviously lacked a unified perspective on IRDPs, at the same time it accepted and to a large extent still encourages donors to go for their individual approaches. MPPI seems to

have been reluctant to put the IRDPs in a policy straight-jacket, and has likewise resisted proposals put forward to make the IRDP-offices all-embracing district planning offices.

- NORAD, on their part, has been equally elusive with respect to guidelines for their funding policy. It has hardly ever rejected proposals on principle grounds. According to the Planning Unit, the only areas where NORAD up to now systematically has turned down proposals concern electrification and typical recurrent expenditures of public institutions. The main areas where NORAD has been instrumental in pushing certain general objectives, with the exception of the early emphasis on comprehensive planning and poverty orientation, concern support to women and environmentally sound development, both areas being cornerstones in Norway's overall aid policy.

The openness of the objectives of HIRDEP, being a virtue in the first phases of the Programme, represents a problem today. It makes them a poor mechanism for guiding action. There is in fact no overall plan or set of interrelated objectives that determines the concrete activities taking place within the framework of HIRDEP. We have to look for a set of objectives that is less ambitious, recognises the comparative strengths of the Programme as it is today, and is more manageable. Hence the "new" HIRDEP should emerge as a synthesis of past achievements, future challenges and the new institutional context emerging, the main features of which are:

## 5.2 The achievements of HIRDEP: what to carry forward?

HIRDEP has indeed produced a well of knowledge and experiences, most of which is still potent, harboured within the core organisational structure of "old" HIRDEP: the Planning Unit, RDD and NORAD-Colombo. This structure will not remain untouched by the wind of change for very long, with the concomitant displacement of personnel and loss of institutionalised memory that follows. Hence, part of the reorientation process may be viewed as a rescue operation, preventing a premature loss of valuable experience and knowledge.

In the following we shall briefly recapture the main strengths of HIRDEP, as the contribution of "the past" to future development efforts in the region. From the analysis in the subsequent chapter five areas have come out quite clearly: (1) capacity for innovation; (2) financial efficiency; (3) community level development; (4) human resources development; and (5) provision of infrastructure.

### *5.2.1 Innovation*

HIRDEP has been guided by a dual set of institutional objectives, that under most circumstances are incompatible: reinforcing the existing system for development

planning and implementation, on the one hand, and reforming the system or even demonstrating alternatives to the system, on the other. HIRDEP has no doubt contributed to a strengthening of several government institutions at district level in the form of training, and infrastructural and budgetary support, but a more oustanding feature of the Programme has been its capacity for innovation — for demonstrating alternatives.

HIRDEP has to a remarkable extent been able to conform to some of the influential prescriptions of "good" development projects the recent years; the "learning process approach" (Korten 1980) and the "adaptive approach" (Rondinelli 1983). The planning and administrative model of HIRDEP facilitated learning and adaptation, evidenced not least by the different phases of the Programme. These phases mark a progressive move from convential sectoral projects to more innovative approaches to development. This in itself is not remarkable. In fact, most aid projects tend to become development "greenhouses", breeding new ideas, strategies and technologies. Where many such projects fail, however, and where HIRDEP has been an exception, is in the transfer and adaptation of the new "plants" to the natural environment outside the greenhouse.

What has characterised the more successful innovations of HIRDEP, especially in the field of participatory planning and mobilisation of target groups, has been that they have been developed under local conditions and constraints — in a field situation rather than in a laboratory, to use an another science metaphor. HIRDEP was in a position to operate within and experiment with the existing government structure. Some of the important preconditions seem to have been:

- the formal link-up of the Programme in the District administration,
- the existence of a national IRDP "credo" that provided political support and instilled a sense of belonging to a special "mission", and
- the role of NORAD as facilitator to the Planning Unit, *inter alia* allowing it considerable room for local decision-making.

With the current changes in Sri Lanka there are uncertainties as to the sustainability of these preconditions, and under any circumstances there is a need for some organisational restructuring of the Programme. The aim of creating a strong District Planning Unit that could spearhead overall development in the District is no longer a feasible proposition, if it ever was. Our concern is that an ultimate objective of restructuring HIRDEP should be to retain as much as possible of its demonstrated capability for learning, creativity and local adaptation of innovations. There is an immanent danger that the Programme falls back into a position as a funding mechanism for sectoral agencies devoid of innovative elements. This tendency is already evident in the current Work Programme, and should be arrested. To merely sustain a mechanism for channelling funds to government agencies cannot justify a carrying forward of the present institutional capacity of HIRDEP, and probably not a prolongation of HIRDEP at all.

There is a continued need for a think-tank, a resource centre and an experimental programme that can act as a *change agent* vis-a-vis the established system — as a catalyst on other organisations and a "greenhouse" for new ideas and novel approaches. Past experience shows that sustaining the innovative character of the Programme will depend on:

(i) continuation of the flexible planning approach;

(ii) retaining of the formal authority of the Project Director vis-a-vis the established government structure, but adapted to the new administrative system;

(iii) the governments ability to provide qualified and dedicated staff to key positions, and the Programmes's ability to retain them; and

(iv) securing the authority of the Programme management to take independent initiatives.

### *5.2.2 Efficiency*

The total expenditure of HIRDEP is in the tune of Rs. 500 million divided on approximately 400 individual projects. The immediate output from this investment is substantial, both in terms physical assets created and building of institutional capacity, which indicates a good standard of financial management within the Programme. This general impression can be further substantiated when analysing overhead costs, investment efficiency and cost efficiency (cf. 3.3). The following achievements of HIRDEP represent qualities of the Programme that should be safeguarded in years to come:

- On the whole there has been a prudent management of project funds. There are no reported cases of misappropriation, and institutional overheads seem to have been kept at a moderate level. The latter is, however, difficult to verify since Programme statistics do not provide a full breakdown of administrative expenditure.
- It is fair to conclude that channelling of funds to project activities and beneficiaries has been efficient. Funds have moved according to plans and targets. Also, HIRDEP has not been plagued with redundant projects, or so-called "white elephants".
- The unit costs of physical works have been very reasonable, particularly those undertaken by local institutions or groups.

To sustain this level of efficiency in a situation of increasing public resource constraints and reduced benefits and real wages to government employees

represents a formidable challenge. The following issues must be addressed forthrightly:

(i) The present manpower constraints at programme management level are likely to be of a permanent nature. The scale and complexity og programme activities must be adjusted to this situation, not to allow a deterioration in the quality of financial and physical monitoring.

(ii) The arrangements for strengthening the Planning Unit with personnel on special contract have proved to be of great importance. The Engineering Cell within the Planning Unit has played a major role in keeping construction cost down, also with projects implemented through line agencies. The former Monitoring Officer, who has not been replaced, also greatly contributed to the efficiency of the Programme. The Governement and NORAD must allow for the continuation of this recruitment practice, and even possibly expanding it.

### *5.2.3 Community development*

We can distinguish between three different community level development strategies adopted by HIRDEP:

- invigoration of existing local administrations for project planning and implementation;
- integrated community development schemes; and
- target group identification and mobilisation.

In all these areas it is fair to say that HIRDEP has been at the forefront of development amongst the IRDPs and within the government sector in general.

HIRDEP was the first to explore the potentials for using the sub-district administrations and representative bodies more actively as development agents. The positive experiences from the Katuwana and Weereketyia AGA-level projects, in working with the office of the Assistant Government Agent and the *Gramodaya Mandalayas*, have influenced the thinking at national level. It is significant that the present decentralisation policy (see Regional Development Division 1991) share many of the objectives of the HIRDEP local level planning projects.

The settlement projects of HIRDEP have been emphasised as examples of good intersectoral coordination. One developed an approach which took into account the whole spectrum of needs in newly established settlements, and not merely provided for irrigatable paddy land, which had been the conventional approach of the Irrigation Department.

HIRDEP's work on target group approaches has developed parallel with the local level planning projects. It was realised that various categories of people in a local community do not participate in public fora which are the main arenas for local politics. HIRDEP has gained useful experiences with methods for identifying beneficiaries, and the Social Mobiliser Programme for group formation among selected beneficiaries has been taken as a model by others.

We would recommend to give high priority to a further development of HIRDEP's community development strategies, and we concur with the priorities of the Planning Unit. There is limited scope for new settlement schemes, so this may well go out as an area for HIRDEP. The thrust of the next phase of HIRDEP should fall within the current project activities of AGA level planning and social mobilising. The objectives and strategies of the two projects should be further developed, the overall objectives being:

(i) *Support to local self-government*
Local level planning based on participatory methods has been a major component of HIRDEP since 1984. HIRDEP has proposed to strengthen this programme to reflect changes during the last several years and to further build upon the experiences that have been gained so far. A three year proposal (1991-93) (HIRDEP 1991) has already been submitted to NORAD for funding. The proposed programme will focus on key areas which are likely to remain neglected or by-passed (priority villages) and key households (mainly at risk families) within them. It is, in the words of HIRDEP a "priority area development" strategy aimed at targeted villages considered most in need. A second component of the strategy called "spot improvements" or "gap filling", will attempt to integrate HIRDEP investments with other investments in the AGA division (investments from DCB, line agencies etc.). The long-term goal of this strategy is to strengthen planning at the AGA Division level; a clear recognition by HIRDEP of the increasing importance of this level in decentralised development. It is strongly recommended that this initiative by fully supported.

The new project proposal represents a start but cannot be regarded as definitive. Its horizons are too narrow, particularly in respect of the role of the Divisions as local governments — *Pradeshiya Sabha*. A major objective should be to stimulate the capacity of this institution, in political and administrative, as well as economic terms. It is our recommendation to make strengthening of local self-government a primary objective for HIRDEP.

This entails a conceptual framework that is somewhat different. It is based on a recognition that the AGA Division gradually is changing its role from a deconcentrated administrative level — the extended arm of central government, to a local government that has its own portfolio of independent decision-making authority, through a council of elected representatives.

Admittedly, this portfolio is rather narrow at present, but political signals points in the direction of increasing it.[25] The objective should be, in addition to supporting projects that fall within the general development objectives of HIRDEP and NORAD, to stimulate the development of more self-reliant local government. This we would argue entails a more passive and facilitating and less intervensionistic role, on the part of HIRDEP, than what is the current strategy.

The HIRDEP strategy should avoid top-down, centrally controlled, interventions that tend to undermine processes towards local self-reliance. In this regard it is important to make a distinction between the Local Government (PS) and the deconcentrated functions of the central government (managed by the AGA) and the Provincial Council (managed by the DS) respectively. Although today one and the same officer fills the post as Secretary to *Pradeshiya Sabha*, Assistant Government Agent and Divisional Secretary, the three functions represent rather different administrative systems and political interests. A HIRDEP programme operating at the AGA Division level should be specific about these differences, which is not the case with the present proposal. This will entail strategies and modes of operation that hitherto have not been reflected in HIRDEP planning documents (see Birgegård 1989 and Engberg-Pedersen, Blanchet & Jerve 1990 for discussions on objectives and strategies for local government support).

The aim should be to establish the *Pradeshiya Sabha* as the recipient and partner institution, and not the AGA or the DS. Actual implementation may of course be carried out by different agencies. The range and level of activities have to be adjusted to the gradual expansion of capacity and authority of the PS and its administration, and be conditional on its performance.

(ii) *Strengthening and broadening the strategies for poverty alleviation.*
There is no doubt that the past HIRDEP strategy of giving focused attention to poverty alleviation has paid considerable dividends in improving the welfare of poverty groups in many parts of the district. This strategy should be continued in the future, since it has benefited numerous groups that the normal development programmes and processes tend to by-pass. The strategy has a future role in meeting the needs of the at risk groups and areas that are likely to emerge as a result of as shift towards market oriented type

[25] In a recent speech the President underlined the future importance of the *Pradeshiya Sabhas*. "Local Government will become a key medium of decentralised development" (*Daily News* June 13, 1991).

development. The need for social safety nets is recognised by GOSL and donors alike, e.g. through food stamps and the Janasaviya Programme. Paying of social benefits to increasing numbers of people, as mere handouts, is not only beyond the financial capacity of government, it represents no solution to the problem of povertisation.

The strategy must involve extension, credit and service delivery to special target groups of vulnerable people, which is in line with HIRDEP's current Village Mobilisation Programme and the group-formation activities under the women and fisheries programmes. The positive experiences from the Social Mobiliser approach should be expanded. An important element of this should be to address the special problems associated with channelling support to women. The experiences and successes of the female Social Mobilisers should be translated into a more extensive programme.

We see a need for making the mobilisation work an activity organised independently of government, which also means HIRDEP, and there is an urgent need to work out possible solutions to the following two issues. Firstly, the need for establishing a separate NGO for organising the Social Mobilisers. Their present status as semi-government extension workers cannot be continued for very long. Secondly, the role of HIRDEP should be to support, financially and in the form of training, NGOs and voluntary organisations engaged in mobilising poor people for collective action. The appropriate mechanisms and channels for this kind of support are lacking.

In addition the mobilisation strategies mention above, it ought to be considered to utilise the existing education infrastructure more effectively in general awareness raising, adding supplementary training components in teacher training programmes to orient teachers for local development activities. Teachers could for example act partly as the present social mobilisers, both within and outside the school. Within the school to orient future citizens to acquire habits of participation, collective action etc., and outside the school to contribute more actively to local level development (note that 90 per cent of the teachers in Hambantota are from within the district, and this is a major resource in the absence of other types of trained manpower).

### *5.2.4 Human resources development*

Considerable resources have been invested in this field, including both training of local people and staff training. The amount of *local project-related training* carried out in HIRDEP is impressive and probably the most significant in terms of lasting impacts. This has benefitted also a number of people outside the government sector. Of greatest importance in this respect are, on the one hand, the exposure

of local leaders, through various planning workshops and meetings, to a wider perspective on development than bridges and buildings, and the sensitising of groups of poor people and the training in organisation building given to them.

(i) We consider it important to sustain a high profile in local training, but there should be greater attention to quality, allowing for a considerable reduction in quantity. Part of the problem is much of the training depends on staff of the Planning Unit, who also have several other important functions within HIRDEP. This affects the quality of the training as well as the planning and monitoring work. Some of the formal training arranged by HIRDEP today, could probably be transferred to the private sector or parastatals — may be on contract basis.

NORAD through HIRDEP has financed *staff training* for a considerable number of government civil servants — in Sri Lanka and overseas.[26] This has resulted in a marked improvement over the years in the quality of planning documents within HIRDEP. Not surprisingly, most trainees claim that the training has been relevant to their job (96 per cent) (Ekanayake, Hjelm & Mathupala 1990, p.19). Staff training has also acted as an important job incentive. HIRDEP had a remarkable low turn-over of staff during the first eight years.

The direct benefits of staff training are transitory. For obvious reasons (ordinary government transfers, the remoteness of the District, etc.), it is difficult to retain qualified staff in the District, and there has been several cases where long-term academic training provided by HIRDEP has functioned as a stepping-stone for leaving Hambantota. In recent years there has been a considerable "brain drain". Most of these people, however, are employed elsewhere in the public sector, or with other development related agencies, donors included. We also observed a growing problem in the individual rent-seeking associated with training. As has been observed in many countries, falling real wages to civil servants generates a demand for training schemes, as a vehicle for leaving the service and for the fringe benefits involved in monetary terms. An attractive training package is not by itself a guarantee for high performance and commitment. More important is the on-the-job experience from working in a dynamic and inspiring programme. The experience of HIRDEP amply illustrates this.

Human resources development in terms of building a capacity for better planning and policy analysis is required at all levels. One of the greatest challenges for the next phase of HIRDEP is to contribute to this in a manner that is institutionally viable. Admittedly, under the present volatile situation as the regards the political

[26] In total 95 officers received overseas training from 1986 to November 1990 (Ekanayake, Hjelm & Mathupala 1990).

and administrative set-up of the country, this is a difficult challenge. The focus of HIRDEP will have to be several:

(ii) HIRDEP (or better say NORAD) must contribute positively to strengthen the planning and management capacity of the Provincial Council by supporting the planning division (PPU) to strengthen its policy analysis and planning capacity.

(iii) The *Pradeshiya Sabhas* should be supported by way of strengthening their office facilities and providing training assistance to build their planning and implementation capacity. This would be a key element in the local government support strategy.

(iv) The next HIRDEP phase must begin with the elaboration of a development strategies for the district (or parts thereof) which articulates the new development potentials and contraints that emerge under the new provincial setting and the realities of the Southern region. There are some issues that particularly lend themselves to analyses under this expanded framework:
- Rural-urban linkages
- Environment
- Labour market
- Demographic development
- Women's situation

We recommend the undertaking of the following studies on a priority basis.

(a) A study on the urban centres and growth patterns in the district to determine their potential role in light of new economic policies and emerging realities of the district's rural economy. The study must propose concrete strategies for HIRDEP to support urban development for regional economic growth.

(b) A major review of the absorptive capacity of the agricultural sector through promotion of diversification and intensification.

(c) A proper survey of the situation of different categories of women regarding access to employment, credit and social services, education in particular. This information should be analysed in conjunction with projections on demographic development, which indicate a rapid growth in the number of unmarried women without secure income.

(d) Carry out detailed studies with the aim to establish action plans covering the following environmental problems (see also McCall 1990): health hazards associated with modernisation and intensification of agriculture (i.e. poisoning and pollution from agro-chemicals, and malaria); problems associated with manipulation of hydrological systems (i.e. salinisation, and falling groundwater table); and degradation of dryland vegetation (associated with *chena* cultivation, deforestation and overgrasing).

(v) In the context of Norwegian support to Hambantota District there should be provision for assistance to the Ruhuna University to build its expertise on regional development issues. This is essential for creating relevant capacity within the region to train future planners, create regional research capacity and establish a sound information base on the region for future planning. HIRDEP can take a lead role in encouraging other donors involved in development work in the Southern region to support such a programme.

### *5.2.5 Infrastructure*

The physical build-up of infrastructure by HIRDEP is indeed impressive. This accounts for administrative support facilities (e.g. offices and staff quarters), roads, irrigations works, and probably most important the extensive coverage of social infrastructure achieved in the core areas of HIRDEP. This includes facilities such as latrines, drinking water supply, health centres and primary schools.

We agree to a continued social sector commitment within HIRDEP, but envisage a considerable reduction over time in the financial allocations to social infrastructure, despite the strong demand which is evident. The arguments are two-fold. Firstly, there is a need to reduce the support to district based technical departments in line with the new desentralisation policy, and transfer resources and responsibility to the divisional level. The operational capacity at this level is however quite modest. Secondly, it is important for NORAD as donor not to widen the gap between the volume of public services and the financial capacity of government to adequately run the services.

The creation of new assets represents creation of new liabilities, and the limit to what the government can properly run and maintain has already been passed (cf. Part-study 4). It is our recommendations:

(i) to limit the creation of new public assets to a minimum; and

(ii) to focus all new projects in the social sectors on:
- quality of services,
- maintenance of assets created and
- local resource mobilisation for running of services (i.e. revenue collection, user fees, labour contribution and organised commitment).

This entails a shift from development expenditures to recurrent, from expanding infrastructure to consolidating the structure already installed. This perspective is officially recognised, but is yet to make a real impact upon the type of projects being proposed by the line agencies.

## 5.3 New development challenges

It lies in the character of HIRDEP, the openess of its objectives and its role as a gap-filler, that the Programme has had a hand in most development issues, but the priority accorded to these issues and the Programmes' ability to deal with them, have varied greatly. In the following we have identified a set of future challenges to HIRDEP, representing areas of weakness or neglect in the current programme.

### *5.3.1 Alleviating the crisis in employment*

As noted above, past HIRDEP strategies which focused on production, welfare and target group oriented strategies had only a limited impact on employment generation. While employment generation is always a daunting task, a major challenge for HIRDEP's next phase is to explore other feasible strategies to address this problem; strategies that can be build on HIRDEP's past investments and accumulated experiences. A major challenge is to make employment creation an essential component of all programmes, wherever such possibilities exist.

Ways must be found to build wage employment generation into key HIRDEP investment programmes, in particular infrastructure/assets creation and maintenance. Wage employment generation for the poor must be given priority. However, the greatest challenge is to take new initiatives in policies and strategies to enhance employment generation in non-traditional sectors of industry, trade and services. Alternative strategies must be devised to bring in the private sector which already possesses skills and resources (such as land) to contribute more actively to job creation. Hence we envisage a twofold strategy in the next phase of HIRDEP:

(i) *Public works with emphasis on employment generation*
It is conceivable to design a strategy for public works type infrastructure construction and maintenance, that can be organised to implement wage employment generation strategies. The objective is to provide more employment through public works investments.

Although there are numerous such programmes in other countries and much relevant experience in Sri Lanka, there is a need first of all to carefully study the labour market and unemployment problem in Hambantota. Projects of this nature will basically provide short-term or seasonal wage employment to unskilled and semi-skilled workers. A basic challenge will be to make sure that the most needy can make use of the employment opportunities provided. A second important consideration is to formulate a policy for which types of public works to be included in the strategy. Emphasis should be placed on productive infrastructure (e.g. irrigation structures, roads), maintenance and rehabilitation of existing structures, and what we may call environmental employment (e.g. reforestation, erosion prevention

etc.)protection etmanagement. Obviously, not all types of public works lend themselves to labour intensive methods.

It is envisaged that, as far as possible, one should make use of existing line agencies or contractors in the implementation, much in the same way as HIRDEP is doing at present. It is first of all a question of revising guidelines and operational techniques. Contracts may also be extended to organised groups of poor people. The practice of mobilising free labour from the poor for community type projects must be minimised.

(ii) *Stimulation of private sector productive investments*
HIRDEP should contribute to provide a greater role for the private sector to participate more actively in district economic development and employment generation, promoting the use of private sector resources (such as land, capital etc.), skills and entrepreneurship.

The options and constraints associated with promoting private enterprises (small, medium or larger) has already been discussed extensively between NORAD and HIRDEP. One of the part-studies to this evaluation also addresses the issue (Wickramasekara 1991). It is our recommendation to continue and further increase the present efforts of HIRDEP, and we suggest that this best can be done under a separate programme. The main objective is to create more wage employment, recognising that the employment generation through micro enterprises and self-employment may not be sufficient. It is felt that the needs of existing and potential entrepreneurs and investors are not effectively met by the established system. We suggest the following operational guidelines:

- There is a need to differentiate between the two strategies: (a) support to local small-scale entrepreneurs, and (b) attracting outside investors to the District. Both strategies will have to involve several components, but in different mix.
- It should not be the role of this programme to get directly involved in project operations, it should act primarily as a facilitator and catalyst. HIRDEP should use the existing machinery wherever possible, such as the banks, Department of Small Industries, etc..
- It is recognised, however, that the general fatigue experienced in this field of development, calls for institutional innovation and novel approaches. The concepts of an Enterprise Service Centre and a District Development Fund should therefore be further developed as key elements of the two strategies mentioned above.
- The Enterprise Service Centre should start operations as soon as possible. Its main function should be to address the needs of small, local

entrepreneurs. As such it must develop means to extend its services to the small urban centres in the District, and collaborate with local authorities.

- There is a need to re-examine the objectives of the proposed District Development Fund. To the extent its primary objective is to attract investments to Hambantota, it is doubtful whether financial support[27] is a sufficient, or even desirable, incentive in most cases.
- There should be careful screening of applications for support as to the employment generation effects of the projects, and their links with the local economy.

### 5.3.2 *Meeting the challenge of emerging resource constraints in the public sectors*

The recent developments indicate a growing shortfall in development resources in terms of funds and personnel represent a crucial challenge for the next phase. It is a question of both minimising the negative effects of this development on HIRDEP activities, as well as assisting the government to devise appropriate and innovative strategies to overcome the shortfalls.

(i) The immediate concern is to prevent a deterioration in the the efficiency of HIRDEP.

(ii) The creation of new public liabilities must be limited.

(iii) While HIRDEP directly can take action on the two first issues, it is more uncertain how HIRDEP can promote strategies for greater mobilisation of local revenue, particularly for the management and maintenance of infrastructure resources; strategies for giving a greater role for local institutions in developing and managing local resources; and strategies for creating a framework and support structure for the increased participation of the private sector in generating economic activity and employment.

### 5.3.3 *Moving towards a greater integration of the district economy*

This is seen as a necessary means of overcoming the emerging bottlenecks to production expansion, marketing, and employment generation. It would call for more effective strategies to strengthen productive linkages between the primary sectors (agriculture, livestock and fisheries) and processing, and forge more efficient productive rural/urban interconnections.

[27] According to a study commissioned by NORAD (SLBDC 1990) the Fund should be managed by a dual structure, with a holding company and a subsidiary company. The primary function of the latter would be to make investments in order to create new businesses or revitalise existing ones.

(i) A major challenge would be to strengthen the developmental role of a selected number of *urban* centres. Breaking away from the conventional suspicion of the town as the culprit of rural under-development needs critical assessment.

## 5.4 The need for reassessment of institutional set-up

In discussing the future of HIRDEP, we have to bring the analysis further than what easily remains as mere planning rhetoric. We have to squarely address organisational issues — to shape the tools with which one is supposed to build. The enthusiasm and commitment found among the key actors in HIRDEP is indeed remarkable and clearly a positive factor, but it has flavoured much of the writings on the programme to an extent that it may blur one's vision and limit one's imagination in seeking new solutions to new problems, when these tend to challenge what has been portrayed as the HIRDEP model, approach or philosophy.

As argued above, the identity of HIRDEP has largely been formed on the basis of its organisational model. Evidently, this model, and not only the overall objectives and strategies of HIRDEP, is now being challenged. The following issues are of particular concern:

### *5.4.1 Clarifying the organisational identity of HIRDEP*

This issue is linked to the question of how one understands the role and function of what appears as a HIRDEP-organisation. A first step would be to accept that HIRDEP, as the other IRDPs, is an aid-product. It is not an indigenous "plant". HIRDEP has first and foremost functioned as a vehicle for implementing a programme of investments using Norwegian funds. The primary rationale for the continuous existence of HIRDEP is the commitment of the Norwegian government to provide funds. There is no reason to believe that HIRDEP, no more than the World Bank IRDPs or any other, will be continued in the absence of donor financing. HIRDEP has not been and will not be permanently institutionalised in the government set-up.

The objective should not be to make HIRDEP sustainable as an institution. HIRDEP's role as a temporary facilitator justify the establishment of temporary organisational means for performing this role, where the existing government set-up cannot provide this function.

### 5.4.2 *Making HIRDEP an integrated part of the emerging system of decentralised development*

This is a major challenge considering the rapid pace at which decentralisation process have moved and the gradual institutionalisation/consolidation of the Provincial and *Pradeshiya Sabha* administrations. They are likely to emerge as key planning units at regional and local level. This calls for a more productive link up with the new institutional structure and a greater NORAD/HIRDEP role in assisting these two levels to strengthen their planning and implementation capacities. The emergence of *Pradeshiya Sabha* as the most important local development unit has given HIRDEP a major opportunity to institutionalise (with improvements) its well tested model of local level planning which it pioneered to develop. At the same time, HIRDEP can make a major contribution to support the planning capacity at the Provincial level which at present is extremely weak.

The new system of provincial government poses a problem on how to integrate the district based IRDPs. Below we suggest a set-up that hopefully will continue to give the Project Director a strong position in the government structure.

### 5.4.3 *Extending the role of NORAD*

We would argue that the donor-link is a very substantial factor in explaining the successful institutional build-up of HIRDEP, and one which has been underestimated in the studies made so far. One cannot understand the development of HIRDEP in organisational terms without placing NORAD into the picture. NORAD has been functioning as a part of HIRDEP, not by figuring in the official organograms, but through its close and frequent informal relationship with the programme management and the RDD. NORAD has been more than just an outside funding agency.

Even though HIRDEP is a component of a national IRD Programme, all what we have gathered of information suggest that the objectives of HIRDEP, its modes of operation, as well as all major activity components, are by and large the outcome of negotiations and a dialogue between NORAD and PU/MPPI. This institutional link by far has dominated any other potentially more important links in the context of district/rural policy-making, such as the link between the district administration and central government, or the link between people's representatives, on the one hand, and the district administration or the national government, on the other.

In sum, there seem to be three important areas, apart from financing, where NORAD has had an important and constructive role:

- by providing an alternative channel for policy dialogue outside the government system;
- by giving incentives to workers that were not achievable in ordinary government service; and

- by empowering the Planning Unit, formally as well as informally. This was made possible by the build-up mutual trust, not least facilitated by the close relationship between the NORAD-office in Colombo and the Planning Unit — a relationship unprecedented in any other IRDPs.

There are reasons to believe that a future HIRDEP will depend as much on this kind of commitment on the part of NORAD, as we have seen in the past.

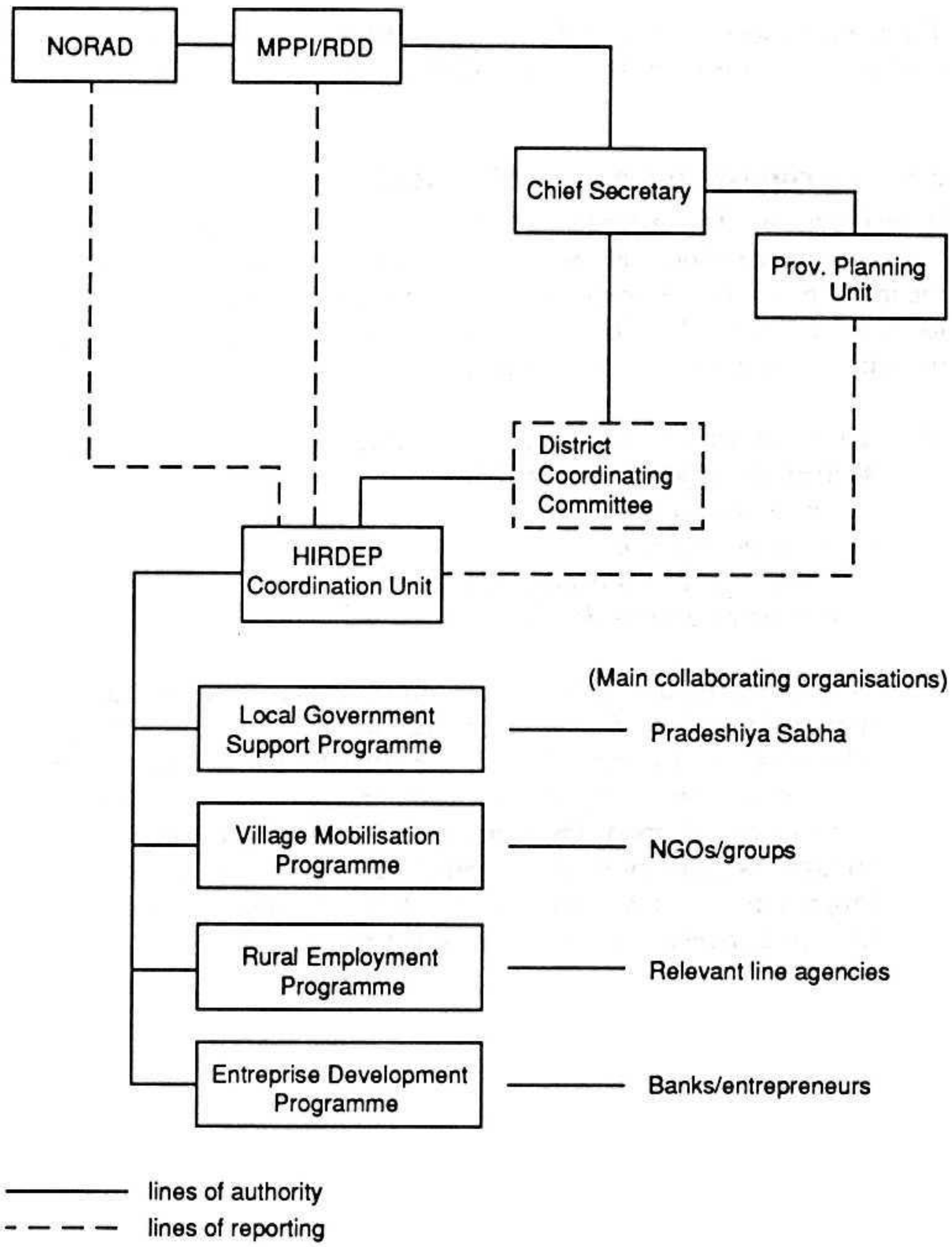
## 5.5 A proposal for a revised HIRDEP

In seeing the need for a gradual tranformation of the Programme, we have to ask, firstly, what development problems should be areas of concentration, and, secondly, how can the programme be managable. Directing these two questions to the many issues identified above — as past achievements, new challenges and institutional constraints — we suggest:

(i) To focus on the following four strategic areas to narrowing-down and sharpen the objectives of HIRDEP:
- *Local government support*
- *Rural employment*
- *Vulnerable group mobilisation*
- *Private enterprise development*

(ii) To explore the possibility and feasibility of implementing these strategies more independent of each other, than what the present HIRDEP structure allows for. We are proposing a future HIRDEP that is gradually transformed into four independently organised sub-programmes (see Figure 5): a Local Government Support Programme; a Rural Employment Programme; a Village Mobilisation Programme; and an Enterprise Development Programme. The four programmes will require quite different strategies, and involve different types of agencies and beneficiaries.

Figure 5
Proposed organogram for a future HIRDEP



There are also two other important organisational issues to be solved for the next phase og HIRDEP:

(1) Would there still be a need for overall coordination of NORAD-funded activities in Hambantota? If so, is it a need which is perceived only by the donor, and hence should be a donor responsibility, or is it also a need recognised by the GOSL (central government, Provincial Council)? In the latter case, coordination of Norwegian-supported activities can be considered:
- as an element of overall coordination of development activities, or
- as part of the coordination of the total donor involvement in the area, or
- as incorporated in the coordination of an integrated package of activities — a special programme, such as the IRDPs.

We would argue that there is a need for separate coordination of NORAD inputs to the area, partly because of its relative importance, but also because there is no other form of overall coordination that seem to function effectively at the moment. The last proposal above seems, therefore, the most viable — i.e. to continue within the national IRD Programme. This is a pragmatic recommendations. Ideally the coordination should have been at a higher level, involving all major development programmes (e.g. Asian Development Bank and the South East Dry Zone plan).

We suggest to retain a HIRDEP coordinating office in order to facilitate smooth implementation and disbursement of funds. This should solely function as a planning, coordinating and monitoring office and should not get involved in implementation. The office should remain in Hambantota town at its present premises.

(2) What should be the organisational position of the HIRDEP office which we recommend should be continued? Should it remain as a semi-independent planning unit at the district level, or should its capacity be transferred higher up or further down in the administrative system?

Our recommendation is to give it the status of a suboffice under the Provincial Planning Unit, and be sub-ordinated the District Coordinating Committee chaired by the Chief Secretary. One important role of the HIRDEP office will be the appraising of project proposals prepared under the different sub-programmes. The office should *inter alia* verify that:
- support for the implementing agency concerned is consistent with current government policy and practice;
- the proposed implementing agency is the only, or the most appropriate, institution to carry out the activities;
- current, or probably future, government policy will not weaken the viability of the project; and

- that there is consistency in the objectives and strategies between the sub-programmes.

HIRDEP should continue to be part of the existing planning system, which also implies that the Provincial Planning Unit and the Divisional Planning Units should be strengthened. This objective leads to the identification of a fifth area of concentration for Norwegian assistance: strengthening of policy formulation and planning. This is an area of activities which does not lend itself to be organised as a separate programme. Funds set aside under this heading will have to be disbursed as follows: one part is retained by the Provincial Planning Unit, another part is transferred to the Divisions concerned, the rest goes to a the HIRDEP Office at district level.

## 5.6 The transition

Finally, a few words about the process of transforming HIRDEP. The organisational issues we have touched upon here are both complicated and politically sensitive. In addition, it is also premature and risky to suggest any radical changes in the current mode of operation given the immaturity of the new administrative structure. It is still uncertain what role the Districts will have in the future, and also for how long the Rural Development Division and its IRDPs will continue. There are obvious anomalies in the present situation.

The transformation of HIRDEP should therefore not be designed as a dramatic reorganisation. One should follow the pace and procedures of the established revolving planning process. There is an urgent need, however, to formulate a Strategy Document which should guide the process of change. Below follows some issues for consideration in this document:

- There should be a careful appraisal of the proposals contained in this report. In particular, one should identify possible overlaps with other initiatives (e.g. the Janasaviya Trust Fund, UNDP, and Asian Development Bank).
- Certain types of projects will have to be faced out, with the fulfilment of present commitments. These should be identified.
- The sectoral agencies that can participate in the new strategies should be identified. Other agencies should be informed that HIRDEP no longer can support them, and do not expect project proposals.
- NORAD should not enter new long term commitments, in terms of approving projects, awaiting the new strategy to be discussed. This concerns in particular the proposals for large sectoral programmes in water supply, health, education, forestry and fisheries.
- It is important that all relevant parties participate in the process of organisational change. An important objective for the process is to revitalise the commitment and optimism in the Programme.

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# Annex 1
# Terms of Reference

## 1. Background

The Agreement between Norway and Sri Lanka initiating HIRDEP was formally signed on 30th October 1979, after a two years planning and consultation period. The Programme is now in its twelfth year. The current agreement expires at the end of 1992, and by mid-1992 an agreement for extension of the Programme shall have to be negotiated if the parties so desire.

The Programme had invested a total of Rs. 500 million up to the end of 1989. The current annual expenditure is in the tune of Rs. 60 million. A total of about 400 projects have been initiated. At present there are 47 projects under implementation. The range of activities covers virtually all possible sectors, with settlement and community development schemes being the biggest, together with water and roads.

The overall *objectives* of HIRDEP were initially formulated as follows:

> The Programme aims at achieving an *increase in income, employment and production* as well as *improvement of social conditions* and living standards of men, women and children in the Hambantota District, with special *emphasis on the poorest and disadvantaged* groups.(Our emphasis)

The objectives being very wide and general, the most important initial policy formulation turned out to be the key elements of the *strategies* outlined. This included "*an integrated approach*, whereby efforts within the various fields are sought related to each other; a method of recurrent planning, whereby information from ongoing activities are continuously fed into *a revolving planning procedure*; and a method of concerned *participation by the population* of both sexes in *a decentralized planning and implementation process*." (Our emphasis)

In its comparatively long history as a NORAD-funded development programme, the experiences and development strategies of HIRDEP has been accorded much attention in Sri Lanka as well as Norway. Both governments claim it to be a successful programme — a view which has been supported by independent

studies.[28] In Sri Lanka HIRDEP was the first IRDP to adopt the recurrent planning approach in preference to a blue print approach. In this respect HIRDEP as been used as an experimental model and teaching ground for other NORAD-assisted programmes elsewhere, e.g. Tanzania and Kenya. Many observers stress the pioneering role of HIRDEP with regard to its flexible planning approach, and its way of operating within the existing local administration. The active role of NORAD-Colombo in the development of HIRDEP seem to have had an important catalyzing effect.

When evaluating "the HIRDEP model" and its future sustainability, one should bear in mind that the present HIRDEP is not the product of a carefully worked-out stategy consistently followed over the period. What has characterized the history of HIRDEP, rather, has been the sustaining of a continuous and constructive learning process. This has been greatly facilitated by a remarkable (compared to most aid programmes) high degree of continuity in personnel and policies on the part of all the key actors, viz. the District Planning Unit, NORAD-Colombo, Ministry of Plan Implementation, and NORAD-Oslo.

Although HIRDEP as not yet been subject to a comprehensive evaluation, its experiences are well documented. It is probably the most studied of all NORAD-funded programmes. The bulk of the material has been produced or commissioned by the programme management (the District Planning Unit). From 1978 to 1987 a total of 99 sectoral and project-based studies and reviews were prepared. There are also a number of independent studies and research reports. A need remains, however, to evaluate the overall impact of the Programme to guide its future decisions in content, direction and its strategies and methodologies.

The need for a comprehensive evaluation of the programme at this stage, is further strengthened by a number of factors placing the Programme at a turning-point in its history:

- In 1987 the Government of Sri Lanka decided to introduce a major reform of the regional and local administration of the country (the Provincial Council Act), creating a strong provincial level, weakening the district administrations, and enhancing the role of the A.G.A.s as local governments.
- The Southern Province is in the process of re-settling after 2-3 years of violent political conflict.
- The general economic situation of the country is worsening, which coupled with the escalating costs of the war in the north and east, has led to a continous decline in government financing.

[28] Sørbø et al. concludes that "Norwegian aid in general is found to be highly effective and efficient and well adjusted to the principles of Norwegian aid policy". The integrated rural development programmes (Hambantota and Moneragala) are undoubtedly to be credited much of this success.

- Processes of impoverishment are hitting greater segments of the population, which has led to calls for large-scale employment creation and the establishment of a social welfare 'safety nets'.[29]

Adding to this picture of change, NORAD now wants to consider one of the recommendations of the "Country Study", i.e. after more than 10 years of rather close involvement, to redefine its role, both as a policy partner and a donor. The expiry of the present agreement in 1992, provides a good opportunity for both parties to take up issues of a more principal nature.

## 2. Objectives

In view of these changes in the setting of HIRDEP, the Evaluation shall have a *future perspective* as much has being a *retrospective review*. The general objective is to focus on overall issues pertaining to development goals and strategies, inter-sectoral relationships and organizational aspects. The evaluation shall not assess individual projects or look into sector specific issues, unless seen as important for the analysis of the issues mentioned below.

In particular the Evaluation shall:

1. Determine the extent to which HIRDEP goals and objectives have been achieved.
2. Assess the adequacy of the goals and objectives of HIRDEP to address the critical development issues in the District today.
3. Evaluate the principal approaches, strategies and methodologies of HIRDEP as instruments for meeting programme objectives.
4. Assess the adequacy and sustainability of these approaches, strategies and methodologies within the present administrative system.
5. Assess the sustainability of what has been created by the Programme, both as infrastructure and services, and administrative procedures and human resources.
6. Analyze and assess the financial effiency of the programme, encompassing both the utilization and financial arrangements.

## 3. Scope of Work

Analytically and thematically one can single out five main areas for the Evaluation:

[29] HIRDEP 1990a.

1. To assess, in a few selected local areas, the *effects on economic and social development*, in terms of:
   (a) income and distribution of income (social and economic differentiation);
   (b) availability of and accessability to essential social services;
   (c) sectoral economic developments, i.e. production levels, resource utilization and inter-sectoral linkages; and
   (d) community organization and human resources development.

2. To asses, in a few cases, the *benefits accrued specifically to HIRDEP target groups*, with emphasis on:
   (a) production, employment and income;
   (b) access to basic needs and services; and
   (c) organizational capacity and political participation.

3. To assess the *effects on the local administrative system* at district, AGA and lower levels, in terms of:
   (a) capacity to plan, implement and finance individual development activities;
   (b) capacity to coordinate and give political direction to development work in the district, including monitoring;
   (c) increasing the knowledge base about the districts, and making the information available;
   (d) skill development at different levels;
   (e) physical infrastructure, transport and equipment; and
   (f) procedures for and actual experiences in facilitating citizen participation in planning, decision-making and implementation of development activities.

4. To discuss and recommend on *sectoral priorities* within the Programme, in view of changing economic and political conditions. This entails an analysis of:
   (a) the development potential of the agricultural sector, and its absorption capacity in view of the population pressure in rural areas;
   (b) the potential in other sectors, such as fisheries, industries, trade, tourism and transport and other services; and
   (c) the financial and administrative costs on sustaining, or improving, essential public services, including the existing capacity.

5. To discuss and recommend on the *future organization and management* of the programme. This should take into consideration:
   (a) the role and function of the present programme management (District Planning Unit) under the framework of the new provincial administration;

(b) the sectoral priorities chosen;
(c) the types of development strategies being recommended as the most important/effective; and
(d) the role and function of the line agencies;
(e) the role and function of NGOs and benficiary groups; and
(f) the role of NORAD — organizationally and financially, and in particular the question of sustainability at reduced levels of donor assistance.

## 4. Approach

In view of the complexity and wide spectre of issues that will be addressed in the Evaluation, and the general need for involvement of key actors/beneficiaries in the evaluation process, it has been decided to:

- limit the size of the Main Team, and provide resources to several independent part-studies as inputs and annexes to the Evaluation Report; and
- prolong the study phase to facilitate a systematic way of getting suggestions and reactions during the evaluation from groups of people involved in/by the Programme.

The Main Team will make use of the following studies as inputs to the Evaluation:

1. *Evaluation of Local Planning Programmes of HIRDEP and MONDEP.*
   The objective is to compare the experiences from Hambantota and Moneragala districts in local level planning and community participation within HIRDEP and MONDEP. Data collection shall concentrate on the Katuwana Local Level Development Project (HIRDEP) and KOHAP (MONDEP).

2. *Baseline Follow-up Studies in Hambantota.*
   The objective is twofold. First, to assess and possibly quantify the changes that have taken place in a selection of areas where previous baseline studies have been carried out. Secondly, to ascertain to what extent these changes can be attributed to project investments under HIRDEP.

3. *Review of the Demographic Situation in Hambantota District.*
   There are two interrelated objectives. First, to get the best possible quantitative estimates of demographic processes that have a bearing on income/job creation in the district, and provision of essential services. Secondly, to highlight the impact of HIRDEP upon the demographic situation and trend in the area, and assess the extent to which

demographic factors have been taken into consideration in the planning of HIRDEP.

4. *Study of Assets and Operation and Maintenance in the Education and Health Sectors in the Uva and Southern Provinces.*
   The objective is to establish an adequate and reliable basis to assess the total resource needs for operating and maintaning the existing service delivery system in Health and Education sectors at a desired level of quality.

5. *Financial Analysis of Selected HIRDEP Projects.*
   The study shall analyse the flow of funds and type of expenditures in a few selected projects, to identify actual overhead costs, cost efficiency and direct beneficiaries from project employment and purchases of goods and services. The study shall also compare similar HIRDEP and non-HIRDEP projects in terms of expenditure pattern and output unit-costs.

6. *Assessment of Strategies for Off-farm Employment in Hambantota District.*
   The main objective is to assess present (e.g. HIRDEP and other) and future strategies for government/donor interventions in support of wage employment creation in Hambantota. Emphasis should be placed on organizational, legislative and procedural issues.

7. *Assessment of Target Group Approaches under HIRDEP.*
   The study shall describe and evaluate the problems of operationalizing target group approaches within HIRDEP, in particular, and Hambantota District, in general. It shall also discuss reformulation of target group definitions and approaches, given a shift in emphasis of the HIRDEP towards employment generation, basic industry development, environmental conservation, and maintenance of existing services.

8. *Evaluation of HIRDEP Project Reviews.*
   The main objective is to evaluate how and to what extent the many project reviews within HIRDEP have been used as instruments for monitoring and reformulation of plans and strategies. To what extent have the reviews been indispensable in the learning process of HIRDEP, and can this justify the amount of resources put into them.

## 5. Duration

The duration of the Main Study is 4 months — commencing on 1st March 1991, with a total manpower input of approximately 9 man-months. The deadline for the Final Report is 1st July 1991.

All part-studies shall be completed by 20th February 1991 at latest, with exception of no. 8 which has a deadline of 1st April 1991. Date of commencement for the individual studies will vary. It is referred to their respective Terms of References.

## 6. Composition of Team

Main Team: Alf Morten Jerve (Coordinator); Research Fellow, Chr. Michelsen Institute, Bergen, Norway
Wilbert Gooneratne; Senior Economic Planner, UN Centre for Regional Planning, Nagoya, Japan
John Edward Moore; Planning Advisor, Matara District Integrated Rural Development Project/SIDA, Sri Lanka

The Head of part-study teams are as follows:

Part-study 1: Hiran Diaz; Professor, Asian Institute of Technology, Bangkok, Thailand
Part-study 2: Danny Attapattu; Professor, Department of Economics, University of Ruhuna, Sri Lanka
Part-study 3: Armindo Miranda; Research Fellow, Chr. Michelsen Institute, Bergen, Norway
Part-study 4: Cyril Gamage; Consultant, Colombo, Sri Lanka
Part-study 5: Sam Rahubadda; Deputy Director, Ministry of National Planning, Colombo, Sri Lanka
Part-study 6: Piyasiri Wickramasekara; Asian Employment Programme (ARTEP), ILO, New Dehli, India
Part-study 7: Ananda Kodituwakku; Deputy Director, Ministry of Policy Planning and Implementation, Colombo, Sri Lanka
Part-study 8: Somasiri Dayaratne; Consultant, Colombo, Sri Lanka

## 7. Reporting

Reporting from the Evaluation shall take place as follows:

- End February 1991:
  Submission of reports from 7 part-studies.
- Mid March 1991:
  Seminar in Colombo dicussing the findings of the part-studies in the light of the ToR for the Main Study.
  Participants: Main Team, authors of Part-Studies, Ministry of Policy Planning and Implementation, Southern Provincial Council, District Planning Unit — Hambantota, NORAD-Colombo, Ministry of Foreign Affairs/NORAD — Oslo, and other resource persons.

- End May 1991:
  Submission of First Draft of Main Report.
- Mid 1991:
  Seminar in Colombo discussing the findings and recommendations of the Main Study.
  Participants: Main Team, Ministry of Policy Planning and Implementation, Southern Provincial Council, District Planning Unit — Hambantota, and NORAD-Colombo.
- 1st July 1991:
  Submission of Final Report.

## 8. Recommendations

The recommendations should be specific and emerge from and be well supported by the conclusions and findings of the Evaluation. Specific recommendations would be desirable on:

1. Reformulation of the objectives of HIRDEP for continuation beyond 1992, if found necessary.
2. Any changes if necessary needed in the terms and conditions in the Agreement between Sri Lanka and Norway on HIRDEP, to make it more appropriate in relation to any new objectives and the new administrative set-up of government.
3. Any changes if necessary in the approaches, strategies and methodologies of HIRDEP to meet future objectives.
4. Any changes if necessary in HIRDEP's planning and implementation process and procedures, to ensure greater efficiency and cost effectiveness and better outreach to its target groups.
5. Initial steps to be taken for any reorientation of HIRDEP, as may be suggested.
6. Steps to be taken to enhance the sustainability of programme investments, with respect to operation and maintenance, community involvement, and local resource mobilization.

# Annex 2
# List of Persons Interviewed

## Colombo

Ministry of Policy Planning and Implementation

| | |
|---|---|
| Mr. Maliyadde | Director Rural Development |

Ministry of Public Administration, Provincial Councils and Home Affairs

| | |
|---|---|
| Mr. A. Gunawardena | Additional Secretary, and Secretary to Minister for Provincial Councils |

NORAD

| | |
|---|---|
| Mr. A. Sørensen | Resident Representative |
| Mr. E. Dahl | Senior Programme Officer |
| Mr. R. Weerasinghe | Senior Programme Officer |
| Mr. Leelasena | Senior Programme Officer |

## Hambantota

Katchcheri

| | |
|---|---|
| Mr. W.G. Mithraratne | Government Agent, Hambantota |
| Mr. M.P. Gamage | District Environmental Officer |

Planning Unit — HIRDEP

| | |
|---|---|
| Mr. Chandrasena | Project Director |
| Mr. M. McCall | Senior Planning Officer |
| Mr. D.P. Dayananda | Project Engineer |
| Mr. K. Nissanga | Fisheries Project Manager |
| Mr. Y.H. De Silva | Assistant Director |
| Mr. M.G. Ariyadasa | Assistant Director |
| Mr. T.D. Alahapperuma | Accountant |
| Ms. K. Abeywickrema | Assistant Director |

Department of Agrarian Services

| | |
|---|---|
| Mr. M.S. Singhawansa | Regional Engineer |

Department of Agriculture

| | |
|---|---|
| Mr. I.V. Wijesena | Assistant Director, Agriculture Extension |
| Mr. G.B. Keerthiratne | Regional Deputy Director Research, Regional |

Department of Education

| | |
|---|---|
| Mr. D.S. Andrakennadry | Assistant Director, Tangalle |
| Mr. G.F. De Silva | Education Officer, Tangalle |
| Mr. G.A.P. Abhayaratha | Assistant Director, Walasmulla |
| Mr. S. Mataraarachdhi | Education Officer, Walasmulla |
| Mr. E. Kurukulasueiya | Chief Education Officer, District Education Office, Tangalle |
| Mr. R.M. Kaneu | Education Officer, District Education Office, Tangalle |
| Mr. W.G. Wijeratne | Education Officer, Hambantota |

Department of Health Services

| | |
|---|---|
| Dr. P. Ekanayake | Acting Regional Director Health Services |
| Mr. P. Hewagame | Health Education Officer |
| Mr. G. Wimalarathna | Public Health Inspector — Anti Malaria Campaign |
| Mr. G. Waduge | PPA |

Department of Small Industries

| | |
|---|---|
| Mr. H. Samarasinghe | Assistant Director |

Department of Textiles

| | |
|---|---|
| Mr. W.R. Ariyadasa | Assistant Director |

Forestry Department

| | |
|---|---|
| Mr. P.M.A. De Silva | Divisional Forest Officer |

Irrigation Department

| | |
|---|---|
| Mr. S.A.P. Samarasinghe | Deputy Director of Irrigation (southern Range) |
| Mr. H.A.G. Kularatne | District Irrigation Engineer, Weeraketiya |
| Mr. P.A.G. Paranamanna | Irrigation Engineer, Hambantota |

Agricultural Research Station Angunukolapelessa

| | |
|---|---|
| Mr. W.A.K. Karunathilaka | Research Officer, Regional Agricultural Research Station Angunukolapelessa |

Industrial Development Board

| | |
|---|---|
| Mr. U.G. Sirisena | Industrial Extension Officer |

National Housing Development Authority

| | |
|---|---|
| Mr. M.E. Cyril Fernando | District Manager |
| Mr. A. Karunasena | Accounts Clerk |

National Water Supply and Drainage Board

| | |
|---|---|
| Mr. S. Weeraratne | Deputy General Manager, Matara |
| Mr. H.L. Pemasiri | Manager (Planning & Co-ordination) |
| Mr. H.T.T. Wimalaweera | District Engineer |

National Youth Service Council

| | |
|---|---|
| Mr. A.P. Piyadasa | Assistant Director |
| Mr. S. Jayawardana | District Youth Service Officer, Eraminiyawa Youth Training Centre |

Small Scale Enterprise Development Division (Ministry of Youth Affairs and Employment)

| | |
|---|---|
| Ms. W. Rathnayaka | Entrepreneur Development Training Officer |

Regional Rural Development Bank, Hambantota

| | |
|---|---|
| Mr. A. Amarasinghe | Chairman |

Hambantota District Thrift and Credit Co-operative Society

| | |
|---|---|
| Mr. S. Karandeniya | Chairman |
| Mr. K.L. Sarath Kumara | Secretary |

Sarvodaya

| | |
|---|---|
| Mr. R.G. Piyasena | District Coordinator |

Private entrepreneurs:

| | |
|---|---|
| Mr. M.A. Thassim | Managing Director, Ruhana Farms (Pte) Ltd, and Chairman, |
| Mr. G. Munasingha | Proprietor, Singha Group |
| Mr. E.L. Wimalasena | Proprietor, Priyankara Bake House, Ambalantota |

Weereketiya Division

| | |
|---|---|
| Mr. W. Rubasinghe | Assistant Government Agent/Divisional Secretary |
| Ms. K. Gamage | Agricultural Inspector |
| Mr. D.K. Vidanapathirana | Planning & Implementation Officer |
| Mr. M. Ranesingha | Divisional Officer Agrarian Services |
| Mr. G.G. Lionel | Planning & Implementation Officer |
| Ms. A. Rajapaksa | Planning & Implementation Officer |
| Ms. R. Rajapaksa | Social Mobiliser, HIRDEP |
| Ms. D. Daya | Social Mobiliser, HIRDEP |

| | |
|---|---|
| Mr. H.A.G. Shantha | Field Officer, Agricultural Insurance Board |
| Mr. E.U. Weerasekara | Colonization Officer |
| Mr. S. Abeywickrama | Lands Officer |

## Ratnapura

Ratnapura Integrated Rural Development Project

| | |
|---|---|
| Mr. S. Fernando | Project Director |
| Mr. R.L. Voortman | Netherland Project Representative |
| Mr. J.H. Bandula | Deputy Director (Planning) |
| Mr. U. Wickremasinghe | Assistant Director (Planning) |
| Ms. S. Siriwardena | Assistant Director (acting) |

## Galle

Southern Provincial Council

| | |
|---|---|
| Mr. A. Ratnayake | Chief Secretary |

# Annex 3
# List of Participants in HIRDEP Evaluation Workshop, March 14-15 1991

| | |
|---|---|
| Amarasinghe, Patrick (Mr.) | Project Director, MONDEP, Moneragala |
| Amerasekara, S. (Mr.) | Project Director, IRDP, Matara |
| Ariyadasa, M.G. (Mr.) | Assistant Director, HIRDEP, Hambantota |
| Atapattu, Danny (Mr.) | Professor, Department of Economics, University of Ruhuna, Matara |
| Bryceson, Ian (Mr.) | NATUR, NORAD, Oslo |
| Chandrasena, A.P. (Mr.) | Project Director, HIRDEP, Hambantota |
| Chetiyawardane, Chinta (Ms.) | Assistant Director, Rural Development Division, Ministry of Policy Planning and Implementation, Battarmulla |
| Dahl, Erik (Mr.) | Senior Programme Officer, NORAD, Colombo |
| Dale, Reidar (Mr.) | Rural Development Advisor, NATUR, NORAD, Oslo |
| Dayananda, D.P. (Mr.) | Project Engineer, HIRDEP, Hambantota |
| Dayaratne, Somasiri (Mr.) | Consultant, Colombo |
| De Silva, Y.H. (Mr.) | Assistant Director, HIRDEP, Hambantota |
| De Silva, Soma (Ms.) | Department of Census and Statistics, Colombo |
| Engebrektsen, Hans (Mr.) | NORAD, Oslo |
| Fernando, Anton (Mr.) | Director, Employment Investment & Enterprise Developement Division, Mahaweli Authority of Sri Lanka, Colombo |

| | |
|---|---|
| Fernando, R.V. (Mr.) | Auditor General's Department, Colombo |
| Gamage, Cyril (Mr.) | Chairman, Salaries and Cadres Commission, Colombo |
| Gooneratne, Wilbert (Dr.) | Senior Economic Planner, UNCRD, Nagoya, Japan |
| Hassendeen, Shafinaz (Ms.) | Senior Programme Officer, NORAD, Colombo |
| Jayasinghe, T.G. (Mr.) | Deputy Secretary (Planning), Southern Provincial Council, Galle |
| Jerve, Alf Morten (Mr.) | Research Fellow, Chr. Michelsen Institute, Bergen |
| Kodituwakku, Ananda (Mr.) | Project Director, IRDP, Badulla |
| Leelasena, W.M. (Mr.) | Senior Programme Officer, NORAD, Colombo |
| Maliyadde, C (Mr.) | Director, Rural Development Division, Ministry of Policy Planning and Implementation, Battarmulla |
| McCall, Mike (Dr.) | Senior Planning Officer, HIRDEP, Hambantota |
| Miranda, Armindo (Dr.) | Reserch Fellow, Chr. Michelsen Institute, Bergen |
| Moore, John (Dr.) | Planning Advisor, Matara IRDP, Matara |
| Morapaya, R.B. (Mr.) | Senior Programme Officer, SIDA, Colombo |
| Rahubadda, Sam (Mr.) | Deputy Director, Ministry of National Planning, Colombo |
| Weerasinghe, Ranjit (Mr.) | Senior Programme Officer, NORAD, Colombo |
| Weerasooriya, Malathi (Ms.) | Programme Officer, NORAD, Colombo |
| Wickremasekara, P. (Dr.) | ARTEP, New Dehli |
| Wijethilake, Sujatha (Ms.) | Kotte |
| York-Smith, Michael (Dr.) | Consultant, UNDP, Colombo |

# Annex 4
# Part-studies: Summaries of main findings and recommendations[30]

## Part-study 1: Evaluation of Local Level Planning Projects: HIRDEP and MONDEP (by H. Dias)

(1) The *purpose* of this study was to examine and compare the local level planning interventions of HIRDEP and MONDEP, with respect to degree and quality of popular participation, the kinds of benefits accrued from the projects, and the extent to which the poor as a target group have been reached. Data were collected from the Katuwana Local Level Planning Project — KLLPP (HIRDEP) and the Kotaweheramankada-Hambegumuwa Area Development Project — KOHAP (MONDEP).

(2) There are important similarities in the *objectives* of the two projects, both aiming at poverty alleviation with the participation of the poor not only in receiving benefits but also in planning and implementation of development projects aimed to help them. Both projects aimed at improving the living conditions and increasing the self-reliance of the poor.

(3) While there is congruence in terms of objectives the *strategies* adopted show some marked differences:

- MONDEP adopted an area focus approach and selected areas identified as very poor. There was no attempt to differentiate between socio-economic groups as beneficiaries, arguing that society was not yet stratified in the KOHAP area. HIRDEP adopted a more direct target group approach, and used social surveys and information from government officers as means to identify poor households.
- MONDEP concentrated on infrastructural projects. In the case of HIRDEP, the main thrust of activities under KLLPP was small-scale community projects.
- In the KOHAP sectoral line agencies were the main implemetors. The Planning Unit was little involved in implementation. In Katuwana HIRDEP used village organisations as the main implementing agencies, the *Gramodaya Mandalayas*

[30] The summaries have been prepared by members of the Main Team and reflect their reading of the different studies, but efforts have been made to recapitulate the main line of arguments of the authors.

in particular. The Planning Unit was closely involved in supervising the implementation process.

(4) These differences in strategies were found to generate certain contrasts between the two projects as regards their *scope*. KOHAP with its emphasis on infrastructure build-up, was found to have a much larger budget compared to KLLPP — in real terms (the 1989 budget for KOHAP was Rs. 28.5 million, and for KLLPP Rs. 4.5 million) and relative to the programme at large (KOHAP made up 62 per cent of MONDEP in 1989, while KLLPP covered only 5.2 per cent of the HIRDEP budget). If we compare investments in relation to area and population covered the differences are even more striking.

(5) It was found that the KLLPP occupied a larger amount of the *manpower* of the Planning Unit, than was the case in MONDEP. The HIRDEP approach was significantly more labour demanding in terms planning and coordination. This is associated with the efforts to develop of methodology for reaching poor households. Reaching the poor in the case of KOHAP was depending on the commitment of officials and was not anchored in a methodology. The HIRDEP approach is characterised as more people oriented. The report argues that the area approach is not conducive for poverty alleviation because it tends to be general rather than specific to the poor.

(6) The study notes some differences when it comes to *participation*. As a general conclusion, however, it is found that in both projects the planning processes followed have enabled people to participate, and their participation at various stages has been considerable and effective. The views expressed by people in the areas confirmed this, and respondents showed a sense of belonging to the projects. The main differences noted are the following:

- *Problem analysis and project identification*: Under HIRDEP the problems were identified by the team of planners involved on the basis of data collected from all households, while under MONDEP the problems were identified by line agency officer working at the field level interactively with the people. If there had been an effective selection of the poor as partners for discussion, the MONDEP procedure provides a better method for this purpose.
- *Project formulation*: At present people's participation is weakest in this stage of the planning process. Larger scale scale projects require qualified technical expertise, but there is still a need to discuss technical solutions with beneficiaries.
- *Project implementation*: The major difference in this respect between HIRDEP and MONDEP was due to the difference in the nature of projects. The greatest participation was found in the small scale village projects and individual projects under HIRDEP.
- *Project monitoring and evaluation*: It was only MONDEP that had made an organised effort to enlist the participation of people in monitoring. There were

cases of effective monitoring of projects implemented by line agencies through contractors. There had been no participation in evaluation under either projects.

(7) The report provides an assessment of *benefits* from the two projects. Besides the objective of participation, which is seen not only as a means, but a goal in itself, there are the other two main objectives: improving living conditions and generating income.

- With respect to the *standards of living* it is reported that all types of projects (e.g. roads, drinking water, community and health centres, and schools) have benefited the people, although they did not contribute directly to alleviating poverty and benefits were not confined to the poor. A problem which is noted is the free labour contribution expected in such projects through *shramadana*. Evidence shows that this is a clear burden for poor people, and efforts should rather be made to involve poor people as paid labourers.
- Considering that *income generation* for the poor is the crux of poverty alleviation, both projects have failed relative to the expectations in that respect. However, it is not entirely a fault of the projects themselves. Generation of income through micro scale enterprise development (e.g. the kinds of projects tried under HIRDEP: cultivation of minor export crops, bananas and vegetables; poultry farming; bee keeping; brick making; trading; bicycle repair; etc.) and self-employment is a very difficult task particularly in the context of the liberalised economic policy of Sri Lanka.

(8) Finally, the study offer several *recommendations* for improvements of local level planning in HIRDEP and MONDEP. Some of the main points are:

- Increase the level of participation in project formulation and monitoring.
- Selection of participants should not be left to the judgement of officers, but be based on some sort of data base.
- Area development programmes should cover larger spatial units, and preferably be congruent with an AGA Division.
- The use of social mobilisers should be further expanded.
- Training should be offered to local political representatives and village leaders.
- Local voluntary organisations should be supported in improving their capacity.
- The Planning Unit should withdraw from implementation, except where necessary to clear bottlenecks. It is envisaged that the Divisional Planning Unit should play a greater role.
- Concentrate more investment on income and employment generating activities.
- Extend the participatory planning process to other Divisons and bring all IRDP development activities within that framework.

## Part-study 2: Baseline Follow-up Studies in Hambantota (by D. Atapattu)

(1) There were two *objectives* in undertaking this follow-up study:

- To assess and possibly quantify the changes in socio-economic parameters (i.e. household income, employment, production level, social service provision, housing, education, demographic factors etc.) that have taken place in areas where previous baseline studies have been carried out.
- To ascertain to what extent these changes can be attributed to project interventions and investments under HIRDEP.

(2) Five *areas* were selected for the follow-up studies. These represented different agro-ecological characteristics and thus different economic activities of the district. These are:

- Kirama Oya Basin: a paddy cultivating area under irrigation, and the site for the first HIRDEP irrigation project;
- Kudawella: a fishing village and fish landing site;
- Weliwewa: a settlement cluster in the dry zone, and the site for the first settlement project under HIRDEP based on rehabilitation of village tanks;
- Bedigama: an area with paddy and highland cultivation mix, also the area covering the the three Grama Seveka divisions originally the target area for the HIRDEP Sericulture Project; and
- Katuwana: highland cultivation, and the AGA Division which was selected for the first local level planning project of HIRDEP.

Major *findings* from the different study areas are summarized below:

(3) *Kirama Oya Basin*

This irrigation scheme based on Kirama tank and covering an area of 5000 acres of paddy had been confronted with major problems of the irrigation system. It was taken up for rehabilitation by HIRDEP between 1980 and 1983. The project was aimed at improving paddy production. But in addition, HIRDEP also launched a series of projects to improve income levels and living conditions of the people of the area, which included cultivation loans, cultivation of vegetables in Yala season (package of credit and extension), provision of latrines, dug and tube wells, training women for self employment projects and the provision of fuel efficient stoves.

The central and provincial governments have also been involved in development activities of this area. Their efforts were largely aimed at the expansion of rural electrification programmes, construction of roads and public buildings etc.

Some of the major *changes* recorded in the project area are as follows:

- Average *maha* season paddy yield has improved over the years from 30-40 bushels to 63 bushels per acre. Transplanting of paddy has increased from 9 to 16 per cent. The cultivation of vegetables and other field crops in *yala* has also increased. Cropping intensity has improved only marginally over the years from 81 to 85 per cent during *maha*.
- The importance of the agricultural sector as a source of employment has declined from 62 to 39 per cent between 1980 and 1990. This implies an expansion of non-farm employment opportunities as well as expansion of public sector employment.
- All households have toilet facilities. The provision of dug/tube wells has improved access to drinking water supplies.

The poor quality of maintenance and organization of the irrigation system has kept cropping intensity at a low level, especially in Yala. The doubling of the use of tractors (43 to 87 per cent) would have meant considerable loss of employment in a situation of stagnant cropping intensities.

(4) *Kudawella*

Kudawella is an important fishing village, characterized by high population density and heavy dependence on fishing as the main source of income. Since 1980, HIRDEP has launched a number of projects that have improved the productivity as well as social development of the people in the village. The main interventions included the provision of a Fisheries Service Centre, improvement of landing facilities, provision of seed money to Fisheries Cooperative Societies, settlement scheme for fishermen, training fishermen in the use of modern technology, field training programme for fishermen, road improvement, assistance to pre-school and the provision of latrines and pipe borne water.

The other agencies involved in development activities in this village were the SIDA, JOISEF, Ministry of Fisheries and the Decentralized Budget. Compared with the activities of these agencies, HIRDEP interventions were of a more diverse nature.

Some of the *changes* identified by the follow-up study are as follows:

- a remarkable increase in the stock of mechanized fishing craft;
- the concentration of population on fishery has been further strengthened from 80 per cent in 1980 to 85 per cent in 1990, showing improved capacity of the sector;
- there has been a significant increase in real incomes, which is shown by a considerable improvement in the consumption levels. The ownership of consumer durables has increased significantly;
- the standard of housing has improved, signified by a rise in the number of houses with brick walls and a significant drop in houses without toilets (67 to 21 %);

- the access to electricity and water services has increased; and
- there has been a reduction in family size accompanied by a sharp drop in younger age group and marked improvement in the educational level of the population.

(5) *Weliwewa*

The Weliwewa Settlement Project is centered around a cluster of rehabilitated village tanks in a remote part of the district. In the absence of parallel interventions by other agencies, it provides an ideal case to assess the impact of HIRDEP activities on the economic and social development of the area. The following *changes* were identified by the follow-up study:

- The number of landless families has dropped sharply. While paddy yields has doubled from 30-35 bushels to 80 bushels per acre, the dependence on chena cultivation has declined considerably.
- Improvements int he quality of life and real incomes are evident from the increased ownership of consumer durables such as TVs, sewing machines, radios, tractors etc..
- A significant change has taken place in housing and sanitation. The proportion of wattle and daub houses decreased from 75 to 8 per cent between 1980 and 1990. All households have toilet facilities compared with 45 per cent in 1980.
- The construction of tube wells has improved the availability of drinking water to most households.
- The population in the younger age group (4 years and below) has dropped from 11 to 5 per cent.

(6) *Bedigama*

HIRDEP interventions in Bedigama were relatively small and included development projects to promote the living standards of the people, such as the provision of tube/dug wells and latrines, rehabilitation of small tanks, promotion of self-employment activities, distribution of planting materials, small farmer credit and construction of roads.

The *changes* in the socio-economic parameters during the last 10 years identified by the follow-up study are as follows:

- The agricultural sector has strengthened its position as the main source of employment (non farm employment has remained negligible).
- Paddy yield has increased from 40 to 68 bushels per acre between 1980 and 1990 as a result of the rehabilitation of anicuts and tanks and small farm credit scheme.
- Distribution of income has shifted in favour of higher incomes.
- Condition of housing has improved. The proportion of wattle and daub houses declined from 65 to 47 per cent between 1980 and 1990 and houses with latrines increased from 36 to 99 per cent during the same period.
- The population in the younger age group has declined and educational standards have improved.

(7) *Katuwana*

Katuwana was one of the pioneer AGA Divisions selected by HIRDEP for the implementation of AGA level planning under which planning and implementation were carried out by the *Gramodaya Mandalayas* (GM). There were over 42 different kinds of projects identified by GMs in this division. In the absence of a comparable database from a baseline study, a comprehensive follow-up study could not be attempted in this area. However, the following observations on socio-economic *change* can be made:

- A decrease in the agricultural workforce from 28 per cent in 1982 to 19 per cent in 1990, which probably indicates some diversification of economic activity.
- Marginal increase in the cultivation of minor export crops such as pepper and coffee.
- Substantial improvement in the standard of housing. The number of houses with brick walls increased from 23 to 61 per cent during the period.
- People have benefited from health centres, construction of latrines and road development.

(8) In essence, a close relationship between HIRDEP interventions and the improvement of production, incomes and living conditions is evident in all five study areas.

## Part-study 3: Population and development Planning: A Demographic Study of the Hambantota Integrated Rural Development Programme (by A. Miranda and S. de Silva)

(1) The demographic study had three *objectives*:

- to review the demographic situation and prospects of Hambantota district;
- to assess how demographic variables and concerns were taken into account by the HIRDEP planning process; and
- to assess the impact of HIRDEP as a development programme on the demographic features of the district.

The analysis of these issues was to a large extent hampered by the lack of recent demographic data, apart from vital registration data on births and deaths; the results of the 1971 and 1981 Census were therefore extensively used, to establish not only the baseline situation but also the trends that had prevailed immediately prior to the inception of HIRDEP, so as to obtain some indication about subsequent developments. The findings were supplemented by recommendations for strengthening and improving HIRDEP's capacity to take population issues into account.

(2) *The demographic situation and prospects*:

Hambantota is, in terms of population, a medium sized district in the context of Sri Lanka, with a tradition of more rapid population growth than the national average.

One of the main themes in the socio-demography of the district is the *uneven distribution of the population* within the district and how the pressure induced by population growth is forcing a redistribution from the high-density areas in the western parts of the district towards the less populated areas in the east. This redistribution is problematic because the traditional pattern of concentration of the population in the western wet zone of the district reflects a lower level of carrying capacity in the dry, eastern zone. While the carrying capacity can be enhanced to some extent through various types of infrastructure development and economic diversification, the long term sustainability of this redistribution process is open to question, in light of the high population growth rates observed during the last intercensal period in the dry zone AGAs of Hambantota (69% population increase between 1971 and 1981), Tissamaharama (+ 52%) and Ambalantota (+49%); if this pace were to be maintained, one would witness a doubling of the population every 15 years or so. This suggests that the solutions found to accommodate the present generation may not be viable to accommodate their descendants. In this context, it is also a matter of concern that the urban structure of the district is weak, contains little industrial employment and, at least until 1981, its share of the population of the district showed no progress.

Another socio-demographic theme concerns the changes that the district is undergoing in terms of the underlying components of population growth (fertility, mortality, marriage patterns) and the socio-economic factors associated to them, such as literacy, school enrolment and labour force participation.

- *Fertility*, which is traditionally higher in Hambantota compared to the national average is declining rapidly.
- *Mortality*, on the other hand, is lower than the national average and also improving at great speed (so much that the study found it necessary to examine the question of the reliability of death registration in the district).
- *Age at marriage* is increasing and in 1981 it had reached an average close to 25 years for females; although Hambantota is a district where girls are traditionally married off at an early age, it is also one of the districts where the proportions of married teenagers have declined the fastest in recent times.
- *Literacy* rates, while still lagging behind the national level, have made considerable progress, particularly for females; the proportion of girls attending school in their late teens is notably high and rapidly raising (47% in the age group 15-19, up from 28% in 1971).

These various trends suggest that global *population growth* in the district will continue to slow down; our population projections indicate that in the coming 20 years the population of Hambantota will increase by less than one third of its present level. Global growth therefore is unlikely to emerge as a formidable challenge. However, one of the salient features of the demographic process of change currently under way is the transformation of the age structure of the population: After several decades of rapid population growth, the decline of fertility will finally start to "pay off": between 1991 and 2011 there will be a decline in the number of children under 15, particularly those of pre-school age. This will relieve the school system from demographic pressure — a respite that should perhaps be used to pay increased attention to qualitative issues in the education system.

However, increasing demographic pressure will continue to be felt in other areas of social life, particularly employment, retirement and care for the elderly as the larger cohorts born after World War II enter the late stages of their life-cycle. Besides, one may expect to see a much greater need for paid employment among women of reproductive age, who will be increasingly educated and unencumbered by young children and thus ready and available to work outside their homes. But competition for *employment* is likely to become even fiercer than now, as the number of people of working age will have increased by some 45 per cent in relation to their present level. The current decade will be critical owing to a high rate of growth of the population of working age (2.3% a year).

No less worrying is the challenge posed by the explosion in the *numbers of elderly people*: in the coming 20 years or so, the number of people aged 60 and above will double and the number of very old people (75 and above) will increase by

135 per cent. Very little is being done to meet their health and welfare needs, in a society where traditional family obligations may prove to be increasingly inadequate to cope this challenge.

(3) *Population variables in the HIRDEP planning process*:
There is a general *awareness* of the importance of certain demographic features of the district such as population size, growth and density. These features are given a prominent place in the introductory chapters of Annual Programmes and other planning documents; however, such information is of descriptive rather than operational value. In that sense, population appears to be taken into account very much in the same way as geographic features of the district also are discussed, i.e. as important elements of HIRDEPs backdrop, rather then as interactive variables shaping the development process and responding to it. Interviews with staff also revealed acceptance of the general notion that "population is important", but the analytical content of such statements appeared to be weak. The team noted with interest that HIRDEP has produced AGA-division statistical reference works ("AGA-division statistical profiles") which have proven useful to strengthen the statistical basis of the planning process; however, their treatment of population issues cannot be said to represent any innovation.

The report discusses the different reasons why population variables seem to have received a rather superficial *treatment* in the context of HIRDEP. The review of the documentation suggests that the most important of these reasons is possibly HIRDEP's emphasis on plan implementation, as opposed to planning strategy — its preference for an approach that is short-term, small scale, "incremental" and promotes popular participation. This is shown to provide an unfavourable planning context for population concerns, since these are typically best addressed as long term, large scale issues and may thus not be necessarily perceived in their full implications at "grassroots" level.

One significant development in recent years has been the growing concern with *environmental issues* in the context of regional development planning, a concern clearly expressed by HIRDEPs Environmental Study. These environmental concerns have introduced the notion that planning should help the present generation to assume its responsibilities in relation to the needs of future generations, thus bringing the long term perspective more to the fore. For the first time an exercise of medium-term population projections by ecological zone was attempted — although at a modest level of technical sophistication, since no analytical projection methods were used. The team considers that the recognition of the need to develop strategic guidelines for the conservation, enhancement and utilisation of the physical environment is likely to pave the way for more attention being paid to long term population processes.

(4) *Assessment of the impact of HIRDEP*:
The impact of an integrated rural development programme such as HIRDEP upon the local demographic situation can be of two types: *direct impact* on birth and death rates through projects relating to health (including reproductive health/family planning) and sanitation projects, as well as direct impact on migration through settlement projects; and *indirect impact* on demographic behaviour generally through projects that promote social change (income generation, education, transport and communication, etc.)

The portfolio of projects in HIRDEP is likely to be having both types of demographic impact, and the team considered two strategies to assess them: direct assessment based on data from the monitoring of project implementation and indirect measurement based on data that show the general socio-demographic trends in the district.

However, the study found that the task of *direct assessment* by measuring the demographic impact of HIRDEP poses at present unsurmountable problems. Comprehensive quantitative monitoring has traditionally not been given great priority in HIRDEP, and the base-line surveys that were undertaken in connection with the start of various projects did not focus on demographic variables. This makes it difficult to introduce a demographic agenda in the re-surveys that are currently being carried out. At best what we have is an estimate of the number of beneficiaries of the various projects, but the figures are vague and not strictly additive since several projects have been designed to benefit the same community more than once.

Also an *indirect assessment* strategy that would credit HIRDEP for a certain portion of the demographic change in the district — as measured by general sources like censuses and surveys, is at the present moment hampered by the fact that there has been no census or demographic survey capable of yielding district estimates since 1981. The best that can be hoped for, in the short term, is to have a new Census carried out as soon as possible.

One may surmise, in very general terms, that *the contribution of HIRDEP* to the socio-economic modernization of the district must have favoured the type of demographic change that one would expect to be able to observe in modernizing societies in general: lower fertility and mortality, higher age at marriage, increased emphasis on alternative roles for women, creating high levels of unemployment particularly among girls during those 10 years or so between the end of school and the beginning of married life, etc. However, it is unlikely that HIRDEP, given its scale of operations and its lack of specific demographic objectives, has had any discernible impact on the demography of the district as a whole.

(5) *Recommendations*:

Planners are aware of the importance of demographic dynamics, but the present study suggests there is need to increase the analytical scope of that awareness, highlighting the inter-relationships between development and demographic behaviour, both in strategic and operational terms. The need for this may be expected to be increasingly felt as the planning process becomes more sensitive to long term concerns, such as those of environmental nature.

- As soon as the results of the 1991 Census are available, a *study* should be undertaken to establish the socio-demographic trends in the district during the period 1981-91, examine their implications and prepare revised and more detailed population projections at the District and AGA-division levels.
- This study confirms in respect to population related data the observation that has often been made, that there is need to improve all aspects of *data collection*, processing and analysis at district level for planning purposes, not only in the context of HIRDEP but also in that of the operations of line ministries such as health and education. Work towards this end should start with a systematic inventory of the statistical resources for planning in the district: who is collecting what sort of data, contents, periodicity and quality of the figures. It is also suggested that HIRDEP should consider designing training programmes to familiarize the appropriate categories of staff in local administration with the analysis and use of statistics.
- *In-depth, qualitative studies* are required. Many aspects of the inter-relationship between socio-economic change and demographic behaviour are of qualitative nature, and cannot be properly dealt with as a sub-product of routine administrative operations. Demographic processes, to be meaningfully analyzed, often need to be captured in the context of a household's strategies. This need should ideally be met by local academic institutions.
- *Ruhuna University* should be encouraged by HIRDEP, with the necessary support from NORAD, to become more involved in monitoring socio-economic and demographic change in its hinterland. We recommend that a set of research themes of relevance to both HIRDEP and Ruhuna University should be identified and an inventory of the human resources at Ruhuna University that could be mobilized for the purpose should be undertaken, as first steps towards the establishment of a formal long-term programme of co-operation and technical assistance by Ruhuna University to HIRDEP.

## Part-study 4: Study of the Assets and Operation and Maintenance Systems in the Education and Health Sectors in the Uva and Southern Provinces (by C. Gamage, Rodrigo and J. Jayasuriya)

(1) Up to the end of 1990 total expenditure under HIRDEP on the health sector was Rs. 43.3 million and on the education sector Rs. 55.2 million. Amongst the *assets created* between 1979 and 1989 were:

- in the health sector: 31 gramodaya health centres; 4 other health centres; 2 wards; 36 quarters; 2 office/administration block; and
- in the education sector: 66 school buildings; 50 quarters; 164 latrines; 7 science units.

In addition substantial quantities of furniture and equipment have been supplied. As a principle, the operation and maintenance of facilities built under HIRDEP are the responsibility of the collaborating agency.

(2) The *concept of maintenance* covers two different sets of tasks, that a maintenance schedule should make provision for:

- preventive maintenance; and
- remedial maintenance, i.e. repairs.

Amongst government agencies preventive maintenance is generally given a low priority. Financial allocations are usually made to repairs only. Annual budgets through the Provincial Council make no distinction between maintenance and repairs.

(3) Maintenance is *organised* primarily as a bureaucratic mechanisms for the identification and prioritisation of repairs to buildings, furniture and equipment. Maintenance schedules are prepared on the basis of reporting by heads of institutions, with information also provided by School Survey Boards, Public Health Inspectors, etc.. In the case of medical equipment, repairs must be referred to the Bio-Medical Engineering Unit in Colombo. Heads of institutions have limited authority to commission emergency repairs up to specific financial limits. These limits have not kept in line with inflation.

Estimates are prepared by Regional Directors with the assistance of divisional Technical Officers. Prioritisation and final allocations are carried out by the Provincial Secretaries to the relevant ministries according to the annual budgets made available. Availability of funds is not known prior to the reporting by heads of institutions. Funds for repair or rehabilitation works may also be made available through the Decentralised Budget, controlled by the District Coordinating

Committee, chaired by the Chief Minister. Normally, however, maintenance expenditures are specifically excluded from DCB.

Contributions to maintenance may also be made by School Development Societies, Hospital Development Societies etc., but vary in level according to the nature of the local community, possibly leading to widening disparities between institutions.

(4) Estimated, indicative *costs for routine maintenance* of health and education facilities in Hambantota District, calculated over a three-year period, are as follows:[31]

| | | |
|---|---|---|
| - Health: | buildings maintenance | Rs. 10.1 million |
| | vehicle running/maintenance | Rs. 10.5 million |
| | furniture maintenance | Rs. 0.4 million |
| - Education: | building maintenance | Rs. 60.9 million |
| | furniture maintenance | Rs. 1.4 million |

(5) Surveys of *maintenance requirements* for a sample of institutions in both sectors reveled a great need for both remedial and preventive maintenance:

- Routine maintenance of buildings, such as paintwork, woodwork and electrical, water and sanitation systems is inadequately carried out, leading to accelerated deterioration and need for remedial treatment.
- The incidence of unserviceable equipment and furniture is also high, leading to a loss of capacity.
- Inadequate attention is paid to the environment of the institutions, including perimeter fences or walls as well as general amenity value.

(6) The study identifies a number of *constraints* on effective maintenance:

- *Financial* constraints limit the amount of work which can be carried out during the year. As a result the emphasis is placed on higher priority repair works rather than preventive maintenance. The lack of prior knowledge of funding available inhibits the development of a systematic maintenance schedule, resulting in an ad hoc shopping list approach to remedial works.
- Inadequate *delegation of powers* restricts action on the part of individual institutions, further detracting from a systematic approach to maintenance and from rapid response to needs.
- Deficiencies in the *organisation* of maintenance, including disruption by the transition to provincial administration, hinder development of appropriate maintenance routines. These deficiencies include: a lack of planning capacity at provincial level; a lack of adequate trained and experienced manpower; a shortage of technical staff at provincial and local levels; inadequate delegation of authority, financial responsibility and implementation capacity for maintenance work whether to local government level or to institutions;

[31] All figures are for the three-year maintenance schedule for all facilities in the district.

inadequate monitoring and coordination capacity, including coordination of different sources of funds and measures for the monitoring of equipment inventories, maintenance needs etc.; and a lack of awareness and knowledge of maintenance issues.

(7) The main *recommendations* offered cover the following areas:

- With increasing constraints on government finance, greater efforts will need to be directed towards the *mobilisation of local resources* through such organisations as hospital societies, village health committees, and school development societies. This principle would also extend to drawing on locally available expertise and skills to substitute for technical staff shortages.
- *Delegation of authority* should br made to local authorities and institutions, with enhanced provision for planning and raising of revenue locally for maintenance work. Centralisation of authority leads to delays and a lack of coordination of maintenance schedules. A greater level of authority could also be extended to local management systems, through for example institutional work improvement teams.
- *Training* is needed for management, for institutional staff and for local community support organisations in the identification, planning and implementation of maintenance schedules.
- *Client responsibility* should be encouraged; i.e. school children and patients, should bear part of the responsibility for maintenance of facilities in good order wherever feasible. This responsibility may range from simple cleanliness of furniture and fittings to participation in maintenance and repair work.

## Part-study 5: Financial Analysis of Selected HIRDEP Projects (by S. Rahubadda and B.V. Fernando)

(1) The *overall pattern* of development financing under HIRDEP shows that approximately Rs. 500 million had been expended on a total of 400 projects up to the end of 1989. The annual budget has increased from around Rs. 30 million at inception to over Rs. 70 million currently (though actual expenditure was curtailed during the civil disturbances of 1988-89).

Approximately 16 per cent of total expenditure between 1979 and 1989 went to institutions building, including major investments in equipment, as well as quarters and other buildings.

A high proportion of HIRDEP expenditure is directed into activities involving civil works of some type. Particularly noticeable is the rise in contribution of the four main social welfare sectors (water, community development and settlement, health, education) in the programme from 21.4 per cent of total expenditure in 1979-82 to 60.3 per cent in 1983-88 (for 1988-89 the figure is 65.0 %). Much of this expenditure goes into the building of physical assets. The irrigation and roads sectors accounted for a further 22.9, 18.7 and 11.6 per cent respectively in the three periods.

(2) Evidence suggests that the *role of the HIRDEP Office* has changed over time. It has moved progressively into an implementation role, as measured by:

- the number and value of projects in which HIRDEP is the sole responsible agency or is in partnership with another agency; and
- total payments disbursed directly by the Planning Unit (although it must be noted that this is not a satisfactory measure of actual implementation responsibility).

Amongst the objectives of HIRDEP was the creation of a sustainable planning and implementation infrastructure in the district utilising existing government and private institutions. The study expresses the view that HIRDEP's enhanced role as implementor distracts from the planning, monitoring and evaluation role originally expected of HIRDEP.

(3) Although rising expenditure on *community development* and settlement reflects an increasing commitment of HIRDEP to people's participation and target-group benefits, analysis of the figures for the Katuwana local-level planning projects shows that much of the expenditure involves infrastructure building. For 1985-86 as much as 80 per cent of spending was on individual or community social infrastructure — principally latrines, dug wells and rural roads.

On only Rs. 337,222 spent on income and employment generation in Katuwana in 1986, 47.7 per cent was accounted for by imported manufactured materials, principally fertiliser. Furthermore, this investment was divided between 27 *Gramodaya Mandalaya*, averaging less than Rs. 20,000 each. We would question the effectiveness of such an indiscriminate and very thin spread of investments in productive activities.

Much of the expenditure on income and employment generation duplicated the activities of other agencies such as the Minor Export Crop Department and neither broke new ground nor was the outcome of a considered production strategy for the area. Revolving loan funds made available through *Gramodaya Mandalaya* were generally ineffectual. Such bodies lack the expertise to administer credit.

(4) The report analyses the pattern of expenditure on *civil works*. Such works are initiated in three ways:
- by line agencies directly or through contractors;
- contracted through HIRDEP by the Planning Unit; and
- through local organisations with people's participation.

As a rule cost estimates prepared by line agencies do not differ significantly from those of the Planning Unit since all use standard unit rates. In general, tenders awarded by the Planning Unit, as well as actual costs incurred, are comparable to or lower than those of the line agencies, although the Planning Unit makes it a policy not to award contracts where tenders are more than 15 per cent below base cost (as calculated by District Pricing Committee). It is not known how far differences in tender awards lead to differences in quality of work completed.

Works contracted through the Planning Unit, or through local organisations, are typically small in scale and make use of local contractors, labour and materials. Works undertaken by line agencies tend to be of a larger scale and may be carried out by contractors from outside the district and with less labour-intensive techniques. The Project Engineer plays a critical role in monitoring estimates, overseeing tender procedures and supervising physical works.

Works completed with people's participation are very cost efficient. People's contributions, normally in the form of labour, make up a substantial part of the value of the asset created — amounting to 80 per cent in the case of latrines and 51 per cent of dug wells.

(5) *Administrative and other overhead costs* make up a low proportion of total project costs. The situation is complicated, however, by the fact that:
- some of the activities required to implement one particular project may form part of one or more other projects under whose budgets the costs will be incurred;

- costs incurred in overheads such as institution building cannot be disaggregated according to the individual projects which are implemented by the institutional concerned; and
- different agencies make different allowances for contingencies.

HIRDEP has generally avoided contributing to operation and maintenance costs which are properly the responsibility of the agencies on whose behalf the work is carried out. There are exceptions in special cases such as initial salaries given to Family Health Workers. It is not possible, however, to detect whether any operation and maintenance costs are hidden under other cost categories by the line agencies.

(6) The following are the main *recommendations* from the study:

- Existing *financial monitoring* procedures are not conducive either to assessing costs incurred on similar works or similar categories of expenditure carried out under different project headings, or to disaggregating those costs of higher-level projects — that is at district level — which properly form part of the implementation costs of lower-level projects. Attempts should be made to remedy this to allow more effective monitoring of projects as a whole and of specific expenditure types.
- The Planning Unit/HIRDEP Office should seek ways to withdraw from its excessive *involvement in implementation* and focus on its planning and monitoring role.
- *Investment policy*, particularly in respect of income generation and employment creation, should be reviewed in an attempt to focus investments more intensively and to avoid an excessively thin spread of investment. Such a review should take into account the potential role of the organised private sector, and should be based on a systematic analysis of the local economic structures and resource base.
- The *employment* implications of civil works construction, as well as of their subsequent operations and maintenance, should be subject to detailed analysis in order to derive a systematic strategy for enhanced labour absorption.

## Part-study 6: Off-farm Employment Generation in Hambantota District: Role of HIRDEP (by P. Wickramasekara)

(1) The *aim of the study* was to assess various strategies followed by HIRDEP and their effectiveness in generating off-farm employment. The latter was defined to include rural manufacturing, construction, trade and commerce and services.

There are no reliable data on the structure of the non-farm sector in Hambantota. According to an IDB report, there were 3019 manufacturing units in the district with food processing, textiles and leather products, wood products and furniture and mineral products being the most important accounting for 85 per cent of total establishments. 34 per cent of the employed were engaged in non-farm activities according to the population census of 1981.

(2) HIRDEP has shown considerable interest in the development of this sector from the inception. However, the average for the industry sector has been less than 5 per cent of total expenditure during 1979-90. Yet investments in agriculture and infrastructure which enhance rural incomes and improve transport facilities would have contributed to stimulating demand for non-farm products and their marketing.

Specific *forms of intervention by HIRDEP* have focused mainly on supply side interventions. These can be broadly categorized as follows:

- *Direct interventions*, such as support for Seenimodara white fibre project and the handloom sector.
- *Training support*, which has been prominent in two main areas, namely; vocational training and entrepreneurship training. In addition, training has been provided to the Social Mobilizers. About 70 courses have been conducted on 34 fields of vocational training by 1987. More recent training has been provided on brasswork, carpentry, tailoring, catering, batik and home science, with a major orientation towards women target groups. A 30 per cent rate of success (defined as trainees actually starting business) has been claimed, but follow-up measures are said to be lacking both by HIRDEP and the agencies conducting training, such as Sri Lanka Business Development Centre, Enterprise Development Division of the Youth Ministry, IDB etc.. HIRDEP has not made an assessment of training needs, especially of unemployed youth.
- *Technology and product development* with a view to upgrading existing technology. The products assisted have been brassware, food processing, manufacture of Kitul treacle, poultry feed etc. The impact has been rather limited.
- HIRDEP has assisted a number of agencies and NGO's in the form of *grants* to enable them to commence or expand their operations. Among those assisted are NYSCO, TCCS, Self-Bank Societies, *Gramodaya Mandalayas*, Cooperative Societies etc.. The concept of revolving fund has been adopted in most cases.

The activities supported have been very small scale and the level of assistance given had been too low (Rs. 1000) to permit any worthwhile activity. Bank lending to organized poor and Janasaviya beneficiaries has been limited, although the RRDB has made better headway in this respect.

- HIRDEP also has taken measures to support *institution building* to help organize the poor and improve their access to resources. The most important activity under this has been the Social Mobilizer Programme, but its sustainability is a major issue. The Hambantota Entrepreneurs Association established by the Youth Affairs Ministry is still too young and unsure of its role, while the Enterprise Service Centre is only a coordinating mechanism for government agencies with limited private sector involvement. Extension services for non-farm and industrial enterprises are generally weak. In the Kegalla district, the Department of Small Industries is said to be playing a more active role in extension.

(3) As the *guiding principles* for the promotion of the non-farm sector, the paper proposes the following:

- Since small enterprises cannot survive without organic linkages with medium and large enterprises, priority should be given to develop such linkages.
- However, HIRDEP should not directly get involved in implementation of industrial projects. It should play the role of facilitator and promoter and confine its activities to removing bottlenecks where necessary.
- In addition to promoting the participation of the private sector in enterprise development, capacity for promotion of non-farm enterprises at AGA level should be enhanced.

(4) There are inherent *limitations in planning* for industrial development within a district framework. District programmes would fit in better with the priorities of the province as a whole. The on-going programmes in the North Western Provincial Council seem to indicate possibilities for investment promotion for local development efforts.

(5) Among the various *recommendations* made by the report, the following are worthy of note:

- promote micro and tiny enterprises among target groups using the Social Mobilizer and NGO programmes and strengthen credit support to them through Self-Banking Societies and Jana Shakthi Banks;
- in the handloom sector, assist in removing constraints, but encourage private ownership of looms and marketing of produce;
- invite a private sector business forum to look in to district potentials and work out a strategy for attracting investors and establish links with employer organizations and industry and trade associations;
- conduct joint seminars for promotion of investment in Hambantota;
- provide support to the Entrepreneur's Association to be more representative and viable;

- adopt a more critical approach in supporting vocational training programmes consistent with HIRDEP objectives, and the needs of the unemployed and in particular educated youth. Carry out a district training needs assessment and design and implement programmes for training of trainers and curricula development in vocational training;
- strengthen the resource base of Janashakthi Banks and the activities of Self-Banking Societies and continue the practice of providing revolving funds to formal and informal credit agencies;
- assist the Enterprise Service Centre to get operationalized as quickly as possible and promote greater private sector participation in its activities;
- utilize the proposed District Development Fund to promote medium and large enterprises; and
- assist in the upgradation of technology in existing enterprises through the establishment of common service facilities.

## Part-study 7: Assessment of target group approaches under HIRDEP (by A. Kodituwakku, S. Amarasekera and S. Wijayathilake)

(1) *Target-group identification*:

The objectives of HIRDEP, as expressed in the 1979 agreement, include a special emphasis on the poorest and disadvantaged and a methodology of concerned participation by the population. This is not to say that all projects must be planned exclusively to meet those objectives, nor that target group members should be the sole beneficiaries of every project.

The *criteria* for target-group identification are made most explicit under the local-level planning and social mobilisation projects, starting with the Ethgalmulla *Gramodaya Mandalaya* programme in 1983.

- The population is divided into four groups on the basis of land holding, housing and food-stamp receipt. The first three groups represent the target groups in descending order of need and priority, the fourth is non-target group.

The criteria chosen could be questioned. The cut-off points between grades of target groups are problematic. The weakness in the identification process, however, is not so much the criteria chosen, as the lack of real purpose in identification. Why do we need special target groups? There is no evidence of a clear-cut strategy for the design of target-group projects under HIRDEP, or of a systematic analysis of the problems and constraints of the target groups.

The report suggests alternatives for both general target-group identification and for special target-group projects. One should bear in mind, however, that the purpose of target-group definition can be one or more of:

- designing projects with a specifically target-group orientation;
- selecting target-group beneficiaries for project activities; and
- analysing the needs, problems and constraints of the target group.

(2) *Project beneficiaries*:

Few projects are designed exclusively to reach the poorest or most disadvantaged types of beneficiaries selected by prior investigation. Projects which have at least some target-group orientation may be classified into two broad groups:

i. Projects to *promote participation* in planning and implementing development activities:
   - individual and community social development — e.g. local-level planning, settlement schemes; and
   - income generation and employment creation — e.g. social mobilisation, local-level planning.

ii. Projects yielding *direct benefits* to individuals or families:
- social welfare facilities — e.g. housing loans, latrines; and
- economic support — e.g. land allocation, production materials.

As yet there are no projects designed to create a general environment of economic growth in which the target groups might benefit as a matter of course. Only two types of project involve a systematic survey and identification of the target groups: local-level planning and social mobilisation.

In many other projects beneficiaries are defined in terms of social or functional characteristics such as women, youth, children, fishermen, farmers, chena cultivators. There criteria may be combined with the general criterion of food-stamp recipient. Other broad categories of beneficiaries with a poverty-based criterion include the landless, micro-holders and low-income groups. Selection of beneficiaries from these categories is carried out on a rather ad hoc basis by AGAs, PIOs, *Grama Niladharis* or Planning Unit staff.

A large number of target-group individuals and families have benefitted from HIRDEP activities, but it is not possible to assess whether those beneficiaries represented the most needy or most deserving. Evidence suggests that in some projects with a target-group orientation, the poorest were unable to take up the opportunities offered due to lack of resources. This was true of the settlement scheme programme, in which it also appeared that some beneficiaries did not belong to the target group.

(3) *Target-group participation in identification of needs and issues*:
At village meetings the results of the prior survey and identification of problems are discussed. Target group attendance is satisfactory but active participation is limited, especially by women.

Needs and solutions suggested by people attending the meetings are often deemed beyond the scope of village-level organisations, leading to frustration. In some cases, however, suggested solutions are taken up at district level, e.g. land regularisation.

In general the village meeting is not an appropriate forum for participation by the poor. There are social constraints on their active participation, especially for poor women. They also lack awareness and are unprepared for making a positive contribution.

(4) *Participation in formulation of proposals and project design*:
Project proposals are formulated by the *Gramodaya* planning team and open to discussion at village meetings where beneficiaries are also identified. This gives little scope for real participation in project design by the poor especially in the absence of awareness creation.

Most village "plans" comprise a stereotyped package of individual and community asset creation. Income generation and employment creation activities play a small part and are restricted in scope. The system does not lend itself to the formulation of an integrated village plan for economic growth.

(5) *Participation in implementation* is primarily through contributions of labour in the construction of community and individual assets, especially latrines, dug wells and rural roads. The level of such participation is normally high and makes a major contribution to the value of assets created.

Participation in community asset creation may be constrained in the case of poor families dependent on daily-paid casual labour and by the lack of perceived benefits accruing to them. The latter is especially true in the poor fishing communities. In respect of individual assets, cases are found where the poorest are unable to afford the material inputs expected of them. This is apparent in the latrine building programme.

Participation in income generation and employment is limited. Expectations in this regard are high but are not fulfilled.

(6) There is no formal system for *participation in monitoring and evaluation* of projects. In general this is given a low priority by the target group.

(7) The *social mobilisation* programme has emerged partly as a response to the problems of participation by the poorest and most marginalised groups indicated above. The first priority of the programme is to raise the economic status of the poor, especially poor women, through income earning activities. We see this as a prerequisite to fuller participation.

The confidence and self-esteem deriving from economic improvement lays the foundation for more general awareness creation and preparation for wider participation in the community. There are, however, risks of creating a dependency by the groups on the social mobilisers.

(8) The study gives the following *recommendations*:

- Target group identification should be made more purposive: to provide for systematic analysis of the problems of specific target groups; and to match target beneficiaries with relevant interventions.
- The analysis of the problems facing different types of target groups needs to be broadened. Problems should be viewed from an integrated perspective, taking in the whole of the social and economic environment, in which the target groups live.
- Projects should be designed to address the specific problems and needs of particular target groups, and be related to the capacities of each.

- Barriers to participation should be more systematically analysed, and avenues for enhanced participation identified. This should incorporate both the identification of appropriate village institutions and the preparation of the target group and the community for more active entry into the participatory process.
- Overall, participatory development should be organised within the framework of local government and popular representative institutions.

## Part-study 8: Study of Past Project Reviews and Evaluations under HIRDEP (by M.H.S. Dayaratne)

(1) A significant feature of HIRDEP has been the substantial resources, financially and manpowerwise, that have been allocated to project related studies. *Project reviews*, initiated by either by the HIRDEP Office or NORAD, have been an integral part of HIRDEP's planning, implementation and monitoring methodology. In addition there also exist a number of background studies, seminar proceedings and evaluations. In this study a sample of 45 documents have been reviewed with the aim to analyse the rationale behind the initiation of the respective studies, identify their main findings and recommendations, and assess the follow-up of the studies and their possible impacts.

(2) We can distinguish between the following *general impacts* of the studies:

- they produced and developed the initial project concept and framework for implementation;
- they helped introduce integration among project activities and components;
- they provided opportunities for improving the overall management of project planning and implementation;
- individual projects gained completeness in their outputs since supplementary and complementary activities was identified and introduced, following the recommendations of the studies; and
- they helped steer overall HIRDEP with respect to the original goal and objectives.

(3) Apart from these general findings some specific conclusions could be made as the *organisation of the studies* and the follow-up. It was observed that all the HIRDEP reviews can be grouped into two categories:

- *Formal reviews*: identified mainly by NORAD and GOSL at the national level, and agreed at the annual meetings. These reviews were always carried out by hired consultants, with or without participation from HIRDEP and NORAD. Formal reviews were carried out both for sectoral projects and overall HIRDEP. The involvement of district personnel (i.e. from Planning Unit or relevant line agencies) varies. The composition of study teams also varied in terms of the relationship between foreign and Sri Lankan expertise.
- *Informal reviews*: identified by officials within HIRDEP circles at the district level and carried out in collaboration with NORAD-Colombo. These reviews, in most cases, wers a joint exercise between personnel from HIRDEP and NORAD (Colombo).

A significant observation is that, of all different groups or combinations of personnel, the most effective and useful teams have been the multi-disciplinary teams involving HIRDEP personnel. These reviews have resulted in practical recommendations and prompt follow-up. There are several examples of sectoral

or project based reviews that have produced technically sophisticated recommendations which could not, however, be readily implemented.

This situation indicates (a) that studies have been initiated without proper consideration of the intended purpose, and hence the kind of team which is required, (b) that the programme management is in the position to overlook findings and recommendations that are not in their way of thinking, and (c) that outside consultants frequently produce recommendations that are too general to be of any immediate use for the practitioners.

(4) The significant overall impacts, notwithstanding, it should be noted that there is a need for a more prudent view on the possible *utility of studies* of this kind. Commissioned studies may be useful for solving certain types of planning and implementation problems, but there are obvious limitations. The following is a summary of the utilization of the studies reviewed:

- The *initial studies for the preparation of HIRDEP*, were quite influential in setting the cornestones of what became the HIRDEP model; rolling plan approach, gradual project evolution, and integrated project planning and implementation. They also provided guidelines for project personnel, coordination, and financial management.
- The *reviews on reporting, monitoring and evaluation aspects*, have contributed to strengthen an area of the project cycle in HIRDEP, which initially was quite weak. At the beginning of the 1980s, a systematic practice in projectwise evaluation was established. The recruitment of a full-time Monitoring and Evaluation Coordinator was a visible evidence for the emphasis made on monitoring and evaluation.
- The first *overall review on HIRDEP* helped to create an organisational framework for strengthening overall programme administration, financial control and inspectorate, and to define duties and responsibilities of personnel at different levels, and improve the project management and coordinating capacities. These improvements facilitated in project expansion, particularly in the area of local level planning and implementation.
- *Workshops* on the HIRDEP experience and on local level planning and implementation provided opportunities to define duties, responsibilities and roles of different officials at different level, and to resolve problems relating to project planning and implementation, and management.
- The *settlement and community development* is the most widely and frequently reviewed component, and the studies undertaken have clearly contributed to the relative success of HIRDEP in terms of integration among project activities and coordinated project management. The reviews contributed (a) to the design and operational framework of the tank-based settlement clusters; (b) to minimize the time gap between headwork and downstream development, through the involvement of farmers and settling them from the beginning of the operations; (c) to fully utilize the land and water resources by following a water management programme; and (d) to implement supplementary and

complementary projects providing drinking water, access roads, schools, health centres, agricultural extension facilities, postal facilities, credit facilities and the like.

- Reviews on *irrigation sector* started from the Kirama Oya scheme, mainly to rectify design and operational issues of that scheme and to practice water management measures with supplementary credit schemes. Also some experimental pilot projects on paddy cultivation and vegetable cultivation were initiated on the basis of recommmendations from reviews on Kirama Oya. The second parallel irrigated scheme — Uruboku Oya — was studied more thoroughly before implementation, based on the experiences from the Kirama Oya.
- Resulting from reviews on the *water sector*, and more importantly from the District Plan for water, prepared by the Water Supply and Drainage Board, water supply was made a districtwide activity and a demand driven programme. The emphasis was placed on supplying water to the most needing target groups who were identified under other projects as well.
- Studies led to a major reorientation of the *forestry* component, from an isolated catchment area afforestation to community-based forest plantation and utilization following the *taungya* system of cultivation, involving *chena* farmers.
- In the *fisheries sector* there have been several technical investigations as well as studies regarding facilities for the fishing folk. As a result of these studies more activities for the development of marine fisheries was identified; projects were expanded to incorporate facilities for fisheries communities; and an inland fisheries sector was incorporated to meet the demand from the settlements under the rehabilitated tanks. The integration with projects in other sectors, however, remains quite inadequate.
- The *land use and land suitability study* conducted between 1984 and 1986 was a districtwide exercise which generated a great deal of information and a kind of data base for physical planning. This was never used, however, neither for overall district planning nor local level planning. This was a costly study. It produced a series of maps and data on land use and land suitability classes, but regrettably without a final analytical report, which has restricted the wide use of the study.
- The *seminar on "District Development Strategy"* held in June 1987 was one of the largest and most fruitful seminars on any IRDP in Sri Lanka. This seminar generated a series of quality papers dealing with issues such as the district resource base, the planning framework and the district's institutional base, and development of non-farm sectors. As for the previous study, this valuable set of information has not hitherto been utilized by the project authorities. The proceedings of the seminar have not been published and made available to various district agencies.
- *Training* at all levels has become an integral part of the HIRDEP approach to planning and implementation, including both training abroad, and from late 1983, district level and local level training. According to a 1987, the achievements of many projects, particularly the AGA/GM level projects, could

to a large extend be attributed to this training programme. Recommendations were made to improve and expand the training under HIRDEP, but hitherto there has been no follow-up by the project authorities. Rather there has been a gradual collapse of the once successful training programme.

(5) In summary we can conclude that there appear to be three categories of studies with respect to their utilisation:

- First, there are the project specific studies that adress themselves to issues and problems clearly recognised by local planners and implementors, as well as NORAD. These studies, which are quite many in number have been quite instrumental in shapeing project development.
- Secondly, there are a number of studies of the same category that largely have been shelved. Their recommendations have been considered irrelevant or nonimplementable.
- Thirdly, there have been a few studies dealing with organisational and administrative issues. They have all had a significant impact.
- Finally there the studies and workshops taking up broader and more complex issues, dealing with the Programme as a totality or the District as a whole. Despite the quality and relevance of these reports, it is significant to note the lack of capacity and capability of the programme authorities to make proper use of them. The present stagnation or decline of project activities in HIRDEP, as one may observe, is not only a result of recent political violence, but is also related to the prominent non-utilization of findings, conclusions and recommendations made by these more overall and district specific studies.

## Part-study 9: NORAD's Role in the Development and Operation of the HIRDEP MOdel: A Study of NORAD as Institution Builder, and of Some Sustainability Problems (by K. Børhaug)

(1) HIRDEP is a programme, within which numerous projects have been planned and implemented. In this study the focus is on the overall programme, and its mechanisms for generating and directing the various projects. The point of departure for this analysis is the assumption that HIRDEP has been a successful programme, worth replicating and worth sustaining. The *question of replication* is framed as a question of whether NORAD's role and contribution in the development of HIRDEP can be replicated with similar results. This requires an answer to three main questions:

- To what extent did NORAD actually contribute to the defining and operationalisation of various aspects of the programme's mode of operation?
- By what means could NORAD contribute?
- To what extent can this contribution and the means for influence that it was based on be transformed into a formal NORAD strategy?

The *question of sustainability* also touches on the role of NORAD:

- Is the HIRDEP-mode of planning and implementing projects dependent on NORAD playing a certain role in the programme?
- What has NORAD done and can be done to ensure that major achievements in terms of administrative performance will be sustained without NORAD playing its role?

Answers to these questions have be sought through studying the information contained in the archieves of NORAD and relevant reports. The main findings are as follows:

(2) NORAD got involved in HIRDEP rather accidentally, and without any clear conceptions of how the programme should be designed. However, NORAD elaborated their conceptions quite far in the years prior to the entering of a formal Agreement. Discussions with Sri Lankan authorities were held in very general terms, and on this level of generality the parties seemed to have had the same ideas. Only in the late stages of negotiations of an Agreement did conflicting opinions appear, and by then NORAD was committed to HIRDEP to such an extent that it was not possible to renegotiate and clarify *the programme concepts*. Rather, on the basis of quite wide formulations in the Agreement, NORAD tried to influence the subsequent specification and operationalization of the programme's main elements. These elements are: programme objectives, planning procedures, participation, evaluation, programme coordination, and planning standards:

- As regards the initial formulation of *objectives*, an important aspect is their openess and thus their capacity to facilitate experimentation and flexibility. On this point, NORAD's official line was to limit objectives to fewer sectors. The Representation gradually convinced Oslo that objectives should be left rather open. A key emphasis was placed on the poorest groups, and this issue has steadily been pressed by NORAD both formally and informally, with clear results. Women's issues gradually received more attention by NORAD, and was incorporated in annual programmes and project proposals.
- Discussinons on *planning procedures* have focused on integration. The integration of projects through local level planning has been emphasised and ensured by NORAD-Oslo, and facilitated by the extensive participation of NORAD-Colombo since the inception of these efforts. The integration that has been achieved for the whole district wide programme is largely a result of a cooperation between NORAD-Colombo and the PU, and was developed over time to adjust to Sri Lankan capabilities and interests. This constructive role however, was entered upon by NORAD only after several years of trying to impose quite different and hardly realistic planning ambitions into HIRDEP. The conflicts caused by this were problematic, and the ambitious line was left only after having failed to convince the Sri Lankan side, and after prolonged internal discussions in NORAD.
- On the aspect of popular *participation*, both Sri Lanka and NORAD saw this as important. In spite of sporadic rhetoric in NORAD documents indicating a strategy for participation with a strong element of empowerment, in practice, all parties have pursued a stategy of controlled participation. NORAD's formal contribution has been to press for better mobilization of the poorest groups, while the most tangible contribution from the Norwegian side has been the involvement of NORAD-Colombo on an informal basis throughout the varuious stages of project planning and implementation for local level projects, in which participation was realized.
- HIRDEP is known for its extensive procedures for monitoring and *evaluation*. NORAD's formal policy was to have a system designed for the whole programme, an approach which failed. Evaluation has rather been developed gradually, and with extensive assistance from NORAD-Colombo. The policy of letting the evaluation system develop rather piecemeal and without being confined to a designed system, cannot be explained as a deliberate NORAD strategy. To the contrary, it developed this way only after an immense number of system proposals had been discussed and rejected by both the parties. The rather open approach was the only solution left when the parties did not manage to agree on a more coherent system.
- As regards *coordination* and administration, HIRDEP is said to work on the basis of the principle of working through the existing system, using the District Planning Unit as project office. Mobilisation of planning and implementation capacity in the line agencies has also been left to the PU. What has been achieved rests to a considerable extent on the heavy support to the PU extended by NORAD, giving it resources and prestige. The principle of administrative

integration has been NORAD policy all the time. However, it is illusory to say that HIRDEP is located in the exisiting system. The PU did exist before HIRDEP, but for all practical purposes, it is a HIRDEP creation. To co-opt a "vacant" institution and give it power, content and tasks that dominate it completely is not necessarily what should be called working through the exisiting system.

- The *standard of planning* is said to have improved substantially under HIRDEP, and NORAD's efforts are an important explanation. Both because NORAD's formal approval procedures rise high demands to the quality of project documents, and because NORAD-Colombo informally has assisted Sri Lanka in meeting NORAD's formal requirements.

(3) In general, it can be concluded that NORAD had high ambitions to influence the operationalisation of the main elements in the Programme, and beyond what was decided in the Agreement. However, NORAD's ability to influence has varied. Three types of situations can be identified:

- First, influence on the whole programme was in some cases sought by trying to *reach agreements* with Sri Lankan authorities on overall strategies, procedures and systems, as exemplified by the discussion on an evaluation system and integration within the programme as a whole. In these cases NORAD designed a policy based on one element and presented it to Sri Lanka as a demand to the whole programme, but GOSL was negative. This was in the Agreement left to GOSL and thus they felt entitled to decide whether to follow NORAD's advice or not.
- Second, the Agreement left it to NORAD to approve projects. NORAD was more succesful in influencing the programme through their *control over individual project* concepts and strategies, which turned out to have effects on the programme in general. As exemplified by changes in project planning standards and the local level planning approach, Sri Lanka would normally accept the demands from NORAD when raised in connection with specific projects.
- Third, NORAD is not a unified actor in the case of HIRDEP. A distinction has to be made between NORAD-Oslo, the NORAD-Colombo office acting under authority of decision-makers in Oslo, and the personnel of the Colombo office acting on their own initiative and through their own personal capabilities and contacts. The Representation in Colombo has acted independently, and its personnel has played important *informal roles*. There is evidence that this has eased tensions created by somewhat demanding NORAD policies, and it has helped the Sri Lankan side accommodating to formal NORAD demands. The Representation has also moderated NORAD's formal policies on many issues, without which the cooperation might have deteriorated seriously. But perhaps most important in this analysis is that in some cases, i.e. integration and evaluation, the Representation has been able to influence gradually when NORAD's formal policy failed.

(4) It is difficult to *replicate* the role, or more precisely the set of roles, played by NORAD. The roles are not only complex, many of them are also informal. It would most likely be difficult to transform the experiences from HIRDEP into a reliable strategy. Some would argue that the strategy to be deducted from this experience is not to have any clear strategy and rather develop things gradually, which is not a strategy for reaching any predetermined outcome. This would be a highly unreliable strategy, as the outcome of this would all depend on the personalities in the local context. To let them play an informal role is precisely to give them a free room for subjective choice and action. Which was fruitful in the case of HIRDEP, but which might be problematic in other contexts. And of course, the ambition of replicability depends on the assumption that the context is comparable to that in Hambantota, which will also prove to be a problematic precondition.

(5) It is argued in the report that NORAD plays significant roles both formally and informally in the operation of HIRDEP. If *sustainability* roughly is understood as the continuation of HIRDEP's mode of planning and implementing projects, it seems likely therefore that a withdrawal of the NORAD engagement will lead to a deterioration of the programme. A most critical role of NORAD has been its provision of a power basis for the PU, enabling it to play its active role, both by having its own tasks and by organizing the many line agencies.

(6) *Training* has been the most important effort done by NORAD to secure the continued good performance of the PU and the line agencies. The effects of this training, however, will be conditioned by the organizational structures — formal and informal, within which the trainees operate as professionals. A complicating issue is the provincial reforms, which will most likely render the district level less important in the future. To the extent that this proves correct, the main option for sustaining HIRDEP is to be found in relation to its sub-district level achievements. However, the main problems of sustainability remains to be solved: how to integrate various organizational units, how to make each of them perform at the desired standards, and how to secure a steady supply of resources — finance and manpower.

# EVALUATION REPORTS

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