

# **Organizational Development in Nilwala Watershed**

## **Evaluation Report** (January to June 1998)

By

**P G Somaratna**

September 1998

H044952

# **PERFORMANCE OF FARMER LEVEL INSTITUTIONS IN NILWALA WATERSHED (Final M&E Report )**

**P.G.Somararatne**

## **1.1. INTRODUCTION**

This report is submitted as a partial fulfilment of requirements of a consultancy offered by the International Irrigation Management Institute (IIMI) to monitor and evaluate the organisational and institutional development aspects of the Shared Control of Natural Resource (SCOR) project, implemented by IIMI in Upper Nilwala watershed with the collaboration of participating agencies. The main focus of this report is on the resource User groups (RUGs), Resource User Organisations (RUOs) which include both Farmer Organisations (FOs) and Tea Small Holders Development Societies (TSHDS) and Service Farmer Organisations (SFOs). However the functioning of other institutional mechanisms like Sub Watershed Management Teams (SWRMTs) and Farmer Companies too will be dealt with in order to analyse their impact on RUGs and RUOs. The status of affairs in the organisations and institutions towards mid 1998 will be highlighted in this report paying special attention to the development process of these organisations under SCOR interventions.

## **1.2. Objectives**

The tasks on which the consultant were asked to focus under this consultancy were:

- \* To be responsible for developing and application of the Monitoring and Evaluation (M&E) indicators to assess; (1) Organisational Management Performance, (2) Organisational Financial Viability, (3) Member Benefiting Activities, and (4) Organisational Sustainability, which are relevant to the organisational and institutional development aspects of SCOR Project.
- \* To produce reports on assessment of organisational and institutional development based on the specific indicators referred above.

However, the consultant felt in the course of data collection that the indicators alone would not be able to explain the performance of the organisations. Therefore, qualitative information collected through participant observation in the community and data collected from the organisation members through informal interviews will be intensively used in this evaluation.

### **1.3. Organisation of the Report**

Section two of this report describes in detail the SCOR conceptual framework and strategies and approaches for institutional and organisational development depending on SCOR Technical Report, other relevant documents and views and ideas expressed by project level officials.. Section three presents the Methods and Techniques adopted in M&E research. Section four provides information on the present performance level of RUGs, RUOs using indicator and sub indicator values. In Section four qualitative information and the development process of organisation in focal areas, Vijayagama. Tanipita and Illukpitiya (Bovitiyadola) are provided for the reader to have his own assessment of the performance of these organisations. Section six provides information on SFOs in three sub watersheds, Aninkanda, Diyadawa- Tanipita and Horagala - Illukpitiya. Section seven deals with the NGOs in the four sub watersheds. Section eight discusses the positive impacts of SCOR and offers an analysis for the low or high performance of organisations. Sections nine draws conclusions based on the previous sections and presents some issues for consideration in future watershed management projects in Nilwala type of environments.

## **2. SCOR CONCEPTUAL FRAMEWORK AND STRATEGIES AND APPROACHES FOR INSTITUTIONAL DEVELOPMENT**

### **2.1 User Level Institutional Development Model of SCOR and its assumptions**

#### **2.1.1 SCOR Assumptions on Institutional Constraints**

SCOR recognises the human element as a major factor influencing watershed management efforts. Therefore, increasing the user control over natural resources through group action and their active participation in decision making is stressed.

SCOR identified the following pre-project institutional constraints which are of special relevance to the objective of balancing production and protection:

- (a) Institutional environment inadequate to foster new, sustainable production opportunities.
- (b) User groups non-existent or too weak to participate in planning, management and control of natural resources.
- (c) Resource tenure arrangements that inhibit adoption of sustainable production and conservation.
- (d) Lack of co-ordination among agencies, donors, projects, levels of government and resource users with respect to the use of natural resources.
- (e) Lack of supporting services for the identification and implementation of sustainable production practices.

- (f) Inadequate environmental consciousness with respect to potential impacts of agricultural and non-agricultural production decisions at various levels.

SCOR strategies are directly aimed at reducing and/ or removing these constraints. (SCOR Technical Report 10 November 1995).

## **2.2. SCOR Institutional Model and Strategies proposed for Institutional Development**

The organisation structure proposed by SCOR at farmer level was a multi-tier organisation structure comprising of RUGs at the primary level RUOs at the secondary level, SFOs represented by several RUOs in a sub watershed area at tertiary level and the Farmer Federations bringing together all the RUOs at a system level in the apex. SCOR Institutional Development Model includes both farmer level and higher level hierarchical committee systems like Sub WRMTs, Water Resource Management Teams (WRMTs), Provincial Steering Committees (PSCs) and National Steering Committee (NSC). With this kind of an organisation set up, SCOR proposed to test methods for community participation in the planning for resource use and local management of natural resources available to the community. The following were the activities listed in the SCOR Technical Report to form, expand and strengthen the farmer level organisations.

- \* Assessing existing local organisations in target areas to determine their willingness and suitability to work with SCOR.
- \* Conducting constrain analysis with individuals, user groups, officials and NGO representatives.
- \* Helping user groups to organise, register and formalise agreements with the government.
- \* Training user group representatives in building their capacities
- \* Providing small grants for existing and new user groups for production and protection activities and building up of their own funds through group action.
- \* Provision of information and education materials and facilitating access to specialised services available from private firms, NGOs and government agencies.

Organising a few associations or councils of user groups along geographic or functional lines to improve co-ordination and cooperation not only among users but also between government agencies and user groups.

### **2.3. Farmer Companies**

In addition to these resource user level organisations, SCOR formed Farmer Companies. Farmer Companies are supposed to address issues related to the marketing problems of farmers and also to enable small land holding farmer communities to bargain and compete within the open market system. A major assumption made by SCOR is that the empowerment of farmers is dependent on the success of the farmer companies which provide them assistance and guidance through market linkages and forward contract agreement etc.

### **2.4. Strategies and Approaches for user level institutional development**

#### **2.4.1. Strategies and Approaches for RUGs**

Initially, SCOR initiated a large number of RUGs for implementing project activities. They included both single purpose groups like Homestead development groups, Anthurium growers groups, Bee-keeping groups, Kitul production groups and multi purpose groups such as Production and conservation groups formed in Tanipita-Diyadawa, Bivitiyadola, and Millaela. However, after initial failure to sustain large groups like those in Annasidola, project focussed more on working with the organizations as well as with small single purpose groups. A detail description of SCOR approach for formation and strengthening of groups up to the end of June 1997 can be found in the Organizational Development Report by L.R.Perera (October 1997). The main strategy had been to provide technical training and small grants to carry out the specific production or conservation activities by groups.

#### **2.4.2. Strategies for RUOs**

When SCOR started working in Nilwala in 1993, there were no TSHDSs in many locations. Even in places where they had societies, they had been formed to obtain drought relief issued to farmers by TSHDA and not for management of resources. The situation of FOs in Nilwala too was similar to that of TSHDS. Therefore, SCOR had to take effort to create new organisations as well as to strengthen those that were weak. SCOR strategies to form and strengthen the RUOs involved several steps as briefly shown in Table No.1.

Table No. 1, Strategies and Approaches for strengthening of RUOs

Step	Strategies	Comments
1.	Establishment of committees for mini-project operation replacing the executive committees of existing TSHDSs or Farmer Organizations. Many young people involved in data collection for planning activities etc. became committee members of the project committee which was based on the sub watershed area which exceeded the community boundary like village.	Though project committees were formed on the sub watershed or micro watershed for implementing mini-projects, it was difficult to get the participation of farmers as well as committee members representing other villages when mini-project area exceeded village boundary. In addition to this, incentives which were small in scale had no much attraction to users with better income from tea lands.
2	Provision of financial grants, technical and other training to RUOs to implement Mini-Projects.	RUOs did not have freedom to make their decisions on grant money. In most cases catalysts managed the fund to achieve project targets on behalf of resource users. Lack of participation by committee members etc. too influenced catalysts who had pressure from management to achieve targets to resort to this type of strategies.
3	Helping RUOs to obtain legal status from the Department of Agrarian Services	Organizations qualified themselves to deal with other institutions such as banks.
4	Development of linkages between RUOs, Government and Non-Government Organizations and other private institutions - It was expected to obtain various kind of services and assistance from organizations like Coconut Cultivation Board (Coconut seedlings), Forest Department (benefit of PFP), credit from banks and technical knowledge from DOA etc. through these linkages.	RUOs could obtain services and also assistance from various kind of institutions through these linkages. However, field level officers of agencies were compensated for their participation by making payments for their work on holidays and weekends. This made officers to think that SCOR related activities are not their activities and therefore they should be paid for their involvement in such activities.
4	Linkages with other RUOs, SFOs, WRMTs, Farmer Companies – SCOR expected RUOs to establish horizontal and vertical linkages with hierarchical committees and farmer level institutions to find solutions to problems that they can not solve at RUO level and also to get the assistance of line agencies etc.	RUO leaders participation at Sub WRMTs were weak. This was mainly because they perceived Sub WRMTs as mechanisms to review SCOR progress rather than those to help farmers to find solutions to their problems. Also, participation at meetings is regarded as costs by the farmer leaders because they have to sacrifice their time which they can use for activities in their tea lands.

### **3. METHOD AND TECHNIQUES FOR DATA COLLECTION AND ANALYSIS**

#### **3.1. Data Collection Methodologies**

##### **3.1.1. Participant observations in selected samples**

The data collectors lived in the community or spent most of their time in the field to attend meetings, make observations and do formal and informal interviewing. They maintained diaries and field notes on the implementation process of SCOR in the field.

##### **3.1.2. Semi-structured Interviewing**

SCOR institutional organizers and leaders of RUOs, line agency officials were interviewed from time to time on various aspect of project implementation including their participation.

##### **3.1.3. Structured Interviewing**

Questionnaire surveys were conducted in sample locations to get the views and ideas of the farmer community on the functioning of Resource User Institutions as well as various kind of benefits they have through the involvement in organizations.

##### **3.1.4. Secondary Data and Information**

The data available with the Resource User Institutions were also collected for evaluating some aspect of organizational performances. Also, the data and information provided by catalysts were compared with those at organizations when agreement could not be arrived at on the reliability and accuracy of some information.

#### **3.2. Samples**

Data was collected from organizations for the analysis of this paper. However, indicator values were calculated for 30 organizations only. It was understood that indicators are not of much useful for evaluating the organizational development process of SFOs and NGOs.

### **4. EVALUATION ON THE PERFORMANCE OF THE ORGANIZATIONS**

#### **4.1. Performance of Resource User Groups (RUGs)**

As reported in the M&E reports for October 1997 ( Organizational Development in Nilwala Watershed - Pourer , L.R), only 20 RUGs were found to be existing. Though catalysts formed various kind of groups such as stream reservation groups, bee-keeping groups they were primarily for implementing some activity, to provide some training and assistance required for it.

These groups were not required by farmers as the activities of these groups themselves did not require collective action. Almost all these groups had disappeared by 1998 taking the same process described in Perera's report cited above. Since his analysis on groups holds true for the present circumstances too and there are no such functional groups at present to be analyzed evaluation of groups will not be attempted in this report.

#### **4.2. Performance of Resource User Organizations ( RUOs)**

Total number of RUOs with which SCOR work had increased to 37 by the end of June 1998. Several RUOs reported in Perera's report had ceased to function. Anthurium Grower's Organization had become name sake and Dimutu Farmer Organization in Illukpitiya too had disappeared. Sramasakthi Non-Wood Forest Product FO too had come to an end. At the same time several new RUOs had joined SFOs and two more NGOs have been reported in the database maintained at Nilwala. Out of these 37 Organizations in Table .2., 30 have been evaluated in using indicator values while the other 7 have been evaluated using qualitative information.

Out of the 37 Organizations evaluated 15 were Tea Small Holder's development Societies, (TSHDSs), 14 Farmer Organizations (FOs) , 4 Service Farmer Organizations (SFOs) and four NGOs. The evaluation of these organizations are presented below in this section.

##### **4.2.1. Evaluation of Farmer Organizations:(FOs)**

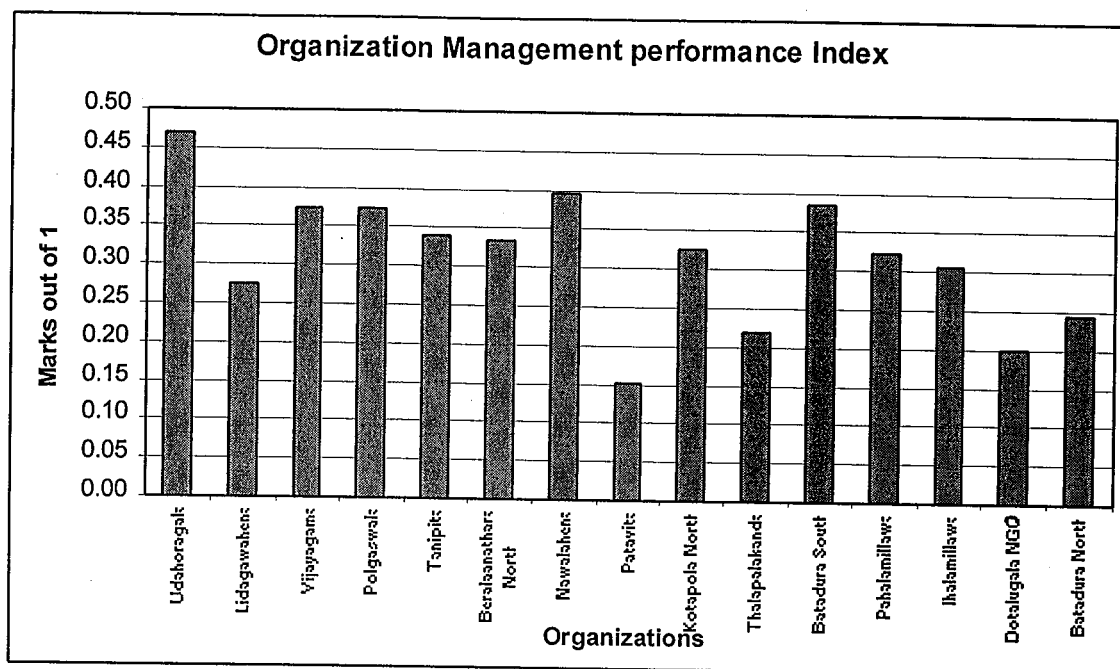
Table No. 2 below shows values obtained by each FO in Nilwala watershed for indicators and sub indicators used in this evaluation. The values for indicators are presented in Figures 1, 2, 3 and 4.



Table No.2, M&E Indicator Values for RUOs

DESCRIPTION	Udahoragala	Lidagawahena	Vilayagama	Polgaswala	Tanipita	Beralaanathara North	Nawalahena	Patavita	Kotapola North	Thalapalakanda	Batadura South	Pahalamillawa	Ihalamillawa	Dotalugala NGO	Batadura North
MEMBERSHIP STRENGTH SI	0.938	0.747	0.833	0.690	0.844	0.942	0.514	0.364	0.676	0.248	0.393	0.624	0.425	0.467	0.243
PATICIPATION IN MEETING SI	0.000	0.000	0.000	0.159	0.088	0.000	0.000	0.000	0.000	0.000	0.189	0.244	0.124	0.134	0.000
PATICIPATION IN ACTIVITY SI	0.247	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
FUND COLLECTION SI	0.000	0.092	0.233	0.034	0.000	0.000	0.006	0.000	0.000	0.000	0.188	0.000	0.000	0.000	0.000
RECORD KEEPING SI	0.400	0.200	0.500	0.625	0.425	0.425	0.600	0.150	0.500	0.100	0.550	0.400	0.700	0.000	0.525
INSTITUTIONAL RCOGNITION SI	0.600	0.267	0.267	0.267	0.267	0.267	1.000	0.000	0.267	0.067	1.000	0.267	0.267	0.000	0.267
LEGAL RECOGNITION SI	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
VERTICAL LINKAGES SI	0.333	0.133	0.333	0.333	0.333	0.133	0.333	0.133	0.600	0.733	0.333	0.333	0.333	0.200	0.333
HORINSONTAL LINKAGES SI	0.400	0.000	0.600	0.600	0.133	0.133	0.600	0.000	0.600	0.333	0.333	0.133	0.133	0.000	0.133
COMINICATION SI	0.600	0.200	0.200	0.200	0.200	0.200	0.200	0.000	0.000	0.200	0.200	0.200	0.200	0.200	0.200
FUND COMPOSITION SI	0.013	0.294	0.009	0.346	0.152	0.012	-0.007	0.000	0.139	0.101	0.069	0.156	0.151	0.063	0.091
FUND UTILIZATION SI	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CREDIT RECOVERING SI	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
RECORD KEEPING SI	0.100	0.167	0.133	0.217	0.000	0.167	0.150	0.167	0.167	0.117	0.133	0.217	0.333	0.217	0.133
TRANSPARANCY SI	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.333	0.000
MEMBERS BENE. ACTI. SI	0.067	0.033	0.000	0.067	0.000	0.000	0.117	0.000	0.167	0.000	0.167	0.033	0.117	0.000	0.033
Org. Mana. Prefromence Index	0.47	0.28	0.37	0.37	0.34	0.33	0.40	0.15	0.33	0.22	0.39	0.32	0.31	0.20	0.24
Financial Viability Index	0.02	0.09	0.03	0.11	0.03	0.04	0.03	0.03	0.06	0.04	0.04	0.07	0.10	0.12	0.04
MEMBERS BENE. ACTI.	0.07	0.03	0.00	0.07	0.00	0.00	0.12	0.00	0.17	0.00	0.17	0.03	0.12	0.00	0.03
SUSTANABILITY INDEX	0.19	0.13	0.13	0.18	0.12	0.12	0.18	0.06	0.18	0.09	0.20	0.14	0.17	0.11	0.11

**Figure 1, Organisational Management Performance Indicator**



**Figure 2, Financial Viability Indicator**

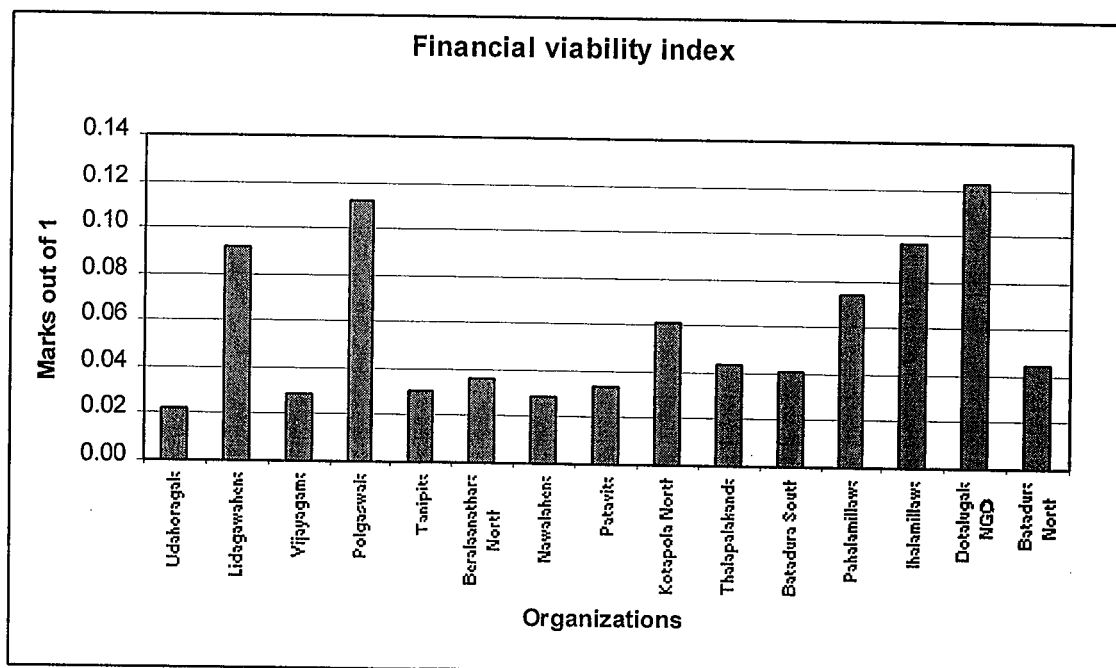


Figure 3, Member benefiting activities Indicator

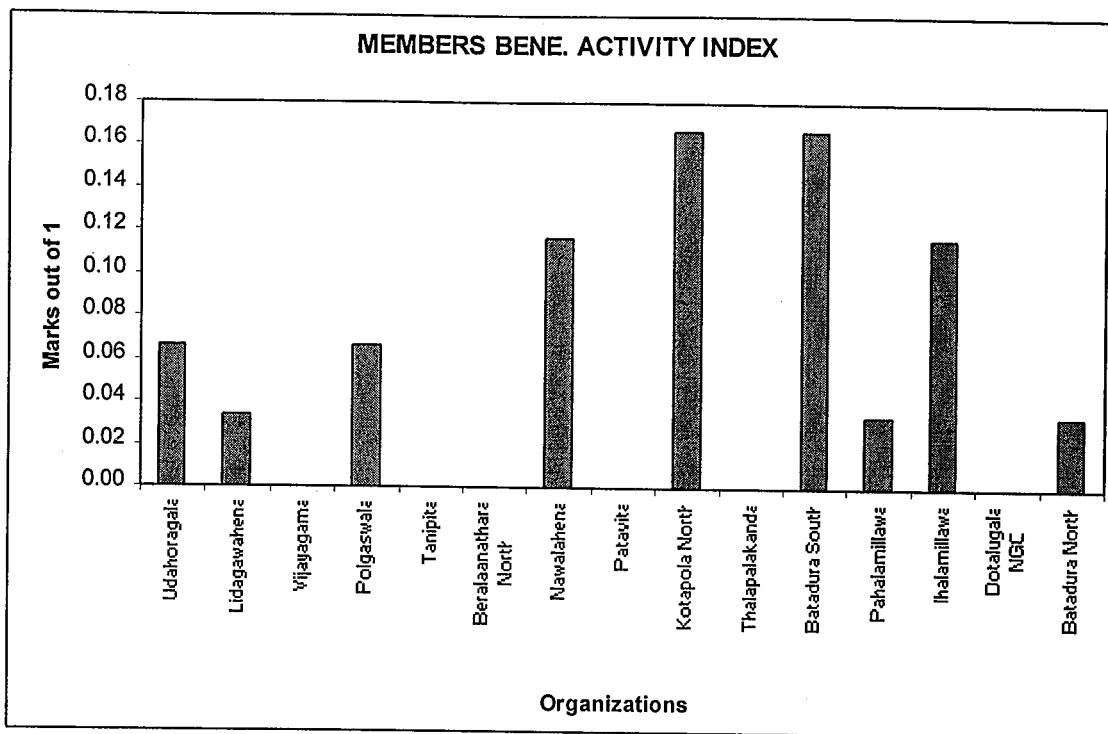
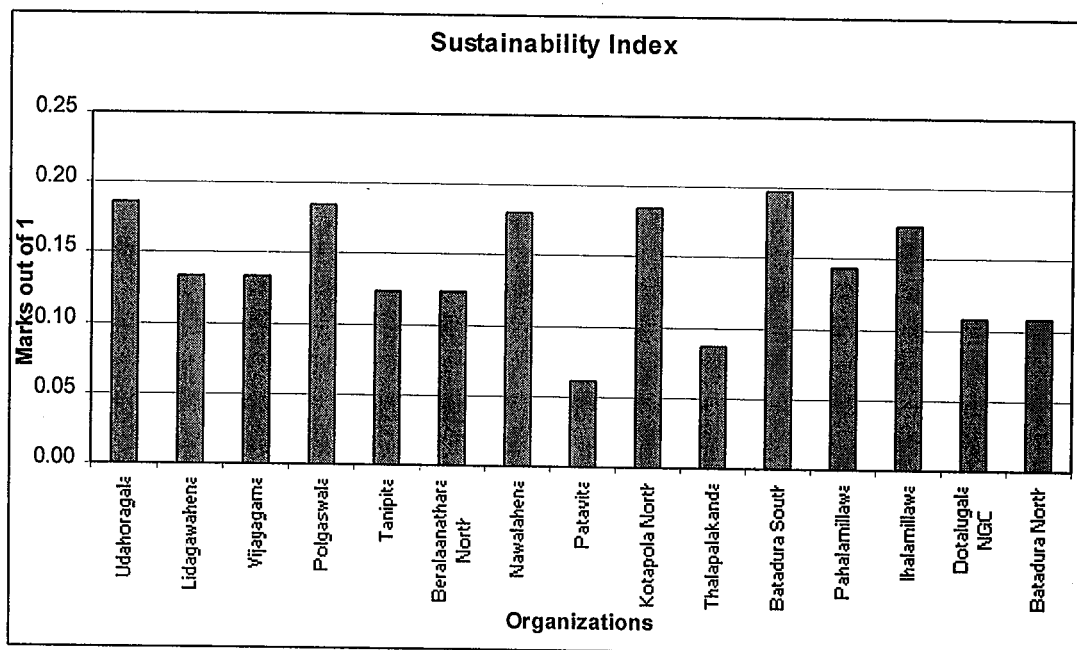


Figure 4, Sustainability Indicator



Holding self-help campaigns or similar programs for common resource management could be observed only in one FO during this period. Even that FO gets a poor rating as it was limited to one activity during the whole 6 months period and also it was attended by few members.

#### 4.2.1.4. Fund Collection Sub Indicator

Table No.6, Fund Collection

Ratings	No. of FOs
Very weak	14
Weak	1
Average	0
Strong	0
Very Strong	0
Total	15

No fund collection activities are observed in these organizations even though SCOR has made grants to 9 FOs and the four NGOs evaluated in this study. Though it is claimed that the communities in this area are comparatively wealthier than those in Huruluwewa, it has not been able to initiate them for building up of funds even at least through a membership fee collected regularly.

#### 4.2.1.5. Record Keeping Sub Indicator

Table No 7., Record Keeping

Ratings	No. of FOs
Very weak	3
Weak	1
Average	8
Strong	3
Very Strong	0
Total	15

Record keeping in majority of RUOs are at an average or above average. This is mainly due to the training and guidance provided to the leaders by catalysts. Nilwala data bases on training shows that a large number of training aimed at institutional development has been implemented for RUOs. This may be due to the impact of this training and guidance provided to them that record keeping is at a satisfactory level.

#### 4.2.1.6. Institutional Recognition Sub Indicator

Table No.8, Institutional Recognition

Ratings	No. of FOs
Very weak	3
Weak	9
Average	0
Strong	1
Very Strong	2
Total	15

Relationship of many of these RUOs with government agencies are not at a satisfactory level. Their relationship with ASD is limited to obtaining the registration for institutional and legal recognition. As it revealed at progress monitoring meetings of SCOR some Agricultural Instructors (AIs) as well as Divisional Officers (DOs) stopped attending to the activities organized by SCOR with farmers because of delay in making incentive payments as well as SCOR's decision at a later stage to stop the payment of these incentives. Even when they attend to FO activities it is mainly through SCOR coordination. This situations is likely to affect the FOs after withdrawal of SCOR in the absence of orgnization mechanism to initiate officers for participation. Most of the FOs have spent up SCOR grants given to them through mismanagement of funds and there have not been attempts by ASD to audit FO accounts at least once a year or so. Very recently SCOR requested ASD to audit FO accounts on the promise of making payments from FO funds made available to FOs by SCOR. However, Team Leader, Nilwala takes special efforts to establish some kind of coordination through Divisional Secretaries (DSs ) and other hierarchical committees to provide necessary assistance to FOs after withdrawal of SCOR.

#### 4.2.1.7. Legal Recognition Sub Indicator

Table No.9, Legal Recognition

Ratings	No. of FOs
Very weak	0
Weak	0
Average	15
Strong	0
Very Strong	0
Total	15

All the FOs have been registered under 56 A of Agrarian Service Act. However none of them have been registered under 56 B to have wider authority and power.

#### 4.2.1.8. Vertical Linkages Sub Indicator

Table No. 10, Vertical Linkages

Ratings	No. of FOs
Very weak	3
Weak	10
Average	0
Strong	2
Very Strong	0
Total	15

This indicator examines the relationship of RUOs with hierarchical committees like Sub WRMTs and Agrarian Service Committees. Many farmer leaders feel that these committees are not useful to them even though they have established links with them. Therefore, RUOs get weak ratings for this indicator. It is also observed that participation of farmer representatives in these committees are very weak.

#### 4.2.1.9. Horizontal Linkage sub indicator

Table No 11, Horizontal Linkages

Ratings	No. of FOs
Very weak	8
Weak	2
Average	1
Strong	4
Very Strong	0
Total	15

Horizontal linkages indicate RUOs trend towards affiliating with SFOs and farmer Company. It is only very few organizations which have established useful linkages with SFO and Company. This is mainly due to the fact that either company or SFOs have strategies to initiate farmers to involve in the activities implemented by them. In many cases they do not have such programs. Even though SFOs started collection of agricultural produce it is of small scale to attract farmers. Company is still involved only in trickle processing for which trickle is brought from outside areas. Farmers in the area do not sell their produce to the company as they can sell their produce at a higher price in the open market.

#### 4..2.1.12. Financial Viability

Financial viability of the organisations were calculated using following five Sub Indicators.

#### 4.2.1.13. Fund Composition Sub Indicator

Table No. 14, Fund Composition

Ratings	No. of FOs
Very weak	13
Weak	2
Average	0
Strong	0
Very Strong	0
Total	15

Out of the 14 FOs and one NGO referred in this table RUOs studied, 10 have received IIMI grants from SCOR. to implement production and conservation activities. Money received by these organizations are given below: It can be seen however that grants given to most of the FOs are small in amount compared to those given to Huruluwewa FOs. It can also be observed that this money is not utilised as revolving funds by FOs. Thalapalakanda and Uda Horagala FOs have spent up all most all the money given to them while Millaela FOs have not yet utilized the grants made to them.

Table No.15, Grants made to FOs and their present position

Name of FO	Issues(Rs.)	Present position
Dotalugala	208400.00	Rs.45828.17 is left in the bank account.
Talapalakanda FO	118000.00	Out the loans granted to FOs and members, Rs.67265.00 is outstanding. This is not recoverable as no agreement have been signed by the parties concerned. Money available in the bank is Rs.22725.00. No money other than this is left in the bank to be used as a revolving fund
Batadura North FO	12000.00	Funds spent up.
Tanipita Navalahena FO	10000.00	Funds spent up.
Pahala Millawa FO	119045.00	Grant not utilised. SCOR attempts to pool this money to SFO fund
Ihalamillawa FO	179833.00	Grant not utilised. SCOR attempts to pool this money to SFO fund
Polgaswala Samagi FO	153428.00	Grant not utilised. SCOR attempts to pool this money to SFO fund.
Batadura South FO	60700.00	Thirty seven thousand rupees left from the bank account.
Udahoragal FO	222500.00	Completely bankrupt due to misappropriation of funds by leaders.

#### 4.2.1.14. Fund Utilisation Sub Indicator (for enterprises)

Table No16., Fund Utilisation

Ratings	No. of FOs
Very weak	15
Weak	0
Average	0
Strong	0
Very Strong	0
Total	15

Funds made to these FOs have not been utilised for enterprises. Only Uda Horgala FO invested its money on business and became totally defunct due to mismanagement and misappropriation of funds. Other FOs have used money for providing credit for nurseries, purchase of plants, seed paddy and fertiliser etc.

#### 4.2.1.15. Credit and Credit Recovery Sub Indicator

It is very difficult to calculate values for this indicator as data on loans granted and recovered can not be obtained from FO records. Catalysts were trying to get information on this aspect at the time this evaluation was carried out. However, case studies presented in the next section will show that credit recovery is a serious problem in Nilwala too in spite of the fact that farmers are relatively wealthier than those in Huruluwewa.

#### 4.2.1.16. Financial Record Keeping Sub Indicator

Table No. 17, Financial Record Keeping

Ratings	No. of FOs
Very weak	12
Weak	3
Average	0
Strong	0
Very Strong	0
Total	15

All most all the RUOs are weak or very weak in financial record keeping. Though some RUOs have been provided necessary guidance for financial record keeping, leaders have failed to maintain them properly. In some FOs catalysts or voluntary catalysts keep records and prepare accounts as in the case of Millaela.



#### 4.2.1.17 Transparency Sub Indicator

Table No. 18, Financial Transparency in RUOs

Ratings	No. of FOs
Very weak	14
Weak	1
Average	0
Strong	0
Very Strong	0
Total	15

Majority of RUOs are not in the practice of presenting their accounts to committee members or their members on a regular basis. Either president or secretary takes financial management decisions on catalysts instruction to implement SCOR initiated activities..

#### 4.2.1.18. Financial Viability Indicator

Table No.19, Financial Viability

Ratings	No. of FOs
Very weak	15
Weak	0
Average	0
Strong	0
Very Strong	0
Total	15

None of these organisations including those in Millela which has not yet utilised their money can not be considered as financially viable. The amounts in the organisations are comparatively small and FOs do not use them as revolving funds. They have not been invested on any profit making enterprise. In addition there are no attempts by FOs for fund raising through membership fees and other charges.

#### 4.2.1.19. Member Benefiting Activities Index

Table No 20, Member Benefiting Activities

Ratings	No. of FOs
Very weak	15
Weak	0
Average	0
Strong	0
Very Strong	0
Total	15

None of these organisations provide necessary services to member in a satisfactory way as indicated in this table.

#### **4.2.1.20. Sustainability Indicator**

All the FOs get very weak ratings for this indicator. Unless for some activities implemented by SCOR catalysts with one or two leaders of these organizations, all most all these FOs are defunct. It can not be expected them to continue as effective organisations to attend to resource management tasks initiated by SCOR.

Table No. 21, Sustainability of RUOs

Ratings	No. of FOs
Very weak	15
Weak	0
Average	0
Strong	0
Very Strong	0
Total	15

#### **4.2.2. Performance of Tea Small Holders Development Societies (TSHDS)**

15 TSHDS were evaluated in this study. Values obtained by these societies are presented below in Table No.22.

Table No.22, M&E Indicator Values for TSHDSs

DESCRIPTION	Vjayagama	Beralapanathara	Tanipita	Ilukpitaya	Kotapola North	Milla Ela	Talapalakands	Horagala East	Tanabima	Puuhnenakanda	Kandekubura	Batadura	Polgaswala	Patavita	Lidagawahena
MEMBERSHIP STRENGTH SI	0.581	0.874	0.729	0.894	0.951	0.364	0.633	0.897	0.384	0.380	0.857	0.747	0.538	0.728	0.676
PARTICIPATION IN MEETING SI	0.260	0.165	0.354	0.067	0.076	0.100	0.134	0.133	0.143	0.303	0.128	0.326	0.145	0.130	0.000
PARTICIPATION IN ACTIVITY SI	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.431	0.000	0.000	0.000	0.000	0.000	0.000	0.000
FUND COLLECTION SI	0.025	0.274	0.212	0.067	0.001	0.021	0.112	0.202	0.081	0.080	0.000	0.205	0.131	0.000	0.500
RECORD KEEPING SI	0.650	0.875	0.725	0.675	0.925	0.600	0.375	0.675	0.600	0.625	0.150	0.500	0.550	0.575	0.675
INSTITUTIONAL RECOGNITION SI	0.267	0.267	0.267	0.267	0.267	0.267	0.267	0.267	0.267	0.267	0.267	0.267	0.267	0.267	0.267
LEGAL RECOGNITION SI	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
VERTICAL LINKAGES SI	0.600	1.000	0.400	0.733	0.600	0.600	0.333	0.600	0.400	0.333	0.200	0.133	0.600	0.733	0.133
HORIZONTAL LINKAGES SI	1.000	1.000	0.000	1.000	0.133	0.133	0.400	0.133	0.000	0.133	0.133	0.000	0.400	0.400	0.133
COMUNICATION SI	0.200	0.200	0.200	0.200	0.600	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
FUND COMPOSITION SI	0.042	0.357	0.657	0.160	0.014	0.002	0.012	0.019	-0.001	0.004	0.002	0.002	0.010	0.090	0.042
FUND UTILIZATION SI	0.045	0.387	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.045
CREDIT RECOVERING SI	0.455	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.455
RECOVERED PROPORTION	0.761	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.761
RECORD KEEPING SI	0.250	0.333	0.250	0.250	0.167	0.250	0.167	0.133	0.167	0.167	0.167	0.133	0.217	0.167	0.167
TRANSPARANCY SI	0.667	0.333	0.333	0.333	0.000	0.333	0.000	0.333	0.333	0.000	0.000	0.000	0.333	0.333	0.333
MEMBERS BENE. ACTI. SI	0.233	0.667	0.667	0.583	0.033	0.133	0.033	0.000	0.050	0.117	0.000	0.033	0.067	0.117	0.000
Org. Mana. Perfomence Index	0.48	0.57	0.46	0.52	0.55	0.37	0.40	0.51	0.36	0.39	0.38	0.42	0.42	0.45	0.41
Financial Viability Index	0.29	0.28	0.25	0.15	0.04	0.12	0.04	0.10	0.10	0.03	0.03	0.03	0.11	0.12	0.21
MEMBERS BENE. ACTI.	0.23	0.67	0.67	0.58	0.03	0.13	0.03	0.00	0.05	0.12	0.00	0.03	0.07	0.12	0.00
SUSTANABILITY INDEX	0.34	0.51	0.46	0.42	0.21	0.21	0.16	0.20	0.17	0.18	0.14	0.16	0.20	0.23	0.20

Figure 5, Organisational Management Performance Indicator

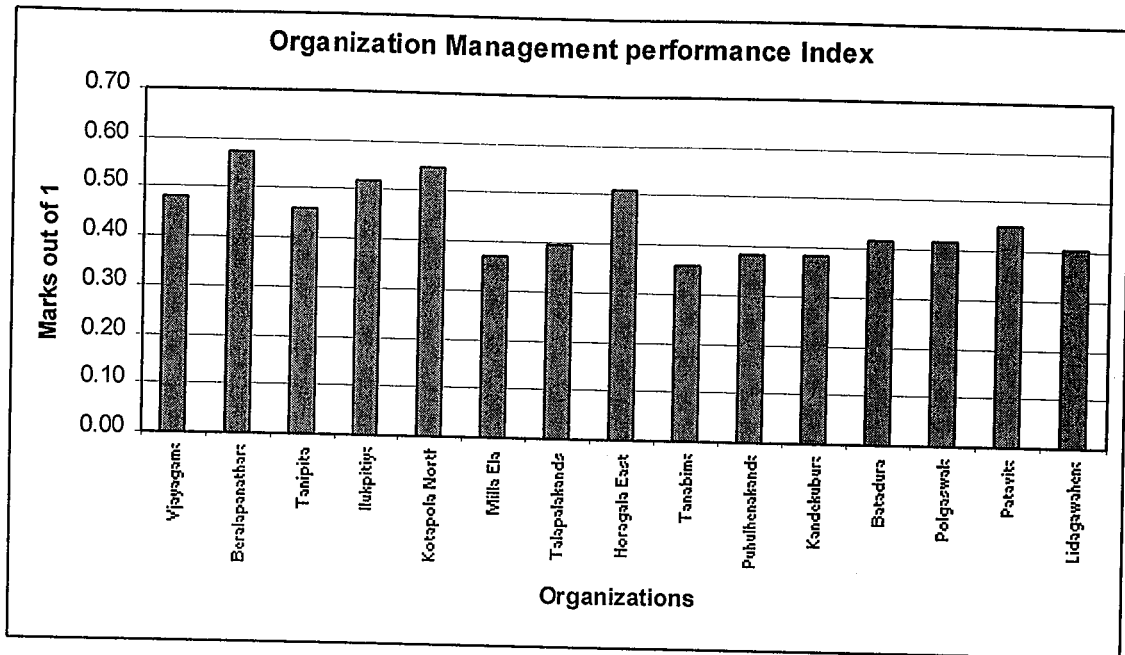


Figure 6, Financial Viability Indicator

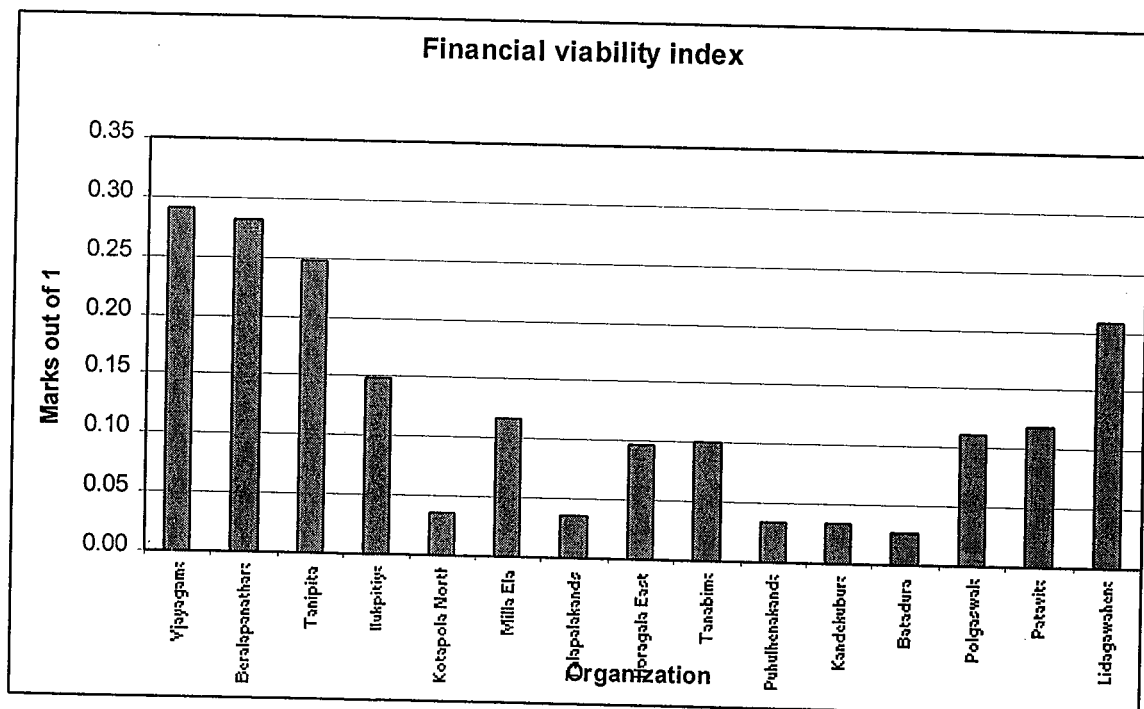


Figure 7, Member benefiting activities Indicator

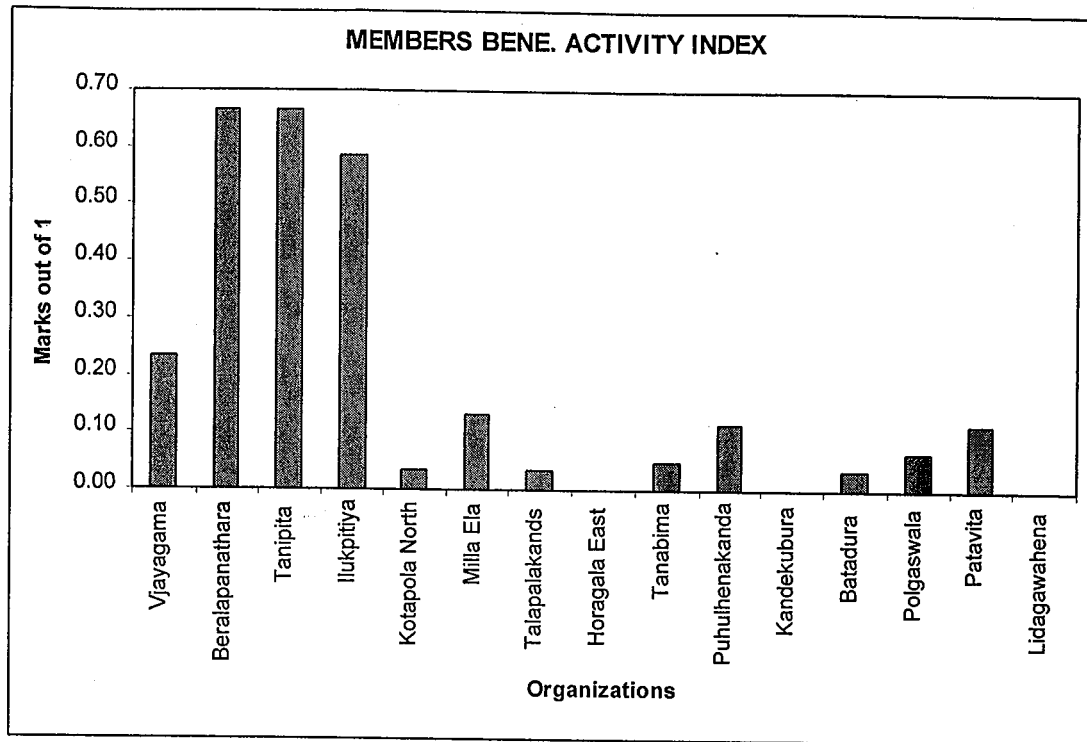
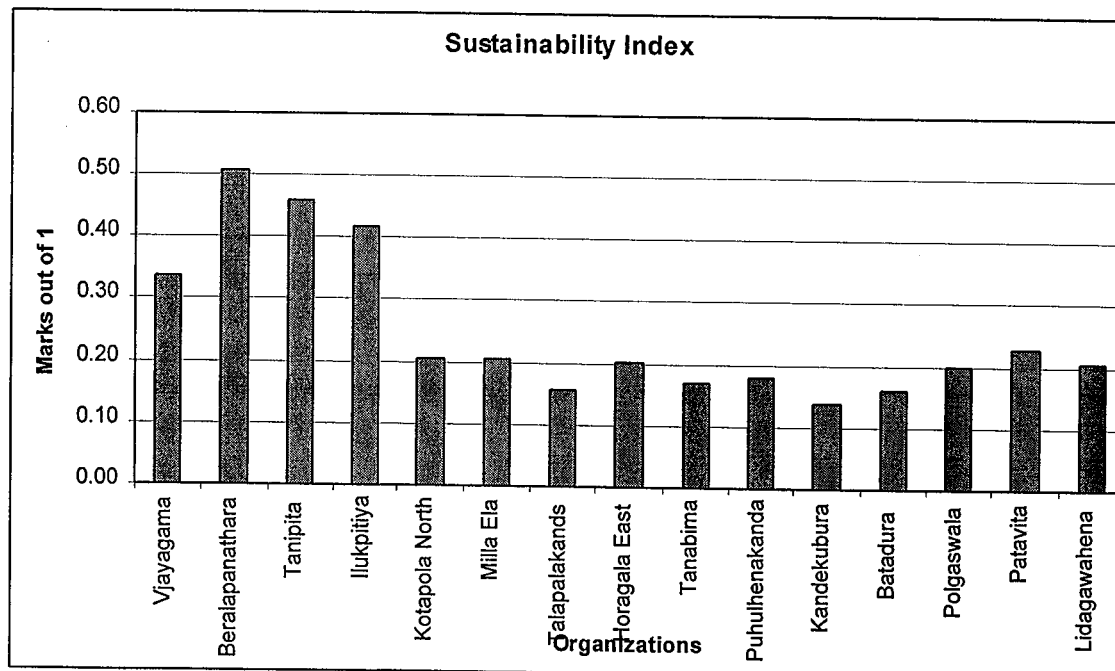


Figure 8, Sustainability Indicator



#### 4.2.2.1. Membership Strength Sub Indicator

Table No 23, Membership Strength

Ratings	No. of FOs
Very weak	0
Weak	3
Average	2
Strong	5
Very Strong	5
Total	15

Most of the TSHDSs have been able to keep their membership at a satisfactory level as indicated in the Table No.23 above. At present "Tea Sakthi" program implemented by Tea Small Holders Development Authority (TSHDA) has a large number of incentives for both individual farmers as well as tea societies and therefore members have started joining tea societies.

#### 4.3.2. Participation in Meetings Sub Indicator

Table No.24, Participation at Meetings

Ratings	No. of FOs
Very weak	11
Weak	4
Average	0
Strong	0
Very Strong	0
Total	15

Membership participation at meetings are very weak. Only annual general meetings are observed in many societies. Kandekubura, Horagala East, Puhulhenakanda and Talapalakanda Tea societies have not held even a single Committee meeting during this period. Vijayagama, Illukpitiya, Tanipita and Tanabima Societies have held 3 meetings each during this period while Kotapola North Tea Society has held committee meetings every month. Milla Ela, Beralapanathara, Polgaswela and Patavita societies have held two committee meetings while Lidagawahena and Batadura held only one meeting in each society. Number of committee meetings in Kotapola North TSHDS was more as TSHDA was trying to reorganise this society which has become totally defunct through misappropriation of funds.

Record keeping in majority of Tea Societies are at satisfactory levels. SCOR has provided training to leaders and voluntary catalysts on record keeping in these organisations. This has improved their performance in this aspect.

#### 4.3.6. Institutional Recognition Sub Indicator

Table No.28, Institutional Recognition

Ratings	No. of FOs
Very weak	0
Weak	15
Average	0
Strong	0
Very Strong	0
Total	15

Relationship of many of Tea Societies with government agencies have not gone beyond TSHDA. Other line agency attend activities organised by SCOR catalysts with these societies on incentive payments or on SCOR co-ordination. Their participation in the activities of TSHDSs decreased after SCOR stopped making incentive payments. This indicates that line agencies are less likely to participate in society activities after withdrawal of SCOR..

#### 4.3.7 Legal Recognition Sub Indicator

Table No.29, Legal Recognition

Ratings	No. of FOs
Very weak	0
Weak	0
Average	0
Strong	0
Very Strong	15
Total	15

All the TSHDSs have been registered under TSHDA to have legal recognition and therefore get very strong ratings.

#### 4.3.8. Vertical Linkages Sub Indicator

Table No.30, Vertical Linkages

Ratings	No. of FOs
Very weak	2
Weak	3
Average	2
Strong	7
Very Strong	1
Total	15

This indicator examines the relationship of RUOs with hierarchical committees like Sub WRMTs and Divisional Committee meetings of TSHDSs. Some of the organisations have established links with these management bodies and attend these meetings regularly. However there is a feeling in the majority of farmer representatives that these committees do not offer solutions to their problems and they are held just for discussing SCOR progress.

#### 4.3.9 Horizontal Linkage sub indicator

Table No. 31, Horizontal Linkages

Ratings	No. of FOs
Very weak	9
Weak	0
Average	3
Strong	0
Very Strong	3
Total	15

Horizontal linkage Sub Indicator examines the relationship of TSHDS with SFOs and Companies. It can be observed that only 6 organisations out of 15 have established linkages with these institutions. It can be generally observed that only a limited number of organisation leaders are involved in SFOs and also in companies.

#### 4.3.10. Communication Sub Indicator

Table No 32, Communication

Ratings	No. of FOs
Very weak	0
Weak	14
Average	0
Strong	1
Very Strong	0
Total	15



Holding of regular monthly meetings or committee meetings can not be observed in many TSHDSs as indicated in Table No.32. above.

#### **4.3.11. Organisational Management Performance Indicator**

Table No 33, Organisation Management Performance

Ratings	No. of FOs
Very weak	0
Weak	4
Average	11
Strong	0
Very Strong	0
Total	15

Many TSHDs get average ratings for this Sub Indicator.

#### **4.4. Financial Viability**

Financial viability of the organisations were calculated using following five Sub Indicators.

##### **4.4.1. Fund Composition Sub Indicator**

Table No. 34, Fund Composition

Ratings	No. of FOs
Very weak	13
Weak	1
Average	0
Strong	1
Very Strong	0
Total	15

Except Tanipita TSHDS which is involved in collection of green tea leaves, fund composition of other Tea Societies are not at satisfactory levels. SCOR has made grants to Vijayagama (Rs.96415.00), Beralapanathara North (Rs.112000.00), Kotapola North (Rs.168000.00) and Patavita (Rs.115600.00) as grants for mini-projects. However these amounts are comparatively less than amounts issued to Huruluwewa RUOs. Even Tanipita gets higher ratings because it is purchasing green leaves and making profits. Even these small amounts have been deteriorated in many societies due to non-settlement of loans. Beralapanathara is nearly at an average level as it too has a revolving fund with which it is involved in fertiliser business.

#### 4.4.2 Fund Utilisation Sub Indicator (for enterprises)

Table No 35, Fund Utilisation

Ratings	No. of FOs
Very weak	14
Weak	1
Average	0
Strong	0
Very Strong	0
Total	15

Beralapanathara, Tanipita and Vijayagama TSHDS are involved in fertiliser and agro-chemical business but they too do not show high profits. Tanipita Society is involved in marketing of green leaves. However, it is difficult to get details on profit made by the society. Without accurate figures on investment and profit, there is a difficulty in calculating this sub indicator. In general Beralapanathara and Tanipita TSHDSs handle business with some success.

#### 4.4.3. Credit and Credit Recovery Sub Indicator

Details on credit made or credit recovered can not be easily obtained from the societies as the accounts have not been properly kept. However, many TSHDS are in debt to TSHDS for fertiliser supplied to their members. Members of many societies have not settled their loans as indicated below in Table No.36.

Table No.36, Grants made to TSHDSs

Name of TSHDS	Loans to be recovered Rs.	Liabilities (Loans Payable) Rs.
Vijayagama	37504.00	15000.00
Beralapanathara (North)	243787.00	217750.00
Tanipita	84000.00	0.00
Kotapola North	37300.00	33864.00
Talapalakanda	50000.00	4500.00
Tanabima	21000.00	27000.00
Puhulhenakanda	9000.00	9000.00
Kandekubura	26100.00	25800.00
Polgaswala	1800.00	0.00
Patawita	30350.00	6203.00

In cases like Beralapanathara where farmers have taken fertiliser on loan generally pay their loans in instalments. However, in organisations like Patavita, Kotapola North, Talapalakanda and Vijayagama, it is doubtful whether most of the loans given to members can be recovered.

#### 4.4.4. Financial Record Keeping

Table No. 38, Financial Record Keeping

Ratings	No. of FOs
Very weak	10
Weak	5
Average	0
Strong	0
Very Strong	0
Total	15

All most all the TSHDSs are weak or very weak in financial record keeping. Though some RUOs have been provided with necessary guidance for financial record keeping, leaders have failed to maintain them properly. However organisations like Beralapanathara are comparatively better than other TSHDS in this respect. An individual prepares its accounts free of charge for Beralapanathara TSHDS.

#### 4.4.5. Transparency Sub Indicator

Table No. 39, Financial Transparency in RUOs

Ratings	No. of FOs
Very weak	5
Weak	9
Average	0
Strong	1
Very Strong	0
Total	15

Majority of TSHDSs are not in the practice of presenting their accounts to committee members or their members on a regular basis. Records are not available in many societies on decisions regarding financial matters such as providing credit, spending TSHDSs' resources. This has already led to misappropriation of funds by key officials in some of these societies.

#### 4.4.6. Financial Viability Indicator

Table No.40, Financial Viability

Ratings	No. of FOs
Very weak	11
Weak	4
Average	0
Strong	0
Very Strong	0
Total	15

Financial viability of TSHDS is very doubtful and none of the TSHDS show signs of stability. Through better management practices Tanipita and Beralapanathara TSHDS can achieve financial viability. For e.g. RUO in Beralapanathara should move towards taking collective decisions and implementation of activities through the society rather than allowing one leader to run business activities himself.

#### 4.5. Member Benefiting Activities Index

Table No 41, Member Benefiting Activities

Ratings	No. of FOs
Very weak	11
Weak	1
Average	1
Strong	2
Very Strong	0
Total	15

Only a very few TSHDSs have been able to provide essential services, input supply, credit arrangement and marketing facilities etc. to members in a satisfactory manner as SCOR expected through mini-projects and establishment of linkages with Companies.

#### 4.6. Sustainability Indicator

Sustainability Indicator is composite indicator of Organisational management Performance Indicator, Financial Viability Indicator and Member benefiting Activities Indicator. Except Tanipita, Beralapanathara and Ilukpitiya other TSHDS are at stake sustainability wise as indicated in the Table 42 below.

Table No.42, Sustainability of RUOs

Ratings	No. of FOs
Very weak	5
Weak	7
Average	3
Strong	0
Very Strong	0
Total	15

## **5. ORGANIZATIONAL DEVELOPMENT PROCESS IN THE FOCAL AREAS AND SEVERAL OTHER LOCATIONS AND THEIR PRESENT PERFORMANCES**

This section discusses how SCOR contributed to the development of farmer level institutions in the sample locations in order to draw conclusions on SCOR impact on RUOs. The three focal areas are Tanipita in Diyadawa Tanipita sub watershed, Vijayagama in Aninkanda sub watershed and Bovitiyadola (Illukpitiya) in Horagala sub watershed.

### **5.1. Tanipita focal area**

When SCOR started its activities in Tanipita area in 1994, there were two organization in this village. One was Tanipita Farmer Organization which had been established in the village by Agrarian Service Department (ASD) in 1990 and the other organization was the Tanipita TSHDS which had been established by TSHDA. The membership in TSHDS was held by small tea land holders in a vast area including Deniyaya, Kaluwgahakortatuwa, Kalugalahena and Hanford areas. Membership of the organization was about 400. However, due to lack of benefits from the organization and less attention paid by TSHDA to TSHDSs at that time, this organization had become almost defunct by 1994.

#### **5.1.1. Tanipita TSHDS**

In 1995 this organization was reorganized under SCOR initiation by selecting new leaders for the organization. It became the primary organization to implement the Kirivandola Production and Protection project (Mini-Project ) funded by IIMI. SCOR voluntary catalyst held the post of treasurer of this organization at that time. He tried to implement SCOR initiated activities without even consulting the president and the secretary of the organization. He took initiative to form small groups based on zones (geographical areas) and had representatives from them to represent at the Kirivandola Project Committee implementing SCOR initiated Mini-Project. The activities implemented through these groups were supply of coconut seedlings and different kind of fruit species. Though farmers initially participated at these meetings with the expectation of benefits, their participation declined as SCOR benefits were limited to supply of plants.

The other activities implemented by SCOR with this organization was to obtain fertilizer through TSHDA to be provided to members on credit basis. SCOR provided a sum of Rs.38000.00 from SCOR grant for Kirivandola Mini-Project implemented through this organization. However, all the decision regarding these activities were taken by the treasurer of the organization (voluntary catalyst) without much involvement of other leaders. He did not share responsibilities of the organization with other leaders. Though the president was involved in them to some extent, the whole organization rested on the voluntary catalyst who held the post of treasurer. Financial management activities including maintenance of records were done by him. However, it revealed later that records have not been properly maintained. Supply of fertilizer through the organization had to be stopped due to problems related to non-repayment etc. and when the treasurer (Voluntary catalyst) left the village in 1996, no organization was there to carry out the activities implemented by it.

This organization was reorganized in February 1997 by TSHDA without the involvement of SCOR. It was reported that out of Rs.38000.00 given to this organization, only Rs.1200.00 had been returned to the new leaders. Treasurer did not hand over financial records and according to the present leaders of the organization farmers have settled their fertilizer loans given to them by using this grant money but the treasurer has not deposited them in the bank account of the organization. This is considered as a fault of SCOR as voluntary catalysts though was the treasurer of the organization is treated by the members as a SCOR employee.

After this failure SCOR could not work with this organization. Leadership of the organization as well as TI concerned was not willing to work with SCOR. Our research assistants too find it very difficult to get the data from this organization as TI has instructed not to give information on the organization to outside parties. However, the data obtained from the organization very recently shows that it has made a significant improvement at present and is treated as one of the best TSHDSs in the area by TSHDA.

Unlike in the past in which SCOR catalyst had a role in selecting representatives for the organization, the leaders are now selected by the members at a general meeting. Representatives for the project committee of the organization is selected at the same annual general meeting. However, according to the president of the organization the participation of the committee members at committee meetings is very poor even at present. Only three representatives regularly participate. Therefore, all the decision regarding the activities of the organization have to be taken by key office bearers. Membership participation is also very poor. Only 90 participate at meetings. out of the total 248 farmers.

This organization has started member benefiting activities after its reorganization under TSHDA. They are listed below:

1. 48 members who held the membership from the beginning have been provided 10 tons of fertilizer on credit basis. This could be fully recovered within a period of one month.
2. Organization has prepared an action plan with Tea Inspector (TI) of TSHDA . It includes conservation activities as well as business activities to be implemented with the organization. However this activity plan is not monitored by anybody.
3. Organization started purchase of green leaves from members. It collects 20000 kgs of green leaves every month and makes a considerable profit through these business activities. Members pay the value of one kilo of green leaves to the organization every month. This is deducted when payments are made to them through the tea factory.

As a result of these activities and Tea Sakthi program membership of the organization has increased to 248 from the original 48. Members have contributed to Tea Sakthi fund, which bring benefits both to the organization and individual members. Each member has to pay Rs.1200.00 to Tea Sakthi fund to enjoy its benefits. However, SCOR is not at present involved in any activities of this organization. None of the key office bearers of this organization attends SFO meeting. But the catalyst when interviewed told us that

organization is now developed to handle its affairs independently and therefore he does not get involved in it. It revealed however that this TSHDS rejects the involvement of SCOR.

#### **5.1.2. Tanipita Farmer Organization**

This is also a base organization of Diyadawa-Tanipita SFO. It has been established by ASD on 3 May 1990 and registered under 56 A of Agrarian Service Act on 9 June 1991. The total membership in the organization at present is reported as 114. However, organization is totally defunct now. Though there have been some attempts in early part of 1998 to reorganize this organization they have failed as members did not attend meetings. Some office bearers have left village for employment and they have not handed over the registers and relevant documents to anybody. In spite of this fact, it has done some contract work too during this period.. ASD Audit report reveals irregularities in handling of organization fund and misappropriation of them by leaders. Though the organization has a tractor provided by ASD on credit basis, it is being used by a office bearer of the organization for his private work. When inquired it was informed that it has been given to him on some lease arrangement. However, there are no documents to prove that this is a legal kind of a transaction.

#### **5.1.3. Kirivandola Production and protection Committee**

When we realized that both base organizations in this micro watershed is not involved in SCOR activities, we further looked in to the organizations or institutional mechanisms through which SCOR implements its activities in Tanipita declared as a focal area. It revealed the following:

1. A mini-project has been developed initially for this area and SCOR has provided a grant amounting to Rs.81500.00 to the SFO to implement the project. A project committee comprising of 8 members have been formed by the catalyst with the involvement of some farmers. It has been done based on his contacts with some farmers in the area. These committee representatives are members of Tanipita TSHDS and FO but none other than treasurer of Tanipita FO holds a responsible post in the two organizations. Treasurer is reported to have involved in misappropriation of organization funds. This committee has not held even a single meeting during this period and implementation of project activities are done by the catalyst with the involvement of some of these committee members.
2. On the request of catalyst funds are released from SFO for the purchase of plants etc. to be provided to farmers. There are no separate accounts maintained by this project as the project is said to be implemented through this project committee which is not an organization with a legal, institutional or at least community recognition. There are no office bearers to keep accounts and manage the project. It is understood that there are no transparent procedures for mini-project implementation and financial decision making. Almost all the decisions are taken by the catalyst as he is the only person knowing the content of the mini-project.

3. It could be understood beyond doubt that the project committee is only an arm of SCOR catalyst to implement the project and not an arm of SFO or other organizational mechanism. It is not based on any organization in the area. The so called committee members too are not farmer representatives. In short project committee is a pseudo organization created by the catalyst.

## **5.2. Ilukpitiya (Bovitiyadola) Micro watershed**

There are three organizations, Ilukpitiya Bovityadola Mini-Hydro Power Society, Ilukpitiya TSHDS and Ilukpitiya Dimutu FO in Bovitiyadola which is another focal area of SCOR. Out of these organizations Ilukpitiya Dimuthu FO does not function at all. Therefore it was not considered in our evaluation. In this place too a project committee had been established with zone representatives to represent the micro watershed area to implement SCOR's production and protection activities. At this stage this project committee system does not function and instead most of the activities are implemented by two farmer representatives who take interest in the activities of TSHDS and Mini Hydro power society. However, SFO is supposed to act as the main umbrella organization responsible for implementing production, protection and enterprise development activities in this location too.

### **5.2.1. Ilukpitiya - Bovitiyadola Mini-Hydro Power Society**

This society is the most effective one in the area. It was initiated by SCOR and 48 families in the area contributed to the construction of the power station purchasing shares valuing Rs.1500.00 by each member. Horagala SFO provided a loan of Rs.115000.00 from its fund and Integrated Rural Development Project provided Rs.250000.00 for the project. A manager has been appointed for managing the affairs related to power supply and distribution. This society has settled its loan of Rs.115000.00 taken from SFO by now and is providing electricity for the members. Each member has to pay a monthly charge of Rs.75.00 for O&M of power station.

The contribution of the members of this society to conservation is also comparatively high. They are involved in reservation of Bovitiyadola and also have plans for putting up of a live fence to protect Paragala jungle in this area. This success is mainly due to approaching the community with an appropriate strategy, i.e. obtaining their participation for conservation by addressing one of their main requirement. In addition community contribution for the activity too has been obtained to make them feel that project is theirs.

### **5.2.2. Ilukpitiya TSHDS**

This organization was initially formed by TSHDA to implement Government's drought relief program for small tea land holders affected by droughts during 1970s. Membership of this organisation grew to 300 as all the farmers had to become members to be entitled to drought relief aids. However, this organization became ineffective after members obtain drought relief aids. It had nothing to offer for the members thereafter.



This organization was reorganized through SCOR involvement when SCOR started planing and implementing Bovitiyadola production and protection mini-project. TSHDS provided fertilizer to it on credit basis after this reorganization. However, SCOR conservation activities were mainly implemented through groups formed in the area and not through this TSHDS. This organization took lead to build a Multi Purpose building with a loan of Rs.10000.00 from SFO, farmers shares and contributions. Some private firms in agro-chemical business to assisted the organization for the construction of the building and purchase of furniture etc. A market center was opened up in this building in July 1998. Though building is owned by TSHDS in Illukpitiya business activities are handled by the SFO. Other than the involvement in this activity, TSHDS too is not much effective. According to a catalyst in the area, project committee and zone representative system implemented through this TSHDS does not work now. It is only a marketing center now. When farmers want fertilizer or any other requirement they can buy at the center and need not to go to zone representatives to acquire them through organizations. A manager has been appointed to this center but the involvement of leaders of SFO or TSHDS in the activities is not at a satisfactory level. Most of the business activities initiated by SCOR has failed mainly due to lack of monitoring by the committee members of the organizations. This leads one or two leaders to take financial decisions and also provide them opportunity to misappropriate funds. This is possible in this context too. The representatives of all the organizations under SFO do not involve in monitoring the activities of the center.

### **5.3. Vijayagama**

Vijayagama in Aninkanda watershed is another focal area of SCOR. Vijayagama Tea Society is the main organization through which SCOR implemented its programs in this area.

#### **5.3.1. Vijayagama Tea Society**

Vijayagama TSHDS was initiated by SCOR with the assistance from TSHDA on 4 November 1994. There was no separate organization for small tea land holders in this area by this time. Nobody had become members of Beralapanathara TSHDS which was the nearest organization to Vijayagama. The objective of the organization was to get the necessary institutional support for tea small holders to increase the production of their tea lands, obtain agency support for tea land conservation and organize small holders to improve the condition of their tea lands.

After initiating the organization, members were provided with fertilizer through TSHDA on credit basis. TSHDA took initiative to train farmers on various aspect of tea cultivation on the coordination of SCOR catalyst. At the initial stages of the organization its representatives were selected at an AGM. This organization became an effective one within a short period due to the following reasons:

1. Size of tea land holding is very small compared to other areas in the watershed and people living in the area are comparatively poor due to this reason.
2. Support of TSHDA could be obtained from the very beginning.

3. Commitment of some leaders, especially women who held key positions like that of secretary
5. Active participation of women and youth at the beginning Involvement of women in the organization activities - Women held positions of the secretary and the treasurer
6. Villagers were of the members of one caste group with kinship relations with each other

SCOR developed a mini-project for this micro watershed area with the involvement of farmer leaders and village youths etc. Project area was divided to 11 zones and representatives were selected to represent the geographical areas for implementing SCOR initiated production and protection activities. Some areas were even beyond the community boundaries. Most of the representatives selected were youths involved in data collection for SCOR. The former representatives were replaced by them. When these representatives were not effective leaders of organization selected effective farmers as representatives on the guidance of catalyst. These youths initially worked with enthusiasm with the expectation of employment from SCOR. However, they got fed up later and did not involve much in organization activities. Catalyst used this project committee to implement SCOR programs. The organization became an instrument to implement SCOR initiated activities. The voluntary catalyst of SCOR held the post of president of the organization at this time. Though project committee had 11 committee members participation of them at committee meetings never exceeded 8. The areas beyond community boundaries were not represented from the very beginning and SCOR catalyst or voluntary catalyst had to do necessary coordination to implement SCOR activities in those areas.

Organization started depending on SCOR grant of Rs.96415.00 and decision regarding financial transaction was always taken by catalyst whose interest was implementing mini-project and achieving its targets. It could be observed that decision regarding providing credit to members as well as other organization has been done without proper agreement, only by signing on a stamp. Catalyst has done these things to implement project activities to achieve his targets which the project wanted him to do and not for his personal gains. Total loans granted this way to other organizations on catalyst's or Watershed Management Coordinator's (WMC) initiation amounts to Rs.37504.00 and it is very doubtful whether this can be recovered at all. The former treasurer had Rs.13506.00 in his hand without being deposited at the bank on 30 April, 1998. She has been keeping this money with her without any valid reasons to do so. Bank balance had been reduced to Rs.33194.33 by this day.

In addition former president who was the voluntary catalyst has taken some Rs.15000.00 for his personal use. Also the former treasurer too owes Rs.5000.00 to the organization. All these incidents shows that the organization lacked proper procedures for account keeping and spending its fund even though the catalyst was there to provide guidance to farmers. Organization at present shows all signs of deterioration due to mismanagement of funds.

While the financial situation of TSHDS was in such a messy state, it started a market center to purchase farmers agricultural produce (pepper, coffee, anthurium etc) and supply inputs such as fertilizer, agro chemicals and plants. One business activity undertaken was to supply fertilizer to farmers on credit basis. It should be noted however that by the time this activity was implemented TSHDA had stopped supplying fertilizer to this organization for not settling fertilizer loans due to it. There were even requests from TSHDS not to invest organization funds on any activity. However, catalysts provided 50 cwt. fertilizer to the market center through the involvement of SFO. Collection of agricultural produce too was started at this center but it too was not successful due to the problems at company level. The center was kept closed from 1 August 1998 by the voluntary manager as neither the organization nor SFO takes interest in activities related to the market center. Activities of the center will further reduce the financial strength of the organization which has already been deteriorated due to mismanagement and misappropriation of funds.

Though new office bearers for the organization have been selected for this year, organization is faced with unresolvable financial problems and all who were selected as office bearers were not willing to accept responsible position in the organization due to this reason. Unless TSHDS intervenes as in the case of Tanipita and office bearers become honest and work with some commitment it is very unlikely for this organization to sustain itself after the withdrawal of catalyst.

## **6. PERFORMANCE OF SERVICE FARMER ORGANIZATIONS**

SCOR has established four SFOs in Aninkanda, Diyadawa -Tanipitaf, Horagala and Millaela sub watersheds.. Except Milla Ela, other three SFOs were evaluated in this study. Milla Ela which is regarded as an exceptional one deserves special attention and therefore it will be treated separately in separate research report.

Concept of SFO is a novel idea of SCOR team in Nilwala. They have developed a thinking in introducing this type of an organization due to their experience in Nilwala watershed. According to senior members of SCOR, SFOs were established as a solution to two major problems.. First one is the non-existence of an organization for implementing watershed management activities. TSHDSs and FOs are sectoral organization with a specific objectives in their point of view. . Therefore, it is very difficult to initiate them to do watershed management. They tended to introduce this new organization as a solution to this problem. It is supposed to federate TSHDSs, FOs and other community organizations in the area for implementing watershed management activities. Secondly, in their point of view SFO is like a company doing business and handling enterprises of scale beyond the capacity of FOs or TSHDSs. SCOR perceived SFOs as branches or supporting organizations to the newly established Nilwala Farmer Company. ASD has registered all the four SFOs under section 56 A of the Agrarian Service Act on SCOR initiation.

### **6.1. Aninkanda SFO**

To achieve SCOR objectives mentioned above Aninkanda SFO was established on 1 March 1995. It was supposed to federate FOs and TSHDSs in Talapalakanda, Bataadura North,

Beralapanathara North, Vijayagama, Patavita, Tanabima, Kandekubura, Puhulhenakands, Non-wood Forest Product FO, Talbadidola Mini Hydro Power Society and Dotalugala Herutage. Key office bearers of these organizations were supposed to become the representatives of SFO. However, when office bearers for SFO was selected only a very few organizations participated. They were Talapalakanda FO, Vijayagama FO and Dotalugala Heritage. President, secretary and treasurer of SFO was selected from these three organizations. Even the key office bearers of SFO did not know their committee members due to this reason. As evidence supports, SFO committee was virtually limited to several members from these three organizations. Even the present committee members do not know the committee members as such a committee does not exist. Also exact number of members of SFO is not known by the SFO committee members or key office bearers and a membership list is not available with them. Some organizations, Patavita FO, Kandekubura TSHDS, Puhulhenekanda TSHDS, Tanabima TSHDS have never participated in this committee. In 1998 only Talapalakanda FO, Beralapanathara FO, Vijayagama TSHDS and Beralapanathara FO participated.

After this SFO was formed in March 1995, its meetings were held at president's house in Talapalakanda and later at Tanipita. Participation at these committees were limited to a very few representatives. They were held primarily for withdrawal of money from banks for which the signature of SFO leaders and committee members were required. This situation has not changed even by now. However, it took a different turn in this year after Beralapanathara TSHDS was initiated by SCOR to organize fund raising for establishing a farmers' tea factory. SCOR through its involvement made SFO leaders to take part in this activity and farmers who assembled to discuss about the factory business formed a committee comprising of 12 members. It has become the SFO committee now. Therefore the present committee members do not know the objectives or goals of SFO or activities to be implemented through it.

SCOR has made the following grants to this SFO:

Table No.43, Grants made to SFOs

Date	Reason	Amount
18.1.1995	Project for marketing of ag. produce and service supply	90000.00
08.9.1995	Thiruwanaaganga Estate Nursery	25000.00
6.12.1995	Nilwala farmer Company (as a loan to the Company from SFO Rs. 50000.00 and as SFO shares 50000.00)	100000.00
07.8.1997	Deniyaya Nilwala Milk Project	333815.00

Out of this, Rs.100000.00 has been given to Nilwala Farmer Company and money for Milk Project has been totally spent up by WMC and catalyst for implementing it by themselves without SFO involvement. It was more a business enterprise of WMC and catalysts rather than a farmers' enterprise. WMC and catalysts had formed a separate project committee for this purpose and president and the treasurer of SFO had been made representatives of this committee to withdraw money. This project has become totally bankrupt by now though management change has been introduced by SCOR after this failure..

Loans granted to other organizations on the decision of WMC and catalyst are as follows:

1. Thiruwanaaganga Welfare Society	-	Rs.32500.00
2. Beralapanathara TSHDS	-	Rs. 9000.00
3. Patavita TSHDS	-	Rs. 8000.00
4. Vijayagama TSHDS	-	Rs. 8751.00
5. Talapalakanda	-	Rs.29120.00
6. Iddagala Goat project	-	Rs. 3000.00
7. Nilwala farmer Company	-	Rs. 5000.00

This money has been given to these organizations without any request from them. SFO committee too has not taken any decision on giving this money. SFO leaders have withdrawn money from the bank and given them to the catalysts to hand over them to the relevant organizations.

In addition to these, loans have been granted to some leaders of SFO and primary organizations for purchasing of agricultural produce in the area. This too has been on WMC's and catalyst's decisions.

Sunil Amaradasa (former secretary of SFO)	-	Rs.11649.00
Kulasena Ekanayake (Treasurer - Dotalugala)	-	Rs. 1865.00
Piyal Santha (Voluntary catalyst)	-	Rs.11649.00
Metthananda (Former president of SFO)	-	Rs.14778.00 (present treasurer)
G.T.Liyanage (president Patavita FO)	-	Rs. 330.00
Asanka Ranaweera (Pinus FO)	-	Rs. 2140.00

These loans can not be recovered from the persons concerned as agreement have not been signed with them for these financial transactions.

SFO has made some profits too through business activities like fertilizer trade, marketing of agro produce collected from farmers and sale of planting materials etc. It amounts to some Rs.12120.00. As reported by ASD which audited the activities of SFO in July 1998 that bank balance of this SFO at that time was Rs.11375.00. Also it reports about a large number of discrepancies in fund management. The accounts of the SFO has been kept by the catalyst as they are the people who knew about all the transactions but relevant documents such as vouchers are not available. ASD auditors remark that ASD procedures, rules and regulations have not been adopted by SFO in fund management and question about the validity of such financial transactions. They specifically mention that it has happened due to the weaknesses of those who provided guidance to the farmer representatives. Those who provided this guidance were SCOR catalyst and WMC and therefore the farmer leaders alone can not be blamed for mismanagement of fund. ( Relevant audit report is available at SCOR office, Nilwala and it stands as an evidence of the unprofessional behavior of some SCOR officials and indicates the magnitude of damage done to the development of farmer level institutions in Nilwala).

Though SFO has been reorganized by selecting new leaders, former president who has misappropriated Rs.40500.00 from various organizations including SFO has been re-appointed as the treasurer.

## 6.2. Diyadawa Tanipita SFO

Initial meeting of Tanipita SFO was held on 19 June 1998 at Tanipita temple with the participation of 40 - 60 members who were the key office bearers of FOs and TSHDSs in the area. At this meeting farmers were told about the benefits that they would have from SFO. They have told farmers that SFO would become a company providing various kind of benefits to farmers. 8 representatives had been selected at the beginning to represent organizations in the area. The initial activities handled by the SFO was purchasing of agricultural products of farmers using SCOR grants. The other activity was providing plants to small groups formed by SCOR in the area through SFO. The catalysts expected to make a profit from sale of plants but both these activities have incurred losses to the SFO.

Table 44, SCOR Grants to Diyadawa – Tanipita SFO

Date	Purpose of the grant	Amount
27.3.1995	Rabukdeniya dola mini-project	60425.00
28.2.1995	Kirivandola mini-project	105000.00
18.1.1995	Marketing of ag. produce and input supply project	80000.00
1995	Nilwala Farmer Company share and loan	100000.00
1998	Kotapola Mink Project	89656.00
1998	Compost fertilizer project	39000.00

Out of this money Rs.100000.00 has been given to the Nilwala Farmer company as SFO share (Rs.50000.00) and a loan (Rs.50000.00) from SFO to the company. Loans have been issued to the following organizations too.

Batadura South FO	-	Rs.10000.00
Tanipita FO	-	Rs.12000.00

Since these organizations have become defunct by now , there is no possibility recover them.

In addition to these loans given to FOs, 10 people have been given loans amounting to Rs. 86850.00 for purchasing agricultural produce. Since no agreements have been signed with these people these loans too can not be recovered. Out of this only Rs.6784.00 have been recovered. A balance of Rs.4770.00 which was with the treasurer (priest in Tanipita temple), has not been returned to the new treasurer. ASD audits reports a large number of discrepancies in fund management. In this SFO too rules and regulation and procedures advocated by ASD have not been adopted. SFO's main responsibility has been to withdraw money from the bank when request for such things came from SCOR catalysts.

## Present situation

Annual general Meeting of the SFO was held on 26 March 1997 after a long period of silence. RUO had not functioned for a period of one year prior to this meeting. There were allegation against the voluntary catalyst who was the manager of this SFO for misuse of fund. The priest of the temple who has ruined several organizations in the village by holding responsible positions there too was accused in this case for misuse of SFO funds. He failed to furnish accounts at the AGM and WMC of SCOR took responsibility to furnish accounts on behalf of the priest. By this time balance in SFO bank account was a sum of Rs.50000.00. Though newly appointed office bearers were informed to furnish a debtors list immediately to the Divisional Secretary at this annual general meeting, they have failed to furnish the list even after one and half years. Even though the new office bears were selected, SFO did not function properly until very recent time. After this new leaders took over the SFO, following expenses have been incurred.

Purchase of plants, bee colonies	-	Rs.24050.00
Loans (purchasing ag. produce)	-	Rs.29000.00
Fertilizer purchase	-	Rs.29970.00
For anthurium plants	-	Rs. 5500.00

In spite of the bad experience in lending money to individuals for purchasing agricultural produce, five farmers have been given loans. Bank balance towards the end of June 1998 was Rs.89656.00. In addition there was a balance of Rs.6400.00 with the treasurer.

Fertilizer was brought from Hurulu Company to be supplied to organizations under the SFO on the decision of catalysts very recently. When catalyst inquired from Kotapola North Mahasen FO whether they would buy fertilizer, leaders told them that fertilizer be provided to them on credit basis even though they have money provided by SCOR in their bank account. Therefore, catalysts had to give fertilizer to Navalahena FO (Only FO reliable to the catalysts) on credit basis. This too was arranged by the vice president of SFO who is the president of Navalahena FO. Only 1/3 of the value of fertilizer has been paid by now by Navalahena SFO. Catalysts have done this to make a profit to SFO though the sale of fertilizer. Finally Navalahena FO which was not in debt to any organization has been made a debtor to Nilwala company at the last moment. If farmers fail to settle fertilizer loans to Navalahena FO, it will affect this FO too.

## Present leaders and SFO performances in 1998

The president of SFO is the president of Navalahena FO. He works as assistant catalysts too. Its secretary is from Tanipita. Though he is a member of Tanipita organizations he does not hold any post in base organizations to qualify to be a office bearer of SFO. He has accepted the position on catalyst's request. He comes to SFO committee meetings with the catalyst on catalyst's motor cycle and on days catalyst is absent, he too does not attend meetings. After withdrawal of catalyst, he too will stop coming to SFO meetings. Treasurer is the president of Usamalagoda Rural Development Society which ceased to function some years back. He holds the position of Govi Sevana Niyamaka, a grass root level officer of ASD.

In 1998 about four meetings of SFO committee has been held. Out of 18 members only three regularly attended these meetings. . They are the president, treasurer and secretary. Secretary as we told earlier comes with the catalyst. Assistant catalyst goes to bring the treasurer on his motor bicycle. President lives in Navalahena area where this SFO meeting is now held. However, this was held earlier in Deniyaya because it is easy for all to participate when it is held there. Now SFO has retreated to Navalahena because it has lost its hold in Tanipita claimed as focal area.

Though a decisions have been taken on many occasions to prepare relevant financial records etc. officers have so far failed to do it. However, SCOR made another grant of Rs.39000.00 to this organization when financial and other management performance of this SFO was extremely low. After this money was given to SFO recently , catalyst wanted to bring the three officers together to withdraw money to buy a machine for compost making. Meetings could not be held on three occasions in spite of the catalyst's effort. Therefore, the Vice president of Navalahena SFO had to meet the key office bearers of SFO to get their signature approving the payment for the machine to withdraw money to buy the machine

As we could understand through our evaluation and interactions, the condition of base organizations on which SFO is based are as follows:

1. Tanipita FO does not function
2. Tanipita TSHDS functions but does not involve in SFO activities
3. Batadura South TSHDS and FO do not function.
4. FO in Higurupanagala is extremely weak but it has SCOR grant made to it.
5. Kotapola TSHDS is also very weak.
6. Navalahena FO is weak but leadership of this FO works with catalysts.

As a result, Navalahena FO has become the SFO because SFO is not based on other FOs and TSHDS in the area. Most of the organization leaders do not know this SFO or its role. They know that SCOR distributes plants and provide money to FOs and TSHDSs for purchase of fertilizer and run nurseries.

### **7.3. Horagala - Ilukpitiya SFO**

As in case of other SFOs in Nilwala, Horagala Ilukpitiya SFO was also established in 1995. SFO was expected to federate organizations in Illukpitiya - Bovitiyadola area with those in Udahoragala. However two communities had a problem in interacting with each other due to the forest reserve and the rock in between their villages separating them apart. At the beginning SFO had been formed federating Horagala FO, Illukpitiya Mini-Hydro power society, Ilukpitiya FO and Tea Society. During this time Horagala east FO with a mini-grant from SCOR functioned well and handled business activities and was one of the best organizations working with SCOR. Therefore, there was no necessity for that organization to join with Illukpitiya area.



organizations which were very weak. However, president of SFO was the president of Horagala FO and Secretary was the secretary of Mini-Hydro power society in Illukpitiya while the treasurer was the treasurer of Mini Hydro power society. Committee included the key office bearers of these organizations. Though there were several organizations under SFO only Horagala East FO and Mini Hydro Power Society functioned. When implementing Bovitiyadola production and protection project (SCOR mini project for Bovitiyadola), WMC working in the area found it difficult to implement the project without a strong organization. Illukpitiya Mini Hydro power society limited to a very few members could not be effectively used for implementing the mini-project. Therefore WMC tried to form this SFO and implement the project. But due to the geographical reason mentioned above SFO committee could never meet. Because of this reason, a branch of SFO was established in Illukpitiya federating Illukpitiya Tea Society and Mini Hydro power society. Illukpitiya area was divided to 7 zones and representatives were selected for each area. Thereafter committee of SFO branch of Illukpitiya was comprised of zone representatives and key office bearers in the two societies,. Illukpitiya Tea society which was weak, was strengthened to be the base organization. By the mean time Horagala east FO failed due misappropriation and mismanagement of funds and SFO was confined to Illukpitiya area.

Out of these two stages of the development of SFO the second stage (period in which SFO was confined to Illukpitiya area by federating the TSHDS and Mini-Hydro power Society) was the most successful one.. Tea Society and the groups formed by SCOR in the area was made effective to handle mini-project activities. However, in this location most of the conservation related activities were implemented through groups and zone representatives system.

To strengthen the SFO activities, some more organizations (Lidagawahena SFO and TSHDS) were also made base organization of SFO to represent SFO committee in 1998. However, the active organizations in the SFO at present are Illukpitiya Mini Hydro Power Society, Illukpitiya Tea Society and Lidagawahena FO and TSHDS. Zone representative system introduced for implementing mini-project has become ineffective by now. SFO committee system too does not work. Two leaders who are committed to organizational activities takes an interest in the market center. As one catalyst put it, "all those committees are gone, now there is a shop (market Is it a center)."

Table, 45 Grants for Horagala Illukpitiya SFO

Date	Purpose of the grant	Amount
30.12.1994	Bovitidyola Mini-project	33915.00
15.9. 1995	Kirivandola mini-project	15000.00
1995	Purchase of shares - Nilwala Compny	100000.00
8.1. 1998	Bovitiyadola Mini-project	119523.00

Out of this money Rs.115000.00 was initially given to Mini-hydro powe society. It has been fully recovered by now. Later another Rs.20000.00 was given to the same society and recovered in full.Rs.40399.99 has been given to Illukpitiya TSHDS. This has not been repaid and

Illukpitiya TSHDS too has become weak bynow . SFO has provided Rs.25000.00 for a tea nursery and also running a marketing center (referred above) in Illukpitiya area in the building of TSHDS of Illukpitiya. It provides fertilizer, agro chemical and planting materials etc. to the farmers. The total amount to be recovered from the farmers by this sale center for fertilizer supplied on credit basis amounts to Rs.50534.00.

In spite of the fact that this SFO runs a business center its functioning is similar to other SFOs. It is based on two leaders who are committed and not on the base organizations. No regular meetings are held to monitor the business activities and also to take financial and management decisions regarding the operation of the center In reality the SFO in Horagala is nothing other than this marketing center and not an organization of farmers or farmer representatives.. A manager appointed by the SFO runs the business in this center and he is paid Rs.2000.00 per month. A major problem faced by sale center is the involvement of some tea factories and the middle men in collection of green leaves too in the fertilizer and input supply business.

#### Horagala East SFO branch

The main organization in this branch was the Horagala East FO to which SCOR issued Rs.216500.00 for multi- purpose project. It ran a business center not only for input supply but also to provide consumer items and also involved in collection of green leaves. Due to mismanagement and misappropriation of funds, this organization became defunct within a very short period. There is no money left in the bank account of FO due to this reason.

## 8. Non-Government Organization involvement

SCOR database in Nilwala shows that SCOR works with four Non Government organizations. Since promoting NGOs in watershed management is also an institutional intervention, this section discusses the role of NGOs in watershed management activities in Nilwala and SCOR's contribution to their capacity building. The NGOs in Nilwala watershed and the funds allocated to NGOs are given in Table No. below:

Table No, NGOs and SCOR grants made to them

Date	Name of NGO	Purpose of Grant	Amount
14.3.1994 15.5.1994 20.8.1994 8.1.1998	Dotalugala Heritage	Dotalugala Natural Resources conservation project Nursery project	208400.00 49145.00
24.2.1997	Deniyaya Parisara Padanama	Conservation of road reservation and homesteads along Deniyaya road and	14400.00
23.4.1998	Gamisumithuro NGO	Project for promotion of bee keeping	155213.00
2.2.1995 7.1.1998 7.1.1998	Sobasampath Surakinno NGO	Millaela environmental conservation project Plant nursery - forest Plant nursery - forest	115000.00 32360.00 40955.00

### 8.1. Dotalugala Heritage

This NGO was formed on the initiation of SCOR in 1993. A project report was prepared in August 1994 to provide a mini-grant to this NGO. This initial grants amounted to Rs. 284000.00 as indicated above. Protection of Dotalugala forest area which was fast degrading was its objective. This organization was registered in the Ministry of Environment and was linked to the Divisional Secretary and the Department of Forest for obtaining necessary legal and institutional support for implementing its programs.

The activities planned to be implemented through this NGO was :

1. Establishment of a forest cover in an area of 6 ha - This activity was completed through self-help campaigns and by individuals. The small forest cover established by the NGO stands on the Dotalugala rock to show the initial success of this organization.

2. Planting trees in 85 ha of land - 65% of this activity too was completed through self-help campaigns by small groups
3. Establishment of a forest zone in Dotalugala - This activity was also successful to some extent.
4. Stream Gardens - Plants established in stream gardens washed off due to heavy water flow in the stream after rains. Only very small patches were left after floods.
5. Establishment of trees in road reservations -  
  
Trees were planted in 10 km long road reservations . Most of the plants died. The survived plants too are to be uprooted soon for widening of the road.
6. Establishment of a model stream garden with the involvement of resource users - Bataadura FO was provided with Rs. 15000.00 to implement this activity. It was not successful. Banana has been cultivated in an extent of 1 ha.

#### Membership and project period

Project was supposed to be implemented within a period of two years. For this purpose this organization was established with 175 members. At the initial stages members were very interested in this activity and attended meetings and self-help campaigns organized for tree planting and other activities. They too expected economic benefits through their involvement. An account clerk too was hired at the initial stage to keep accounts in this organization. Due to this reason records were maintained properly. However, there were allegations against misuse of money too. Since the grant was not expected to be used as a revolving fund, it was spent up for purchase of plants and refreshments for those who attended self-help etc. for establishment of trees and related activities.

There were some resistance from certain people against these reforestation activities from the beginning. They are the people involved in illicit felling of trees for timber. They started felling trees even after the establishment of this NGO. Members could not do much to stop their activities as they had the backing of the politicians with power and authority. What they could do was only to complain DS.

These incidents and problems within the organization (leadership, fund management etc. discouraged the farmers. The organization's active involvement could not be observed for a period of one and half years or so. However, SCOR used this NGO to provide assistance to plant nurseries and purchase of plants. SCOR issued a grant to this NGO and used the money for SCOR initiated activities. Leaders involved only in withdrawing money from their account. The organization was reorganized on 31 August on SCOR initiation. DS also attended this meeting..

Recent activities of this NGO was purchasing of plants worth of Rs 84000.00 to be issued among the resource users in the area. This too has been done by the catalyst to provide plants to farmers. In addition SCOR initiated several nurseries in the area channeling fund to individuals through this NGO.

Even though this NGO has become less effective now, it has created an environmental awareness among the people in the area at the time it was involved in conserving Dotalugala forest.

## **8.2. Deniyaya Parisarapadanama**

Deniyaya Parisara Padanama is not involved in environmental conservation activities after conserving some areas along Deniyaya Road. It distributed some plants to the residents along Deniyaya road for planting in their homesteads. As organization is no more actively involved in such activities it is difficult to have accurate data on the area conserved or number of plants distributed by this NGO or its impact on environmental protection. SCOR's only assistance for this NGO was to make a mini-grant for the purchase of some plants for their tree planting program along Deniyaya road.

## **8.3. Gami sumithuro NGO**

This has been established on 11 October 1997. The NGO is supposed to implement its activities in sub watershed areas of SCOR within Pitabaddara, Kotapola, and Akurassa DS divisions. SCOR has planned a project with this NGO to promote bee keeping. It is supposed to provide technical training to farmers on bee keeping.

Activities implemented by those NGO during this period is listed below:

1. Two groups in Talapalakanda and Beralapanathara areas have been trained for bee keeping
2. Farmers have been identified for training in Illukpitiya and Horagala areas. Though the field officer of the NGO has agreed to come to field on the first and last Sunday of every month, he has failed to do so. Farmers as well as catalysts are not happy with the way this NGO does its job.
3. NGO reports that Batebadda bee keeping groups (two groups) perform well. However, these two groups were formed and necessary training and guidance was provided by an NGO named Kalana functioned in this area in the past. The activity of this NGO in this area under Tanipita too is limited to holding initial meetings.
4. NGO reports that it is difficult to organize groups in Millaela fir training on bee keeping. They fail to attend training.

5. Recently NGO organized a training in a place called Bidunuwewa in Matara for Nilwala watershed farmers. They went to Matara to participate in this training on 29 August 1998 as informed to them by the NGO. As NGO representatives did not attend farmers had to come back without receiving this training. They were invited again for the same training on 8 September 1998. Farmers did not attend this training as they have lost trust. NGO has failed even to build up initial rapport with the community members.

Out of Rs. 77605.00 (Only half of the grant has been released) already made to the NGO, balance remaining in September is Rs. 59055.00.

#### **8.4. Sobasampath Surakinno NGO - Millaela**

According to documents available with the NGO, this has been established in 1995. Membership in the NGO is 33. The objective of this organization is conservation of road and stream reservations and establishment of fruit and herbal gardens.

##### **Activities implemented**

1. After receiving SCOR grant, NGO planted trees along Millaela road (4 km) and also along Millela stream. 4 self-help campaigns was held with the participation of 100 people including students from schools in the area for this activity
2. Opening up of a library - Books valuing Rs. 28000.00 have been purchased for the library using SCOR grant. Salaries paid to the librarian at the time it functioned was Rs. 7000.00. Now the library is not functioning as there is no person to be in charge of the library. Books borrowed by members have not been returned.
3. Establishment of a fruit garden (1 acre) in Millaela school - Land preparation has been completed.
4. Establishment of a forest garden in Morawaka school - This has been completed.
5. Establishment of a herbal garden at Millaela health center - Out of the target of 120 plants, 25 have been established.
6. Rs 18000.00 have been spent for an education tour.

NGO has completed activities No .3, 4 and 5 using wage labor. Activities being implemented at present are fruit garden in Millaela and herbal garden in Millaela health center. It can be observed that newly appointed leaders of the NGO do not show much interest in these activities.

Initially NGO has acted on SCOR instructions. Later the leadership of the organization was changed and Grama Niladari in the area and Pradeshiya Sabha member (Village council

member) became key office bearers. Financial transaction during their period is not transparent and it is reported that bank pass book too is also missing. In 1998 new leaders have been selected but the president and secretary are not active. Voluntary catalyst who holds the post of treasurer is the only active office bearer of this NGO. As bills and other relevant documents on financial transactions are not available, it has become difficult for the treasurer to prepare accounts of the NGO in the past. Record keeping in the NGO has not been properly done in the past. Money left with the NGO according to the records available is Rs. 82626.00. The fate of this NGO after withdrawal of SCOR is highly unpredictable.

Except Dotalugala Heritage, other NGOs in the area have not been able to leave a significant impact on the environment and the members in the communities concerned.

## **9. POSITIVE IMPACTS OF SCOR ON ORGANIZATIONS AND INSTITUTIONS AND REASONS FOR RELATIVELY LOW OR HIGH PERFORMANCES OF THEM**

SCOR has contributed to form a significant number of TSHDSs in the four sub watershed areas and implemented activities to strengthen the existing ones in them. Financial grants were made and training on leadership, financial management as well as technical aspects of tea and paddy farming was provided to the RUO leaders and members. This made some RUOs to be effective and provide some services to their members. The interaction between farmer level institutions like TSHDA, Department of Agriculture (DOA), Department of Agrarian Services (ASD), Minor Export Development Department (MEDD) and many other government and Non-government organizations have been improved through SCOR coordination. Private sector organization like Keels Company Limited have been brought to come to forward contract agreements with Nilwala Farmer Company formed on SCOR initiation. Due to these interactions, farmers knowledge on various kind of production and conservation technologies, both in tea and paddy sectors have been improved and some farmers have adopted some of these technologies which they feel useful in their lands. Also some TSHDSs have been able to provide better quality inputs like fertilizer at reasonable prices to farmers due to financial strengthening of RUOs through SCOR grants. However, as our analysis on the section of performances of RUOs and SFOs show, many of the organizations formed do not demonstrate their ability to sustain themselves and continue providing services to the farmers and initiate them to adopt sustainable agricultural practices introduced by SCOR. There are many reasons for the failure of these organizations. They can be discussed under two main topics; (1) Socio economic and institutional environment, (2). Physical environment.

### **9.1. Socio economic and institutional environment**

Economy of Upper Nilwala watershed is dependent mainly on tea cultivation. With the increase of price for low country tea from Rs. 7.00 in early 1990s to Rs. 24.00 at present brought about significant changes in this backward economy. For example it was one of the strong holds of Janatha Vimukthi Peramuna (JVP), revolutionary party based on poverty stricken rural youths in economically marginalized areas in Sri-Lanka.. They got involved in JVP uprising in 1971 and in 1988 and 89. Majority of farmers living here own tea lands which they run as an individual

enterprises. Also, through long interaction with the business men in tea production, a net work of social relations of production have been established in the area. Factory owners, business men in the collection of green tea leaves etc. have established these relations and they have become institutions. There are patron-client type relations too among some business men and general farmers. Though exploitation can occur through these relations, people are not much concerned and even if they are concerned, they can not find better alternatives. Even though the tea factories run by the cooperatives are one such alternative, they have problems for expansions. The institutional development effort in Nilwala should be examined within this particular socio economic and institutional environment. TSHDSs and FOs are not the only institutions. Non-existence of FOs or TSHDSs do not mean that there are no institutions. In Nilwala there are many more institutions, the growth and expansion of which have been resulted from the commercialization of agriculture. Creating or strengthening of organization for watershed management should also be considered within this particular socio economic context.

Also there are many references to the lack of participation of farmers in meetings and organizational activities due to lack of time for them to participate. They are fully involved in activities related to tea cultivation. Many do tea plucking, fertilizer application, weeding and other related activities with family labor or both family labor and wage labor. This type of a situation creates problems for farmer level institutions as the cost of participation is higher for the individual farmer. Organizations too need to provide benefits more than that of the cost of participation to attract members for organization activities.

## **9.2. Physical factors**

The nature of resources and the way they are managed too are factors that influence the effort for organizing people for collective action. As pointed out earlier, Deniya area is characterized by a small tea land holdings managed by individual farmers. They need not to organize for the management of their individual land as in the case of Dry zone farmers who need regular interactions for water sharing under irrigation systems. Interactions of these farmers are more with factories and businessmen in tea industry. However, this does not negate the possibility of organizing by the farmers for marketing through establishment of their own factories under circumstances that they feel it as one of the best solutions to their problems.

Paddy sector in Deniyaya area is subsistence oriented and also small in scale. They are rain-fed farming systems or systems depending on anicuts for supplementary irrigation. It may require some interaction among farmers to share water and organize themselves for maintenance and operation of irrigation structures etc. However, this sector too does not require very effective kind of organizations for farmers to do paddy farming.

## **9.3. Strategies and Approaches**

Upper Nilwala watershed comprising of a large number of small tea land holdings and various kind of formal and informal institutions poses a challenge for development practitioners and institutional experts, specially those with the experience in Dry zone agriculture and accompanying organizational and institutional arrangements. Different kind of approaches and



organisations after withdrawal of SCOR financial incentives. This is in spite of the attempt of SCOR team leader, Nilwala who took special efforts to co-ordinate SCOR activities through Sub WRMTs in which too officers had to be motivated for participation through incentives.

## **10. CONCLUSIONS AND ISSUES FOR DISCUSSION**

### **10.1. Conclusions**

Institutional development activities in areas like Deniyaya in Wet zone need to be done in a real action research mode as we lack knowledge and experience in intervening in such an unfamiliar environment. Location specific variations, farmers real requirements, agency responses and their experience need to be sought in developing interventions to be implemented through organisations to strengthen them. SCOR team members including catalysts had the experience in institutional development in major irrigation schemes where there is a requirement for collective action among the farming communities. They bewildered in the highly commercialised Deniyaya area characterised by an "individualism", associated with tea cultivation and accompanying socio-economic relations. They faced real difficulties in getting the participation of farmers in organisation where benefits were low. They tried input supply and similar activities through mini-grants, which are really not of much worth to them. However, catalysts as well as many professionals lacked knowledge to test some institutional interventions in an action research mode and therefore tried to super impose certain organisation models based on the physical boundary of sub watershed or micro watershed (similar to hydrological area on which Distributory Canal Organisations (DCOs) are based. This is the model they knew and were familiar with. Then the supply of inputs and other arrangements were initiated as in major irrigation schemes without studying the web of production relations established in this environment. Many organisations ruined themselves through fertiliser and input trade. Many other reasons contributed to the failures but lack of experience as well as enthusiasm to experiment and learn from experience was the real cause behind the failure in farmer level institutional development efforts in Nilwala. It should also be emphasised that there were no initiation from SCOR management too until recent time mainly because they wanted catalysts and other team members to achieve production, conservation and organisational targets (number of groups or organisations created ) which they had promised to USAID and the government.

## 10.2. ISSUES FOR DISCUSSION

Issues emerging out of institutional development efforts in Nilwala raises the following key issues:

1. In an area like Upper Nilwala watershed where agriculture is highly commercialised and cultivation of crops like tea in individual lands does not require much collective action in the part of farmers, should we stress organising farmers? If we organise farmers for what purpose? SCOR organised farmers for technology transfer, input supply and distribution of plants for homestead development. Input supply activities have ruined many organisations. Farmers have access to input supply facilities through long established relations with factories etc. and therefore they can avoid settling loans taken from their organisations. However, organisations have not been successful in mobilising farmers for training etc. or plant distribution activities. All these activities too have been implemented by catalysts. Making extension services available to the individual farmers through private or public sector may be one way for technology transfer. The most efficient and effective mechanism for input supply may be the organised private sector. Making planting material available through nurseries established as individual enterprises would help to solve the shortage of planting materials. Therefore, promoting individual entrepreneurs would be more convenient to manage affairs in an area like Upper Nilwala watershed.
2. In an unfamiliar area like Upper Nilwala, what should be the strategy of an external agents facilitating institutional strengthening? Should they try to impose imported models or develop models with the involvement of farmers and agencies in the area and test them?
3. Should the emphasis on watershed management projects at micro or sub watershed level be the ideal (geographical) boundary or the community? Project committees formed on geographical lines failed in Vijayagama and many other places due to lack of community participation when organisation exceeded community boundaries.
4. When should we create new organisations for watershed management? Should we propose new organisations as a response to difficulties encountered in introducing new concepts and components (in this case watershed management related interventions) to the organisations formed by those agencies? Since SCOR is a project implemented with the collaboration of the Government of Sri Lanka, is it not possible to bring about favourable attitudinal and other changes in the particular agencies to have their cooperation?
5. Should a project like SCOR be implemented by a team of specialists appointed by the project or should it be implemented through collaborative agencies taking responsibility to continue project efforts with fund from government efforts after

the project? SCOR planned and implemented activities themselves in their project offices and discussed their problems or progress at Sub WRMTs. Can agency participation be obtained through this type of a process?

6. Since sustainable production and protection practices can be promoted in watershed management projects through a stepwise process introducing one or two interventions at a time for the farmers to be able to adopt them, Should such projects be implemented within short periods (less than 10 years) spending huge some of money or should they continue for a longer period with a few specialist s and a considerable number of motivaters at field level to mobilise resource users for implementing watershed related activities? SCOR progress in changing the land management practices of farmers are not at a satisfactory level in spite of the huge expenses to hire a large number of highly paid specialists.
7. What kind of role can we expect from TSHDS and FOs for natural resource management? The contribution of them in conserving streams, forest etc. have not been much successful in Nilwala. However, NGOs like Dotalugala Heritage showed better performances in these activities in the past. NGOs need to be promoted to handle these activities. Providing money to NGOs to implement certain conservation activities using wage labourers as in the case of Millaela Sobasampath Surakinno NGO or Dotalugala Heritage at present is not desirable. SCOR could have hired some contractors to implement such activities if NGO too hire people for implementing them.
8. What incentive systems should be introduced to initiate farmers for adopting better land management practices in an area like Upper Nilwala with comparatively better off farmers? SCOR mini-grants have not been influential enough to initiate farmers to adopt conservation practices.

## Indicators for M&E Study - User Organizations

The following five indicators will be used for M&E of the groups and organizations formed or strengthened under SCOR Project.

### 1. Organizational Management Performance Index (OMPI)

$$\text{OMPI} = \frac{\text{SI}_1 W_1 + \text{SI}_2 W_2 + \dots + \text{SI}_{10} W_{10}}{W_1 + W_2 + W_3 + \dots + W_{10}}$$

### 2. Financial Viability index (FVI)

$$\text{FVI} = \frac{\text{SI}_1 W_1 + \text{SI}_2 W_2 + \dots + \text{SI}_5 W_5}{W_1 + W_2 + W_3 + \dots + W_5}$$

### 3. Member Benefitting Activities index (MBAI)

$$\text{MBAI} = \text{D33/D32}$$

### 4. Sustainability Index (SI)

$$\text{SI} = \frac{\text{OMPI} + \text{FVI} + \text{MBAI}}{3}$$

(SI Sub indicator W- Weight given to each indicator - Weight has to be decided later after consulting the institutional experts, line agency officials and farmer leaders and general farmers)

The rating system applicable to these four indicators are

0.01 -	0.25	-	Weak
0.26 -	0.40	-	average
0.41 -	0.60	-	strong
0.61 -	1.00	-	Very Strong

(This rating system too should be validated after comparing with the qualitative information on organizations collected through participant observations)

### 1. Organizational Management Performance Index (OMPI)

The organizational management performance index is composite index of the following 10 sub indicators (SIs). Weights ascribed to them are given below:

$$\text{OMPI} = \frac{\text{SI}_1 W_1 + \text{SI}_2 W_2 + \dots + \text{SI}_{10} W_{10}}{W_1 + W_2 + W_3 + \dots + W_{10}}$$

<u>Sub-Indicator</u>	<u>Weights</u>
1. SI1. Membership Strength Index	8
2. SI2. Participation in Meetings Index	6
3. SI3. Participation in Activities Index	4
4. SI4. Collection of Fee Index	2
5. SI5. Record Keeping Index	5
6. SI6. Institutional Recognition Index	5
7. SI7. Legal Recognition Index	7
8. SI8. Vertical Linkage Index	3
9. SI9. Horizontal Linkage Index	3
10. SI10. Communication Index	7

Type of data to be collected:

#### SI1

D1 Number of farmers in the RUG /RUO area eligible for membership

D2 Number of members in the RUG/RUO

#### SI2

D2 Number of members in the RUG/RUO

D3 Number of members actually attended at meetings

#### SI3

D4 Number of members in the RUG/RUO

D2 Number of members actually participated in Organization group work.

#### SI4

D5 Target collection of fees (member and others)

D6 Actual Collection of fees (member and others)

#### SI5

D7 Target marks for essential records and the quality of records to be maintained. Marks are given on the following basis:

Record	Quality of Records				
	Marks				
	No	Weak	Average	Good	Very good
1. Membership Register	0	2	4	6	8
2. Meeting Reports	0	2	4	6	8
3. Attendance Register	0	2	4	6	8
4. Cash Register	0	2	4	6	8
5. Correspondence	0	2	4	6	8
6. Other	0	1	2	3	4
	0	1	2	3	4

Maximum marks - 40

D8 Marks actually obtained by the RUG/RUO for the records maintained and their quality

SI6

D9 Maximum marks for institutional recognition. Marks are given in the following basis.

Recognition	Marks	Usefulness Marks	Total Marks
By one Govt. agency	1	3	4
By two Agencies	3	6	9
More than two agencies	6	9	15

Total marks = 15

Recognition by one govt. Agency = 1  
 Recognition by two Govt. Agencies = 3  
 Recognition by more than two Govt. Agencies = 5

D10 Marks actually obtained for institutional recognition

SI7

D11 Maximum marks obtainable by an organization for legal recognition. Marks are given on the following basis

For farmer Organizations

Registration under the Section 56A (DAS) = 5  
 Registration under the Section 56B = 10  
 Maximum marks obtainable = 10

For TSHDSs

Registration under Tea Small Holding Development Authority  
 (TSHDA) = 10

D12 Actual marks obtained for legal recognition

SI8

D13 Maximum marks obtainable for vertical linkages. Marks are given on the following basis:

Vertical linkages	Marks	usefulness Marks	Total Marks
No linkages	0	0	0
Linked to a PC/ASC or in case of TSHDSs Divisional level committees	2	4	6
Linked to SWRMT	3	6	9
Maximum marks	5	10	15

D14 Actual marks obtained by an organization for vertical linkages

SI9

SID15 Maximum marks obtainable by an organization for horizontal linkages. Marks obtainable are given below:

Horizontal linkages	Marks	Usefulness Marks	Total Marks
Linked to a Sub Council	10	20	30
Linked to a Farmer Company	15	30	45
Maximum marks	25	50	75

D16 Actual marks obtained by an organization for horizontal linkages



SI10

D17 Maximum marks obtainable by an organization for meetings and committee meetings held. Marks are given as follows.

Type of meetings	0	1	2	3	4	5
General Meetings						
Committee meetings						

Maximum marks - 10

- 0 = No meetings
- 1 = Irregular
- 2 = Annual
- 3 = Once in six month
- 4 = Quarterly
- 5 = Monthly

D18 Actual marks obtained for holding of meetings

Data collection methodology

Interviews with farmer leaders  
Questionnaire survey in the farming community

**Sample locations**

Walgamwewa  
Polattawa  
Puwakpitiya  
Mahameegaswewa  
Mahasengama  
Methgama  
Garadiyaulpotha  
Kokawewa  
Kelenikawewa

Frequency of collection

Once in six months

## Type of Analysis

### Sub Indicators

SI1 = D2/D1  
 SI2 = D3/D2  
 SI3 = D4/D2  
 SI4 = D6/D5  
 SI5 = D8/D7  
 SI6 = D10/D9  
 SI7 = D12/D11  
 SI8 = D14/D13  
 SI9 = D16/D15  
 SI10 = D18/D17  
 SI11 = D20/D19

### Indicator

$$\text{OMPI} = \frac{\text{SI}_1 W_1 + \text{SI}_2 W_2 + \dots + \text{SI}_{10} W_{10}}{W_1 + W_2 + W_3 + \dots + W_{10}}$$

## 2. Financial Viability index (FVI)

The Financial Viability Index (FVI) is composite index of the following 6 sub indicators SIs):

1. SI1. Fund Availability and composition Index
2. SI2. Fund Utilization Index
3. SI3. Credit recovery index
4. SI4. Financial Record Keeping Index
5. SI5. Transparency Index

### SI1

D19 Marks obtained for fund availability. Marks are given on the following basis:

Below Rs.5,000	=	0
Each Rs. 5,000 of grants	=	0 .01
Each Rs. 5,000 of self earned	=	0 .02

## SI2

D20 Amount invested

D21 Profit from investment

D22 Profits

Below Rs.1,000	=	0.025	
From Rs. 1,001 - 4,999			= 0.05
Each Rs.5000			= 0.1

(D21/D20 + Marks for 22)/2

## SI3

D23 Total loans granted

D24 Total loans recovered

D25 Amount recovered

Less than Rs.5000	=	0.01
Rs.5000 - 9999	=	0.02
Each Rs.10,000	=	0.025
Maximum marks obtainable	=	1.00

(D24/D23 + Marks for D25)/2

SI4

D26 Maximum marks obtainable by an organization for financial record keeping. Marks are given as indicated below.

Name of the record	Quality of records			
	weak	average	good	v.good
1. Cash Book	3	6	12	20
2. Ledgers	2	4	6	10
3. Receipts/Vouchers	2	4	6	10
4 Accounting reports	3	6	12	20

Total marks - 60

- 1 = Weak
- 2 = Average
- 3 = Good
- 5 = Very Good

D27 Actual marks obtained for financial record keeping.

SI5

D28 Total marks obtainable on the frequency of communication of financial transactions. Marks are given as below.

Committee Members

Not informed of transactions	= 0
Informed on annual basis	= 2
Informed on quarterly basis	= 3
Informed on monthly basis	= 5

Members

Not informed annually	= 0
Informed annually	= 5
Informed on monthly basis	= 10
Maximum marks	= 10

Total marks

= 15

D29 Actual marks obtained on the frequency of communication of financial transactions

### Data collection methodology

Interviews with farmer leaders  
Questionnaire survey in the farming community

### Sample locations

Walgamwewa  
Polattawa  
Puwakpitiya  
Mahameegaswewa  
Mahasengama  
Methgama  
Garadiyaulpotha  
Kokawewa  
Kelenikawewa

### Frequency of collection

Once in six months

### Type of Analysis

#### Sub Indicators

SI1 = D19  
SI2 = (D21/D20 + Marks for 22)/2  
SI3 = (D24/D23 + Marks for D25)/2  
SI4 = D27/D26  
SI5 = D29/D28

#### Indicator

$$FVI = \frac{SI_1 W_1 + SI_2 W_2 + \dots + SI_5 W_5}{W_1 + W_2 + W_3 + \dots + W_5}$$

### 3. Member Benefiting Activities Index (MBAI)

Member Benefiting Activities Index (MBAI)t Index considers the number of activities that an organization handles to bring benefit to its members.

### **Type of data to be collected**

D30 Marks for activities that bring benefit to members.  
Marks are given as mentioned below.

Activities	Satisfactory level		
	weak	average	good
Communication	2	3	5
Input	2	3	5
coordination			
Input supply	3	7	10
Credit supply	3	7	10
Marketing	5	15	30

Total marks = 60

D31 Marks obtained for activities that brings benefits to members.

### **Data collection methodology**

Interviews with farmer leaders  
Questionnaire survey in the farming community

**Sample locations**

Walgamwewa  
 Polattawa  
 Puwakpitiya  
 Mahameegaswewa  
 Mahasengama  
 Methgama  
 Garadiyaulpotha  
 Kokawewa  
 Kelenikawewa

**Frequency of collection**

Once in six months

**Type of Analysis**

Indicator

D30/D31

**4. Sustainability Index (SI)**

The Sustainability Index (SI) is composite index of the following four Indicators described above.

1. SI1. Total marks for OMP Index
2. SI2. Total marks for FV Index
3. SI3. Total marks for MBA Index

All other particulars relevant to this indicator are as same as for the three indicators mentioned above.

**Type of Analysis**

$$SI = \frac{OMPI+FVI+API}{3}$$