Evaluation Report

For Spanish Red Cross
Evaluation of Livelihoods Projects
Sri Lanka Tsunami Specific Plan

Final Report

15 December

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Livelihoods, Cash, and Permanent Housing

Spanish Red Cross has wide experience in livelihoods programming mainly in South America and Africa, over the last twenty years. However, the projects that were developed in response to the impact of the Indian Ocean tsunami were the first time that SRC used cash grants as a modality for its livelihoods work.

This evaluation is a review of livelihoods projects, not just an examination of the use of cash as a means to transfer resources to affected households. However, it does look quite closely at the use of cash, specifically in the second section of findings. The report also considers the linkages between livelihoods work and the provision of permanent housing, as two of the four projects under review were linked to relocation construction projects.

Additional information on the Cinnamon project and the Kalutera, Galle and Lunawa livelihoods projects is available in the form of case studies.

List of acronyms

CBO	Community Based Organisation
CEE	Community Exit Evaluation – a participative evaluation process used at the end of the project period.
CINCA	Cinnamon Cultivator's Association.
DEA	Department of Export Agriculture
DPDA	(Deputy) Provincial Department of Agriculture
GN	Grama Niladari – an administrative unit in local government (GN Division) encompassing a number of villages, and the name of the appointed official at this level.
HH	Household
IFRC	International Federation of Red Cross and Red Crescent Societies.
PRA	Participatory Rapid Appraisal
SLRCS	Sri Lanka Red Cross Society
SMART	A list of attributes of an indicator: Specific, Measurable, Achievable, Realistic, Timed
SRC	Spanish Red Cross
VCA	Vulnerability and Capacity Assessment

Executive Summary

The impact of the SRC livelihoods projects was positive and appropriate for the tsunami affected people and the host communities who became their neighbours.

Cash

Cash projects tend to attract **higher levels of scrutiny** than traditional projects. These projects are no exception and as a result of this scrutiny, many areas for learning and improvement have been identified.

However, most of these lessons to be learned are **independent** of the decision to use cash – or not – as the modality of support. They tend to relate to broader questions of targeting, support structures, programme design, rather than the modality used to transfer assets to beneficiaries.

The evaluation shows that the cash grant approach was **the most appropriate modality** in each of the projects where it was used, despite the variations in location, livelihoods and time. It was better in terms of choice, effectiveness, and efficiency.

Where commodity-based alternatives were used there is **no evidence** to suggest that this was a better approach than cash, and they were worse in several cases. The sole exception to this is the seedlings provided by the DEA within the cinnamon project.

Programme design

In general, the **logic** of the project design was **sound**: activities led to the outputs, outputs led to results, which would contribute to the identified goals.

The **needs assessment** could have been more **robust** and more clearly based on a reference or baseline year.

Some of the individual activities, especially within one of the early projects, could have been more **realistic**: at the scale they were proposed they were not capable of producing a meaningful income or meeting the project targets.

In some cases the definitions of indicators are incomplete or insufficiently specific, and the choice of project indicators is directed towards tracking positive outcomes for targeted beneficiaries.

Working through local authorities **added value** to the SRC projects – but to various degrees. SRC should have the means to undertake technical and managerial **capacity assessment** of these partners, and use this to inform the programme design.

Reconstruction (and especially relocation) projects benefit **very strongly** from the addition of household level grants, community projects, and the strengthening of the community itself to form a holistic approach, and bring real meaning to the phrase ***building back better***.

Implementation

Community-led PRA wealth ranking exercises are **an effective means** to select beneficiaries. The initial approach using applicants responses against criteria of capacity and vulnerability was **less successful**, and led especially to errors of exclusion.

The processes used to **inform and target** beneficiaries were not always as effective as they could be.

Such processes should be designed to **encourage and increase** participation at all stages

There is a clear sense of evolution and improvement within the projects over time. The Lunawa livelihoods work shows many examples of good practice developed through experience within the other projects.

Effectiveness

Practical, hands on **training** in running a small business or livelihood, including calculating how much to set aside to replace assets and calculating your own labour costs, was often cited as a **critical factor** in the success of projects, even amongst those who had been running successful businesses before the disaster.

Support from experienced field officers sometimes enhanced this process.

Many livelihoods approaches observed benefited from technical support to production capacity but were let down to a degree by weaknesses on the **marketing** side.

The evaluation demonstrates that a **wide variety** of business models, from very simple to quite complex can benefit from a cash grant following a disaster.

Vulnerability and Capacity

At a household level, **vulnerabilities** and **capacities** are **both** crucial factors in the success of collapse of a livelihood strategy.

We should use vulnerability as the criterion for **entry** and capacity as an indicator of the **support needs** of the household

The **poorest group** can also benefit from a cash grant in the right circumstances, but it may be necessary to provide additional short-term support to cover the **gap in essential needs**, and thus protect the investment in the livelihood.

A livelihood strategy that produces an income quite **swiftly** would also be more appropriate than one that takes time to mature. Long gaps between grant instalments will be a particular **disadvantage** to this group.

Where households are **close to the poverty line** there is a risk that cash inputs will be channelled towards essential and immediate needs rather than the agreed livelihood development activity.

The experience of the Lunawa project in particular suggests that this risk can be offset where such households are identified in advance, and **additional support** given for a short period of time.

Accountability

Accountability to beneficiaries is generally good throughout the projects, and **participation** is high at all stages after the initial needs assessment in most projects. This is especially true in the community projects, which were designed and run by the communities themselves.

But **grievance procedures** could have been better developed and more effectively communicated.

Transition, closure and exit

Household livelihoods projects can have a wide variety of futures, and specifically they can come to an end in a wide variety of ways. Recording a project as simply '**stopped**' is a very limiting description, and may provide the wrong impression.

The **Community Exit Evaluation** brings participative tools to the evaluation of the project at the exit phase. It is important because it enhances accountability, offers excellent opportunities for learning, and provides communities with a clear sense of closure and the departure of SRC, reducing the risk of false expectations.

Introduction

The structure of the report

The report opens with a summary description of the projects under evaluation, an outline of the methodology and the analytical framework that was developed through the evaluation process.

It then provides a set of **observations** on each of the projects in turn, in the order of their implementation. The subheadings in this section follow the questions outlined in the terms of reference for the evaluation, which are annexed to this report.

This leads on to two separate sets of **findings**. The first set provides a synthesis of the previous sections and shares their structure; the second takes the analytical framework as a start point. In both cases, more important or summarised findings are highlighted. There are some areas of overlap between the findings in each section: they have been retained to ensure the integrity of the discussion in each section.

Finally the report presents a number of recommendations, which generally relate to the highlighted findings in the two previous sections.

The livelihoods projects within the overall plan in Sri Lanka

The Tsunami Specific Plan was a Spanish Red Cross plan to respond to the impact of the Indian Ocean Tsunami of December 26th 2004, with the main focus on Sri Lanka, Indonesia and India, and additional work in the Indian Ocean islands off Africa.

The main lines of work within the plan were the construction of housing, rehabilitation of social infrastructure such as schools and health facilities, community based health interventions, livelihoods and capacity building.

Although Spanish Red Cross (SRC) has implemented many livelihoods projects in many countries in recent years, this plan included the first large scale SRC livelihoods programme using a cash grant modality, and as such it warrants particular attention, as the potential to learn lessons is large.

In addition, the duration of the specific plan in Sri Lanka enabled the full range of programming to be explored, from immediate disaster response through early recovery and even poverty alleviation programmes – albeit for tsunami affected communities – towards the end of the period of the plan.

The livelihoods projects in the context of construction and resettlement.

In Lunawa, Kalutera and Galle, livelihoods activities were undertaken in the context of housing reconstruction projects, with a specific goal of enhancing social integration, and this provides an additional frame of analysis for this evaluation. This holistic approach was informed by learning from the response to Hurricane Mitch, amongst others.

Many PNS, including SRC, undertook housing projects *without* livelihoods components in Sri Lanka after the tsunami. While the SRC's holistic approach was not unique in the Movement, it was not standard either. This already represents a major piece of learning and has since become much more common practice within the RC Movement (reference, Haiti and Pakistan Recovery Assessments)

The evaluation addresses the projects in chronological (as opposed to geographic) order. It recognises that lessons were identified and applied – although not always documented – as the programming developed.

The timeline for the projects can be summarised as follows (slightly simplified). .

	2005	2006	2007	2008	2009	2010
Kalutera agriculture		#	- external evaluation			
Cinnamon		$ $ $ $	$ $ $ $	$ $ $ $	$ $	- DEA evaluation
K&G Livelihoods				$ $		
Lunawa livelihoods					$	$ $

Key:		
	Resettlement	VCA
	Community Exit or other Evaluation	
	# Distributions predominantly in-kind	$ Distributions of cash

It is worth noting that many of the projects have been closed for a year and in most cases it is three to five years since the cash grants and inputs were distributed. It is unusual to have an opportunity to evaluate livelihoods projects so long after their implementation, and this implies a strong commitment to learning from SRC.

The livelihoods projects

The following table shows an overview of the four projects evaluated.

	Kalutera Agriculture	Cinnamon	Livelihoods Kalutera and Galle	Livelihoods Lunawa
Number of HH grants	189	343 *rehab/replant 9 peeling shed/oil plants	501	363
Size of community	n/a	n/a	2,339	1,120
Community coverage (through cash grant)		100% of small size tsunami-affected cinnamon growers	42% of resettled 21% of total community	96% of resettled 32% of total community
Budget HH grants/€	117,190	323,696	228,276	152,917
Budget Community projects/€		-	260,315	125,357
Implementer	Department of Agriculture (DPDA)	Department Export Agriculture (DEA)	Direct Implementation Local authorities involved in Community Committee	Direct Implementation Local authorities involved in Community Committee
Modality	In Kind 21 cash grants for construction of small sheds for mushroom cultivation	Seedlings and fertilizer in-kind Cash grants to 347 farmers over 3 years for labour costs	501 Cash grant for business development 27 Cash grant for Community projects	363 Cash grant for business 3 Cash grant for community projects
Host community situation	n/a	n/a	Resettlement in new location Moved from coastal line to interior	Resettlement close to previous location again in coastal line

* Beneficiaries of processing centres are not included in this calculation

The livelihoods projects and relocation

The livelihoods projects named in this report as Livelihood Kalutera and Galle and Livelihoods Lunawa were associated with resettlement projects. This resettlement had three distinct situations with regard to the host communities, which were important in terms of the targeting of the household grants, and also in terms of the nature of the community projects. The graphic below illustrates these three possibilities.

Kalutera Agriculture

The full name of this project is 'Increasing household incomes by reviving agricultural production of families affected by the 2004 tsunami in Kalutera district, Sri Lanka'.

The project aimed to support 189 families to quickly generate income and re-establish livelihoods.

Beneficiaries could choose between four different types of project: mushroom cultivation, ornamental plants, home gardening or food processing.

In-kind inputs as well as technical and financial training were provided.

Cash grants formed only a small component of the project, to build the hut for the mushroom cultivation.

The project was largely implemented through DPDA, the government department responsible for developing the agriculture sector.

It began in August 2005 and ended in September 2006.

Cinnamon

The full name of this project is 'Rehabilitation of Tsunami affected cinnamon industry in Southern Sri Lanka'.

The project intended to support the recovery of cinnamon plantations partly or fully destroyed by the tsunami, increasing both the production and the quality of the cinnamon produced.

The project supported all the small-scale growers whose lands had been affected, 343 farmers in total. It provided seedlings and fertiliser in kind, and gave cash grants, spread across three years, to support the labour costs of land rehabilitation as well as technical training.

One farmer CBO was created in each area to develop the links among the producers.

9 processing centres (5 peeling sheds and 4 oil distillation units) owners received cash grants as a contribution to rehabilitate their industries.

The project was largely implemented through the Department of Export Agriculture.

It began in July 2005 and ended in October 2009.

Kalutera and Galle Livelihoods

The full name of this project is 'Livelihoods and Social Development Programmes for Tsunami affected permanent housing beneficiaries of new settlements and host communities in Galle and Kalutera Districts'.

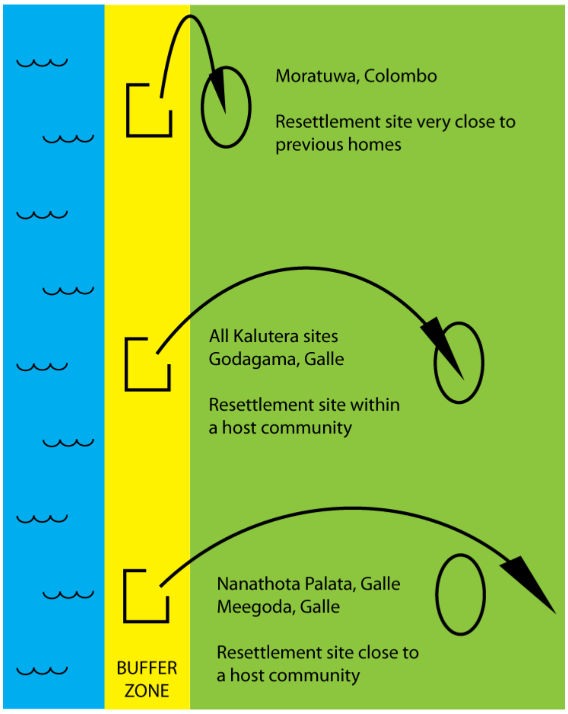
This programme aimed at enhancing the process of social cohesion among tsunami-resettled families and the host community neighbours across four GN Divisions. Through a VCA, members of 'both' communities identified and designed 27 community projects of different natures that were implemented by members of host-communities and the new settlers. Cash grants to fund these projects were channelled through local CBOs.

It also supported 501 households in the same locations to restart, strengthen or diversify their livelihoods. Again, beneficiaries came from both the resettled and host communities.

Cash grants and entrepreneurship and/or technical training were provided to support the business development activities.

The programme started in January 2007 and ran up to December 2009.

Lunawa Livelihoods



The full name of this project is 'Livelihoods and Social Development Project for vulnerable population in Colombo District'.

Initially this was a project of the programme described above. Due to delays in the construction works and thus the resettlement, the implementation in this area was split and postponed.

This project aimed at improving the living conditions of both the resettled families as well as the host community members living in poverty pockets. 363 households were supported across one urban community in Moratuwa, south of Colombo, which included a multi-donor housing resettlement scheme of apartment blocks. 363 individuals received a cash grant to start a new business or to develop an existing one. Entrepreneurship training was provided to all the beneficiaries and some of them also received technical training.

Within the community component, the project intended to develop the almost non-existent social capital in the area. A CBO, a Youth Society and a Children's Club were created and supported through the project. Some of the activities undertaken by the CBO were funded through cash grants.

Evaluation purpose

According to the Terms of Reference, the evaluation aims to systematise and give account of the impact and quality of four livelihoods projects, and convert these lessons into recommendations for the future.

It was felt that there was little value in parroting the findings of the individual end of project evaluations, except where these feed into the synthesis and lessons can be drawn from them. For this reason, the evaluation does not provide an exhaustive commentary on each of the projects, but rather seeks to address the detailed questions within the TOR by reference to the four projects as appropriate.

As such, this evaluation aims to provide a synthesis and draw lessons from across the four projects, and in doing so to attempt a higher level of analysis than that which was previously available. More detail on individual projects is available within two case studies that have also been developed as outputs from the evaluation process.

Methodology

The methodology of the review made use of six main approaches to data collection:

Document review, including project proposals, final reports, community exit evaluations, evaluation processes, and associated documents such as risk analyses and capacity analyses of potential CBO partners.

A detailed **livelihoods database** covering 501 household grants in Kalutera and Galle was analysed. The database was never really completed: the dataset is complete but the reporting tools were never completed. Data was exported to Excel for analysis both during the project implementation phase and for this evaluation. A second database of livelihoods projects in Lunawa contains details of a further 363 cash grants.

A **household survey** was undertaken in 50 households each in the Kalutera livelihoods project and in the Cinnamon project, representing the 26% and the 14% of the universe, respectively. This was developed specifically for this evaluation and with specific questions in mind.

K**ey informant interviews** were undertaken with SLRCS senior and technical management, the Federation delegation leadership, community leaders, and SRC/SLRCS project staff and delegates. In addition, SRC staff provided logistic and field support to the evaluation, and their experience and opinions were sought informally during these processes.

Focus group discussions were held in each project location. Wherever appropriate such focus groups were disaggregated. For example, CBOs were interviewed separately from active groups and beneficiaries. Successful cash grant beneficiaries were interviewed, as were those whose livelihood projects had stopped, and also those who did not receive grants. The inclusion of women and youth groups was ensured wherever possible.

Household visits were undertaken in all project areas, looking at both successful and unsuccessful projects, and including a range of livelihoods project types as outlined in the analytical framework below.

A full timetable for the evaluation process and a summary list of those interviewed is included in the annexes.

The analytical framework

While it is quite easy to identify livelihoods projects that have been a success at a household level, and those that were less successful, it is rather more difficult to identify the factors that have led to their success, and yet harder to be confident in attributing causality to those factors. The first step in the process is to generate a framework for analysis: to identify the factors that differentiate projects. These factors can then be examined to see if there is any apparent linkage between them and a project's success.

It should be noted that in order to be confident of causality, a more comprehensive baseline would need to be completed that recorded these factors at the start of the project. Ideally a control group would be also identified – noting that there are ethical issues here - and perhaps a more stable economic environment be chosen for the programming: the Sri Lankan economy has been on a bit of a roller coaster ride in the years following the tsunami, largely as a result of the war, and the associated impact on inflation, funding for development projects, and tourism – a major part of the economy of the project areas.

The table on the following page offers a list of factors that were considered by the evaluation team in the analysis of the livelihoods projects – and particularly the household level cash grants – they observed. In some cases a relationship was found, in others the situation was too complex, or the dataset too small for a relationship to be clear. This set of factors is described as the *analytical framework* for this review process. The relationships identified are described in the second section of findings of the report, starting on page 29.

In order to achieve this, the four projects under review – and their subcomponents where appropriate – must be described in the terms of the analytical framework. This description can be found in the table in the annex, and is used in the second section of findings.

Table 1: The analytical framework of factors potentially influencing the success of household grants

	Factors	Examples
Household level factors	Livelihood business model	Primary production Processing and value addition Buying and reselling goods Renting out an asset
	Livelihood continuity	Previous livelihood still viable Previous livelihood no longer viable as a result of the tsunami / shock / other
	Previous experience	No prior experience in any livelihood New livelihood strategy but previous experience in others Previous livelihood to be restarted having stopped Existing livelihood being continued or developed
	Current livelihood viability	Not able to cover basic household needs Able to cover basic needs but not to invest in livelihood development Able to invest in livelihood development
	Intended duration	Temporary Long term
	Diversification	Sole source of income Main source of income Secondary source of income
	Nature of market	Selling to peers and local community Selling to known middlemen Selling to external – hotels, export,
	Modality of HH level inputs	Cash – including variations in phasing In-kind Mixed
	Balance of inputs	Project inputs (cash/kind) Training and technical support Marketing support and networks
	Nature of beneficiary	Tsunami affected and resettled Tsunami affected but not resettled Tsunami affected, not resettled host community Non-tsunami affected host community
	Balance of targeting	Focus on tsunami affected Focus on equity
	Other actors	Only support from RC Main support from RC Main support from other actors
	Specific HH vulnerabilities	Dependency ratios, disability, female headed, marginalisation, etc
	Specific HH capacities	Skills, assets and capital, training, access to credit
Location factors	Location	In original location Relocated but in similar environment (eg coastal) Relocated into new environment
	Balance of projects	Only HH grants HH grants and community projects
	Markets	Changes to market access, effectiveness, and prices for inputs and products
	Time elapsed since after tsunami	Immediate inputs within 6 months Intermediate inputs 6m – 18 m Late inputs
	Time elapsed since relocation	Before relocation With relocation or in first 1-2 months After relocation
Institutional factors	Project management model	Direct implementation by RC Implementation through local NGO Implementation through government department
	Organisational Experience	First phase livelihoods projects Later projects with learning from first phase

Observations

This section provides a summary of the observations of the assessment team across the four projects. While these are drawn both from documentary evidence and the field visits, there is an effort not to simply repeat the findings of mid-term or final evaluations unless they add value to this synthesis. Rather, the focus is to find opportunities to learn lessons and look specifically (but not exclusively) on the cash grant aspects. Where possible, these observations are reinforced by the analysis of the HH survey and the DEA cinnamon database, and the SRC databases for the livelihoods projects.

Kalutera Agriculture

Increasing household incomes by reviving agricultural production of families affected by the 2004 tsunami in Kalutera district, Sri Lanka

Design

This project was aimed at people directly affected by the tsunami but was not linked to any housing or resettlement project.

The project was based on a sound needs assessment, but this was not undertaken in a participatory manner.

The design makes reference to a rapid income from short-term cash crops, but two of the proposed projects (ornamental plants and mushrooms) would have taken six months or more to generate an income. It was supposed to be targeted at agricultural producers: in practice most of the beneficiaries were urban or peri-urban households living in the coastal strip close to Galle Road.

Two of the projects (ornamental plants and household gardens) were very unlikely to generate a meaningful income based on project design and the level of inputs provided. In the mushroom project, quantities of protective mesh were likewise insufficient.

The initial design included recognition of the marketing needs and some research was undertaken. However, the marketing component was never fully realised.

Beneficiary involvement in project design was limited. The projects were identified by DPDA and presented to beneficiaries to choose between. Participatory monitoring and evaluation techniques were not used during the project lifetime, although a participative evaluation process was used at the end.

The monitoring is weakened by poor indicator definition, as terms such as income, profit and turnover were not clearly defined and may not have been used consistently. In this project the indicator was income, with a target of Rs5000/month per family. While the amount is appropriate (equivalent to the minimum wage), this is not a useful indicator, as an income of Rs5000 may generate a profit of zero, or even less. Further, there was no target date set for when this indicator was to be achieved.

There is no risk assessment available for this project, beyond the summary provided in the logical framework.

There is little evidence of consideration of cross-cutting issues. Gender perspectives did influence targeting processes to a degree.

Relevance

The project was begun just six months after the tsunami, and some of the project components had the potential to be a highly appropriate intervention at this time.

The effective baseline was the time immediately after the tsunami, rather than the pre-tsunami situation. Improving on the situation immediately after the tsunami is not a very challenging objective for a project of this scale.

The strong involvement of the Deputy Provincial Director Agriculture (DPDA) ensured good coherence with national policy and also with local agricultural practices. However, almost half the beneficiaries selected the food processing option, which is not related to agricultural production.

Beneficiary targeting was undertaken in several steps. It appears that a government department concerned with welfare prepared an initial list, which was passed to the DPDA. DPDA set some criteria for project inclusion but these are not specific (for example 'household size') and tested potential beneficiaries against these criteria in an interview process. No participatory approaches were used in this project.

There were many revisions to the beneficiary list, and it continued to change throughout the life of the project. The evaluation team found people who claimed to be beneficiaries, were on the 'definitive list' at the beginning of the project, but who did not receive inputs.

Beneficiary involvement in the project design and monitoring was very limited.

Effectiveness

The final evaluation for this project in December 2006 shows that the rather vague target results were met for mushrooms (for 75% of beneficiaries) and for food processing (for just 36%). However, the field visits gave the strong impression that the food-processing component was the most sustainable, and the household survey reinforces this finding: many of the previously functioning mushroom projects have since stopped. For the other two elements, ornamental flowers and home gardening, the final evaluation suggests a 0% achievement. While this is probably accurate, it does not reflect that many home gardening projects continue, and they do provide a nutritional contribution to the household. Employing a financial indicator for this component was not appropriate.

One of the projects (ornamental plants) was incapable of delivering a substantial income even in the long term, given the low numbers of plants proposed. The mushroom project needed substantial working space in the form of out-buildings that was not always readily available, and is technically complicated: all newcomers to this project met during the evaluation and interviewed in the survey have stopped the business.

The value of the inputs was determined by the DPDA, including the quantities of in-kind inputs for the food processors and the numbers of plants for the ornamental plants. They also calculated the construction cost of the mushroom shed, including the labour costs of the beneficiary. However, the inputs were not always adequate to develop a sustainable business.

Although there was regular communication between the project team and the DPDA, this failed to identify the quite high drop-out rates and take effective supportive action. The capacity of the DPDA to monitor the beneficiaries was low – some beneficiaries reported receiving only a single visit – and the capacity of SRC to monitor DPDA also seems to have been inadequate.

Efficiency

The quantity of inputs provided was frequently reported as less than expected (for example 15 ornamental plants instead of 25), and beneficiaries were asked to sign for the full number, against an unfulfilled promise of future delivery. No formal grievance mechanism existed in this project. When asked why they did not complain, beneficiaries responded: *how can we complain when we have received something from the Red Cross?*

The quality of inputs was often poor, (gas stoves for food processing and non-flowering ornamental plants). A standard package of cooking items was provided to a wide range of food producers, and elements of it were therefore not appropriate for many of them (food processing).

Delivery of commodities within the project was often delayed, specifically in the ornamental plants and food processing projects.

SLRCS were solely responsible for procurement. It appears that distribution was undertaken by DPDA and SLRCS jointly.

Beneficiaries would have preferred a cash-based approach to the commodity distribution, citing the problems with speed, relevance and quality. This view was not shared by the DPDA.

Impact

Some beneficiaries have been very successful within this project, with businesses remaining sustainable after five years. Many of these have simply restarted or expanded their existing food processing livelihoods: within this project these beneficiaries really stood out.

The household survey interviewed 29 non food-processing projects, of which 21 were still functioning. The contribution of the agriculture projects towards household income was not hugely significant in these 21 projects, although it is roughly equivalent to pre-tsunami levels, as the graph below illustrates. The value of 100% relates to the reference year for the household – the year of best production for this household in recent history. This was taken as an alternative to using a 'normal' baseline year, in recognition that across the wide range of households and livelihoods strategies, there will not be a common reference year. The 'gap' between the current levels of income and the best year then provides an indication of the current level of income as measured against the potential for the business.

This data was collected using proportional piling techniques, triangulated by asking specific questions relating to household income. The graphs below represent the outputs from these piling exercises, looking at the contribution that the project makes to the total household income.

Of the 21 food-processing projects visited through the household survey, 17 were still functioning. The chart below shows the average contribution the project makes to household income in these households.

In both cases, it appears that the project met its objective to provide a swift return to productivity, although the value of that prodcutivity was very different, as was its contribution to household income.

The psychological impact of restarting a livelihood was specifically noted in the final evaluation and this message was reinforced in the focus groups run by the evaluation team, even within the ornamental plants project where the cash impact was negligible.

Figure 1: Projects other than food processing: contribution to household income

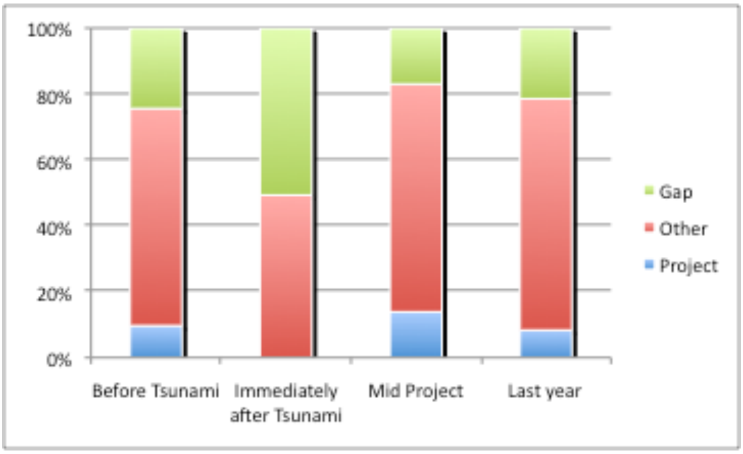
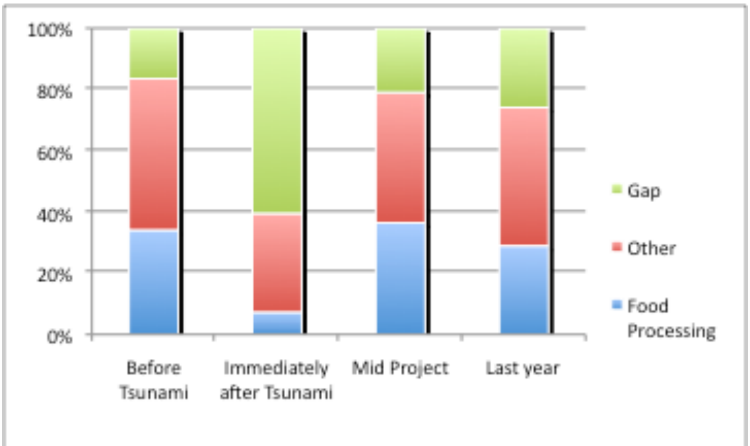


Figure 2: Food Processing projects: contribution to household income



The nutritional impact of the home gardening project, especially on very poor households, is impossible to quantify, but may well have been significant, even if the produce was not sold.

In general, however, this was the least successful of the livelihoods projects.

Cinnamon

To improve the livelihoods of the Cinnamon Industry related families affected by Tsunami in Galle District

Design

This project was aimed at cinnamon growers directly affected by the tsunami but was not linked to any housing or resettlement project. It was implemented in partnership with the Department of Export Agriculture, DEA.

It takes 2-4 years to rehabilitate a damaged cinnamon plantation, and 5-7 years to replant and start from scratch, with the first small crop coming after three years. In the cinnamon sector, SRC took on an uncharacteristically long-term project for a recovery operation.

The project provided cinnamon plants and fertilizer as in-kind distributions, and cash contributions towards rehabilitation and replanting costs. In addition, 5 growers were provided with cash contributions to build peeling sheds, and the owners of 4 oil plants were provided with cash grants for reconstruction works. Technical training was also provided to all cinnamon growers and peelers.

The project included a component to develop local associations for cinnamon growers. SRC also embraced and supported CINCA, the 'mother CBO', which was started by the DEA and was developing its business plan and strategy during the timeframe of the project.

The cash grants provided were conditional on the preparatory work being done to a high standard and using advanced techniques where appropriate, and DEA monitoring was very thorough. The seven instalments spread over three years ensured high technical quality throughout the project.

The value of the cash grant was calculated to cover labour and initial expenses for the growers, and was proportionate to the land area being rehabilitated or replanted. Growers said the amount was appropriate for these tasks. The design of the project implicitly assumes that affected cinnamon growers – and those who depend on them for an income – will be able to meet their household needs until such time as their plantations recover.

The capacity of growers to meet their daily household needs varies. Typically, some of the larger growers had some higher land that was unaffected by the tsunami. Smaller growers may have had their entire land in vulnerable areas. The project design appears not to have tried to quantify the coping capacity of the affected farmers.

It seems likely, but not provable, that peelers on smaller farms survived as a result of a diversified income base, and those on the larger farms as a result of continued production in the undamaged parts of the farm. The project did not attempt to quantify the vulnerability or coping capacity of the peelers.

No risk assessment was found for this project, but a simple list of external factors is present in the project document. As a result the risk of flooding was not identified, and in 2008 this undermined otherwise strong progress for a number of growers. The HH survey found that 20% of growers interviewed had been affected by flooding, and almost all identified floods as a risk to their livelihood.

DEA provided dedicated technical support at an appropriate level, and of a better quality than that provided by DPDA in Kalutera.

An open question remains about the choice between deploying a technical agronomist delegate as opposed to a general livelihoods project management delegate in the early stages of the project. The delegates sent were generalists or livelihoods delegates. The technical role was completely devolved to the DEA, although a technical delegate (economist) supported them in developing some of the marketing aspects.

The cinnamon project was well designed, and embraced many aspects of cinnamon production and processing. It took a fairly holistic approach to the cinnamon industry. Although it focused on the plantation owners and other processors, the nature of the traditional payment structure ensured that the peelers would also benefit from enhanced production and profits.

The project practice was modified in response to feedback from the cinnamon growers themselves, to integrate marketing as well as production, suggesting a good level of engagement in the design and monitoring processes and flexibility on the part of SRC. In addition, the project was extended by a year, recognising that some growers started the project one season after the others.

Relevance

DEA involvement ensured compliance with local and national standards and policies.

While the tsunami-affected cinnamon growers represented a small proportion of the growers even within the GN Divisions, let alone the district, the impact upon their livelihoods was devastating. No other actor became involved in this sector.

Monthly meetings with growers ensured their continued involvement in the project.

Effectiveness

Cash grants were provided to cover labour costs for rehabilitation of the fields, for building peeling centres, and for rehabilitating oil units. Grants were paid retrospectively in accordance with government policy. It might have been more effective if at least the first grant had been larger and paid up front – directly by SRC if needs be.

A number of cinnamon growers and processors reported having borrowed money in order to invest in their business. Where capital such as houses can be put up as collateral, money can be borrowed at reasonable rates from a bank. However, smaller producers borrowing from village moneylenders would have had to pay up to 10% per month on loans. This could reduce the value of a cash grant by around as much as 30% over three months, if the grant was only paid after works were completed.

In general, production targets appear to have been met within the cinnamon project. Averages are below the target but this seems to be a result of a small number of flood affected growers having a disproportionate effect on the result. Again, the indicator is clumsy, as a result of poor definition.

Targets for accessing the export market were not formally set, although this is a broader objective of the DEA and one of the main motivations for their creation of CINCA.

The selection criteria were clearly stated to the evaluation team by DEA in the same terms as they are found in the Project Summary section of the proposal (although the rest of the document is less specific):

> *All the farmer beneficiaries are small producers (owners of no more than 2 hectares cinnamon plantation).*

Two hectares is around 5 acres. A review of the DEA database, which was available to SRC throughout the project, shows five farmers out of 343 with plots between 6 and 20 acres, and a further 19 for whom no data is provided. This suggests an inclusion error of between 1.5% and 6%. This is not very high, but it is odd that it happened at all given the ready availability of the data.

The value of the input package was directly related to the amount of land being rehabilitated or replanted, and the phasing of the instalments related to seasonality. Cash inputs included labour costs, and in-kind inputs included seedlings and fertilizers. The peeling centres and the oil processing units were costed independently, and the project paid a proportion of these costs.

Efficiency

Pre-mixed fertilizer to DEA standards was provided as an in-kind contribution, procured by SLRCS. It was reported to be of poor quality. The samples provided for the tender process were laboratory tested and found to be good, but there was no follow up testing of the distributed product. In response to complaints, distributions switched to unmixed fertilizer, which was acceptable to the farmers.

DEA were an efficient partner in this project. The budget shows that there was a contribution from SRC to DEA to cover running costs – primarily travel – which may have helped to ensure that capacity was available.

Cash grants were paid by cheque, in seven instalments. For some of the smaller growers, the value of some of these cheques was very small and barely worth cashing. Cash grants were paid retrospectively after the works were completed, and this caused some difficulties for some beneficiaries, especially at the early stages of the programme.

The efficiency (at least from the perspective of the farmers) could have been increased by reducing the need for borrowing money, and subsequent interest payments. It was not possible to quantify this factor during the evaluation.

Impact

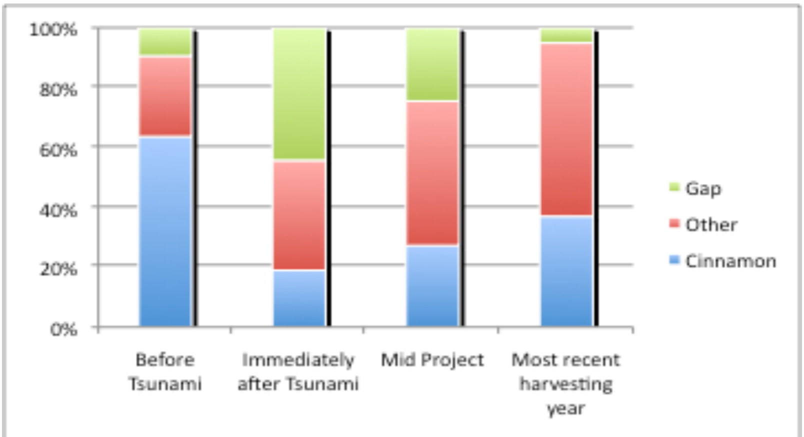
The baseline data for the productivity does not appear very robust. According to DEA, the farmers in the affected areas were already much less productive before the tsunami than those in unaffected areas (180 kg/acre compared to a district average of 250kg/acre). No data was produced to substantiate this, although it was explained in environmental terms. If the baseline is accurate, the improvements in the tsunami-affected areas are very impressive already, as the current average production was reported to be 220kg/acre.

Three broad targets were set: improving the quality of the cinnamon, improving the quantity, and improving the income. The data from DEA supports the reported perspective of the growers interviewed, that improvements in all areas are noticeable.

According to the statistics of the DEA, the tsunami-affected growers are now reaching the same levels of productivity achieved by the rest of the district, and the trend remains upward as the plantations have not yet matured. The expectation is that these plantations could reach a yield of 300-400kg/acre in the future, as a result of high quality inputs and improved management techniques. Therefore, even disregarding the suspect baseline, the project can be seen to have achieved a positive impact in terms of quantity.

According to the household survey, the proportion contribution of cinnamon to the household income is steadily increasing. The trend below almost exactly reflects the expectations of the project in terms of the gradual re-growth of the plantations. If the trend continues, as it should, this indicator will overtake the baseline situation in the coming year or two, as the chart below illustrates.

Figure 3: Cinnamon as a proportion of household income, compared to best year



Equally, the quality of the product has improved according to the DEA statistics. This is attributed to the training and improved practices of the peelers and growers, and this perspective is shared by the DEA and the growers. This trend has been reinforced by a marked increase in the buying price for all grades of cinnamon.

During the household survey, growers were asked about their likely future in the absence of the SRC project. Of the 48 who answered this question, 39 stated that their recovery would have been slower, and 9 stated that they would abandon cinnamon production. None replied that their recovery would have been the same or faster without the project.

The new and strengthened growers associations have been a considerable positive impact of the project, which has been since replicated by DEA in other areas. Growers reported having more influence over the price of their product and also mentioned the spread of good practices through these associations.

There are psychological impacts within the project that are harder to quantify. The project commissioned some research on the sector, and these reference the difficulty of attracting young people into the industry. The annual cinnamon festival and procession to the temple, which was started by CINCA during the project period and part-funded by SRC, is a focal point for the industry in Galle district, and a powerful tool for developing a community spirit.

It appears that the capacity of DEA was also increased through this project, specifically in the area of community mobilisation and perhaps also in project management. There is also a greater awareness of the export development aspect.

Kalutera and Galle Livelihoods

To facilitate the process of economic and social integration of people displaced by the tsunami and the host community in the selected implementation areas

Design

These projects were built around 4 resettlement projects of SRC, which were often multi-donor sites. They supported household livelihoods and community projects for the resettled and host communities alike.

The projects were based on a limited needs assessment, and a statement of needs is included within the project document. This was followed by a community-based process, described as a VCA but in practice a limited PRA exercise. The logic of the intervention is reasonably coherent.

The construction projects appointed a community liaison officer to work with the communities before and during the relocation process. This was seen as good practice, and helped to offset limited formal needs assessment undertaken. It also positively influenced the decision to undertake community projects.

The project suffers from the same weakness in terms of lack of clarity around the baseline situation and the weak definition of key indicators for household economy. The project target (for a mere 40% of households) is a 10% increase of income *(not profit)* from the *post-tsunami* baseline situation. It is not clear how this would apply to a prior income of zero, or why the target is set at such a low threshold.

In its defence, the project did collect current income data from all applicants, as well as their expected income from the project, thus allowing them to be responsible for setting their own targets in addition to the overall project target.

All of these aspects are further compounded by the well-documented difficulty in gaining reliable household income and expenditure data: a process that requires considerable time and well-trained specialist staff.

The wide range of household projects proposed by the beneficiaries would have made an in-kind commodity distribution very labour intensive: a cash based approach was used and this was appropriate. In fact, the project offered beneficiaries a choice between cash grants or in-kind inputs. Every beneficiary selected the cash grant option during the application process.

Community involvement in the household grant elements started with the development of their own business plans. Community committees also verified the applicants and monitored the progress. The degree of involvement varied between the different locations.

Community involvement in the community level project design and implementation was generally high.

This was the first SRC project to adopt a formal risk assessment process. It was in improvement on the previous arrangement but not very complete. Key risks that might have been identified include the large numbers of people adopting one livelihood strategy, and the possibility of additional support for high-risk cases. Monitoring of the risks through the project lifespan appears not to have been practiced.

Relevance

The project used a points system to rank applicants, based in information provided by the applicants themselves. Applicants with higher levels of vulnerability scored more points, as did those with higher levels of capacity. This was intended to identify households more likely to succeed, but the impact of this decision was to exclude some vulnerable potential beneficiaries from the list at the expense of others with more capacity.

That said, the beneficiaries who were selected were mostly poor and the projects they engaged in were mostly appropriate. The Community Exit Evaluation (CEE) suggested some inclusion errors amongst the beneficiaries.

At the start of the project process, various means were used to communicate the project to the communities and gain their support and interest. There was an emphasis on written communication and handbills. Some proven and inclusive means of communication such as mobile loudspeaker units were not adopted.

Once identified as 'eligible', potential beneficiaries were required to travel to the district branch to complete the application process within a 15-day period. In some cases this required several hours of travel in each direction. The evaluation team found people who had been put off by this requirement, and others who reportedly found it impossible to comply, because a family member was in hospital (which requires another family member to stay with them and care for them) or the birth of a child.

The evaluation team questioned the project staff why this process could not have been done within the project location. The consistent answer was that it would help to separate those who were really serious about getting a grant from those who were less committed.

These cases were only identified because the evaluation team made a specific effort to interview non-beneficiaries. It appears that during implementation, the emphasis at each stage was on the people who remained within the beneficiary list, and insufficient emphasis placed on those who may have dropped out.

As an example of this, a second round of applications was opened, but this was limited to people who had successfully completed the application process in the first round. In essence, the qualifying points threshold was lowered for the same cohort of applicant households. This would have been an ideal time to bring in people who would have qualified but did not apply because of personal circumstances or a lack of faith in the project.

A number of justifications were given for this decision retrospectively. It appears that the decision not to reopen the application process was based on the assumption that very few applications were going to be approved. It was felt that it was neither efficient not fair to reopen a process and raise expectations with such a reduced possibility to get the grant.

As a second example, the project had a grievance procedure that appeared to function well, allowing beneficiaries to raise issues directly with senior staff of SRC in a safe manner. However, this procedure was reported as applying to beneficiaries within the project: those who had failed to qualify had no such avenue open to them.

Effectiveness

The results and the specific objective of these projects were met.

The phasing of the first and second instalments was improved in these projects, with beneficiaries requesting smaller grants receiving a higher proportion or the whole amount in the first instalment.

The timing of the household grants and the community projects came around a year after the relocation of the tsunami-affected population into their new homes, and over three years after the tsunami itself. Once the projects began they were implemented swiftly, although community project with infrastructure took a little longer.

The main approach was one of equity, targeting vulnerable people across the newly combined community, rather than focusing specifically on the tsunami affected. This was appropriate given the long time since the event, and was a major factor in helping the new community to gel and reducing potential problems between the hosts and the new arrivals.

This approach was warmly welcomed in warmly appreciated in Lagoswatte, where the new houses were built within the confines of the existing village, the host community was poorer, and they were close to their original market so maintenance of existing livelihoods was perhaps easier.

The approach was less appreciated in Nanathota Palatha and Meegoda, where the resettled area is at some distance from the main village, where the host community are perhaps a little better off, and which is further from the original settlements.

In the Meegoda project, the route to the market from the original village and the resettled community were separate, and no direct road joined the two. The administrative boundary of this project was the GN Division as opposed to the natural boundaries and community structures. The host community were actually more neighbours than hosts.

Given the relatively small numbers of resettled households in each case, it would have been possible to combine both approaches, supporting the whole relocated community and a good number of the host community in addition.

The maximum value of the cash grant (Rs30,000) was based on the average loan given to micro-enterprise start-ups from four micro-finance institutions, which was found to be around Rs25,000. Existing RC/RC cash grant projects in Sri Lanka were also taken into consideration, which were of roughly the same scale.

Grants were paid in two instalments, with the second being approved by the Community Committee once the first was spent as planned and the business on track. In some cases the second instalment took more than one month to be paid as project staff tried to issue second instalments for the whole group of beneficiaries at the same time. This created a burden for some beneficiaries that were expecting the funds as planned. Subsequently, the second instalments were being paid in small tranches of people as soon as it was approved by the CC.

Efficiency

A comprehensive training to enable project staff to support small businesses was begun by seven out of nine project staff, although the modules were not completed.

The community appreciated the field officers' efforts. However, it is likely that they would have been even more useful if they had some background in small business or finance, and could use this to provide more direct levels of technical support to the beneficiaries.

The process of the cash grants was swift in Kalutera, as they came directly from SRC to the beneficiaries' accounts. In Galle the money passed through the SLRCS branch, and was delayed by 15-20 days, even after considerable follow up from the SRC office.

The cash grant modality was popular with the beneficiaries but less popular with the GN and others in positions of authority, including some in the community committees. This modality allowed for an enormous range of projects to be implemented, increasing choice and dignity for the beneficiaries. The wide range of projects did not appear to have a negative impact on the outputs. Where a number of beneficiaries were engaged in similar projects, nucleus groups were formed and technical training was provided.

The training in finance, which included basic book-keeping, the need to separate income and profit, and the need to set aside a fixed amount each week or month to put towards replacement equipment was very highly valued indeed, and appears to have been delivered at a very high standard. A cashbook was provided to support the book-keeping process, and the field officers and community volunteers provided additional support. Training was also provided to the CBO in leadership, finance, and project management.

Impact

Where beneficiaries used their first instalments in ways that had not been agreed, the sanction was to exclude them from the second round. It is not evident from the field visits that much support was offered to help people get back on track, although the monitoring procedures for the field officers suggest otherwise. Some people were able to rejoin the project on producing receipts or other evidence to show that the expenditure or progress had indeed been made as planned.

There is a group of beneficiaries, primarily women who previously had no income of their own, who are now producing a very modest income from their grocery shops, sewing projects, and other livelihoods. Although the value of the income in Rupees may not be very impressive, the financial and social impact for the individuals is very powerful, as they reported to the evaluation team during focus group sessions and household visits.

Some beneficiaries entered the banking system as a result of the cash grant, which is an additional unplanned positive impact.

The amount of money circulating in the local economy appears to have increased. The existing savings CBO Sanasa suggested that they have been able to increase from 15 loans at a time before the project to 35 afterwards.

There is also some evidence of inter-household linkages. A mat producer in Nanathota Palatha was buying raw coir, and then subcontracting the rope-making aspect to her neighbours. She then dyed and used the rope to manufacture doormats. One sewing project in Godagama had expanded to the point where it provided work for 16 formal employees, as well as for members of the family. The non-material impacts such as increase of self-esteem, reduction of family disputes or improved reputation in the community all ranked highly in the Community Exit Evaluation by the majority of participants.

Lunawa Livelihoods

To contribute to reduce the vulnerability and to strengthen the people's capacities and communities affected, directly or indirectly, by the tsunami in order to achieve a sustainable improvement of their quality of life

Design

The project was designed to support people who had been resettled into multi-donor apartment blocks close to their previous dwellings, and the host community around them, who were also their previous neighbours.

The Lunawa project was split off from the Kalutera and Galle livelihoods projects and builds heavily on them. However, there is clear evidence that the design of the Lunawa project benefited from the experience gained in the previous projects.

The SRC Mid Term Review of its tsunami recovery work proposed adopting the Sustainable Livelihoods Framework as the conceptual basis for future livelihoods work. This was adopted for the Lunawa programme and directly led to the identification of gaps in social capital, and influenced the outcome of the community projects,

For example, the indicators for new businesses were changed, so that the target income was equivalent to the minimum wage at the time in Sri Lanka. Overall, the targets are more ambitious with higher amounts being aimed for and anticipated success rates up from 40% to 70% of households. However, the underlying problems with indicator definition were only partially addressed.

The project design process was not very participatory, except for a modified VCA process used mainly to understand the community and identify community level needs. However, it is clear that the whole community was involved in the project and there was little risk of anybody being left out.

The boundaries of the project were defined by the administrative boundaries of the area, and these are not the natural boundaries of the area. The tsunami-affected community continues up the beach to the north of the project area, and this caused some disquiet. However, the decision taken was probably the right one in the circumstances.

Relevance

This was the latest of the livelihoods projects of SRC and took place well after the tsunami, although in a small area that had almost all been tsunami-affected. The negative impact of the tsunami on the economy of the area was still noticeable. The area had continued to decline as the general economy worsened over the next couple of years. The project was therefore appropriate, and the focus of the project – on general poverty rather than specifically on the tsunami relocated people, was appropriate.

The targeting approach for Lunawa was changed completely for this project. The start point for the targeting was the previous census, but this was quickly discarded as being inaccurate, perhaps unsurprising given the high mobility of people. A door-to-door approach was adopted to collect complete information on people living within the area.

The VCA identified wealth groups, and these were used as the basis of decision making for inclusion in the grants programme. There was also a geographic focus on 'poverty pockets' within the Lunawa GN Division. The focus was on vulnerability, and the capacity criterion for entry used in previous projects was dropped.

Special attention was given to several cases where capacity was visibly low and project implementation was going to be a challenge. A decision was taken to go ahead and provide additional monitoring and support.

The use of cash grants was appropriate, especially given the wide range of household activities chosen by beneficiaries. Alternate approaches, such as micro-credit, would have carried risks associated with the existing debt burden of some of the recipients, especially those starting new businesses from scratch.

The project grew in the second round, as other RC partners connected to the same housing project failed to keep their obligations. The second round of cash grants included 147 projects, 67 of which were new applications from people that had not taken the opportunity to apply in the first round.

Effectiveness

A follow-up project in microfinance was organised for some of the beneficiaries, linking them with a microfinance provider and ensuring an appropriate product for them.

The timing of the project was good, coming very soon after the resettlement. The VCA was started before the resettlement happened, which supported this. This does not exclude the possibility that a stand-alone livelihoods project could have been undertaken in this area soon after the tsunami itself.

The ceiling value of the cash grants in Lunawa was brought forward from the Kalutera and Galle projects and set again at Rs30,000.

There was a mid-term review of the projects in Lunawa, which led to some improvements in the community projects.

Efficiency

Some beneficiaries used the first instalment to repair roofs or connect electricity for example, and these were picked up during the monitoring. This suggests that some households were close to the point where they could not meet their basic needs at the start of the project, and that this could have undermined the investment in their livelihoods. In most cases these beneficiaries were able to rejoin the project once they made the losses good from other sources.

The project was delivered swiftly and the cash transfer modality through the banks was efficient.

It would not have been practical to adopt an in-kind approach in Lunawa, or indeed in Kalutera and Galle, given the wide variety of projects adopted.

Impact

The project was effective and met its targets at both community and household level.

The social impacts of the project were surprisingly powerful and the combination of the community and household aspects provided benefits that neither could have achieved on their own.

Findings 1: relating to the specific questions in the TOR

Design

The internal logic of each of the projects is coherent and strong. If the activities were successful, they would lead to the objectives and ultimately support the goals. Equally, the projects all worked in support of the wider tsunami recovery plan.

Cash projects tend to attract higher levels of scrutiny than traditional projects. This evaluation is perhaps an example of this. In this case, this evaluation identifies a number of areas for improvement within the livelihoods projects. Very few of these, however, relate directly to the fact that cash was the predominant modality – they relate to programme design, monitoring, accountability and so on. In many aspects, the quality of the programme is independent of the type of asset being transferred.

Within the projects, the baseline situation was usually not clearly defined or defined as the situation immediately after the tsunami. Technically, the baseline or reference situation should be a 'normal' year before the shock occurred. The needs assessment should identify the impact of the shock on the households, and examine changes to markets and the coping strategies of the affected population. The project should then be designed to offset this: ideally to *build back better.* Using a post-disaster situation as the baseline undermines the logic of the intervention. Where a project takes place long after the disaster, comparison could be made with both the pre-disaster and pre-project situation, and targets will need to be clear which is the reference point.

The needs assessment processes of SRC with regards to the household livelihoods projects were not very detailed and quite top-down in approach. Participatory approaches were generally used for the community level projects.

Indicators, and terms used within indicators were not clearly defined. Critically, terms like income, turnover and profit were not defined, and were sometimes loosely translated. The terms *indicator* and *objective* are used interchangeably. Without clarity on the indicators, it is impossible to quantify progress and impact with any confidence.

The indicator is the property of the project that will be measured. The target or objective then quantifies this: *what proportion* of beneficiaries should achieve *what measure* of the indicator in *what time frame*. Indicators – and the terms used within them – should be very clearly defined within the monitoring framework.

For example, the profit from a livelihoods activity may vary seasonally and need to be averaged or expressed over a year. The profit is the money left over after necessary inputs have been bought, and external labour costs paid. It should not include money set aside to replace assets, and it needs to be clear whether it includes the labour cost of the beneficiaries themselves. This is a much more useful and unambiguous indicator than simple household income, especially where households have more than one livelihood strategy.

Defining the indicator in purely financial terms may not be appropriate for some projects which increase the primary production of food which is then consumed by the household.

Defining the indicator in terms of average performance masks some of the detail. For example, if production is averaged across the whole cinnamon community, a few producers whose fields have been damaged by flooding will offset the average and mask the success of the others. The two results below are very different, and the second contains much more useful information.

The average yield is 75% of the target value

75% of producers exceeded the target value.

Project design was not always rigorous. Some projects were not financially viable at the scale proposed inferred from the level of inputs provided. Several projects focused on production but had weaknesses in the marketing element.

Project design should be logical and rigorous. Needs assessment should be based on a clear reference or baseline year and take into account the direct and indirect impacts of the disaster, the coping strategies of the affected population and the plans of other actors when designing the response. Indicators should be unambiguous and clearly defined. They should be chosen to be indicative of the project success: directly related to the project purpose. Ideally they should be common across livelihoods projects (although different projects may have different targets) in order to allow meaningful comparison. Above all, indicators should be designed to present useful information that can influence project decisions.

Working through local authorities added value to the SRC projects. The degree of value they added varied: and it was most successful when the partners had both the technical skills and available capacity. SRC should have the means to undertake technical and managerial capacity assessment of these partners as part of the project design phase, and be in a position to support them to develop capacity where this is needed.

Technical support for the design phase is essential. However, the nature of this technical support may not always be clear at the outset. It may be appropriate to provide an agronomist to support a government agriculture department. But it may be that a specialist in organisational development is better suited, or a community mobiliser is more relevant.

Beneficiary involvement in the design phase of projects improves the quality and sustainability of the project outputs. Higher levels of beneficiary involvement would probably have offset many of the shortcomings in determining the nature of the inputs package in Kalutera Agriculture, for example.

Many livelihoods approaches observed benefitted from technical support to production capacity but were let down to a degree by weaknesses on the marketing side. This aspect should be given emphasis in the project design phase.

Risk analysis visibly improved through the project process, and the eventual system looked at the likelihood of the risk and its potential impact in the project. Risk management monitoring could be further developed.

The administrative boundaries may not reflect the natural boundaries of communities, and this can lead to a sense of injustice when people are excluded from the project by virtue of living on the wrong side of an arbitrary line. However, working across boundaries can also create complications in project management.

It was valuable that SRC was willing to take on quite long-term livelihoods projects. The emphasis in early recovery programming is usually on quick wins, but if SRC had not taken the initiative in the cinnamon sector it is possible that no other actor would have, and the project was very successful.

The emphasis placed on cross-cutting issues varied between projects but was not very high in any of them. Targeting generally supported women, and specifically women headed households (although one focus group suggested that some households were better off without men!). The community projects were often intended to offset the risks of tensions between host and resettled communities. Other cross-cutting issues were given less attention.

Relevance

The provision of a livelihoods and community development component to housing projects was highly relevant and improved the overall outcome for the community.

Community-based targeting processes based on PRA tools and wealth ranking were more successful in targeting the most appropriate households than the points-based system run by the project staff.

The quality of communications with beneficiaries about the initial criteria for selection, and presenting the names of selected households varied between projects. The early projects provided many opportunities for learning, and the later projects demonstrated that learning had taken place.

The training on financial management of livelihoods was extremely highly valued by the project beneficiaries wherever it was used. A significant majority of households visited during the fieldwork stated that this was crucial for the success of their livelihood project.

The investments into existing community based organisations, be they new or created through the project, was a valuable input which also improved efficiency and effectiveness of project delivery in most cases through their involvement in monitoring and support.

The Community Exit Evaluation (CEE) is an important process, which brings participative tools to the evaluation of the project at the exit phase, enhancing both community accountability and supporting the transition. It also provides valuable information for institutional learning.

The impact of the projects goes well beyond the immediate income available to the family and the practical results of the community projects. The indirect social impacts of both household and community projects were commented upon by many and evident to the evaluation team.

Effectiveness

Errors of Inclusion arose in several of the projects, and were easiest to identify in the cinnamon project. SRC was not responsible for selecting beneficiaries for this project, but was involved in verification and did have access to the relevant data throughout. In other projects the frequent changes in beneficiary lists suggest that similar problems may have arisen.

The emphasis of the project management appears to have been focused almost exclusively on those households **on** the list. Households **off** the list fell off the radar. This meant that it would have been difficult to identify errors of exclusion at any stage of the process. The Issues arising amongst non-beneficiaries were real, but they do not come out through the project documentation: the evaluation team had to create an opportunity in special focus groups for them to emerge.

Further errors of exclusion will have arisen through the points system used to identify beneficiaries in several of the earlier projects.

There is clear evidence that the projects learned and improved over time, and that lessons identified in one project resulted in changes in other projects.

Several projects required applicants to travel to the SLRCS branch to complete the application procedure, and this was justified on the grounds that it was important for them to make an effort. This appears to have deterred several eligible applicants, and was an unnecessary hurdle.

The processes used to inform and target beneficiaries were not always as effective as they could be. Such processes should be designed to encourage and increase participation at all stages. If effective criteria are used in the selection process, additional hurdles serve no purpose. Transparent process, preferable community-based, increase the trust of the community in the agency and increase the likelihood of the project succeeding. A review process should be included for those who feel unfairly excluded, and ideally a second round can be run to catch any stragglers. Interestingly, drop-out rates for second round applicants were almost zero.

The evaluation fieldwork highlights, that where households are close to the poverty line there is a risk that cash inputs will be channelled towards essential and immediate needs rather than the agreed livelihood development activity. The experience of the Lunawa project in particular suggests that this can be risk can be offset where such households are identified in advance, and additional support given for a short period of time.

Some evidence from the cinnamon project suggests that if such additional support is not provided, one option that households may adopt is to take on expensive debt, and this risks undermining the viability, or slowing down the progress of the livelihoods intervention.

Although SRC and some beneficiaries reported that a grievance procedure was in place, no written documentation could be found to support this. It is possible that grievance procedures were only open to successful applicants.

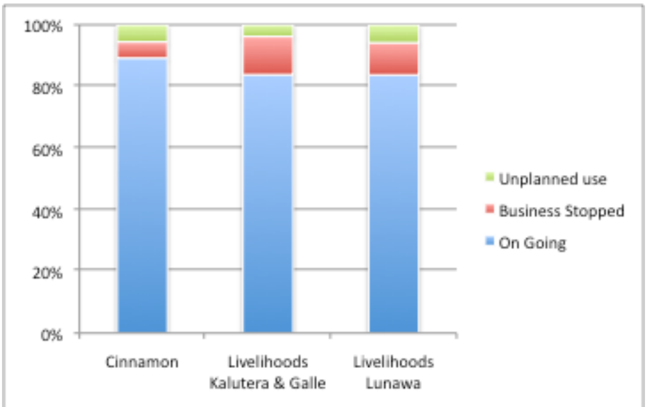
The projects adopted a range of approaches to equity, some focusing entirely on tsunami-affected households, and others placing more emphasis on host communities. The emphasis on the host communities is appropriate especially in the projects connected to housing schemes. In contrast, Meegoda was a multi-donor site with limited community support from the other housing donors, and a host community that was physically quite distant despite being in the same GN division. In this case, perhaps it would have been better to place more emphasis on the resettled community.

In Kalutera and Galle, there was no direct oversight of the household business plans, and the training provided was only two days. In Lunawa on the other hand, all projects were assessed for viability and revised with expert support during a five day training event.

The phasing of the grants improved over the evolution of the three projects, with the methodology adopted in the later projects being the best approach observed during the evaluation.

Some livelihoods are seasonal, and in some cases the use of the grants reflected this. The first instalment of the grant was used to support one livelihood and the second phase to support another, and these livelihood strategies then alternated each year. This quite sophisticated approach was outside the intentions of the projects, and even ran the risk of being designated a 'misuse'.

Figure 4: levels of unplanned use of cash grants



Levels of 'unplanned use' within the projects seem to be low. The chart offers a comparison across three of the four projects: Agriculture Kalutera is left out as the goods were mostly provided in-kind.

Marginalisation does not appear to have been an issue within the programmes evaluated, but there is no strong evidence that concerns about marginalisation informed the project design or monitoring.

The deliberate development of social capital through community projects in Lunawa was in response to an identified gap: a gap which appears to have been identified as a direct result of the adoption of the *Sustainable Livelihoods Framework* as a means of analysis.

The value of the inputs was carefully calculated in the Cinnamon project. In the others, the process adopted for setting the value of the cash grants and inputs was adequate, but not exactly rigorous, especially in the earlier projects. Neither is it completely consistent: the SRC investment into a peeling centre is far greater for one household than the standard household grants in Lunawa. It is reasonable to determine the ceiling value on an analysis of half a dozen likely livelihood strategies, and then communicate this. Individual applications were examined critically and revised as appropriate.

The value of the cash grants was rightly derived based on the specific use to which the money was to be put. However, no consideration was given at the time of value setting to the possibility that there might be additional needs that may need to be met *before* households would invest in their livelihoods. When households 'misuse' a livelihood grant in this way, the fault lies in the project assessment, not with the household.

Efficiency

Cash grants were seen as an effective means to provide households with inputs to restart their livelihoods in all the projects where this modality was used. In contrast, the distribution of much of the in-kind items, including ornamental plants, fertilizer, and cooking equipment was plagued with problems of appropriateness, quality and monitoring. The distributions of cinnamon seedlings provided through DEA were an exception, being well managed and of high quality.

SLRCS involvement in procurement processes and in cash distribution was not successful. Movement policy during the tsunami operation required PNS to use SLRCS for procurement, and in every case explored during this evaluation this led to problems.

Procurement of building materials for community infrastructure and external consultancies were also inefficient. Good quality monitoring by SRC identified a range of issues in these processes, which were managed by SLRCS, including quality control, transparency and concerns about requests for commission payments, and this often delayed procurement processes.

Problems arising with the quality of goods were usually acted upon by SRC, although after the distribution there was often little that could be done. It appears that problems arising with the quantity of goods were usually not reported and therefore not acted upon. This raises the question of the effectiveness of both the monitoring processes and the grievance procedures.

During the fieldwork, beneficiaries almost universally preferred cash grants to distributions of commodities. A range of reasons were given for this, including the ability to purchase high quality, highly specific products, and the delays experienced in commodity procurement and distribution. It was evident that those in authority were very suspicious of cash grants, suggesting that people could not be trusted to spend them appropriately. This concern is not borne out by the fieldwork, or by analysis of the various monitoring data made available to the evaluation team.

Cash distribution practices were generally efficient. In some cases beneficiaries had to travel to meetings to collect cheques, but in many cases bank transfers were used. Some beneficiaries gained access to the formal banking system during the course of the project.

Field officers were able to support beneficiaries in aspects such as keeping their account books and planning some activities. With additional training, such support could have been even more effective.

Where a group of beneficiaries all chooses the same project, some very specific interventions are called for. Working together, they could take on bigger projects and exploit marketing opportunities. Working against each other, they could saturate the market and all fail. The projects were clearly aware of these issues, but only limited steps were taken to address them. Community committees were aware of the issue, but no efforts were made to steer people away from saturated sectors. However, additional training was provided to *nucleus groups*.

Considerable effort was put into the development of a baseline database for several of the projects, but the final product was never completed. Much data was collected and recorded that was possibly never used. Because there is no easy way to link the monitoring data to this comprehensive baseline, it cannot easily be explored to understand trends or identify causation. This in turn devalues the household survey undertaken for this evaluation, which was intended to fill gaps in the knowledge, as there is nothing to compare it to.

Cost benefit analysis not possible given the limited data available. However, it is possible to measure the expenditures on beneficiaries and express this as a proportion of the total project expenditure. Results for the four projects are as follows:

Table 2: comparison of costs

All values in €	**Agriculture Kalutera**		**Cinnamon**		**Kalutera and Galle HH Grant**		**Lunawa HH grant**	
Total cost per beneficiary	620		889		456		421	
Direct inputs to beneficiaries	211	34%	471	53%	194	42%	179	43%
Local staff, volunteers	56	9%	47	5%	55	12%	75	18%
Delegate	143	23%	238	27%	100	22%	83	20%
Support cost	198	32%	116	13%	56	12%	61	14%
Indirect cost SLRCS/SRC	12	2%	19	2%	52	12%	24	6%

The cost per beneficiary for the community project in both Livelihood Kalutera and Galle and Livelihood Lunawa are €28.

Descriptions of expenditure categories:

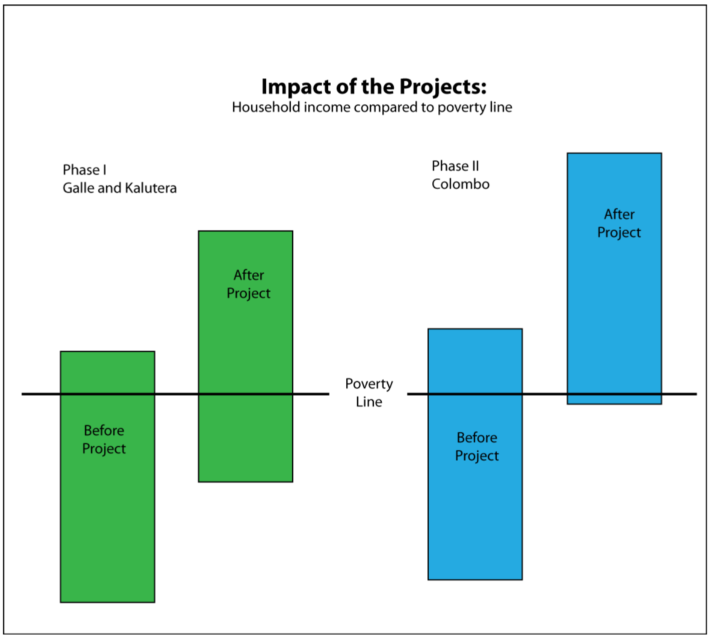
Local staff and volunteers:	Salaries, per diem, trainings
Delegates:	Salaries accommodation, international travel
Support cost:	Equipment, logistics/transport, office rental and other running costs, evaluation/audits and visibility
Indirect cost:	Organisation cost at SRC NHQ and/or SLRCS

Impact

In the majority of households, the livelihoods projects had a positive impact on the household economy. In some of these cases, this was a short-term benefit as other livelihood strategies took over as the main source of income. In some cases, it remains the main source of income to the household.

In addition to the financial contribution to the household economy, the livelihoods projects had positive social impacts on many of those who received them, particularly women from lower socio-economic groups or with less education. Other impact included nutritional benefits from home gardens, for example.

The community projects likewise had positive impacts at two main levels. Direct impacts resulted from the projects including access to water, electricity, street lighting, and medical facilities, the construction of playgrounds and community centres, and the development of community organisations. Indirect impacts included increased capacity of the community organisations to access additional funding, reduced tensions between resettled and hosts communities, and the development of savings schemes.



Looking at the cash grant projects, it is possible to compare household income compared to the official poverty line before and after the project. The diagram opposite shows the proportion of households above and below the line in the two projects.

Household livelihoods projects can have a wide variety of futures, and specifically they can come to an end in a wide variety of ways. Recording a project as 'stopped' is a very limiting description. Households can migrate to other more appropriate/profitable income sources as the situation changes and opportunities arise or close. The needs a household had may no longer be present. Or a project could stop because people have moved. Or it might just fail. Monitoring processes should recognise this range of outcomes, and report them properly, or risk under-reporting success.

Findings 2: relating to the analytical framework

This section takes the analytical framework as its basis and explores the issues that arise from applying it to the projects under evaluation, looking specifically at the factors identified within the framework, and relating these where possible to the success, failure and viability of the household level projects under review.

Each of the projects is described in the terms of the analytical framework in the second annex to this report.

While it considers all four projects, the main focus of this section is to compare the various approaches to cash grants used during implementation, and to compare these where relevant with the in-kind distributions also employed in some projects.

Factors at the household level

Livelihood business model

Four types of business model were identified through the fieldwork.

- Primary production such as agriculture or livestock rearing
- Processing and value addition such as the production of string hoppers or clothes manufacture
- Buying and reselling goods such as grocery shops, vegetables sales, and beach hawking
- Renting out an asset such as a cart or an air compressor.

All four can produce an income that makes a significant contribution to household economy. However, the last two appear to require less 'business acumen' than the first two. The evaluation team came across a couple of extremely poor families with very limited education and capacity, which were able to maintain at least a modest income through renting out an asset. They usually had support from community members to manage even this simple business, maintaining the asset and ensuring the customer base.

A wide variety of business models, from very simple to quite complex can benefit from a cash grant following a disaster. More simple business models, and perhaps community support structures may be more appropriate if household assessment suggests lower levels of capacity.

The 'points system' used for beneficiary selection criteria in the earlier projects penalised applicants who did not have previous experience to run their business. Had it been rigorously applied, some successful beneficiaries we saw in Lunawa could have been excluded.

If it is not possible to provide grants to all affected people, then some can be excluded with simple and transparent criteria (e.g. 'government jobs'). Community-led PRA wealth ranking exercises are an effective means to select from the remaining group. See also *Findings 1: Relevance*.

Livelihood continuity

Observation in the field confirmed the common-sense suggestion that beneficiaries who are returning to a business or livelihood that they practiced prior to the tsunami were more likely to be successful.

This is supported to a degree by limited data from the household survey. Of the six households interviewed who were embarking on a new business, only one was still productive at the time of the survey.

Relocation sometimes made this impossible as access to an asset base (the sea, for example) or a specific market may have changed.

Many successful new businesses were also observed – beneficiaries often quoted the training (and particularly the finance training) as being a critical factor in their success. See also *Findings 2: Diversification.*

Practical, hands on training in running a simple business, including calculating how much to set aside to replace assets and calculating your own labour costs, was often cited as a critical factor in the success of projects, even amongst those who had been running successful businesses before the disaster. Support from experienced field officers sometimes enhanced this process.

Previous experience

Linked to the previous observation is another: that beneficiaries with prior experience in one business or livelihood appeared to be more successful in starting new businesses than those without. To quantify this effect it would have been necessary to identify some measure of the complexity of the previous and current business, since all households were engaged in some sort of income generation prior to the tsunami.

This could use the business model idea in *Findings 2: Factors at the household level* as a starting point, but would need to be more sophisticated than this.

Intended duration

Beneficiaries implemented some projects in order to provide a quick short-term income to see them over the worst time. Others intended to keep this as a permanent income source. This is important because it should influence the way in which business that have stopped are recorded: have they stopped because they have served their purpose and the family now has access to a better income source, or they have stopped because they failed?

Monitoring processes should distinguish between projects that have ‘failed’: having stopped leaving the family with a reduced income, and those that have been superseded by others as the situation and opportunities change.

Current livelihood viability

Different households were observed to have had varying ability to meet their food and income needs. At the time of the cash grants, households could be in any one of three basic situations, as the list below illustrates.

Household is unable to meet food and basic survival needs, have debts that they struggle to repay, or cannot afford spending on healthcare or education

Household is able to meet basic needs but does not have the capital or other resources it needs to develop further.

Household is able to invest in the further development of the livelihood, or has a disposable income.

As a stand-alone intervention, a livelihoods cash grant is most appropriate for the middle group, where it can make a significant impact on the household economy over a relatively short period. The wealthier group may reasonably be excluded on targeting grounds.

The poorest group can also benefit from a cash grant in the right circumstances, but it may be necessary to provide additional short-term support to cover the gap in essential needs, and thus protect the investment in the livelihood. A livelihood strategy that produces an income quite swiftly would also be more appropriate than one that takes time to mature. Long gaps between grant instalments will be a particular disadvantage to this group.

Diversification

Most poor families rely on a range of livelihoods strategies to meet their basic needs and this picture was also observed amongst the tsunami-affected people in the projects under evaluation. Only a few of the households interviewed relied on a single livelihood approach for the majority of their food and income.

It must be recognised that household grants will support a livelihood that will contribute to the household income, but in most cases will not provide the whole of that income. Expectations in the project design should reflect this, and monitoring tools should aim to record it. Since the situation will change over time, some livelihood strategies – including those supported by the grant – may be dropped in favour of others.

From this perspective, a distinction can also be made between projects that aim to **strengthen** existing livelihoods, and those that **diversify** the livelihoods base of the household.

> Understanding that poor households tend not to have all their livelihood eggs in one basket, projects should recognise that the activity they support will usually form only one part of the household income – and should only command a proportionate amount of the household time.

Nature of market

Three different market models were identified in the projects under evaluation. The different models do require different levels of business – and especially marketing – acumen, but no particular difference was observed between the success of projects between the three groups:

- Selling to directly to peers and the local community,
- Selling to known middlemen, local shops, etc
- Selling directly to an external market: hotels, shops, exporters.

Marketing aspects of the projects were not strong. In part this reflected technical gaps in the project implementers, both SRC and partners. Where successful projects were found in the third category, the individuals concerned usually had their own connections that allowed them to access these markets. In both the latter cases, the buyers usually set prices, and changes to the costs of inputs left producers in a difficult position.

The financial training was subcontracted to a specialist provider, and many grant beneficiaries noted that it had enabled them to calculate the cost of inputs and labour for the products they make, amongst other benefits. In almost every case, people were able to tell us exactly the cost of, for example, a coir doormat or twenty string hoppers, as well as the replacement cost and lifespan of the equipment they need to make them – and they also told us that they had not been able to do this prior to the training. It is to be hoped that this will help them in future negotiations about the buying price of their produce.

Modality of HH level inputs

The projects visited provided productive assets to households through a variety of approaches. In some, items such as seedlings, tools, cooking equipment were provided directly. In others, the cash grant was the sole modality, made against a business plan that clearly identified the intended uses of the money. In some projects, a mixture of approaches was used.

It was very notable that in every case, those in authority preferred the distribution of commodities, citing misuse amongst recipients as the main reason for this preference. They also suggested that commodity distributions were easier to manage. Such individuals included SLRCS staff, the *Grama Niladari*, representatives from technical departments, and even community committees.

In stark contrast, those receiving the grants were almost universal in their preference for cash. They cited the wide range of livelihoods strategies that could be supported through a single approach, and the choice that it provided to the recipient in determining the exact items to be bought. Speaking against commodities, they cited the poor quality of goods received (from their experiences within the

SRC project and outside of it), sales of such materials back to suppliers (at reduced price) and suggested that those in charge would be getting some sort of kickback from the procurement.

SRC staff at all levels also expressed a preference for the cash approach. They cited the difficulty of providing highly personalised packages to a wide range of livelihoods strategies in a wider range of situations, the dignity and choice that cash approaches provide, and the psychological benefits of taking charge of the recovery of the household, rather than being a passive recipient.

In practice, the levels of inappropriate or unplanned use of cash grants that are evident from the monitoring tools and evaluation reports from the projects under review are low. See unplanned use, in *Findings 1: Effectiveness.*

The cash grant approach was the most appropriate modality in each of the projects reviewed, despite the variations in location, livelihoods and time. The impact of the grants was positive at the household level, and where alternatives were used there is no evidence to suggest that this was a better approach than cash, and they were worse in several cases. The only real exception to this is the cinnamon seedlings provided by DEA, which were seen to have been of higher quality than those readily available on the regular market. Even in this case, DEA told us that farmers could have bought the same seedlings from suppliers certified by them.

Many of the key lessons learned through the evaluation are independent of the decision to use cash – or not – as the modality of support. Where cash is used appropriately, however, it brings advantages in terms of choice, effectiveness, and efficiency – and this is true across a range of programme situations, as the analytical framework demonstrates. This suggests that cash options should usually be left open for livelihoods interventions unless there are sound and proven reasons to exclude them.

Balance of inputs

The inputs at a household level were very positive, and have allowed many households, both directly and indirectly tsunami affected, to re-establish existing livelihoods and start new ones. Community projects were very well appreciated in all communities where they were implemented for their direct impact. In communities which had hosted those resettled after the tsunami, the additional impacts relating to community cohesion were also very highly appreciated

The provision of training was highly appreciated at both household livelihood level, and at the level of the community projects. It was clearly relevant: both that it directly related to people's projects, and that focused on new skills and areas in which they had no prior experience. With compelling frequency, we heard *'this would not have been possible without the training'*. Training was also reported to empower people to engage in community meetings and debate. This comment appears to apply especially to those with a limited education, and the effect was presumably also enhanced by their status as people of (newly) productive capacity.

The marketing knowledge and linkages component of the programme was the least impressive of the three components, and there was a sense that some of the cash grant beneficiaries were let down by this in a substantial manner: specifically those engaged in the production of ornamental plants and mushrooms in Kalutera agriculture project. This is a shame, as there is enormous potential for business development on the west coast, as some of the beneficiaries themselves have demonstrated. In some cases, perhaps especially where a large number of applicants have expressed an interest in the same livelihood approach in a restricted area, there would be value in addressing some of the marketing issues prior to the cash grant application process, as happened to a degree in Lunawa.

As a stand-alone intervention the cash grants would have been valuable, but the impact was multiplied as a result of the training that accompanied them. The value of technical training is varied: many people already know their business. But the value of the financial training appears to be almost universal. Less successful but equally important were the marketing and linkages aspects of the project, especially in support of certain groups of beneficiaries with more ambitious plans or less familiar strategies. During the design phase the balance of these three sorts of inputs must be carefully reviewed, based on the local context, and in the light of experience elsewhere.

Nature of beneficiary

The framework identified four separate groups of potential beneficiaries, as follows:

Tsunami affected; provided with new home in new location

Tsunami affected; provided with new home in original location

Tsunami affected; but living in original home

Non-tsunami affected host community

Neither the survey data nor the field visits provided any evidence that any of these groups was more or less successful than the others in terms of the livelihoods cash grant projects.

Balance of targeting

In the livelihoods cash grants projects in Lunawa, Kalutera and Galle the project designers could choose between focusing only on the tsunami-affected who had received new houses, or including the whole community including the hosts: the original inhabitants of the area. In each case the decision was taken to include host communities and apply the same eligibility criteria to everybody.

This had positive impacts in terms of community cohesion, and especially in projects where the relocation was some time after the tsunami itself, was clearly the correct decision. However, some tsunami-affected, relocated households were not able to benefit from the cash grants: they did not score sufficient points in the application process. Given the resources available, the small beneficiary numbers and the relatively low value of the grants, it might have been more appropriate to target the whole of the tsunami affected community, and all qualifying members of the host community.

It is also apparent that not all host communities are equal. In Lunawa, people were resettled only a few metres from their original homes. In Lagoswatta for example, the resettlement site was within an existing community who truly qualify as hosts. In Meegoda, the nearest 'host' community is within the same GN Division, but is accessed by a separate road could perhaps have been supported differently.

Other actors

There is no evidence to suggest that the inputs provided by other actors were closely monitored during the project period, although attempts were made to ensure no direct duplication of inputs especially at the start of projects. This makes it difficult to attribute success entirely to the SRC projects, or to be sure that they would have been successful in the absence of other inputs.

The cinnamon project focused entirely on restoring the productivity of the cinnamon plantations – a process that takes several years – and did not attempt to cover household expenditures over this time. It appears to have explicitly recognised that other agencies would provide other forms of support, and assumed that these would be sufficient to protect the investment they were making. The project did recognise that in some cases the income form cinnamon formed only a part of the household income for both producers and growers.

Some households were reported to have left the SRC Cinnamon project to join an IFRC livelihoods project. This suggests an issue of coordination, as well as one of intervention logic: if cinnamon was only one livelihoods strategy for these households, why should they have had to choose between two lines of support?

Specific HH vulnerabilities

The purpose of all the projects under review was to support the recovery of the livelihoods of vulnerable people. Therefore the projects need to have the means to identify and target vulnerable people and provide them with adequate means of support to develop their livelihoods.

Under the points system employed for the livelihood programmes in Lunawa, Kalutera and Galle, households with disabled members and household headed by women were qualified for the project automatically despite their scores in other sectors.

The Household Survey shows a wide range of dependency ratios as might be expected. In nine households, there were only productive adults and no dependents at the time of the survey – although this may not have been the situation at the time of the project. The majority of households show higher ratios of dependents, up to a maximum of 10 children and four adults dependent on one breadwinner. From observation of the projects, this is likely to mask the real situation, where many family members may contribute to the household income, even though they are registered as 'dependent'.

Marginalisation is not seen as an issue in the project. The VCA processes were generally quite strong, although there were gaps. As an example, the committee in Lunawa is completely Christian, which is the majority group in the area. The VCA looks at ethnicity but not at religion, so there is a risk that Buddhist (or potentially Tamil or Muslim) groups could be marginalised. However, on checking with Buddhist beneficiaries, they were not concerned with the issue. And two of the community projects were directly targeted at the Buddhist community.

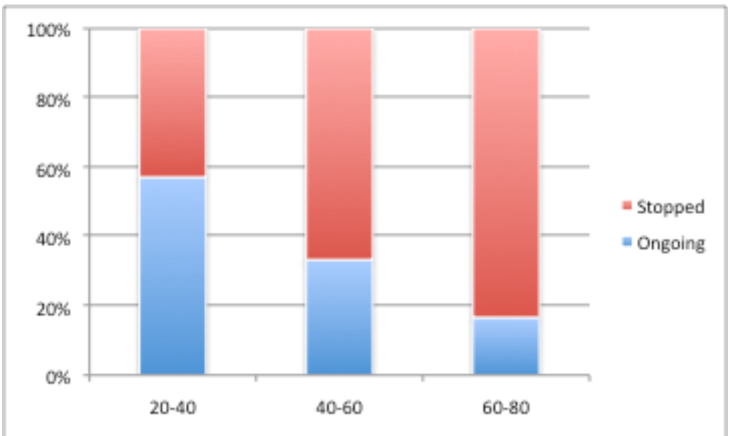
The issue of marginalisation is greater when it comes to caste, which is often difficult to discuss with outsiders. The caste system in Sri Lanka is much stronger in the interior and less so on the coast, and it is not seen as a concern within the terms of this evaluation.

Looking at the range of vulnerability represented within the projects, it is clear from the fieldwork that households across the whole range were able to develop and strengthen their livelihoods as a result of the SRC tsunami programming. Given the wide number of factors involved in the success of a project and the limited data available, it is not possible to quantify this further.

In the Lunawa project there is clear evidence of learning from the earlier projects. The VCA included a thorough physical mapping of area, and the team were confident that no pockets of marginalisation remained untouched. However, the VCA stopped at the formal administrative boundary of the area.

The age of beneficiaries may have had an influence on the success of projects. Data is limited, but the following chart relates to the 50 households interviewed from the Kalutera agriculture project, and shows the balance of projects continued or stopped in three age bands. However, this effect may have had more to do with the types of projects chosen by these age groups, as no such correlation is seen in the cinnamon project, for example.

Figure 5: Project success related to the age of beneficiaries, Kalutera agriculture



Specific HH capacities

In the early phases of the livelihoods programmes, a points system was used to identify qualifying beneficiaries. In cases where a household has a specific skill or relevant previous experience this would increase the point score of the household and make them more likely to qualify. By inference, households with fewer skills or less experience would be less likely to qualify. In Lunawa the points system was replaced by an alternate targeting methodology, using a community based approach and a stronger emphasis on vulnerability.

In cases of higher capacity, this will often imply that households were already engaged in this livelihood prior to the disaster, or another like it. The grant may be used for strengthening or diversifying the household income base. In household interviews and focus groups, however, such beneficiaries were consistent in their appreciation of the value of the training. In general, the finance and business training was seen even more positively than the technical training.

Within the successful projects, there appears to be a correlation between the capacity of the household and the complexity of the project. While this seems obvious, it is an important factor to bear in mind during any process of validation of the projects selected by households.

The following simple matrix combines these findings with the previous section on vulnerability.

Table 3: Vulnerability and capacity

	Higher Capacity	Lower Capacity
Higher Vulnerability	**Cash grant should be provided** These beneficiaries may already have good technical skills, but may benefit from additional technical support, new methods, improved varieties etc. Business and finance management skills will be appreciated and will impact positively upon the success of the project	**Cash grant may be provided** In some cases it may be considered that a cash grant should not be provided as there is no capacity to manage it. However, the project demonstrates that with a well-chosen project, and strong support from the community, such projects can succeed even where there is very limited capacity for learning.
Lower Vulnerability	**Cash grant may not be provided** If a targeted approach (as opposed to a blanket approach) has been adopted, these households are not likely to be selected for the project, as they are likely to be able to recover without external support.	**Cash grant should be provided** These beneficiaries are less likely to bring string technical skills and experience to the project and will benefit from technical support, new methods, improved varieties etc. Business and finance management skills will also be appreciated and will impact positively upon the success of the project

At a household level, vulnerabilities and capacities are both crucial factors in the success of collapse of a livelihood strategy. Both need to be understood *and quantified* by the team supporting a cash grant programme, but the information should be used in different ways. The vulnerability data should be used to *select beneficiaries*. The capacity data should be used to determine the *amount of support* a household might need, especially at the start of the process, in order to be successful, and should also inform the choice of projects for a particular household.

Location factors

Location

The analytical framework identifies three groups of locations for the livelihoods projects, namely:

- In original location — Cinnamon projects, much of Lunawa livelihoods, and Kalutera Agric.
- Relocated but in similar environment — Parts of the Lunawa livelihoods project.
- Relocated into new environment — Much of Kalutera, and Galle livelihoods

The evidence from the field visits reinforces the common-sense observation that relocation will generally provide a more challenging environment than continuity. From discussions, access to the market (for sales) seems to have been a more important success factor than access to resources for production, although not in cases where the production was directly tied to the former location and its assets – such as fishermen moving to an inland location.

Marketing aspects were amongst the weaker aspects of a generally strong programme, and this weakness was most apparent in the relocation projects.

Balance of projects

It is possible to make a comparison between the 'pure' livelihoods projects: Kalutera livelihoods, and the 'mixed' projects which included the formation of CBOs (as in the Cinnamon project), and in some cases also the development of community projects (as the relocation schemes in Kalutera and Lunawa did).

Within these mixed projects, the creation of (or support to existing) CBOs was seen as a very constructive aspect of the project by the community themselves. CBOs created by the project were still very much in evidence and apparently adding value well after the project had closed. Benefits were felt in improved techniques, strengthened marketing, and community cohesion.

Where a community CBO had been created it had also been supported to implement a range of community projects supported by SRC. These ranged from small events to substantial water supply systems, with every community visited able to demonstrate a variety of such projects successfully completed.

While it is not possible to make a isolate the impact of these different approaches, it is very clear that reconstruction (and especially relocation) projects really benefit very strongly from the addition of household level grants, community projects, and the strengthening of the community itself to form a holistic approach, and bring real meaning to the phrase *building back better*.

Markets

In the area under review, by far the strongest markets exist along the main road between Galle and Colombo. Since this road runs down the coast, this is also the original home of many of the beneficiaries. However, some of them have since been relocated a little further inland, as a result of the shortage of land and the *buffer zone* legislation. Factors relating to this have been covered in *Findings 2: location factors*.

One of the main drivers of the markets down the coast road is tourism, and the tourism industry took quite a serious downturn between 2004 and 2008,, according to the Sri Lanka Tourist Board. This fuelled price rises and reduced employment opportunities. For example, during the project implementation period, construction materials were reported to increase in price by a factor of five times, and labour costs doubled. However, the Sri Lankan economy is currently one of the fastest growing in the world.

This was a common situation across all the project areas, so no direct comparison can be made between projects with stable markets and those experiencing rapid change. However it is noted that on several occasions SRC reviewed the costs of community projects and increased the amount of committed funds in order to ensure the projects remained viable.

Time elapsed since the tsunami

It is not possible to draw any conclusions about the success of the livelihoods projects that took place soon after the tsunami in comparison with the later ones, at least in simple terms of the time elapsed since the disaster: too much else had also changed and much learning had taken place within the SRC team. A variety of opinions were expressed: some suggested that people needed a couple of years to recover before trying to re-start businesses, and others said that people needed an early boost to get back on their feet, and the cash grants would help them to take charge of their lives again.

It should be noted, however, that while the focus of the early projects was more directly towards tsunami affected people and the impact of the tsunami itself, the later projects – in a time of very depressed economy and including host communities as well as housing recipients – perhaps focused more on general poverty alleviation. This was an appropriate response to the changing conditions.

Time elapsed since relocation

This was a much stronger factor, however. In general, the cash grants came quite quickly after the relocation projects, and this was very much appreciated. In a few cases, the grants came a little slower, or there was a large gap between the first instalment and the second, and this caused problems for some people. A couple of relocation beneficiaries even suggested that it would have been helpful to provide the cash grant before the move – although there were mixed views about this within the group.

Systemic factors

Project management model

In terms of overall implementation, the DEA implemented Cinnamon project and the SRC implemented Lunawa project were both highly effective. The weakest project is probably the Kalutera agriculture project, implemented by DPDA. The issue appears to be the competence of the responsible institution rather than who they are.

Both projects run through government departments showed weaknesses around markets: their mandate is to improve production, and this was not really picked up in the project design. There seemed to be an expectation that the responsible department would cover this.

Aspects of implementation through SLRCS were not a huge success. Particular issues related to procurement and distribution of goods. The host national society were in a position to have added lots of value in terms of linkages with communities and especially a more gentle transition at the time of SRC exit. This should be emphasised in the design of future projects, but only where the national society has both the capacity and the willingness to be involved.

Organisational Experience

There is quite strong evidence that the projects 'got better' as they went along. This is true both within and between projects. This seems to be due to a mixture of increased confidence and increased experience. As examples of this, the weaknesses in the initial points system were recognised and it was replaced for the Lunawa project. The community involvement and accountability aspects were improved to positive effect. More individual attention was paid to the feasibility of the household business plans.

It would be valuable if SRC can continue this trend of deliberate learning and self-improvement, and it is hoped that this report is another step in that process. Learning between countries is more challenging than learning between projects within a single operation, and it will need to be addressed in a deliberate manner.

Recommendations

In the situations reviewed during this evaluation, there was a clear message: beneficiaries prefer cash. **Recommendation 1: Keep the door to cash programming open unless there is a good reason to close it.** Those in authority may not like it much, but if we are serious about accountability, the beneficiary's voice should at least be heard. See the IFRC Cash Guidance section 4.1, which examines situations in which a cash-based intervention may not be appropriate. The flowchart in this section starts with the sentence: '*Choose cash unless…*'.

One of the strengths of this project is that each project retained an internal logic and each fed towards the broader goals of both SRC and the Red Cross Movement in the tsunami response. **Recommendation 2: Ensure that projects exist within the context of a broader programme goal, and that the internal logic of each project is coherent.**

A comprehensive assessment of the situation is essential for a well-formulated programme. **Recommendation 3: The Sustainable Livelihoods Framework provides an excellent basis for the development of a sound analysis**, on which a strong and effective programme can be built. Such analysis should be undertaken in a participatory manner.

The SRC needs assessment processes used in this project were not comprehensive, nor were they very participatory. **Recommendation 4: The needs assessment processes of SRC should be reviewed and strengthened, and SRC should evaluate the use of Household Economic Security as a basis for needs assessment and project design.** Needs assessment and analysis should include the affected population wherever possible. The process should distinguish between the impact of a problem and its magnitude: only a small number of cinnamon farmers were affected, but the impact on them was devastating.

The programme analysis did not really engage with cross cutting issues, although in this case the impact of this on the programme was fortunately little. **Recommendation 5: include a thorough assessment of gender, environmental impact, marginalisation, risk reduction and protection as a minimum, and other cross cutting issues as appropriate.** Project design should include a benefit-harm analysis (see the IFRC Better Programming Initiative for a similar concept) and an analysis of stakeholders and plans of other actors. Indicators may be needed for cross-cutting issues.

SRC's approach to the use of indicators within these projects is constrained in three ways, which are addressed through the next three recommendations. **Recommendation 6: Develop a standard set of indicators for livelihood interventions.** The definition should include a description of exactly what will be measured, from which group of people, and how it should be calculated, and some additional considerations. For example a standard indicator – for example ***profit*** **–** could have a common definition across all the projects: one that separates it from income or turnover, is specific to the project funded by SRC, and includes labour costs within or outside the household as appropriate. It is measured for each household and only for households within the project, but can also be averaged across households within the project.

Recommendation 7: Include the indicator definition within a detailed project monitoring plan, which should be developed as part of the project proposal or at the initial stages of the project. This tool aims at defining the monitoring process to facilitate the project follow-up. The monitoring plan acts as a detailed extension of the logical framework and should include the frequency of monitoring, and indicate who is responsible for analysing and acting upon the findings of each monitoring process. This implies a conceptual separation of the indicator – the thing being measured – from the target or objective. At the moment these terms are used interchangeably, which is not helpful. For example, once the indicator is defined as above, project-level targets can then be set as follows: *75% of households achieve a profit of Rs 3000 per month by the middle of 2008* in one project, and *50% of household achieve a profit of Rs 2500 per month by the end of 2009* in another. In this way it is possible to easily compare results between projects, and still have achievable and relevant targets for each circumstance. Objectives built from such an indicator, a target and a timeframe will automatically meet the S, M and T aspects of the SMART test.

Thirdly, the project uses indicators to measure the intended positive effects of the project on the anticipated target group. Project design should recognise that indicators can monitor assumptions, measure social capital, gauge beneficiary perceptions, measure sustainability and assess partners' institutional capacity, as well as measuring intended and unintended effects on different segments of the population and the environment. **Recommendation 8: broaden the understanding of the uses of indicators.** At the same time, it is important not to measure everything. The choice of effective indicators is critical. It sounds self-evident, but indicators should be indicative.

Recommendation 9: Mainstream the use of cash as a modality within Spanish Red Cross livelihoods projects, using the IFRC cash grants handbook for basic guidance. Develop in-house tools and guidance to develop this in the SRC context if this is appropriate.

These projects demonstrated that working with government departments can add real value to the projects where those departments have capacity and willingness, and negative impact where they don't, and that the same applies to our national society partners. **Recommendation 10: Develop standard tools for capacity assessment of local partners, RC and government**, based on models already available within the RC Movement and beyond. Use these tools in the design phase to determine the implementation model, and provide additional technical and financial support where the willingness exists but capacity is limited.

Recommendation 11: Improve practices for informing and consulting communities and ensuring inclusion. Ensure programme monitoring processes and grievance procedures consider the whole potential group and not just those on the list.

Recommendation 12: Monitoring processes should include community approaches as well as traditional approaches. The ability to modify programme inputs or strategy should be an explicit outcome of the monitoring.

Recommendation 13: Use community approaches for targeting for livelihoods programmes, but ensure there are external checks to detect marginalisation.

It is vital to understand the situation of the affected people thoroughly. Use participatory approaches to quantify their vulnerabilities and capacities. **Recommendation 14: Use *vulnerability* indicators for inclusion, and *capacity* indicators for determining appropriate levels of support.**

Not all households are equal, and neither are all chosen livelihoods strategies. **Recommendation 15: Support HH in choosing livelihoods based on HH factors, location, markets, and the degree of saturation of the sector.**

Technical support demonstrably improves the quality of livelihoods interventions. **Recommendation 16: Provide technical support in three separate areas: support to improving production quality and quantity, training in financial management and basic book-keeping, and support to marketing.** Ensure the balance between these components is appropriate to the individual household situation.

Recommendation 17: Mainstream the use of a holistic approach to resettlement projects including household and community interventions, and develop specific guidance on appropriate levels of engagement with host communities.

Recommendation 18: Develop capacity in accountability to beneficiaries including grievance procedures, and subject processes to test during project implementation based on existing models and frameworks within the Movement.

Household livelihoods are not static, and they respond to changes in the environment. Livelihood strategies may stop for a variety of reasons, not all negative. **Recommendation 19: Develop a range of descriptions for the outcomes of projects**, including: expanded beyond expectations, developed to higher levels of capital, stable and sustainable, migrated to other more appropriate/profitable income sources, needs no longer present, stopped due to seasonal factors but will restart, stopped because of external factors, failed. Such a list should also recognise projects that are beneficial in non-financial ways.

Recommendation 20: Adopt the Community Exit Evaluation as a tool for lesson learning for the institution, a means of ensuring accountability for beneficiaries, and to provide a sense of closure to a project.

Annexes

Specific Questions from the TOR

Section 4: Evaluation Criteria

This evaluation shall respond to the following criteria for all the projects except for 3483 “Agriculture Kalutara” (where only impact will be applicable):

Design

- Are the project proposals based on a needs assessment?
- Are the logic of the interventions coherent: Do the activities conduct to the results and those to the objectives?
- Are the indicators SMART?
- Are the indicators according to standards (Sphere or others if relevant)?
- Are the Source of verification useful, cheap and easy to get?
- Was the project properly planned? Are realistic risk assessments included in the planning?
- Were the project teams and stakeholders aware of the design of the project and the project planning?
- Were the project teams, stakeholders and communities involved and aware of the design and planning of the project?
- Was gender or other relevant cross-cutting issues taken into account in the design of the Project?

Relevance

- Were the projects relevant and appropriate at the different stages of the recovery context?
- Were the projects coherent and aligned with the local policies?
- Regarding community involvement and accountability:
    - Were beneficiaries and local authorities involved in all the phases of the project: assessment, design, monitoring and evaluation?
    - Was there a proper communication mechanism among the team and communities/local authorities?
    - Were the communities well informed along the project?

Effectiveness

- Were the results and specific objective met?
- Was the support provided at the needed time?
- Coverage and accuracy on targeting: compare the different approaches on the projects (advantages and disadvantages)

Efficiency

- Did the team (locals and expatriates) have enough technical skills?
- Were the actions properly coordinated with local authorities and other stakeholders?
- Was the Cash grant an appropriate methodology:
    - Was it more cost-efficient than other conventional approaches?
    - Was it more pertinent than other approaches: distributions/microcredit?
    - Which other advantages and/or disadvantages have the CG had?
    - Was the amount provided duly calculated and enough? And the interval between instalments?
    - Which was the percentage of misuse/inadequate use?
    - Was misuse/inadequate use adequately managed?
    - What is the level of satisfaction of beneficiaries and local authorities with CG: is it the preferred approach?
    - Was the delivering of CG adequate and efficient?
    - Should the CG be combined with other approaches distributions/microcredit?
- Were the resources invested adequate to the outputs/results reached?
- Asses the cost efficiency and provide a cost-benefit analysis

Impact

- What were the varying social, psychological, economic and institutional effects of the projects at both individual and community level?
- State the different effects per age groups, women and most vulnerable groups? Were there neglected groups or any negatively affected group?
- Have the projects had any negative impact on the communities?

Analytical Framework and the Livelihoods Projects

Level	Factors	Examples	Project Descriptions
Household level factors	Livelihood business model:	Primary production Processing and value addition Buying and reselling goods Renting out an asset	Varies between individual households: not project specific
	Livelihood continuity	Previous livelihood still viable Previous livelihood no longer viable as a result of the tsunami / shock / other factors	Varies between individual households: not project specific
	Previous experience	No prior experience in any livelihood New livelihood strategy but previous experience in others Previous livelihood to be restarted having stopped Existing livelihood being continued or developed	Varies between individual households: not project specific
	Intended duration	Not able to cover basic household needs Able to cover basic needs but not to invest in livelihood development Able to invest in livelihood development	Cinnamon was always intended to be a long term intervention The same appears to be true of the two livelihoods projects, although it is less explicit in the project documentation Agriculture Kalutera appears to prioritise a rapid return over a sustainable one
	Current livelihood viability	Temporary Long term	Varies between individual households: not project specific
	Diversification	Sole source of income Main source of income Secondary source of income	Some of the cinnamon producers and peelers were known to rely on cinnamon as a sole source of income.. In the majority of cases across all the projects, the income from the project would form one component of a diversified household income.
	Nature of market	Selling to peers and local community Selling to known middlemen Selling to external – hotels, export,	Cinnamon sells to middlemen. From Agric Kalutera, the mushroom projects primarily aim their products at middlemen, while the ornamental flowers were intended to be sold primarily through fairs.. Some of the Kalutera value added group, especially the breakfast goods, sell through shops and cafes. In most of these cases the prices are set by the middlemen.

Level	Factors	Examples	Project Descriptions
Household level factors (continued)	Modality of HH level inputs	Cash – including variations in phasing In-kind Mixed	The two livelihoods projects (Lunawa and Kalutera) are fully cash based at the HH level The Kalutera agriculture project was primarily an in-kind intervention. The exception was the cohort of beneficiaries working on mushroom cultivation, who received a cash grant towards the construction of the shed. The cinnamon project was mixed, with growers receiving in-kind contributions of seedlings and fertilizer, and cash contributions to support labour costs. Peelers did not receive inputs. Processors received only cash support towards rebuilding infrastructure and replacing machinery. DEA received budgetary support towards staff and equipment.
	Balance of inputs	Project inputs (cash/kind) Training and technical support Marketing support and networks	In principle, all projects received all three kinds of inputs: cash/assets, technical training, and support to marketing/linkages. Cinnamon – best balance of all three? Agric Kalutera – limited marketing support especially in areas where the market is not well understood by the beneficiary
	Nature of beneficiary	Tsunami affected and resettled Tsunami affected but not resettled Tsunami affected, not resettled host community Non-tsunami affected host community	Lunawa – all three groups Kalutera agric – tsunami affected Kalutera livelihoods – resettled and unaffected host community Cinnamon – directly affected but not resettled
	Balance of targeting	Focus on tsunami affected Focus on equity	Lunawa – focus on equity and poverty Kalutera Agric – focus on tsunami affected? Kalutera Livelihoods – focus on equity Cinnamon – tsunami affected
	Other actors	Only support from RC Main support from RC Main support from other actors	Lunawa - Varies between individual households: not project specific Kalutera Agric - Varies between individual households: not project specific Kalutera and Galle Livelihoods – host community RC only Cinnamon – Mostly support from RC
	Specific HH vulnerabilities	Dependency ratios, disability, female headed, marginalisation, etc	Varies between individual households: not project specific
	Specific HH capacities	Skills, assets and capital, training, access to credit	Varies between individual households: not project specific

Level	Factors	Examples	Project Descriptions
Location Factors	Location	In original location Relocated but in similar environment (eg coastal) Relocated into new environment	Cinnamon, Lunawa, Kalutera agric in original location or very close by. Kalutera livelihoods mostly relocated, but some HH continued their livelihoods at the old location and travelled.
	Balance of projects	Only HH grants HH grants and community projects	Agriculture and Cinnamon pure household (Cinnamon CBO and Cinca) Other projects mixed
	Markets	Changes to market access, effectiveness, and prices for inputs and products	Later projects coincided with economic decline as a result of the war
	Time elapsed since after tsunami	Immediate inputs within 6 months Intermediate inputs 6m – 18 m Late inputs	Lunawa 4 years Kalutera Agric intermediate – 9 months Kalutera livelihoods later 2007 Cinnamon – Nov 2005?
	Time elapsed since relocation	Before relocation With relocation or in first 1-2 months After relocation	Kalutera and Lunawa both around 6 months after relocation
Institutional Factors	Project management model	Direct implementation by RC Implementation through local NGO Implementation through government department	Kalutera Agric was largely implemented by the DPDA – agric department Cinnamon by the DEA Livelihoods projects more directly but with local community committee or CBO
	Organisational Experience	First phase livelihoods projects Later projects with learning from first phase	Kalutera Agriculture Cinnamon Livelihood Kalutera and Galle Lunawa

Evaluation Programme and list of people interviewed

Location	Date	Activity	Detail	F	M
Colombo	1 Nov	Briefing	SLRCS HQ *Tissa Abeywickrama*		
		Briefing	SRC Colombo *Julia Pastor Sombrero* *Inmaculada Mata*		
		Discussion	SRC Colombo: *Amila Suriyarathne* *Ravi Herath* *Kalani Gunasena* *Chaminda Nishantha* *Damith Sanjeewa*		
		Key Informant	Economic Development delegate (ex) *Nuria Benitez*		
Lunawa Livelihoods	2 Nov	Focus Group	CBO / Community Committee	4	4
		Focus Group	Youth Committee	4	5
		HH visits	Cash grants housing project	3	2
		Focus Group	Cash grants housing project	6	5
	3 Nov	HH visits	Cash grants host community	3	2
		Focus Group	Cash grants host community		
Kalutera Agriculture	4 Nov	Key Informant	DPDA Deputy Director		
		Focus Group	Agricultural Instructors	7	6
		Focus Group	Home gardens	4	3
		Focus Group	Ornamental flowers	7	2
		HH visits	Visit beneficiaries	2	0
	5 Nov	Focus Group	Mushrooms	5	3
		Focus Group	Food Processing	5	1
		HH visits		1	1
Lagoswatta Livelihoods	6 Nov	Focus Group	Community Committee	4	2
		Focus group	Active groups	4	3
		Comm. Project			
		HH visits	Community project beneficiaries	2	0
	7 Nov	Focus Group	Cash grant host community	6	5
		Focus Group	Non beneficiaries	5	1
Nanathota Palatha Livelihoods	8 Nov	Focus Group	Community Committee	4	2
		Focus Group	Active Groups	7	5
		Comm. Project			
		HH visits		0	2
Godagama Livel ihoods	9 Nov	Focus Group	Cash grant host community	11	4
		Focus Group	Non beneficiaries	5	0
Galle Cinnamon	10 Nov	Key informant	DEA Deputy Director: *K. Lindara*		
		Key informant	DEA Project Manager: *Chamila Wimalarathna*		
		Focus group	DEA Field officers	1	2
		Focus group	Cinnamon CBO	0	4
		Focus group	CINCA	0	3
Hikkaduwa	11 Nov	HH visits			
Colombo	16 Nov		Feedback findings		

Two page summary of the Sustainable Livelihoods Framework

The Sustainable livelihood Approach (composed by the Sustainable Livelihood Framework plus a series of core principles) was developed by DFID to support achieving the poverty reduction goal. It aims at provide with a better understanding on how to operate to increase the sustainability of poor people livelihoods.

The Sustainable Livelihood Framework is a tool used to analyze people's livelihoods: it helps identify the constraints that prevent them from achieving sustainable livelihoods as well as the opportunities or entry points that are likely to impact in their livelihoods.

The SLF presents the main factors that affect people's livelihoods, and typical relationships between these. It can be used in both planning new development activities and assessing the contribution to livelihood sustainability made by existing activities.

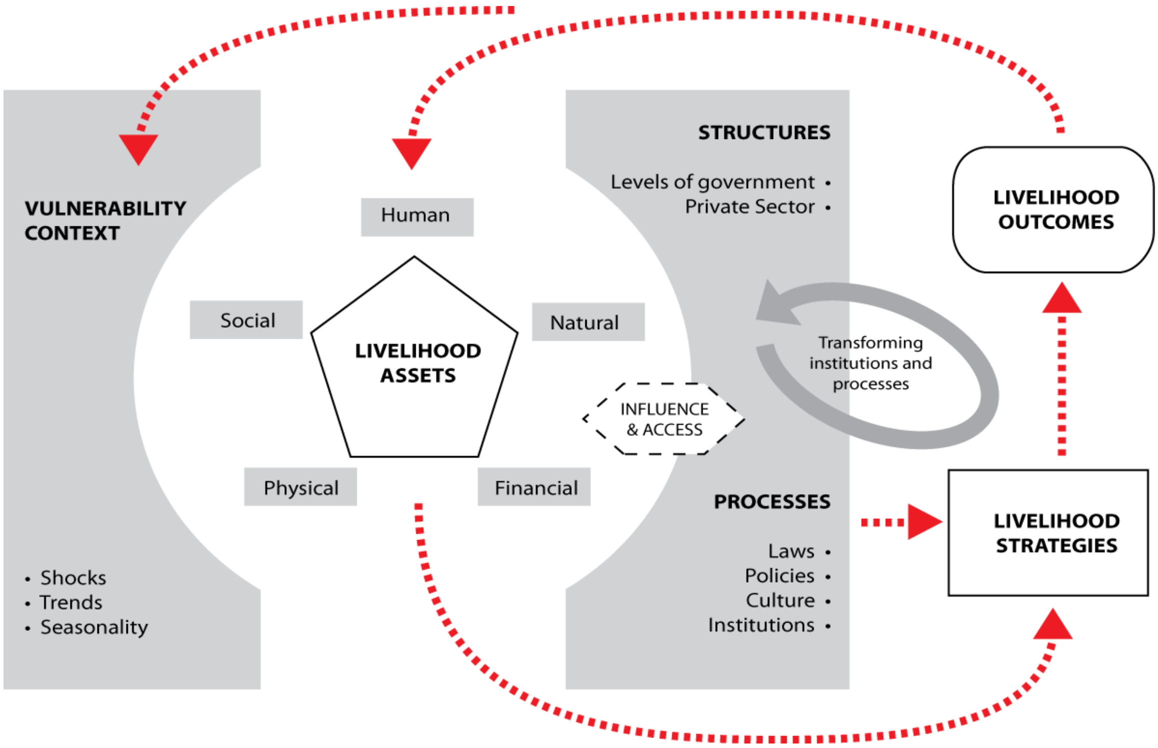
In particular, the framework:

• provides a checklist of important issues and sketches out the way these link to each other;

• draws attention to core influences and processes; and

• emphasises the multiple interactions between the various factors which affect livelihoods.

The arrows within the framework are used as shorthand to denote a variety of different types of relationships, all of which are highly dynamic. None of the arrows imply direct causality, though all imply a certain level of influence.



"A livelihood comprises the capabilities, assets and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets now and in the future, while not undermining the natural resource base"

THE ASSET PENTAGON

- **Human capital:** skills, knowledge, ability to labour, good health. Enables people to pursue different livelihood strategies and archive their livelihood objectives.
- **Social capital:** networks and connectedness (vertical/horizontal) increase people's ability to work together and expand their access to wider institutions; membership of formalized groups; Relationships of trust, reciprocity and exchanges that facilitate cooperation reduce transaction cost, provide safety nets.
- **Natural capital:** natural resources stocks upon which people relies: Land, forest, marine/wild resources

- **Physical capital:** basic infrastructure and producer goods. Shelter, buildings and infrastructure. Tools, equipment, seeds, livestock. Affordable transport. Communications.
- **Financial capital:** availability of cash or equivalent that enables people to adopt different livelihood strategies. Savings, liquid assets (livestock, jewellery), credits, pensions, remittances.

VULNERABILITY CONTEXT

The external environment in which people exists.

Need to analyze the trends, shocks and seasonality than can affect livelihoods.

- **Trends:** population trends, resource trends (soil erosion, severity and frequency of draught), trends in governance, prices of commodities, stock markets, incidence of HIV/AIDS
- **Shocks**: natural (earthquake, flood, drought), conflict, economic (crash of stock market), crop/livestock and human health shocks (death).
- **Seasonality:** prices (fluctuation between harvests), production (availability of crops production), health (diseases), employment (casual work).

TRANSFORMING STRUCTURES & PROCESSES

Structures: the framework hardware, the organizations, both private and public- that set and implement policy and legislation, deliver services, purchase, trade and perform all manner of other forms that affect livelihoods.

- Public sector: Political (legislative) bodies at various levels from local to national; Executive agencies (Ministries, Dept); Judicial bodies; Para-statal agencies
- Private sector: Commercial enterprises and corporations; Civil society membership; organizations
- NGOs (International, national, local)

Structures make processes function. Absence of appropriate structures is a constraint for livelihoods.

I.e. remote rural areas not reached by important organizations (private and public) services go undelivered, markets do not function, and overall vulnerability and poverty increases.

Processes can be thought as software and determine the way in which structures, and individuals, operate and interact.

- *Policies* provide a framework for the actions of public sector. I.e. government can have a policy to promote one type of agricultural crop
- *Institutions* "the rule of the game" Formal: I.e. laws than govern land tenure; Informal: social conventions, attitudes towards women markets
- *Organizations* Political bodies, businesses, schools, churches

Culture (societal norms and beliefs) and power relations.

Decision making processes for collective action, social change, transformation of power relations

It considers the institutions, organizations, policies and legislation that shape livelihoods.

They operate at all levels, from the household to the international area, and in all spheres from the most private to the most public.

LIVELIHOOD STRATEGIES

Strategies that people normally use in stable and peaceful times to meet basic needs and to contribute to future well-being: it is how people use their assets to achieve their goals, and maintain or strengthen their livelihoods.

Examples of livelihoods strategies include: farming, fishing, hunting; trading; Government employment; begging.

People's **availability/ access** to different levels & combination of assets is the major influence in livelihood choice.

Examples of assets: Particular skills, start-up (financial) capital, physical infrastructure, natural capital as the basis for production, existing social connections.

In general, those who are amply endowed by assets are more likely to be able to make positive choices

LIVELIHOOD OUTCOMES

More income; Increased well-being; Reduced vulnerability; Improved food security; More sustainable use of natural resource base

PRINCIPLES

People-centred, Holistic, Dynamic, Building on strength, Macro-micro links, Sustainability

GUIDELINES AND WEB RESOURCES

- DFID. The sustainable livelihood approach (SLA) www.eldis.org

One page summary of the BRCS Accountability to Beneficiaries framework

Note that each cell in the framework below has one point addressing the relationship with beneficiaries and one addressing the host national society.

		Transparency	Participation	M&E and Learning	Complaint Mechanisms
Level 1: Minimum Expectations	Assessment	1. Introduce the partner National Society (NS) to IFRC's commitment to Accountability to beneficiaries. 2. Inform beneficiaries and key community stakeholders about: • RC's mandate • The objectives of the assessment • Name and contact number of local RC counterpart	1. Train key partner NS staff and volunteers in selected participatory assessment methods 2. Include representatives from the beneficiary target group in the development of: • Beneficiary selection • Criteria verify selection	1. Train key staff and volunteers in selected participatory M&E methods. 2. Inform beneficiaries and key stakeholders on: • the findings of the assessment • whom to contact if they don't agree with the findings	1. Design with key staff and volunteers a complaints procedure
	Implementation	1. Set up a two-way communication procedure with key NS staff and volunteers. 2. Beneficiaries are informed (via signboard if possible) about: • RC's mandate • Name and contact number of RC project leader • Planned activities • Beneficiary targeting and selection criteria	1. Train key NS staff and volunteers on selected participatory implementation methods. 2. Include representatives from the beneficiary target group in: • the development of beneficiary selection criteria • the selection of beneficiaries	1. Train key NS staff and volunteers on selected M&E methods 2. Include representatives from the beneficiary target group in: • identifying programme outcomes • monitoring the programme against the intended outcomes	1. Train key NS staff and volunteers in complaints logging and response procedures 2. Inform beneficiaries and key stakeholders about: • their right to complain • how to complain • who will handle/respond to their complaints • how long it will take to get feedback
	Exit	1. Plan exit strategy methods with key NS staff and volunteers. 2. Inform beneficiaries of: • actual project end time • reason for exit • exit strategy, and • handover mechanisms	1. Key NS staff and volunteers are introduced to further participatory exit methods 2. Representatives from the beneficiary target group participate in: • designing exit strategy • implementing handover mechanisms	1. Train key NS staff and volunteers in selected participatory evaluation methods. 2. Inform beneficiaries and key community stakeholders about the findings of the reviews and evaluation	1. Evaluation of complains mechanism done by NS key staff and volunteers. Lessons learned report. 2. Inform beneficiaries about: • their right to question the evaluation findings • how and by whom these concerns will be dealt with

Household Survey Proforma

Survey format for Agriculture Kalutera provided as an example. Cinnamon project format was almost identical. Additional spaces have been removed and formatting slightly adjusted.

INTRODUCTION – semi structured. 5 - 10 minutes before starting on the questionnaire.

The objective of this part is to gain consent and confidence with the interviewee whilst verifying how the business is running. Explain who you are, the purpose of interview (explain that we are trying to learn from the project), the kind information you will need and the time the HHQ can take to be filled in. Confirm that they are willing to participate.

Ask general questions such as how are they doing in general since tsunami? Have they fully recovered? What major problems do they face? Is this the same as before tsunami or different?

Visit the area where the work is being done, if it still exists, for verification. Ask general questions such as how are they running the business? How is it going? Are they satisfied? Which are the main difficulties they are facing…

For the ones that have stopped the business: when did they stop, reasons to stop

Bear these answers in mind when addressing the questions below, and record your general observations at the end

A. INTERVIEWEE, HH, AND PROJECT INFORMATION										
1. Livelihood component	Mushroom Cultivation				Family Business Garden					
	Nursery Management				Food Processing					
2. DS Division / ASC Area	Berawela / Padagoda				Panadura / Panadura					
	Berawela / Halkandawila				Kalutara / Nagoda					
3. Project Beneficiary	Name:									
	Head of HH		Age	Gender		Educational level				
	Yes	No		M	F	Y1-5	Y6-10	O/L	A/L	Degree
4. Interviewee	Name									
	Relationship									
5. HH composition	Productive adults			Dependent adults			Dependent children			

B. PROJECT INPUTS RECEIVED BY THE HH						
1. Was project to re-start existing livelihood or to start new one?	Existing	New	Comment			
2. List the inputs received from SRC under each heading. Give quantities where necessary or possible	Cash		In-kind		Training	
	Market Linkages		Technical support by DPDA F/O		Other	
3. List the inputs received from other actors under each heading. Give quantities where necessary or possible, and state the source of other inputs	Cash		In-kind		Training	
	Market Linkages			Other		
	Sources:					
4-5. Would they prefer inputs in cash or in kind?	Cash		In Kind		Same	
	Reason:					

C. ENGAGEMENT OF PROJECT BENEFICIARIES WITH THE PROJECT PROCESS				
1. Discuss with the beneficiary, and then rank the level of engagement with the project at each stage	Very involved (3)	Involved to a degree (2)	Slightly involved (1)	Not involved (0)
Project design and planning:				
Implementation:				
Project monitoring:				

D. IMPACT – HH INCOME	
1. In which year since 2003 did your family earn the most income?	
2. How much did you earn in that year?	

If 25 pebbles represents the maximum income, how many pebbles represent:	Income from the SRC project	Income from other sources	Pebbles not used (lost income)	
3. before the tsunami,				=25
4. immediately after tsunami				=25
5 soon after project				=25
6. now				=25

7 What are the main sources of income in this household now? *List up to five sources*	-1- SRC Project	-2-	-3-	-4-	-5-
8. What proportion of HH income does each provide? *Use 25 pebbles.*					(=25)
9. Add Rs if possible for annual amounts. *Make calculations if necessary*					

10. Was the project activity expected to be temporary or longer term?
Was this expectation correct?

11. Which of the following have helped to increase your income? *Tick all that apply, then rank the ticked boxes.* *Do not rank boxes without ticks*		Tick	Rank (6=top)
	Better inputs/assets provided by project		
	Technical training		
	Business training		
	Technical support provided		
	Marketing support (knowledge)		
	Linkages created		

What was the project income used to do? *Tick all those that apply*	Soon after project implementation	Now
12. Cover basic needs		
13. Invest in HH assets (HH items, transport, house)		
14. Invest in other business or livelihood		
15. Other		
Describe other		

E. IMPACT – OTHER ASPECTS				
1. What would have happened to the household if the project had not happened? Tick one box	Destitution	Slower recovery or to lower level	Recovery same as now	Recovery would have been faster or better without the project
Comment if needed				

Describe additional changes over the project period under the following headings		+ve	-ve
2. Changes in food intake, quantity or quality			
3. Changes in housing			
4. Access to health care			
5. Access to education			
6. Changes in access to credit, borrowing			
7. Changes in community engagement			
8. Access to market for produce from the project			
9. Other positive aspects			
10. Negative project impacts			
11. How has the impact of the project changed over time?			

F. SUSTAINABILITY and DRR ASPECTS			
1. Does the HH feel that the income from the project now sustainable?	Yes	No	Comment
2. Discuss with the HH the risks they face in terms of the project and list them here			
3. Discuss the broader risks faced by the HH and their community at this time. Do they feel safe? If not, why?			
4. What steps are they taking individually or as a community to address these risks?			

G. OVERALL LEVELS OF SATISFACTION WITH THE PROJECT				
Tick one box per row	Very High (4)	High (3)	Medium (2)	Low (1)
1. Overall				
2. Information provided				
3. Involvement				
4. Items provided				
5. Technical trainings				
6. Business training				
7. Technical support				
8. Linkages for marketing				

Visit the production area and check the following

H. BUSINESS VERIFICATION SECTION – to be written up immediately afterwards			
1. Is the business location well maintained? Mushroom hut, garden, nursery, food processing area	Yes	No	Comment
2. Is the production above target Mushroom 80 kg/month Plants 100/month	Yes	No	Comment
3. Are products well packaged for marketing	Yes	No	Comment
4. Is there a register for production and income	Yes	No	Comment

Thank the individual for giving up their time and remind them that this will help us to make projects better for other people in the future.

I. OBSERVATION SECTION – to be written up immediately afterwards
1. Targeting – was this HH an appropriate selection for this project?
2. If this project has succeeded, what factors helped it to succeed?
3. If it has failed, what are the reasons?
4. Any other observations?