

## Impact Monitoring of the CEFE training program for agricultural producers in the Dry Zone of Sri Lanka

The North Western Province Dry Zone Participatory Development Project (NWP-DZPDZ) started in early 1993 and has covered an implementation period of 7 years. The DZP has been operating in the Dry Zone of the North Western Province of Sri Lanka and was designed as a poverty alleviation programme, which aimed at supporting poor farming communities and families in improving their livelihood.

The target group of DZP is living in a remote area of the North Western Province and mainly working in agricultural business. The majority is also running micro and small enterprises in various other sectors which are not directly related to agriculture. In line with the objective to promote commercial agriculture with those farmer who have the capacities and resources, the project got assistance of CEFE<sup>1</sup> in developing a CEFE training module which is adapted to the specific situation of micro- and small-scale agricultural producers, but also includes “off-farm” enterprises. The range of the present income in the project area generated from agricultural and non-agricultural activities varies from 0 to 45.000 Rupees per month<sup>2</sup>, whereby the participants of the CEFE training for the project area fell into the comparatively higher income range. Before participating at the training programme most of the participants had started a business already and had basic “entrepreneurial knowledge”. The CEFE training was attended by micro-scale entrepreneurs, whereby the majority was working in non-agricultural business. Overall 4 training courses had been conducted in which 100 participants have participated and finalized business plans.

### Conceptual approach and methodology

According to the CEFE project, the CEFE training courses aim at two major changes that should be evoked through participation, which can be defined as

- a) economic changes
- b) behavioural changes

The study was designed as a mixture of quantitative and qualitative research methods and divided into 3 phases. This approach is based on a common understanding among the involved entities. The method chosen for empirical research on one hand needs to be applied according to the composition of the target group and on the other hand in relation to the kind of data the research work is aiming for.

The overall research work has taken place from February until April 2000/ divided into 3 phases

- 1. Phase: quantitative data, 48 participants**
- 2. Phase: qualitative data, 11 participants/ “non-participants”<sup>3</sup>**
- 3. Phase: “case studies” of 3 participants**

Overall 100 participants have been involved in the CEFE training programme targeted for agricultural producers. Due to time reasons it has been decided to start with a randomized sample of 48 CEFE training participants for a wide scale impression of the impact. This information was then elaborated through face to face interviews based on a semi-standardized questionnaire.

In the following step all contributors of this study agreed upon that the focus should not be only on the desired, expected, and positive impact, but also on the undesired, unexpected, and

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<sup>1</sup> CEFE: Competency based Economies through Formation of Enterprises.

<sup>2</sup> 0.51129 Euro = 42.77834 Sri-Lanka-Rupie (January 2002)

<sup>3</sup> The CEFE training method is based on a selection process, where applicants have to pass various tests to participate at the programme. “Non-participants” stands for those, who applied for the programme, but did not pass the tests.

negative effect the training module might have had. Therefore, based on hypotheses - which were formulated after finishing the primary quantitative research - it was agreed to focus on 11 training participants and “non-participants”. Also other sources of information were included such as various CEFE trainers. In the last step of the research work it seemed to be necessary and interesting to draw a close picture of 3 CEFE training participants (“case studies”).

## **Major findings of the report**

### ***Quantitative assessment***

The economic impact was linked to various factors, being stimulating or restricting:

The majority of the participants interviewed (62,8%) stated that their average monthly income has improved after participating in the programme (set to be 5089n Rupees).

There seemed to be a connection between the participant’s characteristic features, such as age and gender, and the economic impact. Females had economically developed more than male participants, while the participants aged between 31 and 40 generated the lowest income after participation in the programme. Even though the younger generations were lacking business experience, they still had been successful to some extent and improved their economic situation.

It seemed to play an important role what kind of preconditions the participants have, what type of business they have chosen, as well as if they were willing (and able) to obtain external financial support through a bank loan:

- ✘ Those participants, who obtained a bank loan had a higher monthly income and a higher profit.
- ✘ Participants, who had not been successful before had at present a higher income than those, who were successful before.

Employment for 41 people has been recognized, mostly by non-agricultural entrepreneurs. Considering the total amount of participants being interviewed (48), this could be interpreted as a positive result.

The findings of the survey showed that the CEFE training programme had a positive impact on the participants of the examined three batches. Overall, the CEFE training had improved the economic situation of its participants and additionally created an “entrepreneurial culture”, which has been at that time generally well developed.

### ***Qualitative assessment***

Linkages between the “entrepreneurial impact” and other factors seemed to play an important role as well.

Participants between 41 and 50 years of age had not only the highest average monthly income but also averagely higher developed “entrepreneurial skills”. This also counts for participants aged between 31 to 40, who were noticed to have the lowest income. Therefore, the successful development of “entrepreneurial skills” was only partly connected to the individual economic improvement. In regard to New Business Creators/Business Expanders as well as agricultural/non-agricultural producers, there was no significant relation to an “entrepreneurial impact”. “Loanees” (CEFE participants, who obtained a bank loan after finalizing the Business Plan) seemed to have better developed “entrepreneurial skills”.

CEFE trainees seemed to acquire abilities such as further specific technical knowledge through various sources (agricultural instructor, upland-farming group, media, etc.). This made a difference to “non-participants”. However, CEFE trainees considered “technical skills” not as important as “non-participants” and favoured other skills instead.

Out of the 11 cases surveyed it could be shown that CEFE trainees were strongly focused on a bank loan but seemed to have a responsible relation in using these loans. The CEFE participants interviewed did not use the money for “non-business-related purposes” or private investment. Restraints towards external financial support through a bank, which “non-participants” still had, were not visible and the CEFE participants understood external financial aid as a possibility to develop their business. “Non-participants” stated that they did not want a bank loan due to a “lack in confidence”.

The CEFE method, which aims at enabling and guiding the participants was well received in the villages examined. The “entrepreneurial knowledge” was taught in an easy and understandable manner, which also enabled the participants to pass on the gained knowledge to others (e.g. families, friends, “non-participants”, etc.). The training programme also generated skills that are not only applicable for business purposes (e.g. communication skills, self confidence etc.).

CEFE participants used the knowledge gained in the training programme for different kinds of economic activities, they were involved in. Additionally, they applied knowledge on private purposes and tried to restructure their weekday life. “Non-participants” did not show those features so clearly. Also CEFE trainees provided family members with knowledge learned in the training programme and therefore created “impact chains”, which in some cases also included “non-participants”. “Non-participants” did not show this kind of networking ability and seemed to work more on an independent level.

The follow-up service, besides its assistance to obtain a loan, in most cases had not provided any further support to solve the participant’s problems. The participants appreciated the follow-up visits and considered it to be a good service provided by the programme staff. Not because of its helping function but rather because of recognition of the project staff.

The CEFE method also evoked reactions on the side of the participants that could have been determined as new “self-perception” or “identity”. Through methodological features of the training programme, such as a selection of “entrepreneurial talents”, a longer time duration and a fee to be paid by the participants, the CEFE training programme could have been identified as an “elite” programme that only accepts those, who belong to a certain “class”. This led to “group-building” of CEFE- and non-CEFE villagers, who unequally competed against each other. Additionally, it had been examined that negative sanctions against CEFE participants came up from those, who did or could not participate at the programme. In worst case, this could end in social stratification within the village communities, which could lead to social, economic, and cultural consequences. One of the main objectives - to create a positive impact not only on individual but also on village level – could not be achieved.

To obtain the complete survey, please contact Mr. Kolshorn/ CEFE ([rainer.kolshorn@gtz.de](mailto:rainer.kolshorn@gtz.de)).

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